

A close-up photograph of two hands shaking in a firm grip. The hand on the left is wearing a dark suit sleeve with a white shirt cuff featuring two dark stripes. The hand on the right is wearing a light-colored shirt cuff. The background is a blurred view of a modern building with glass windows and structural elements.

International Agreements

International Agreements

Investor guide

February 2020



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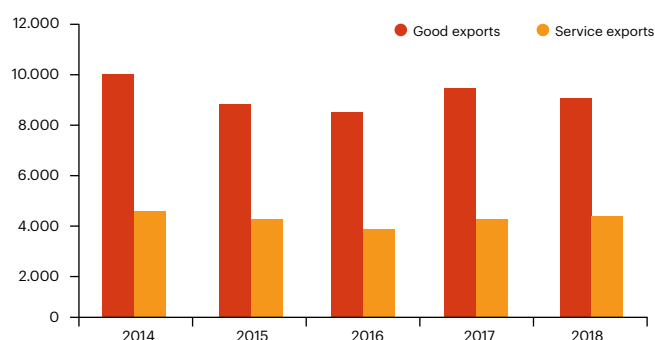
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INTRODUCTION

Uruguay was one of the first economies in Latin America to evolve towards open and unrestricted international trade. Foreign trade, both in goods and services, and the attraction of foreign direct investment have shown significant dynamism in recent years, with historic volumes.

Foreign trade evolution (millions of USD)



Foreign direct investment, Gross Fixed Capital Formation (GFCF) as a percentage of GDP

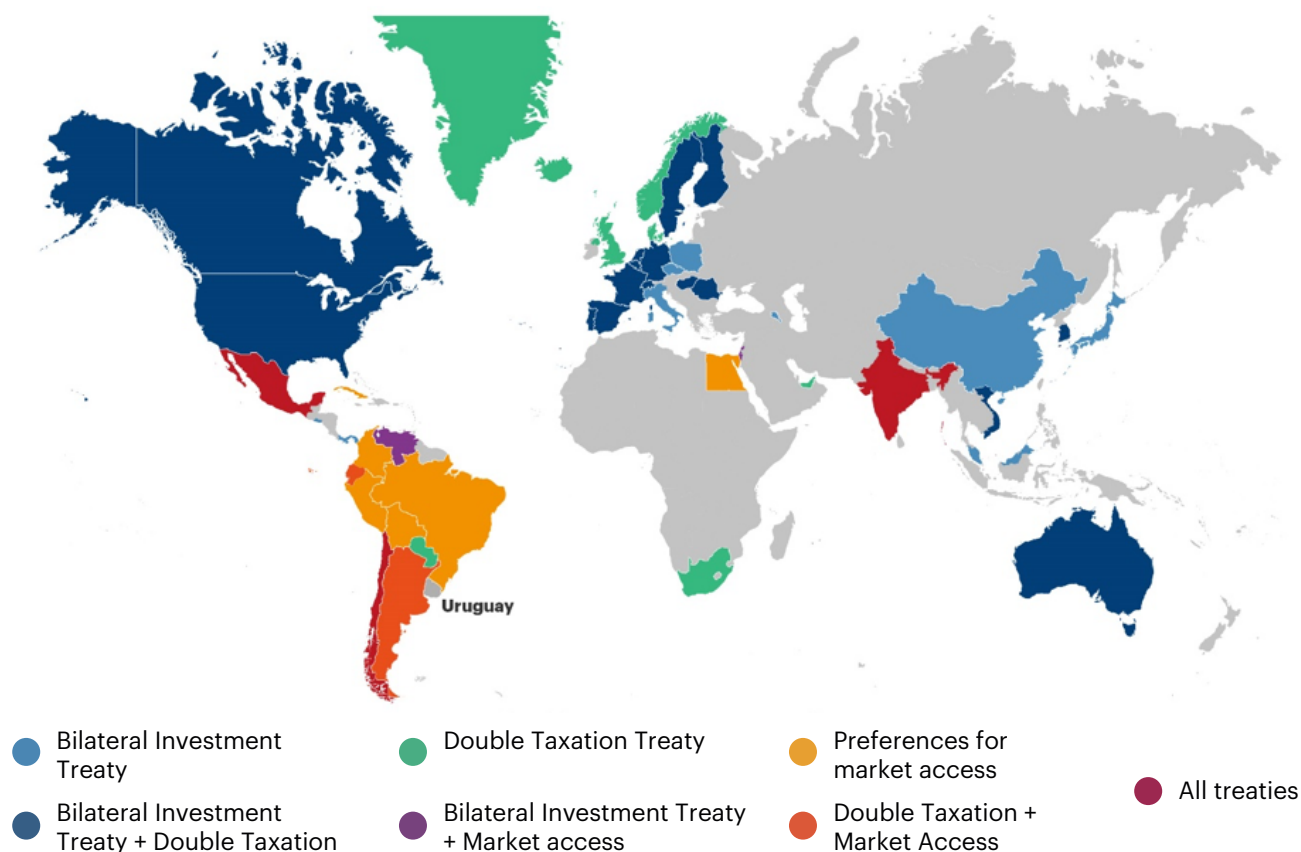


Source: Uruguay XXI based on Central Bank of Uruguay (CBU) data.

Since 1991 Uruguay has been part of the Southern Common Market (MERCOSUR) together with Argentina, Brazil and Paraguay, a process that Venezuela joined in 2012. The process of regional opening has been complemented by the signing of international agreements on goods, services, public procurement, investment and the avoidance of double taxation.

Together with a privileged location and a very attractive regime for investment, Uruguay has seventeen trade agreements in force with 18 countries, which include preference in goods and three agreements on services. Thus, Uruguay represents an optimal entry point for markets of great economic relevance.

The country's recognized political and social stability, its macroeconomic soundness and its reliable legal system are a guarantee for those who decide to invest in the country. Nearly 30 investment promotion and protection agreements and 17 agreements to avoid double taxation ratify this decision.



From Uruguay, it is possible to access several markets with preferential treatment, as long as you comply with the conditions of the origin regime established in each agreement.

Uruguay is part of the Southern Common Market (MERCOSUR) together with Brazil, Argentina and Paraguay. Uruguay has signed, as part of MERCOSUR or individually, a series of trade agreements that allow it to access with tariff preference other markets beyond MERCOSUR.

MERCOSUR has signed trade agreements with several Latin American countries: Chile (1996), Bolivia (1996), Colombia, Ecuador and Venezuela (2004), Peru (2005), Cuba (2006) and Colombia (2017). Uruguay signed an agreement with Mexico (2002) that covers exclusively the automotive sector. Outside the region, MERCOSUR has signed agreements with Israel (2007), India (2004), Southern Africa (SACU) (2008), Egypt (2010) and Palestine (2011). MERCOSUR is also part of the Global System of Trade Preferences (GSTP) among developing countries, in force in Uruguay since 2006. The agreement with Palestine has not yet entered into force.

Uruguay also signed a bilateral Free Trade Agreement with Mexico (in force since 2004) and with Chile (signed in 2016, in force since 13/12/2018), which allows the free circulation of goods and services between both countries.

MERCOSUR ([Access the Agreement](#))

MERCOSUR is the fifth largest economy in the world. Companies based in Uruguay can access this expanded market of 276 million people and a GDP of USD 3.3 trillion.

Uruguay is in a privileged location within the MERCOSUR since it is in the center of the area with the highest population and income level. Within a radius of 1,500 km of Uruguay, 90 million inhabitants are concentrated in areas of industrial and agricultural development.



In 1991, Uruguay, Argentina, Brazil and Paraguay signed a treaty establishing the Southern Common Market (MERCOSUR - ACE 18). From then on, the opening of the Uruguayan economy accelerated, establishing a progressive integration process from a free trade zone to a Common Market. The Treaty of Asunción, which constituted the MERCOSUR, provides for the free circulation of goods, services and productive factors within the signatory countries through the progressive elimination of tariff and non-tariff barriers.

In 2006, Venezuela joined MERCOSUR and in August 13, 2012, its incorporation as a full member became effective, although it is currently suspended. The effective incorporation of the Plurinational State of Bolivia, which joined in December 2012, is in the process of parliamentary ratification by the other members.

Since 1995, MERCOSUR has had a Common External Tariff (CET) agreed upon by the signatory countries. The CET currently varies between 0% and 35%. Approximately 30% of the CET rates are less than or equal to 4% and 7% are higher than 20%. The highest tariffs are on textiles, clothing and footwear.

The countries are authorized by MERCOSUR to apply a series of exceptions to the CET that make the applied tariff not identical among all countries. These exceptions include, among others, national lists of exceptions (225 products in the case of Uruguay), tariffs that can reach 0% in the case of capital goods, information technology, communication and other sectoral exceptions (textiles, footwear, dairy). In most of the exceptions, the average tariff applied by Uruguay (9.4%) is lower than the average CET in MERCOSUR (11.9%).

In addition, provided certain conditions are met, countries can apply special regimes that allow for tariff exemptions or reductions. The main regimes operating in Uruguay include temporary admission, which allows the import of inputs at zero tariff for use in the production process for goods for export; a regime for importing agricultural inputs at zero tariff; and an investment promotion regime, which also allows, among other benefits, the bringing in of capital goods under projects approved at zero tariff.

Preferences in intra-zone trade reach 100% of the tariff in force for Uruguayan exports to the four full members of Mercosur in the entire tariff universe, with the exception of products from the automotive or sugar sector and products from Free Zones that have special provisions.

In the sugar sector, imports of raw and refined sugar are governed by the domestic legislation of each State party, including with regard to the establishment of any intra-zone preferences.

In the automotive sector, Uruguay has bilateral agreements in force with Argentina (ACE No. 57) and Brazil (ACE No. 2), which benefits Uruguay's preferential access to these markets.

Uruguayan exports of automotive sector products (cars, buses, trucks, trailers, auto parts, among others) to Argentina and Brazil have a 100% preference, as long as they comply with the origin regime stipulated in the respective agreement. In the case of cars, buses, trucks,

assemblies and subassemblies, tractor trucks for semi-trailers and light utility vehicles, there is a more beneficial preferential origin regime, subject to a maximum annual quota.

Exports of automotive products to Venezuela are subject to preferences, mostly fixed, in the order of 54% and 73%.

Exports originating in free zones are not in principle covered by the preferences granted within the framework of MERCOSUR and are governed by the provisions of bilateral agreements. However, MERCOSUR adopted Decision No. 33/15, whereby products originating in MERCOSUR or in third countries with which it has an agreement may carry out logistical tasks in those zones without losing their original character, under the conditions established by the law. This provision entered into force in June 2019.

MERCOSUR - CHILE ([Access the agreement](#))

In October 1996, a free trade agreement between MERCOSUR and Chile came into force (Economic Complementation Agreement No. 35 in LAIA's nomenclature).

Currently, all Uruguayan exports, provided they comply with the respective origin regime, are covered by a 100% tariff preference in the Chilean market.

The formation of a Free Trade Zone was carried out through a trade liberalization program with progressive reductions until 2012 (with the exception of a few sensitive products). In 2008, Uruguay and Chile signed an agreement by which they advanced the reciprocal preferences between them.

Exports from or originating in Uruguayan duty-free zones have been fully tariff-free in Chile since February 2010.

MERCOSUR - BOLIVIA ([Access the agreement](#))

In February 1997, a free trade agreement between MERCOSUR and Bolivia entered into force (Economic Complementation Agreement No. 36 in LAIA's nomenclature).

Currently, all Uruguayan exports, with the exception of those coming from or originating in free zones, are covered by a 100% tariff preference in the Bolivian market.

The formation of a Free Trade Zone was carried out through a trade liberalization program with progressive tax breaks until 2014. Exports from or originating in Uruguayan free trade zones are excluded from the preferences granted under this agreement.

Bolivia joined MERCOSUR in December 2012, and its effective incorporation is in process of parliamentary ratification by the countries.

Bolivia's tariff and the origin regime applicable between the parties will presumably be the one currently in force for MERCOSUR, which has already reached 100% preference between the parties.

MERCOSUR – COLOMBIA, ECUADOR AND VENEZUELA ([Access the agreement](#))

In 2005, the free trade agreement between MERCOSUR and Colombia, Ecuador and Venezuela came into force (Economic Complementation Agreement No. 59 in LAIA's nomenclature). These countries are members of the Andean Community of Nations.

In 2005, a Free Trade Zone was established, which was carried out through a trade liberalization program with progressive tax exemptions. The ACE 59 has different lists and programs of tax exemptions between the signatory parties, which imply different preferences granted between the countries. In the case of the bilateral trade between Uruguay and the three signatory countries, the planned tax exemption ended on 1 March 2018.

Tax exemption 2016-2018		Fixed preferences	
Main items: grease and oils, footwear, beef, iron and steel manufactures and electrical machines and devices		Main items: automotive, mechanical machines and devices, electrical machines and devices and rubber	
Quota		Excluded items	
Some items of: beef, beef giblets and dairy products		Sugar, chocolate, alcohol, tyres, used goods, beverage preparations	

Since 2017, approximately 93% of the tariff universe (measured in the negotiated nomenclature) has a 100% preference for entering Colombia from Uruguay. The main exceptions for entering the Colombian market from Uruguay with full preference, beyond 2018, include certain products with fixed preferences and quotas, and a reduced list of excluded products.

Tax exemption 2016-2018		Fixed preferences	
Main items: Wood, plastics, paper, footwear and iron manufactures		Main items: textile, clothing, automobile, mechanical machines and devices, electrical machines and devices	
Quota		Excluded items	
Some items of: dairy products		Main items: textile, clothing, beef, oils and dairy products	

In the case of the entry of products from Uruguay into Ecuador, approximately 90% of the tariff universe (measured in the negotiated nomenclature) has a preference of 100% as of 2017.

Except for a few products that have quota to enter the Ecuadorian market, the main restrictions beyond 2018 refer to products with fixed preference and exclusions. With a few exceptions, the exclusions in this agreement relate to the lack of definition of origin requirements for products mostly linked to the textile-clothing sector and the denial of special safeguards for certain agricultural products by Uruguay, which consequently fell outside the scope of the agreement.

In 2006, Venezuela joined MERCOSUR and in August 13, 2012, it became a full member. As of this entry to Mercosur, the relationship between Uruguay and Venezuela was governed by the ACE 63 , by which there is a 100% preference in the entire tariff universe, except for the sugar and automotive sectors. The validity of ACE 59 for the relationship between Uruguay and Venezuela is limited only to the automotive sector, to which ACE 63 refers.

On 21 July 2017 a trade agreement was signed between Colombia and MERCOSUR (registered in ALADI as ACE N° 72) and is provisionally applied between Colombia and Uruguay since 11/06/2018. It replicates in general terms what was established in the framework of ACE 59. Once incorporated by all parties, ACE 72 will replace ACE 59 in all its provisions for the relations between Colombia and MERCOSUR.

MERCOSUR – PERU ([Access the agreement](#))

In 2006, the free trade agreement between MERCOSUR and Peru came into force (Economic Complementation Agreement No. 58 in LAIA's nomenclature).

Tax exemption 2017	Excluded items
Main items: beef, dairy products, footwear, plastics, paper and automotive	Textile and clothing and free zones

The formation of a Free Trade Zone was carried out through a program of trade liberalization with progressive rebates. The ACE 58 has different lists and programs of relief between the signatory parties, which imply different preferences granted between the countries. The planned trade liberalization programme between Peru and Uruguay was completed on 1 January 2017. The restrictions that remain after that year relate to products that are expressly excluded (sugar, ethyl alcohol and retreaded or used tyres) and products whose origin requirements have not yet been agreed (over 800 items, 97% of which are linked to the textile and clothing sector). In addition, for the products identified in Annex I of the agreement, the preferences will only be applied on the tariffs listed therein. The agreement between MERCOSUR and Peru does not cover goods manufactured in or coming from free zones or special customs areas of any nature.

MERCOSUR – CUBA ([Access the agreement](#))

In 2008, the free trade agreement between MERCOSUR and Cuba came into force (Economic Complementation Agreement No. 62 in LAIA's nomenclature).

The agreement between MERCOSUR and Cuba establishes an exhaustive list of products that receive tariff preferences under the agreement, provided that they comply with the respective origin regime. Although the tariff reduction programme is common to all parties, the lists are different between the signatory parties.

Uruguay has tariff-free access for approximately 32% of the tariff universe (measured in the negotiated nomenclature) and fixed preferences for an additional 7% of products.

If we consider the sectors with the greatest participation with items included in free access, calculated as a percentage of lines with 100% preference over total lines in a chapter, the sectors with the greatest access to the Cuban market are medicines, electrical machinery and appliances, plastics, automobiles and leather goods.

MERCOSUR – INDIA ([Access the agreement](#))

The Preferential Trade Agreement between MERCOSUR and India, which was the first of its kind signed by MERCOSUR, entered into force on 1 June 2009.

This is an agreement of fixed tariff preferences for a limited set of products, which reaches 452 items in the case of the MERCOSUR offer and 450 in the case of India. Most of the preferences involve margins of 10% and 20%. In the case of the preferences granted by India to MERCOSUR, although they cover products from several sectors, most of the products are concentrated in mechanical machines and appliances, tanning extracts, dyestuffs, cotton, optical and photographic instruments and organic chemicals.

MERCOSUR – ISRAEL ([Access the agreement](#))

In December 2007, MERCOSUR signed a free trade agreement with Israel, which entered into force in Uruguay in December 2009.

Tax exemption 2016-2018		Fixed preferences	
Main items: mechanical machines and appliances, electrical machines and appliances and other preparations		Main: dairy products and grease and oils	
Quota		Excluded items	
Some items of: fishing, dairy products, bakery goods and beef		Some items of: yogurt, honey, oils and sunflower pellets	

The formation of a Free Trade Zone was carried out through a program of trade liberalization with progressive rebates until 2018, with a common program and lists of rebates for MERCOSUR partners.

Approximately 96% of the tariff universe (measured in the negotiated nomenclature) has a 100% preference to enter Israel from Uruguay, before 2015. The preferences cover products coming from or originating in free zones.

MERCOSUR – SACU ([Access the agreement](#))

The Preferential Trade Agreement between Mercosur and the South African Customs Union entered into force on 1 April 2016.

Fixed preferential margins were established as a first step towards trade liberalization and the formation of a Free Trade Area, and the parties committed themselves to continue exploring possibilities for improving access to their respective markets.

Of the negotiated tariff universe, 45% have a 100% preference to enter the South African Customs Union from Uruguay.

MERCOSUR – EGYPT ([Access the agreement](#))

The Free Trade Agreement between Mercosur and the Arab Republic of Egypt was signed in San Juan, Argentina on August 2, 2010, and entered into force on September 1, 2017. The agreement establishes the formation of a Free Trade Area through a program of progressive trade liberalization. The schedule of relief is divided into five baskets: A) immediate; B) to 4 years; C) to 8 years and D) to 10 years.

25% of the negotiated tariff universe falls into basket A, so it has a preference of 100% since the entry into force of the agreement. In 8 years, more than 60% of the universe will have reached the 100% preference.

URUGUAY – MEXICO ([Access the agreement](#))

In November 2003, Uruguay signed a bilateral free trade agreement with Mexico (Economic Complementation Agreement No. 60 in LAIA's nomenclature) which came into force in July 2004.

There is a 100% preference for entering Mexico from Uruguay.

Tax exemption 2016-2018	Fixed preferences
Main items: beef and beef preparations, beverages, fruits and fruit preparations and vegetables	Main items: dairy products and grease and oils
Quota	Excluded items
Wool fabrics, cheese and powdered milk	Main items: clothing, fishing, grease and oils and bird meat. Automotive sector: independent agreement

There are a few tariff lines, mainly related to wool fabrics, cheese and powdered milk, which have a preferential quota for exports to Mexico. A number of products have fixed preferences when entering the Mexican market, most of which are 28%, although in some cases they reach 90%. There is a reduced set of items that are excluded from preference under the agreement, mainly associated with clothing, although exclusions are found in other sectors.

In the case of the automotive sector, the relationship between Uruguay and Mexico is governed by the provisions of an agreement signed between MERCOSUR and Mexico, in force since January 2003 (Economic Complementation Agreement No. 55 in LAIA's nomenclature). In accordance with the provisions of this agreement, Uruguay may enter without quantitative restrictions and with a 0% tariff on automobiles, vehicles of total weight with a maximum load of 8,845 kg or less, tractors and auto parts provided for in the agreement.

URUGUAY – CHILE ([Access the agreement](#))

In December 2018, the Free Trade Agreement (FTA) between Uruguay and Chile, signed in October 2016, entered into force within the framework of LAIA (ACE No. 73). The agreement deepens the commercial links already established by the agreement between MERCOSUR and Chile that makes up the Free Trade Area (FTA) and incorporates a series of new issues that make up the so-called "state of the art" agreements. The agreement includes aspects such as tariff reduction for the exchange of goods, rules of origin, sanitary and phytosanitary measures, technical obstacles, trade facilitation, electronic commerce, cooperation at the level of SMEs, regulations related to intellectual property and issues associated with labour, the environment and gender. In addition, trade in services was included, providing a clear regulatory framework and facilitating, among other aspects, electronic commerce, intellectual property and a new tax policy for the software industry.

In June 2019 the Strategic Partnership agreement between MERCOSUR and the European Union was signed. In August of that year Mercosur closed the trade agreement with the block of countries belonging to the European Free Trade Association (EFTA). These agreements, which must be ratified by the parties' parliaments in order to enter into force, provide better access conditions for Uruguayan products and offer the opportunity to access a wider range of goods and services imported from the old continent. In addition, the MERCOSUR block is currently negotiating with Canada, the Republic of Korea and Singapore for the signing of new trade agreements.

GENERALIZED SYSTEM OF PREFERENCES (GSP)

Uruguay benefits from the Generalized System of Preferences (GSP) scheme by which certain developed countries grant preferences to developing countries on a non-reciprocal basis. Currently, this mechanism provides preferential access to the market of the Eurasian Economic Union (Russian Federation, Belarus and Kazakhstan), Australia, New Zealand, Norway, and Switzerland.

These are unilateral schemes by the countries granting the benefit, which do not strictly speaking imply an international agreement. In this way they can be modified or eliminated unilaterally and constitute a tool available when exporting from Uruguay.

GLOBAL SYSTEM OF TRADE PREFERENCES (GTSPC)

The GSTP is an agreement through which developing countries were granted trade preferences to consolidate and deepen trade considered as South-South. Unlike the GSP scheme and with the exception of the very low economically developed countries, all participating countries grant concessions under the GSP, which cannot be unilaterally modified or eliminated.

The concessions granted by the countries are part of two different agreements. A first agreement was negotiated in 1997 by 43 countries: Algeria, Argentina, Bangladesh, Benin, Bolivia, Brazil, Cameroon, Chile, Colombia, Cuba, Democratic People's Republic of Korea, Ecuador, Egypt, Ghana, Mercosur (Argentina, Brazil, Paraguay and Uruguay), Guinea, Guyana, India, Indonesia, Islamic Republic of Iran, Iraq, Libya, Malaysia, Mexico, Morocco, Mozambique, Myanmar, Nicaragua, Nigeria, Pakistan, Peru, Philippines, Republic of Korea, Singapore, Sri Lanka, Sudan, Thailand, Trinidad and Tobago, Tunisia, United Republic of Tanzania, Venezuela, Vietnam and Zimbabwe. Through this agreement, in force since 2005 for Uruguay, tariff preferences were granted for a limited group of products by country.

In 2010, a deepening of the mentioned preferences was signed among some of the countries that signed the original agreement, including the members of MERCOSUR. This agreement, not yet in force, implies preferences of 20% for 70% of tariff lines in exports from Uruguay to Cuba, Egypt, India, Indonesia, Malaysia, Morocco and the Republic of Korea.

ORIGIN REGIME OF THE AGREEMENTS

The tariff preferences to which Uruguay has access under the various trade agreements are subject to compliance of an origin rule that proves the product has undergone a process in Uruguay, among other things.

The origin requirements that must be met to export from Uruguay depend on the country of destination and the Trade Agreement that has been signed with that country. As a general concept, it can be mentioned that in the matter of determining the origin of goods, the agreements subscribed by Uruguay are governed by:

- » General rule: it contains a series of criteria and, therefore, alternatives of qualification (100% of original inputs, change of heading, regional content value, etc.).
- » Specific Origin Requirements: specific origin conditions established at product level, which are more demanding than what might result from the application of the General Rule.

By way of illustration, the following is a list of the main rules of origin applicable in the preferential agreements signed by Uruguay, outside the GSP and GSTP schemes. It should be borne in mind that the agreements signed include the principle of cumulation, so that materials produced in other countries of the agreement may also be considered as originating when incorporated into other goods manufactured in Uruguay. The accumulation of the productive processes carried out in all the signatory countries also applies to many of the agreements mentioned above. It is recommended to resort to the texts of the specific agreements in each case, as well as to consult the appropriate certification entities, since there can be very significant differences in this matter.

Agreement	General Rule**	SOR
MERCOSUR (ACE 18)	THJ or Value 50% (*)	YES
MERCOSUR - Chile (ACE 35)	THJ or Value 40%	YES
MERCOSUR - Bolivia (ACE 36)	THJ or Value 40%	YES
MERCOSUR - CAN (ACE 59)	THJ or Value 45%	YES
MERCOSUR - Cuba (ACE 62)	THJ or Value 50%	Not yet defined
MERCOSUR - Perú (ACE 58)	THJ or Value 40%	YES
MERCOSUR - India	Value 40%	YES
MERCOSUR - Israel	THJ or Value 50% (EW)	YES
MERCOSUR - SACU		YES
MERCOSUR - Egypt	Value 45%	YES
Uruguay - Mexico (ACE 60)		YES
Automotive: Uruguay - Brazil (ACE 2)	No quota: cars, buses, trucks, assemblies and subassemblies, etc: value 60% New models: value 40% - 60% Autoparts: THJ or value 50% With quota: cars, buses, trucks, assemblies and subassemblies, etc: value 50% New models: value 30% - 50%	
Automotive: Uruguay - Argentina (ACE 57)	No quota: cars, buses, trucks, assemblies and subassemblies, etc: value 60% New models: value 40% - 60% Autoparts: THJ or value 50% With quota: cars, buses, trucks, assemblies and subassemblies, etc: value 50% New models: value 30% - 50%	
Automotive: Uruguay - Mexico (ACE 55)	Autoparts (con exc): THJ or value 50% Cars: value 50% (EW) Tractors: value 60% (EW) New models: value 30% - 50%	

SOR: Specific Origin Requirements

THJ: TARIFF HEADING JUMP

EW: Ex work

(*) Uruguay has approved a value-added exemption, so the requirement is 50% until 2021 and 55% thereafter.

(**): Value X% expresses the maximum value of non-originating inputs in relation to the Unit value of the exported product.

Source: Own elaboration.



The services agreements seek to provide guarantees to the parties on the respect of certain basic principles such as national treatment and most favoured nation, which guarantee the entry to the markets in a more transparent way and according to the conditions established in the commitments that the countries consign. In general, these agreements imply partial commitments by countries in relation to different sectors of trade in services and for the four modes of supply: cross-border supply, consumption abroad, commercial presence and presence of natural persons.

The importance Uruguay attaches to trade in services has led it to sign agreements involving commitments in this area. So far, four services agreements have been signed with MERCOSUR, Chile, Colombia and Mexico.

MERCOSUR ([Access the agreement](#))

Within MERCOSUR, the Montevideo Protocol (1997) establishes the conditions for the liberalization of trade in services within the bloc. The Protocol has been in force for trade between Argentina, Brazil and Uruguay since December 2005 and for Paraguay since 2016.

The Montevideo Protocol was negotiated on the basis of lists of commitments (positive lists) in which each country established for which sectors and mode of supply of services it assumes national treatment and market access commitments.

Considering the sub-sectors for which commitments are made, the sectoral coverage of the Protocol is 79.8%. Although the commitments assumed are variable by country, as an illustration, some indicators of the commitments assumed by Argentina and Brazil in MERCOSUR in the area of services are presented.

Argentina's list of commitments implies an almost total absence of limitations on commercial presence and consumption abroad, with the exception of a few subsectors. As regards the presence of natural persons, specific commitments are assumed by Argentina only in relation to managers, executives and specialists.

Level of specific commitments: Argentina

	Access to markets	National treaty
Transfrontier supply	65%	65%
Abroad consumption	85%	87%
Commercial presence	86%	99%
Natural persons presence	0%*	0%*

(*) There are horizontal commitments linked to managers, executives and specialists. Source: Own elaboration

Brazil has more restrictive regulations on trade in services, which is reflected in lower commitments under MERCOSUR. However, access and national treatment have been granted in no lesser number of subsectors, particularly with regard to commercial presence.

Level of specific commitments: Brazil

	Access to markets	National treaty
Transfrontier supply	30%	38%
Abroad consumption	35%	35%
Commercial presence	73%	85%
Natural persons presence	0%*	0%*

(*) It includes partial commitments

(**) There are horizontal commitments linked to specialized technicians, highly qualified personnel, managers and directors, although with restriction. Source: Own elaboration

MERCOSUR-CHILE ([Access the agreement](#))

MERCOSUR negotiated a services agreement with Chile (Protocol on Trade in Services between MERCOSUR and Chile), which includes individual country schedules of commitments. This agreement entered into force in 2012.

The structure of this agreement is similar to that of the WTO's General Agreement on Trade in Services (GATS), and therefore to the Montevideo Protocol, including the fact that it was negotiated by positive list and includes the four modes of supply within a single chapter.

Level of specific commitments: Chile

	Access to markets	National treaty
Transfrontier supply	91%	93%
Abroad consumption	92%	96%
Commercial presence	88%	92%
Natural persons presence	0%**	0%**

(**) There are horizontal commitments linked to intra-corporate transferees, business visitors, contract service providers and independent professionals, although with restrictions. Source: Own elaboration

Although the level of commitments assumed by this country towards MERCOSUR implies a very high level of coverage for all modes of supply, with the exception of the presence of natural persons, it should be borne in mind that there are restrictions of a horizontal nature applied by Chile. These restrictions apply to all sectors in which Chile has entered into commitments.

URUGUAY-MEXICO ([Access the agreement](#))

The services agreement with Mexico is an integral part of the Free Trade Agreement signed between Uruguay and Mexico in November 2003 and in force since July 2004. Uruguay is the only MERCOSUR country that has a services agreement with this country. This agreement has a different structure from the GATS and the other two agreements signed by Uruguay, including the negotiation by negative list and the division of the commitments in services in several chapters: cross-border trade in services, temporary entry of businesspersons, telecommunications and investments. This agreement is prior to the existence of reservations or exceptions to the provisions of the treaty that are in the process of negotiation, as well as a specific chapter on Financial Services.

MERCOSUR-COLOMBIA

The agreement between Mercosur and Colombia was signed in July 2018 and is not yet in force. Its structure and negotiating modality (positive lists) is similar to that of the MERCOSUR-Chile agreement, but, unlike the latter, it contains an annex on financial services, as well as an annex on telecommunications.

URUGUAY-CHILE

The FTA signed between Uruguay and Chile in 2016 contains a chapter on cross-border trade in services covering the following modes: cross-border supply, consumption abroad and temporary movement of natural persons. It was negotiated under the modality of negative lists with reserve annexes. The level of commitment is similar to that of the MERCOSUR-Chile agreement.



Most countries have specific regulations governing the market for purchases made by the State or State companies, including within these regulations restrictions or discrimination in favour of the country's nationals. Public procurement agreements seek to guarantee certain basic principles linked to national treatment and transparency of procedures, among other things. Although Uruguay has an open market for public procurement, in which foreign investors and bidders can present themselves, there is currently an agreement on this matter with Chile and more agreements of this type are being negotiated with other countries.

URUGUAY – CHILE ([Access the agreement](#))

The Government Procurement Agreement between Uruguay and Chile has been in force since August 2012.

It provides, inter alia, for “national treatment” and non-discrimination for all measures relating to public procurement through any contractual modality adopted by any of the parts, except for certain limitations set out in the agreement

MERCOSUR PUBLIC PROCUREMENT PROTOCOL

On December 21, 2017, the Mercosur Public Procurement Protocol was signed. The protocol grants “national treatment” to suppliers belonging to the countries of the block in all government procurement procedures for goods, services and public works. The national treatment extends the preference to national industry to the partners, that is, it determines the possibility of applying a price preference to the partners at the time of the contract award.

The main objective of this protocol is to create a legal framework for access to government procurement that guarantees transparency, legal certainty and non-discriminatory treatment of MERCOSUR suppliers. In this order, the protocol confers greater competitiveness to public procurement by generating a greater supply of suppliers.

Transposition into domestic law has not yet entered into force.



Uruguay currently has 30 Investment Promotion and Protection agreements in force with 31 countries. Five of these agreements (Canada, Chile, Japan, Mexico and the United States) include pre-establishment, while the remaining are post-establishment agreements, which is why they do not include liberalization provisions.

The coverage of the agreements signed by Uruguay is very broad and offers great guarantees to those who decide to invest in the country, since most of the agreements signed have an open definition of investment. The five cases where the definition is restrictive (Germany, Australia, Italy, Mexico and Vietnam) include an extensive list, so that also in these cases the coverage of the agreement is considerably broad.

The fundamental principles sought by investors in this type of agreement are reflected in previous agreements in force in the country. The agreements signed by Uruguay guarantee foreign investors certain principles such as the most favoured nation clause, fair and equitable treatment provisions, clauses linked to expropriation and no restriction on transfers. They all contain provisions relating to the settlement of disputes between an investor and the State. This includes the possibility of recourse to an international tribunal by the investor who wants to make a claim against the state, having first to resort to a national court.

The agreement between **Uruguay and Canada** is one of four agreements that include provisions linked to pre-establishment. As is usual in this type of agreement, for each of the parties, there are a number of reservations linked to exceptions for which no commitments are made. Among the exceptions expressed by Uruguay, there is any provision of non-conformity existing at the time of the entry into force of the agreement regarding national treatment. In sectoral terms, cultural industries are excluded from the agreement, and in the case of services, it is established that the commitments assumed are equivalent to those made by the parties under the General Agreement on the Services Convention of the WTO. Finally, it reserves the right to introduce and maintain exceptions in social services.

In particular, the agreement between **Uruguay and the United States** includes provisions that protect the investment not only from the moment it is made, but also covers pre-establishment within the protection, including as an investor who “intends to make, is making or has made an investment”. As for the reservations made in this agreement, they partially limit the commitments assumed in relation to national treatment, most favoured nation, performance

requirements or senior executives. The reserves do not reach the remaining commitments assumed in the agreement. Uruguay has reservations linked to the legislation in force for the fisheries, communications and transport sector. In addition, future policies have been reserved in relation to road, rail, airport and seaport services and infrastructure, water and gas distribution services, postal services, social services and transport services.

The Free Trade Agreement between **Uruguay and Mexico**, in force since July 2004, includes a chapter that protects investments made in both countries. In this case, there are also provisions linked to pre-establishment, with a series of reservations from each of the parties linked to exceptions, with which no commitments are made. These partially limit the commitments assumed in relation to national treatment, most favoured nation, performance requirements or senior executives. These reservations are still under negotiation.

In the agreement between **Uruguay and Chile**, the provisions linked to pre-establishment - which establish reservations for each of the parties linked to exceptions for which no commitments are made - partially limit the commitments made in relation to national treatment, most favoured nation, performance requirements or senior executives. The reservations do not reach the remaining commitments assumed in the agreement. Uruguay has reservations linked to the legislation in force for the fishing, communications, education services, mining and transport sectors. In addition, future policies have been reserved in relation to road, rail, airport and port services and infrastructure; distribution services for solid, liquid and gaseous fuels and related products; post-sales services, social services, transport services and public finance.

The agreement between **Uruguay and Japan** protects investments from the pre-establishment through a definition of investor that includes natural and legal persons, “who have the intention of making, are making or have made an investment”. It is a state-of-the-art agreement, which consists of sections that allow the establishment of a set of principles (most favoured nation, national treatment, free transfer of capital, expropriation) with the objective of protecting investors, as well as a complete system of dispute resolution between the investor and the State. This created a reciprocal regulatory legal framework based on the principle of non-discrimination for investments and investors from both countries. Reservations were also established to safeguard the discretion of Governments to regulate certain sectors, while meeting the commitments made earlier.

Protocol for Cooperation and Facilitation of Investments INTRA-MERCOSUR signed in 2017, not yet in force. Its objective is to promote cooperation among MERCOSUR countries and facilitate direct investment.

This protocol contains investment treatment provisions such as national treatment, most-favoured-nation treatment, direct expropriation, and free transfer of capital. In addition, it includes provisions that seek to ensure that, as far as possible, investors make certain types of commitments, such as corporate social responsibility, investment and environmental provisions, and anti-corruption.

Institutional governance is a key aspect of the Protocol, so focal points were established to strengthen dialogue and support investors, and a joint committee of government representatives was set up.

Likewise, the Protocol has a dispute prevention body that contains an agile and transparent procedure, which establishes a mechanism for the resolution of disputes between States.

Finally, thematic agendas are established for investment cooperation and facilitation, for example with respect to regulatory cooperation and institutional exchange.

Country or territory	Signature date	Ratified	Validity date
Germany	4/5/1987	Law N° 16.110	29/6/1990
Armenia	6/5/2002	Law N° 18.277	15/12/2013
Australia	3/9/2001	Law N° 17.573	12/12/2002
Belgium	4/11/1991	Law N° 16.856	24/4/1999
Canada	29/10/1997	Law N° 17.102	2/6/1999
Chile	25/3/2010	Law N° 18.855	18/03/2012
China	2/12/1993	Law N° 16.881	1/12/1997
Korea	1/10/2009	Law N° 18.825	8/12/2011
El Salvador	24/8/2000	Law N° 17.627	23/5/2003
Spain	7/4/1992	Law N° 16.444	6/5/1994
United States	4/11/2005	Law N° 17.943	31/10/2006
Finland	21/3/2002	Law N° 17.759	16/6/2004
France	14/10/1993	Law N° 16.818	9/7/1997
Hungary	25/8/1989	Law N° 16.184	1/7/1992
India	11/2/2008	Law N° 18.873	N/V
Israel	30/3/1998	Law N° 17.839	7/10/2004
Italy	21/2/1990	Law N° 16.857	2/3/1998
Japan	26/1/2015	Law N° 19.470	14/4/2017
Malasya	9/8/1995	Law N° 17.440	13/4/2002
Mexico	30/6/1999	Law N° 17.501	7/7/2002
	15/11/2003	Law N° 17.766	15/7/2004
MERCOSUR	7/4/2017	Law N° 19.635	N/V
Netherlands	22/9/1988	Law N° 16.183	1/8/1991
Panama	18/2/1998	Law N° 17.446	14/4/2002
Polonia	2/8/1991	Law N° 16.598	21/10/1994
Portugal	25/7/1997	Law N° 17.210	3/11/1999
United Kingdom	21/10/1991	Law N° 16.819	1/8/1997
Czech Republic	15/5/2009	Law N° 17.270	9/2/2012
	15/5/2009	Law N° 18.821	9/2/2012
Romania	23/11/1990	Law N° 16.396	30/10/1993
Sweden	17/6/1997	Law N° 17.211	1/12/1999
Switzerland	7/10/1988	Law N° 16.176	22/4/1991
Venezuela	20/5/1997	Law N° 17.441	18/1/2002
Vietnam	12/5/2009	Law N° 18.779	9/9/2012



Different taxation criteria may result in companies or individuals being taxed on the same basis in more than one country when they operate on an inter-country basis.

International agreements seek, among other things, to avoid double taxation by delimiting the taxing power of each country. Uruguay has 20 agreements in force with provisions that guarantee non-discrimination in taxation and eliminate double taxation between the parties, with respect to income and wealth taxes. These agreements offer stability and predictability in tax matters by establishing mechanisms to avoid double taxation and indicating which of the Contracting States has tax competence for the main taxes related to income and wealth. This is achieved either by waiving the jurisdiction of one of the States or by establishing maximum rates in the event that double taxation is admitted and by generating mechanisms to deduct or exempt taxes paid in another territory.

The agreements generally provide for definitions, applicable taxation criteria and restrictions in the case of real estate income, corporate profits, sea and air transport, dividends, interest, royalties or fees, capital gains, self-employment, dependent personal services, shares of directors, artists and sportsmen, pensions, remuneration for public service, students, teachers and patrimony.

In order to eliminate double taxation between the parties, the usual mechanism operates, whereby the country of residence recognises a tax credit equivalent to the tax paid in the other Contracting State on the same taxable event, with the limit of the tax calculated before deduction. However, exempt income may be taken into account in calculating the remaining tax of that resident.

The following tables show the countries with which Uruguay has agreements in force or in the process of ratification, as well as the taxes included in the agreements in force.

Country or territory	Signature date	Ratified	Validity date
Germany	9/3/2010	Law N° 18.844	28/11/2011
Argentina	23/4/2012	Law N° 19.032	7/2/2013
Australia	10/12/2012	Law N° 19.224	1/7/2014
Belgium	23/8/2013	Law N° 19.403	4/8/2017
Brazil	23/10/2012	Law N° 19.303	NV
Canada	5/2/2013	Law N° 19.223	27/6/2014
Chile	12/9/2014	Law N° 19.391	4/8/2016
	1/4/2016	Law N° 19.548	NV
Korea	29/11/2011	Law N° 19.033	22/1/2013
Denmark	14/12/2011	Law N° 19.036	07/14/2013
Ecuador	26/5/2011	Law N° 18.932	15/11/2012
United Arab Emirates	10/10/2014	Law N° 19.393	13/6/2016
Spain	9/10/2009	Law N° 18.730	24/4/2011
Finland	13/12/2011	Law N° 19.035	6/12/2013
France	28/1/2010	Law N° 18.722	31/12/2010
Guernsey	22/7/2014	Law N° 19.526	6/10/2017
Greenland	14/12/2011	Law N° 18.981	25/1/2013
Hungary	25/10/1988	Law N° 16.366	13/8/1993
India	8/9/2011	Law N° 18.972	21/6/2013
Iceland	14/12/2011	Law N° 18.977	14/11/2012
Feroe Islands	14/12/2011	Law N° 19.034	19/2/2015
Liechtenstein	18/10/2010	Law N° 18.933	3/10/2012
Luxembourg	10/3/2015	Law N° 19.354	11/01/2017
Malta	11/3/2011	Law N° 19.010	13/12/2012
Mexico	14/8/2009	Law N° 18.645	29/12/2010
Norway	14/11/2011	Law N° 19.170	30/1/2014
Paraguay	8/9/2017	Law N° 19.697	NV
Netherlands	24/10/2012	Law N° 19.375	1/6/2016
Portugal	30/11/2009	Law N° 18.934	13/9/2012
	14/10/2013	Law N° 19.429	20/10/2016
United Kingdom	24/2/2016	Law N° 19.443	14/11/2016
Romania	14/9/2012	Law N° 19.257	22/10/2014
Romania	15/1/2015	Law N° 19.457	14/11/2017
South Africa	7/8/2015	Law N° 19.527	6/10/2017
Sweden	14/12/2011	Law N° 18.959	17/4/2015
Switzerland	18/10/2010	Law N° 18.867	1/1/2012
		Law N° 18.958	28/12/2011
Vietnam	9/12/2013	Law N° 19.404	26/6/2016



Who we are

We are the agency responsible for the promotion of exports, investment and country brand. We work to enhance the export capacity and competitiveness of Uruguayan companies, promote the country as an attractive destination for productive investments and promote the country brand Uruguay Natural in the world.

Together with other institutions, we are part of the National System of Productive Transformation and Competitiveness (Transforma Uruguay) that works to promote the productive and innovative economic development of the country, with sustainability, social equity and environmental and territorial balance.

Our services for Investors

- Macro and sectorial information. Periodically, Uruguay XXI prepares studies on Uruguay and the various sectors of the economy.
- Tailor-made information. We prepare personalized information to answer your specific questions, such as macroeconomic data, labor market information, tax and legal aspects, investment incentive programs, location, and costs.
- Contact with the main actors. We generate contacts with government entities, industrial actors, financial institutions, R&D centers and potential partners, among others.
- Promotion. We promote investment opportunities in strategic events, missions and business rounds.
- Facilitation of visits to the country of foreign investors, including organization of agenda of meetings with, for example, public authorities, suppliers, potential partners and business chambers.
- Support in establishment and expansion. We facilitate your establishment in the country and support you to achieve the growth of your business in Uruguay.



Rincón 518/528 - CP 11000

Tel.: (598) 2915 3838

www.uruguayxxi.gub.uy



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