



Uruguay XXI
PROMOCIÓN DE INVERSIONES,
EXPORTACIONES E IMAGEN PAÍS

Sectorial report

GLOBAL SERVICES

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Executive Summary

World trade in services has grown substantially in recent years and currently, service exports represent about 25% of total exports. Non-traditional services (mainly Global Services) in turn account for more than 50% of total service exports.

Uruguay is no stranger to this trend and Global Services exports totaled U\$S 3.4 billion in 2018 (approximately 20% of the country's total exports of goods and services). This figure is the result of adding U\$S 1,870 million to the total exports of Global Services and the exports associated with the purchase and sale of goods (U\$S 1,527 million). Of the total exported, approximately U\$S 2,800 million (82%) are provided from Free Trade Zones (FTZs). In turn, more than 25,000 people work directly in global services. Of this total, approximately half provide services from the Free Trade Zones. It is estimated that approximately 2,500 companies provide this type of service. Of this total, approximately 1,000 companies do so from the free territory (FTZ Census 2018) and the remaining 1,500 companies do so from outside the FTZ.

The business models adopted by companies in Uruguay are captive centers (operations of foreign companies that provide their affiliates with support services and/or centralize commercial activities from Uruguay) and outsourced suppliers (local or foreign companies subcontracted by clients from abroad). Some companies even set up their regional offices or headquarters, which implies the location of decision makers and a hierarchical structure of the country with a virtuous circle of greater opportunities for new investments. For its part, Uruguay has traditionally operated as a logistic center facilitating both the exit of regional goods and the supply from countries outside the region. This modality presents, at the same time, synergies with global services, as international companies that produce goods, can centralize jointly logistics and support services operations.

Uruguay has become a hub for investment in global services and logistics thanks to the good performance of the factors that favor this type of activity in comparison with other countries: socio-economic stability, legal security, quality of talent, tax incentives and aspects of the business environment (for example, freedom of exchange, free repatriation of dividends, quality of telecommunications, among others). This has allowed to attract an important number of international Centers focused on business support services and/or international trade activities that together with a consolidated technology industry (local and foreign) make up the main core of the GSs, complemented by other activities such as the Creative Industries or Research and Development services.

In the region, Uruguay frequently competes with Argentina, Costa Rica, Chile, Mexico, Colombia and Brazil (to serve this market) for the provision of these services. In some cases, these countries have advantages such as their proximity to the United States (the main market), the availability of human resources on a large scale, or low operating costs.

Trade in Services

The process of globalization, which intensified at the end of the 20th century, was accompanied by a remarkable expansion of international trade in goods and services. The reduction of transport costs and trade barriers has allowed the movement of goods and people to multiply. In addition, in recent decades there has been a revolution in the ability to transmit, accumulate and process information. This revolution has allowed companies and people in one country to more easily apply their knowledge and processes to the benefit of other companies abroad, multiplying the services provided internationally. Furthermore, in the context of the phenomenon of international segmentation of production and the rise of global value chains, there has also been a growing trend towards fragmentation in international trade in services. Many business functions that were traditionally performed internally - services such as software development, accounting and auditing, as well as database analysis and other information services, which for the most part can be provided online- are now performed externally. This generates a growing internationalization of business services and an increase in the international mobility of factors, both capital (foreign direct investment) and people and knowledge (know-how).

In addition to the traditional exports of services (tourism and transport), there is a set of services that are growing in variety and importance. These include communication, information, technology, design, professional and creative services, which are consumed by companies and individuals. These services are known as non-traditional services, modern services or global services. Like other economic activities, their characteristics and importance are subject to changes in customs, cultural changes and technological disruptions.

The global pandemic unleashed by COVID-19 has meant a great challenge for Global Services companies, which have been able to adapt and prove once again to be one of the sectors with the greatest resilience to the health and economic crisis that all countries are going through.

International Trade in Services

Services have been among the most dynamic sectors of the global economy in the last two decades. Their impact can be seen in global production and employment, as well as in investment and trade flows. In developed countries, services represent 76% of the Gross Domestic Product (GDP) and 56% in developing countries¹. In addition, services employed 50% of the world's workforce in 2019, compared to 34% in the early 1990s. With respect to exportable services, this percentage increased from 20% in 1991 to 31% in 2018. In developed countries, the share of services in employment was 74% in 2018, with 42% linked to exportable services². Likewise, the increase in the participation of employment in services is associated with an increase in the amount of qualified employment in the different economies³.

If we analyze the global investment flows, the service sector represents almost 70% of the value of cross-border

¹ Source: Uruguay XXI based on UNCTADSTAT. Data for 2018.

² Source: World Employment Social Outlook ILO (2019 and 2020)

³Source: Where are the jobs? Employment patterns across sectors and occupations, ILO

M&A⁴. On the other hand, if the greenfield projects are considered, those corresponding to the service sector represent almost 50% of the total amount⁵.

World exports of services showed a slight increase compared to 2018. It should be noted that developed economies exported 68% of global foreign sales of services, while their share of total exports was 56%. At the regional level, Europe, Asia and North America are the main exporters of services with 48%, 29% and 16% of the total respectively. In Latin America and the Caribbean, service exports showed a very slight increase in 2019 and represented 3% of total exports.

World exports by type of services

Service exports are undergoing a profound transformation worldwide. Traditional services -transport and tourism- have been joined by a set of more developed services linked to technologies and new business practices.

Between 2010 and 2019, world service exports grew at an average annual rate of 6%. In terms of items, non-traditional services showed good dynamism with an average annual increase of 6%. In 2019, world service exports totaled US\$ 6,144 billion, growing 2% compared to 2018. This increase was explained by a rise of 3% and 1% in exports of non-traditional services and tourism respectively. Exported transport services fell 1% year-on-year.

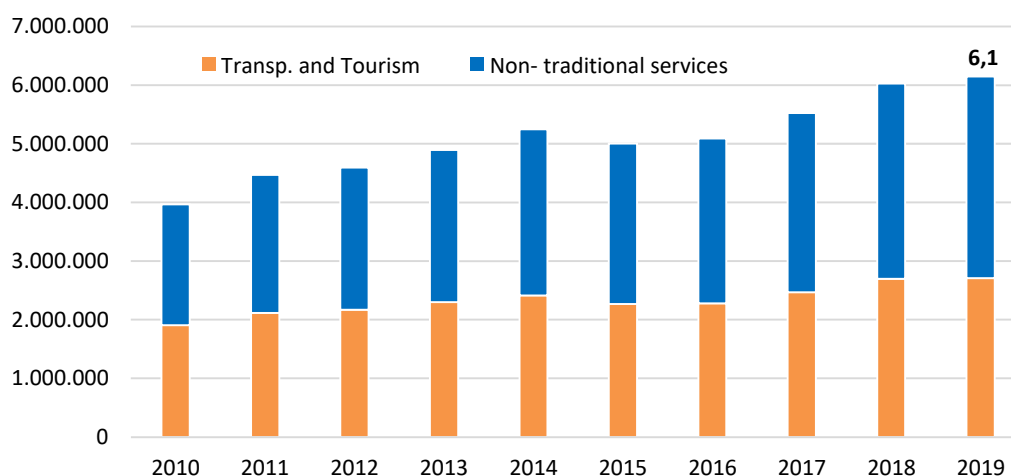
Thus, the incorporation of non-traditional services is becoming increasingly important, which in 2019 translates into US\$ 3,437 billion, representing 56% of world exports of services⁶.

4 Source: World Investment Report 2019, UNCTAD.

5 As Greenfield projects are classified to projects that must be formed from the beginning or that must completely change an existing one, they do not include profits reinvested by foreign companies.

6 Categories taken from the sixth edition of the Balance of Payments and International Investment Position Manual, which is the international reference nomenclature for official statistics on trade in services.

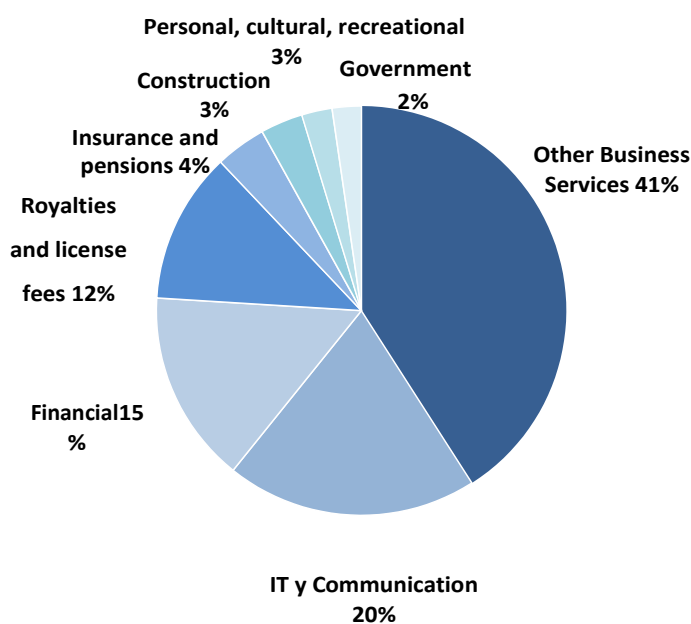
Chart N°1- World Exports of Services (Millions of US\$)



Source: UNCTAD.

Within the non-traditional services, those associated with Global Export Services are the most relevant and represent 82% of the total exported of non-traditional services (considering global services to business services, IT and communication, financial, insurance and personal).

Chart N°2- World Exports of Non-Traditional Services (Part. % 2019)



Source: UNCTAD.

The main providers of non-traditional services in 2019 were the United States (16% of total world exports) and European countries such as the United Kingdom, Ireland, Germany and the Netherlands (with shares of around 6%). Asian countries such as China, India and Japan also stand out. The main importers of this type of service are also the main exporters and in first place is the United States with 11% of world imports, followed by Ireland with 10%.

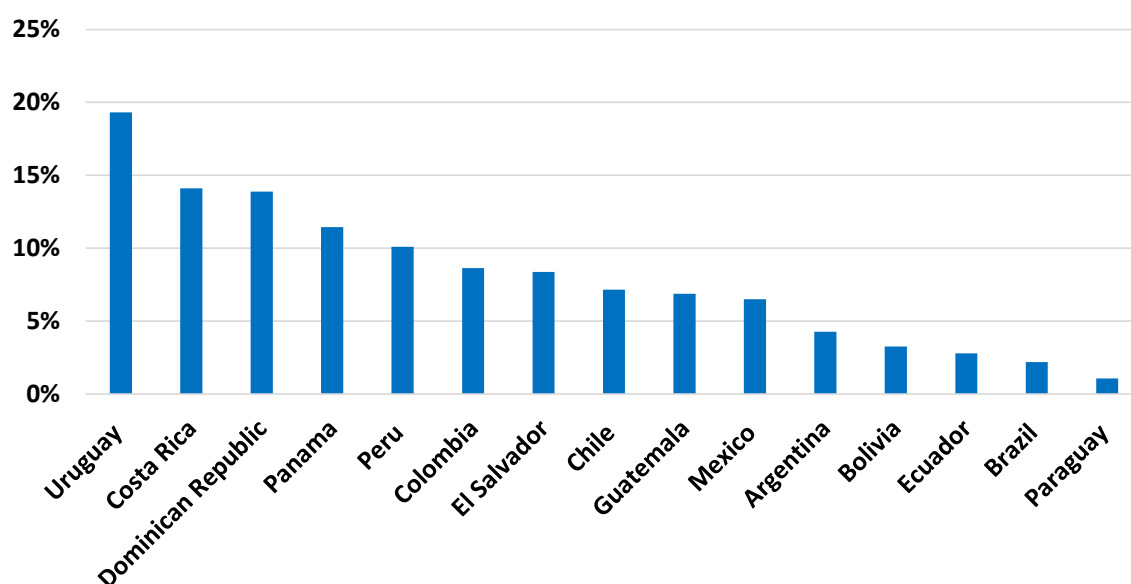
In Latin America and the Caribbean, UNCTAD figures show that the main exporters of non-traditional services

are Brazil, Argentina and Costa Rica, with 33%, 10% and 7% respectively of non-traditional service exports in 2019. Other important destinations are Chile (6%), Mexico (5%), Colombia (5%), Panama (4%) and Uruguay (3%).

Of the most relevant exporters of non-traditional services in Latin America, only a few export more than they import. The net exporters of non-traditional services are Costa Rica, Panama and Uruguay. Uruguay is one of the most specialized countries in the region in terms of non-traditional services (considering its weight in relation to total service exports). Brazil, Costa Rica, Argentina and Chile are other countries in the continent with this characteristic.

Exports of non-traditional services in Uruguay have grown at a good pace over the last decade (although a cooling off has been observed in recent years) and, in fact, present the highest average growth rate for these services between 2010 and 2019 (see Chart N°3). Other countries that recorded high rates are Costa Rica, Panama, Peru and Colombia.

Chart N°3- Exports of Non-Traditional services (Average growth 2010-2019)



Thus, Uruguay's main competitors are Argentina, Costa Rica, Chile, Mexico, Colombia and Brazil itself (to serve that market). With respect to the competitive positioning of these countries, some advantages stand out, as for Costa Rica the proximity to the United States and the experience in the sector for years. Colombia and Mexico also have the same geographical advantage and, in addition, competitive talent costs.

Global services. Definition, classification and characterization

Within the non-traditional services a sub-group is distinguished that arises from the decision of a company to relocate an activity or process and transfer it abroad. This is called Offshoring of services and explains what is usually understood as Global Export Services.

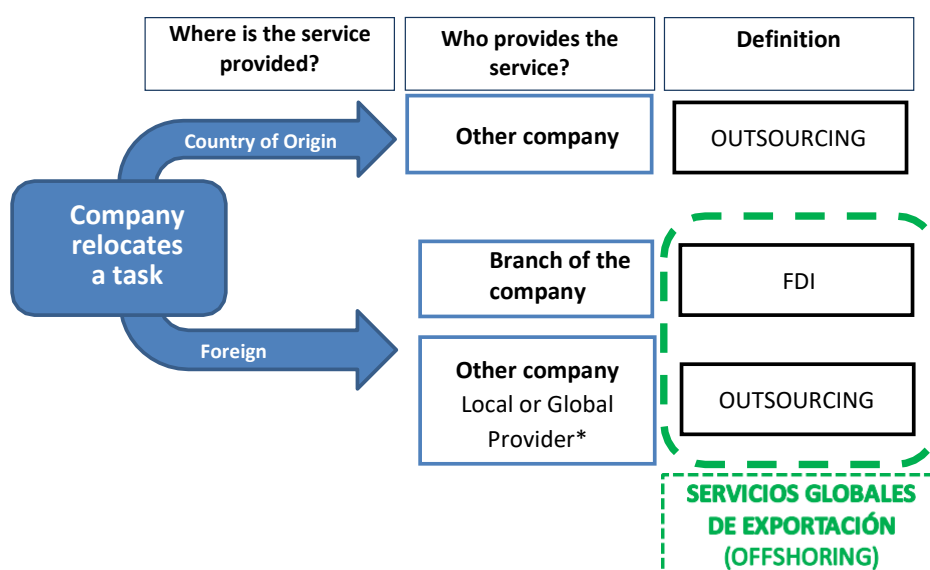
There are several reasons that lead companies to make this type of decision: advantages in the cost-benefit ratio, time difference and the possibility of accessing new markets, among others. They seek to reduce costs, free up resources in their countries of origin, increase their efficiency and innovation, and take advantage of labor, tax and technological differences between countries.

Depending on the degree of control that the company's parent company has over the operation abroad, the modes of supply can be typified in two extreme cases:

- Offshoring Outsourcing: When the service is outsourced to a supplier abroad
- Captive Offshoring: By installing a subsidiary of the company itself abroad

Within these extremes there is a range of business models considered as global service exports that also include: Direct Provider; Dedicated Center; Joint Venture; Build-Operate- Transfer, among others⁷.

Figure Nº 1 – Forms of offshoring of a company's services



Source: URUGUAY XXI.

⁷ On the basis of a: "Uruguay in the global trade of tasks"; IDB, 2012

In addition, service offshoring can be classified according to the type of knowledge applied in three main categories:

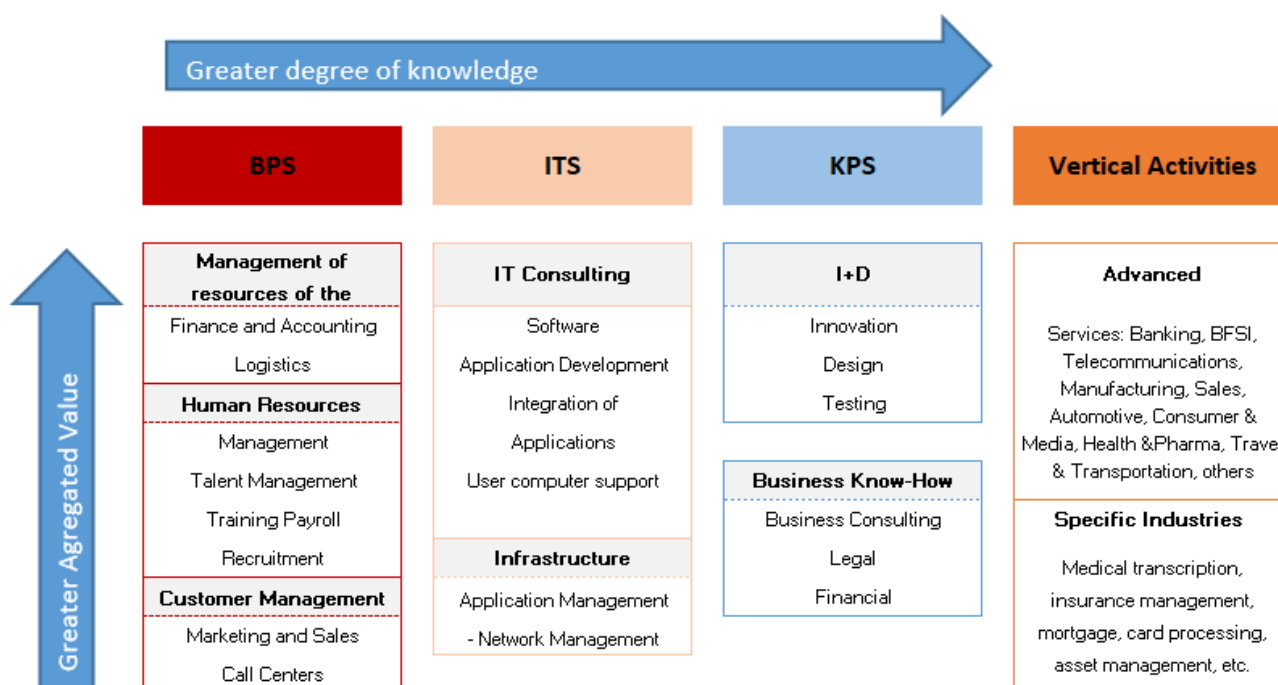
- **Business Process Services (BPS):** offshoring of business services, referring to business processes and administration, including accounting, collection, salary payments, invoicing, human resources administration, marketing, among others.
- **Information Technology Services (ITS):** offshoring of information technology services in two major areas: software and applications or activities related to infrastructure and data processing.
- **Knowledge Process Services (KPS):** offshoring of knowledge-intensive processes, such as research and development, specialized consulting services, risk and credit analysis, among others.

These categories vary according to your labor qualification requirements. In general, the BPS segment is more intensive in people, but with a lower level of qualification. The ITS sector has segments with low qualification requirements and some with very high specialization. Meanwhile, in KPS being knowledge-intensive processes, it requires staff with a high level of qualification.

Globally, and in Uruguay in particular, there are numerous companies (regional corporate centers) that develop these three types of services at the same time (broad-spectrum operations). In addition to these categories, there are a number of vertical services, which require knowledge of specific industries and may demand a high degree of specialization. Within this type of services we include financial services, services associated with pharmaceuticals and health, creative and professional services.

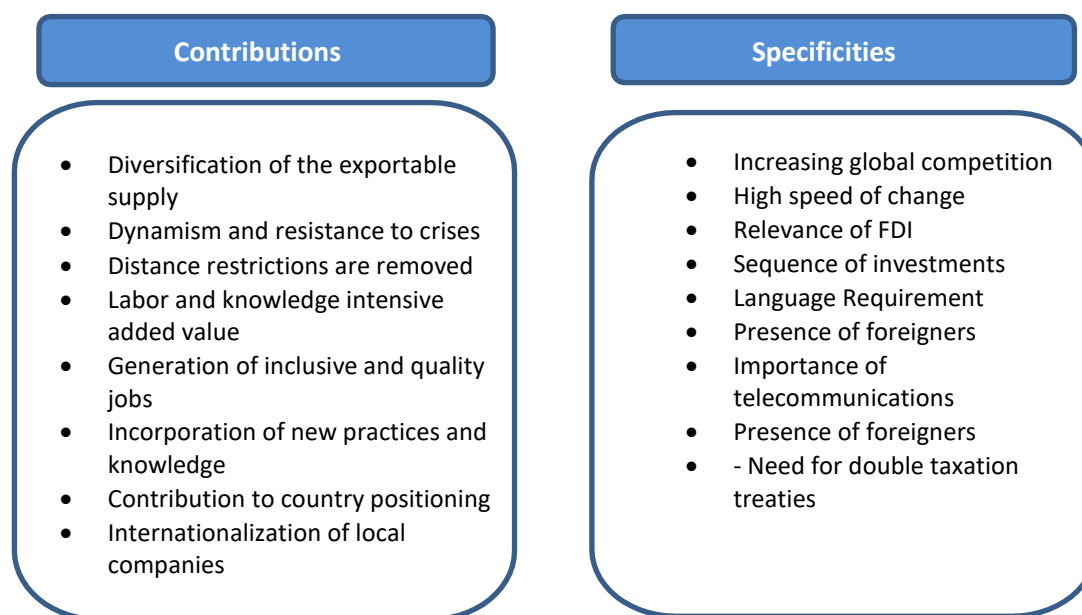
The nature of the global export services provided allows us to assume that the vast majority of them are received by companies. As an exception, some technological solutions aimed directly at consumers (Business to Consumer) and some financial services can be included.

Figure N°2 - Modalities of global export services



The GSs industry is very attractive to economies and has a number of special features that require specific, flexible and comprehensive policies.

Figure Nº 3 Characteristics of global export services



Source: Uruguay XXI

Global services in the context of Covid-19

Global Services has been one of the most resilient sectors to the health and economic crisis caused by the mandatory quarantines implemented in most countries by COVID-19. One of the lessons learned for Global Services companies in this context has been their ability and flexibility to adapt and maintain continuity of operations using different tools. The possibility of being able to implement remote work quickly is something that is feasible because of the type of service offered.

The rapid adaptation of global services companies to this new scenario has implied a set of challenges (logistics, monitoring, security, regulation, infrastructure, among others) that are worth mentioning. One of the first challenges is the logistics required to keep the operation running with the teleworking collaborators. The issue of security and protection of intangible assets of a company, such as customer portfolio, processes, sensitive information, among others, is transversal to all sectors of global services. In order to maintain security in the handling of information between the supplier, human resources and clients, systems of

VPN (Virtual Private Networks)⁹. Security is one of the critical points that have triggered remote work, which is a great opportunity for the cyber-security sector. The pandemic has triggered and accelerated another set of challenges such as regulatory ones. Several countries are beginning to discuss regulations related to teleworking, and a few are beginning to regulate, but these are still at a very early stage of discussion.¹⁰

⁸ This section is based on a recent publication by Javier Peña Capobianco, based on in-depth interviews with CEOs of global services companies around the world. The article is available at the following link.

⁹ These are private networks encrypted to access from homes to the client's servers and database in a secure manner.

Another challenge has to do with the technological infrastructure that countries have and which constitutes a determining factor for the adequate provision of this type of service. In Latin America and the Caribbean - although no major problems have been reported from the point of view of telecommunications- difficulties have been observed due to power cuts in some countries, particularly in Central America.

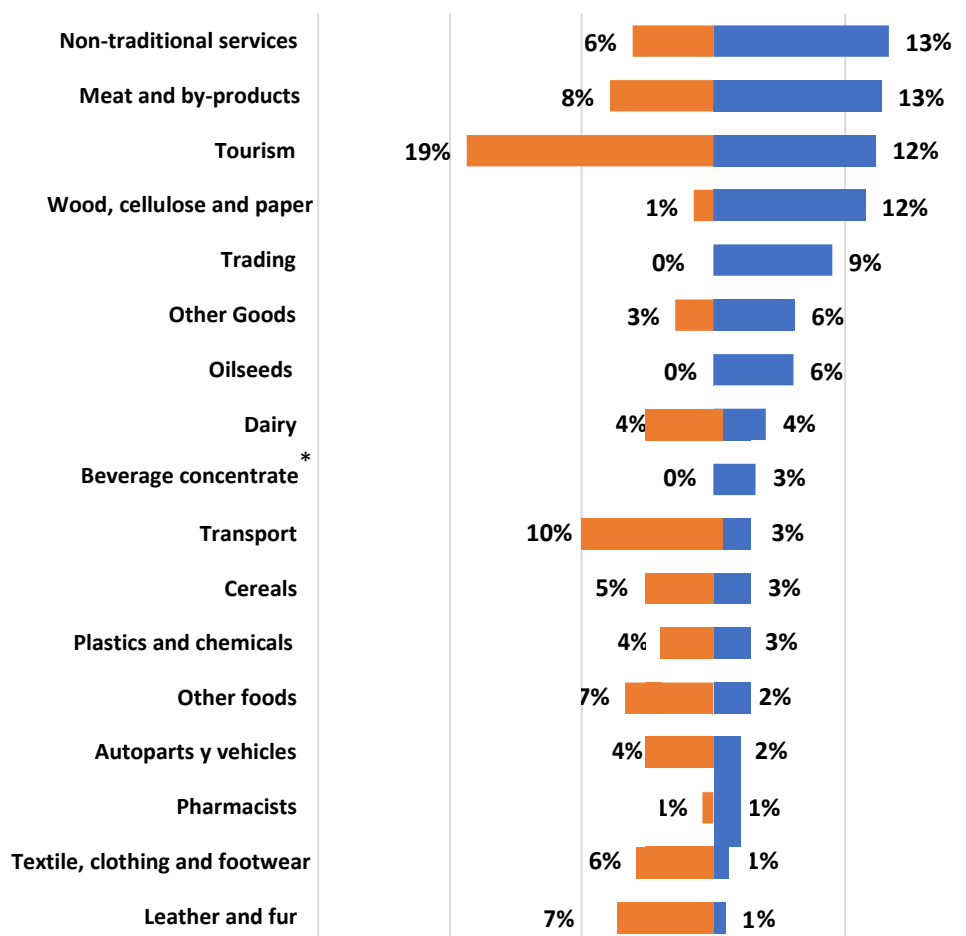
Last but not least, although companies and their collaborators have adapted very quickly to this new modality within the "new normality", there is a set of tasks that remain essentially face-to-face, so it has been very complex to replicate them in the digital environment. Among these are those that aim to generate relationships of trust between teams, the search and prospecting of potential customers, group activities of strategic planning and/or innovation; and those linked to the transmission of informal knowledge, involvement and generation of culture, among others. In summary, it is very likely that after the pandemic, a large number of global services companies will not return to full presence, and will implement a hybrid modality.

Uruguay is an exporter of services

Uruguay has accompanied the global trends mentioned above. In the last twenty years the country has undergone a process of opening up that has allowed it to insert itself dynamically into global trade flows, while at the same time it has processed a profound productive transformation. This is reflected in an important change in the composition of its exports. As can be seen in Chart N°4, among the exports of goods, the appearance of cellulose and soybeans stands out, along with other exported goods of greater added value, while among the exports of services, non-traditional services and activities associated with the purchase and sale of merchandise appear.

10 In Uruguay the discussion to regulate teleworking arose in 2009, it was resumed in 2017, but the coronavirus pandemic forced it to be treated more urgently and currently (October 2020) the bill is being discussed in parliament. In the context of the COVID, the MTSS (Ministry of Labor and Social Security) issued two regulations. The first determines the implementation by employers of distance work, as far as possible and whenever the nature of the activity allows it. The second provision urges employers to implement and promote, where possible, that workers perform the tasks in their homes, in which case the employer must provide the necessary tools to perform the work. Additionally, the performance of distance work was also authorized for workers who provide services in companies located in Free Trade Zones.

11 At the end of 2017 the Central Bank of Uruguay - the agency in charge of external sector statistics - presented the new version of the Balance of Payments. Based on the Sixth Balance of Payments Manual (BPM6), the new figures attempt to more accurately reflect the new phenomena of a more globalized economy.

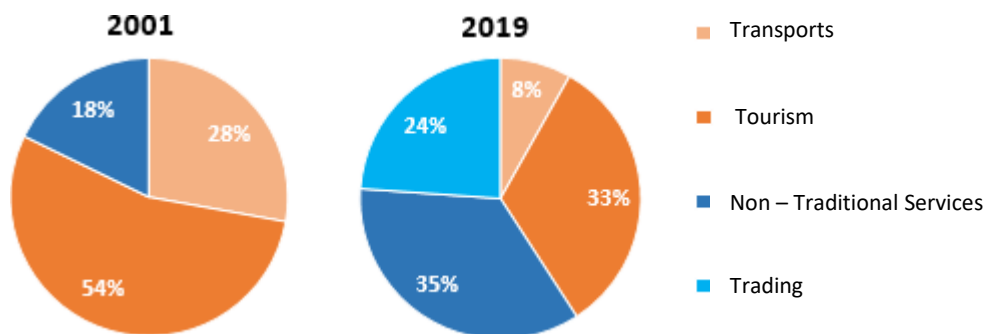
Chart N°4 - Exports of goods and services from Uruguay11 (Part. % of total)
■ 2001 ■ 2019


*No information is available on exports of beverage concentrates prior to 2003.

Source: Prepared by Uruguay XXI based on data from the National Customs Directorate, Central Bank of Uruguay, Montes del Plata and the New System of Nueva Palmira

Although service exports are one third of total exports (goods and services), there was a radical change in the types of services exported. In fact, as shown in the following graph, tourism went from representing 54% of service exports in 2001 to 33% in 2019, while transportation services also decreased. In turn, non-traditional services in 2001 were less than 20% and in 2019 represented 35% of service exports. Likewise, the purchase and sale of merchandise that does not enter the national territory (trading) is currently quantified, an activity that involves high value transactions, representing 24% of service exports in 2019. Thus, exports of non-traditional services and activities associated with the purchase and sale of merchandise together account for almost 60% of the country's total service exports.

Chart N°5 - Exports of services.
(Part. % in total exports of services and trading)



Source: Uruguay XXI based on BCU.

Global Services in Uruguay

The growing importance of global service exports from Uruguay is based on some key sectors that have taken advantage of the country's business development benefits. In Uruguay there is a large number of companies that export this type of service, with a great heterogeneity in terms of their size in terms of employment and turnover, as well as business models.

Main segments

Below is a brief description of the services provided from Uruguay within these key sectors or segments and some examples of international companies already operating in the country.

**Business
Services**

**Commerce
and trading**

**Software
and ITO**

**Financial
Services**

**Creative
Services**

Within the industry, the growing phenomenon of what are called Global Service Centers is worth noting. Operations of international companies that use the country as a "regional hub", mainly in one of the following modalities described above or combinations thereof. For example, a Center may combine regional distribution and business services activities, among other combinations.

Business Services

This category includes services related to business process offshoring, both services provided from captive or "in house" centers (e.g. regional headquarter and shared service centers), and outsourced centers - services provided by third parties - mainly associated with business processes (e.g. customer service) and knowledge processes (e.g. consulting, research & development - R&D).

Uruguay presents a series of transversal attributes for the development of business services, such as security and stability for businesses, tax benefits, qualified and multilingual talent, geographic location, time zone, telecommunications quality and quality of life; which position it as a privileged location for operations in different modalities.

Regional Headquarters (HQ) & Shared Services Centers (SSC).

Montevideo has become a hub for particular captive centers, providing services in support of foreign trade, supply chain, finance and accounting, human resources, customer service, contract review, among other tasks. Most of them are located in the service free zones. Some of the companies that have established HQ & SSC and have large operations in Uruguay are Sabre, BASF, RCI, Trafigura, Tenaris, Syngenta, Altisource, Finning Cat, Arcos Dorados (McDonald's), Pluspetrol, among others.

Outsourced Service Providers (BPO&KPO)

Although most of the large operations established in Uruguay are captive, there are many (global and local) providing BPS services, from administrative-financial backoffice to customer service centers (call and contact centers). The main examples are: Tata Consultancy Services (TCS), Alorica, Atento, Avanza, GIS Europe, among others.

For more information: [Business Case Servicios Corporativos](#)

Commerce and Trading

This segment considers commercial activities with or without a passage of the goods traded by the country. The advantages listed above for business services apply in the same way for this type of activities.

Purchase and sale of goods: trading

It includes trade activities of services or goods that do not transit through the national territory. Intra-company" commercial activities, activities of buying from the company itself with sales to third parties and activities of "traders" who buy and sell to third parties. Most of these are operations of foreign companies in the form of captive centers. Global companies specialized in commodities trading such as Louis Dreyfus, COFCO AGRI, Bunge, Syngenta and Trafigura have chosen Uruguay as their regional center.

Regional Distribution Centers (RDC)

It includes wholesale trade of goods entering the country, carried out by companies in free trade zones, activities mainly associated with the regional distribution of high-value products (e.g. pharmaceuticals and technology), which normally combine logistical tasks with other business services or the purchase and sale of goods.

Uruguay is positioned as a highly attractive site for the development of distribution and logistics activities, safe and agile entry to the region. Not only because of its tax advantages for companies with foreign trade operations, but also because of its advantages as a logistics platform. Uruguay is the only country in South America that has free ports and airports, a stable free zone regime that complies with international regulations (tax compliance), and also has a single window for foreign trade (VUCE). Some CDRs for high value products operating in Uruguay are MegaLabs, Merck, AdiumPharma, Ricoh, Lexmark, Biotoscana, Roche, Astrazeneca,

among others.

For more information: [Business Case Farma y Ciencias de la Vida](#)

Software & ITO

They include operations of technology companies, either by providing development services or by marketing technology solutions. Uruguay has outstanding benefits that favor the development of an IT industry, such as its highly qualified, committed, and competitive human resources to provide high value-added services; an important export trajectory; a favorable regulatory framework with important fiscal incentives for ICT exports (income tax exemption); a coordinated start-up and innovation ecosystem; and the most modern technological infrastructure in Latin America.

Technology companies can take advantage of all these factors to set up a global operation in Uruguay that covers the entire ICT value chain. They can think about establishing Commercial and/or Logistics Offices, as well as Services Operations (SSC and ITO), up to R&D Centers and testing of new technologies. Likewise, they will be immersed in a dynamic innovation ecosystem that offers attractive partnership and investment (M&A) opportunities. Some of the largest operations in Uruguay are Tata Consultancy Services, Sabre, Mercado Libre, Globant, Netsuite, Verifone and Totus, among others.

For more information: [Business Case TICS](#)

Financial Services

They include advisory and financial management services to individuals and institutional investors abroad and insurance and reinsurance management services.

Some international firms operate in Uruguay, focusing on market analysis, risk and consulting, as well as a critical mass of local and foreign operators, providing advisory and asset management services to regional and extra-regional clients. The following are examples of companies providing this type of services in Uruguay: Advice and asset management: Julius Baer, Apex Fund Services, CITI, among others.

Creative Services

This group includes architectural, engineering and design services, and audiovisual services (which also includes publishing and music).

In addition to the transversal attributes for the development of business in Uruguay, there are specific aspects for Architectural and Engineering services, such as the high availability of multilingual professionals with training and experience in different construction techniques, trained to provide quality services at competitive costs. Uruguayan Architecture and Engineering services stand out for their availability and excellent cost-benefit ratio, the high qualification and commitment of their professionals who are recognized worldwide and who also have a good command of English and other languages.

For more information: [Business Case Arquitectura&Ingeniería](#)

In the Design sector, Uruguayan companies offer multiple services in different segments. Within the Business-to-Business (B2B) segment, the main services provided are graphic design, web design, product design (industrial and furniture), interior design and landscaping. The providers of these services are generally micro and small companies or independent professionals and are oriented to the domestic market. Anyway, strengths are identified, which show the growth potential of the sector through internationalization. In this sense, in recent years work has been done on a public-private partnership to enhance the development of the sector.

For more information: [Design of furniture](#)

In Uruguay, the audiovisual sector is a production complex made up of film and audiovisual production companies, service and equipment providers, distributors, exhibitors and film services. The sector's exports mainly correspond to the sales of audiovisual production and post-production services. Among production companies, the advertising sector is one of the most mature and experienced abroad. It is the sector with the greatest number of companies and the best international insertion, led by a small group that is highly competitive in Latin America

For more information: [Business Case Audiovisual](#)

Global Services from Free Zones

Uruguay has a free zone regime that is very attractive for the provision of global services (see Annex I). In total there are eleven free trade zones, and there are four that have specialized in services. Most of the global services are provided from free zones located in the metropolitan area of Montevideo. The following is a brief description of them¹².

Aguada Park¹³: It is the first Free Zone of Services of Uruguay. It is a 55,000 m² complex located in a strategic point of the city of Montevideo. It has two modern buildings, the first one with 20 floors, and the recently inaugurated Building 3, with 3 floors of more than 2,000 sq. m. each for offices and 2 floors of exclusive parking. It also has common recreational areas, different gastronomic offers, dressing rooms and a rooftop with one of the best views of Montevideo.

Aguada Park's clients come from diverse industries such as Contact Centers, Business Process Outsourcing & IT, Shared Services, Software, Internet, Financial Sector, Product Trading, Shipping Companies, Professional Services, etc. Some of those clients are: Alorica, Mercado Libre, Globant, Travel Leaders, Ferrere, CorporaciónNavíos, among others. Approximately 3,000 people work daily in Building 1 and about 1,000 more are expected in Building 3.

¹²Information provided by each of the free zone operators (July 2020)

¹³ For more information: www.aguadapark.com

¹⁴ For more information: <http://www.wtcfreezone.com>

WTC Montevideo Free Zone¹⁴: Strategically located in Montevideo, this is a Free Zone Tower Complex exclusively for services, whose first tower opened in 2012 has 32,500 m² of floor space, where more than 130 companies are currently located, including some of the main grain traders, leading regional consultants in financial advice and professional firms of various kinds. Among these, the following stand out: Humphreys & Partners, Willis Towers Watson, McDonalds, Bestseller, Cofco International, Etermax, IOV Labs, dLocal, PwC, Deloitte, Baker Tilly, Dreyfus Company and The Hackett Group, among others. Approximately 1,500 people work daily in Tower 1.

Given the excessive demand and the sustained growth, WTC Montevideo Free Zone developed a second Tower, which will be inaugurated at the end of December 2020. Tower 2 has 35,000 m² of built area, 21 floors of flexible offices of up to 805 m² with the possibility of subdividing the space according to the requirements of each client. Its green area will be made up of a large Central Plaza of 3,200 m², to be enjoyed by the community of both towers together. It will have more than 400 parking spaces, among which there will be available chargers for efficient or hybrid cars, 60 covered spaces for bicycles, and a gastronomic area. The investment made is estimated at U\$S 40 million.

Zonamerica¹⁵: Located in Montevideo, Zonamerica is a place where infrastructure, corporate services and its modern business environment provide its clients with ample competitive advantages for doing business with the region and the world. With over 30 years of experience, Zonamerica attracts qualified talent with technical skills and language skills vital to the global services industry.

Currently, Zonamerica employs approximately 10,000 people in 350 companies operating in different business areas: Logistics, Financial Services, Information Technology, Call Centers, Regional Offices, Biotechnology, Consulting and General Trade. Some of the companies installed in the park are Airbus, Altisource, Assist-Card, AdiumPharma, Despegar, Finning, Merck, RCI, Ricoh, SportRadar, Sabre, Satellogic, SKF, Tata Consultancy Services (TCS), Trafigura, Verifone, among others.

¹⁵For more information: <http://www.zonamerica.com>

The company operates a free trade zone of similar characteristics in Cali, Colombia, dedicated exclusively to services, being the first free trade zone with this characteristic in Colombia. The park was inaugurated in 2018 with the objective of converting Cali into a service export center. This investment is considered to be one of the largest by a Uruguayan company outside the country, once the 18 buildings of the master plan are completed, and is estimated at US\$ 350 million¹⁶. It currently has 30 clients in its first building, which covers 7,500 m², and the construction of the second building, covering 8,500 m², is expected to begin in 2020. In this operation, Zonamerica is associated with the Carvajal Organization, one of the most important economic groups in Colombia. Zonamerica also has a representative office in Foshan, China. This is a platform to facilitate business for Latin American companies -and especially Uruguayan ones- in the Asian country. The project includes staff trained in Chinese languages, administrative procedures and legal matters.¹⁷

Parque de las Ciencias¹⁸: This park covers an area of 55 hectares and is located in the department of Canelones, on Route 101 and only 1 km from Carrasco International Airport, which gives it a strategic location. It has the capacity to host commercial, industrial and service activities. It has 55,000 m² built with an investment in infrastructure that exceeds US\$ 220 million among which stand out pioneer projects in production and development under the Free Zone regime of medicines for human use and others linked to life sciences, animal health and in recent years linked to the production of medicinal cannabis. The anchor client of the Free Zone is the pharmaceutical company Megalabs, which has its main production plant of sterile, solid and ophthalmic products in the Park, with an area of 23,000 m² and a state-of-the-art Research and Development Center.

Currently, more than 50 users operate in the Park, with different areas of activity, and approximately 1000 people work there. Among the users are several pharmaceutical companies, technology companies, suppliers of raw materials, marketers of medical devices, logistics operators and service providers in various areas such as finance, intellectual property, marketing, design and engineering, among others. It offers a varied offer of spaces for rent, from small office spaces to large industrial buildings, with different levels of conditioning including turnkey options.

Measurement of Global Export Services in Uruguay

Figure N°4 summarizes the most relevant data on the global services sector in Uruguay. Exports associated with Global Services in Uruguay totaled U\$S 3.4 billion in 2018¹⁹. This figure is the result of adding to the total exports of Global Services - U\$S 1,870 million (Table No. 3) - the exports associated with the purchase and sale of goods (U\$S 1,527 million). If we consider that of this total U\$S 2,800 million are provided from FTZ, we can see that 82% of this type of service is provided from FTZ.

¹⁶ Source: [Zonamerica Colombia](#)

¹⁷ Source: [Zonamerica China](#)

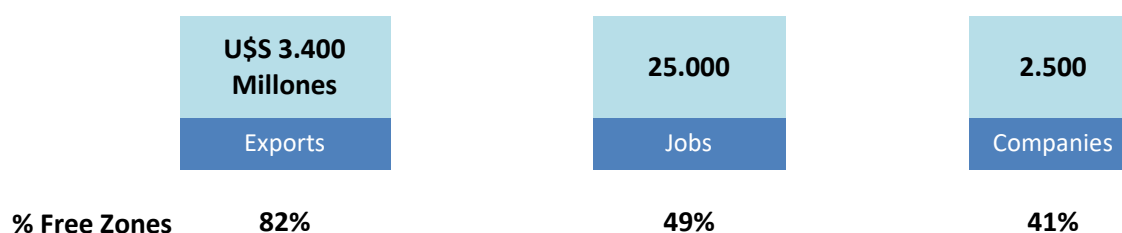
¹⁸ For more information: <http://www.parquedelasciencias.net/es/>

¹⁹ The data commented on in detail corresponds to 2018 because it is the last data available from the ZZFF Census. Balance of Payments data is available for 2019 and the first quarter of 2020. See in: <https://www.bcu.gub.uy/Estadisticas-e-Indicadores/Paginas/Balanza-MBP-6.aspx>

More than 25,000 people work directly in global services. Of this total, approximately half provide services from non-free territory and the other 50% are workers who provide services from the free zones.

It is estimated that there are approximately 2,500 companies that provide this type of service. Of this total, 1,500 companies provide services from outside the ZZFF and approximately 1,000 companies provide services from the free zone (ZZFF 2018 Census).

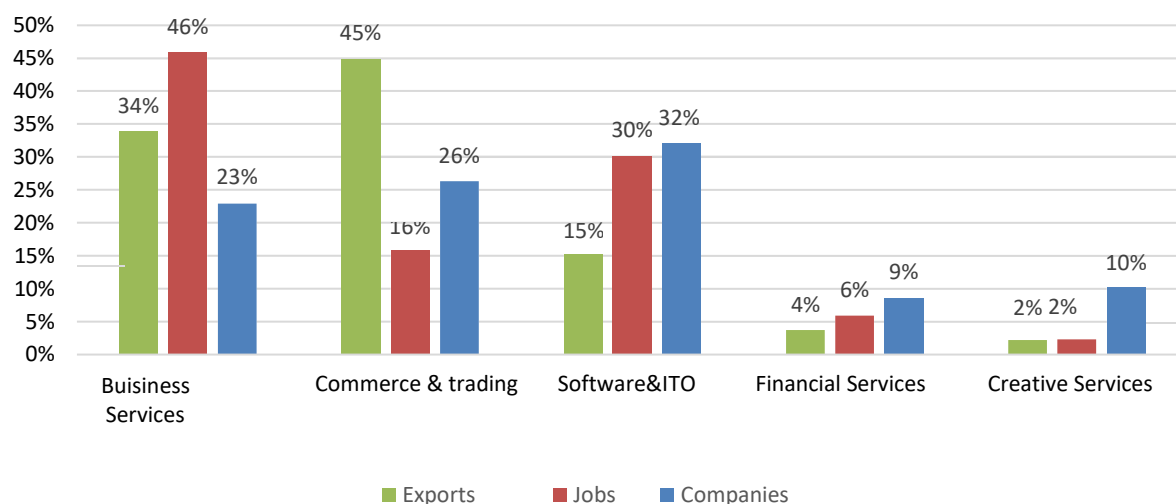
Figure N° 4 – Exports, employment and companies in Global Services (2018)



Source: Uruguay XXI based on ZZFF Census (2018), Balance of Payments (2018) and SEA (2016).

The following graph shows a breakdown of exports, employment and number of companies by business segment.

Chart N°6 - Exports, employment and companies by segment (2018)



Source: Uruguay XXI based on ZZFF Census (2018), Balance of Payments (2018) and SEA (2016).

Of the total export value of global services, almost half corresponds to services associated with the purchase and sale of goods (45%), followed by business services (34%). These segments together account for almost 80% of the global services export value. ICT exports represent approximately 15% while financial and creative services have a smaller share. On the other hand, if we consider employment, we see that business services are the most intensive, representing almost half of total employment, followed by software & ITO services. Finally, the number of companies has a more balanced distribution among the segments. The following is an examination of how these estimates were obtained and details the sources of information and the methodology considered.

The growing importance of global services exports in Uruguay implies a challenge when measuring its share in exports and employment. The implementation of the new Balance of Payments methodology by the Central Bank of Uruguay substantially improved the measurement of these services with an expansion of the coverage of the surveys used to measure them²⁰. This new source of information provides more recent data on the evolution of exports, but has some limitations: (i) the data are grouped according to the definitions of balance of payments, which may not be useful for reflecting some types of services, and (ii) information on employment and number of firms is not available. Therefore, it is essential to resort to additional sources of information. For activities in Free Trade Zones, the figures of the Free Zone Area (FZA) of the Ministry of Economy and Finance are used, based on the Free Zone Census (2018).

Table N°1 presents the exports of total goods and services according to the statistics of Balance of Payments. In 2018 global service exports totaled US\$ 1,872 million (almost 3% of Uruguay's GDP) representing 12% of total exports of goods and services.

Table N°1- Exports of Goods and Services (Millions of U\$S)*

Balance of Payments Classification	2012	2013	2014	2015	2016	2017	2018	Part % 2018
Goods and Services	18.105	18.100	18.386	15.632	14.532	16.079	16.241	100%
								0%
Goods	13.055	13.277	13.769	11.145	10.374	11.059	11.528	71%
General goods	11.030	11.360	11.443	10.013	9.126	10.042	10.001	62%
Trading	2.025	1.917	2.326	1.132	1.248	1.017	1.527	9%
								0%
Services	5.049	4.823	4.617	4.487	4.157	5.021	4.713	29%
Travel	2.296	2.089	1.917	1.970	2.071	2.559	2.350	14%
Transportation and related services	777	738	754	578	445	413	398	2%
Non-Traditional Services	1.976	1.995	1.947	1.939	1.641	2.049	1.965	12%
<i>Of wich;</i>								0%
Global Services	1.870	1.893	1.843	1.822	1.541	1.959	1.872	12%

*Balance of Payments data is available up to the first half of 2020. They can be viewed at:

<https://www.bcu.gub.uy/Estadisticas-e-Indicadores/Paginas/Balanza-MBP-6.aspx>

Source: Uruguay XXI based on BCU Balance of Payments

²⁰See the Balance of Payments methodology (6th manual: http://www.bcu.gub.uy/Estadisticas-e-Indicadores/Balanza%20de%20Pagos/metodolog%C3%ADa_mbp6.pdf).

Table 2 shows how Uruguay's global service exports are composed. It can be seen that, within these, professional and consultancy services were the most important in 2018, representing 55% of this type of service, followed by telecommunications services (15%) and computer services (13%). These shares have remained relatively stable in recent years.

Table N°2- Global Services Exports (Millions of US\$)*

Segments Uruguay XXI	Balance of payments Classification	2012	2013	2014	2015	2016	2017	2018	Part.% 2018
Financial	Financial Services	159	206	194	131	141	140	127	7%
	Intellectual Property	48	41	57	38	37	40	45	2%
	Telecommunications	140	125	142	138	189	231	273	15%
Software&ITO	Computer services	101	134	163	171	176	235	244	13%
	I+D	-	-	-	-	-	-	-	
Business	Professional and consulting services	1241	1218	1112	1184	861	1130	1038	55%
Business	Serviciostécnicos y otros servicioempresariales	83	71	80	78	69	99	70	4%
Creative	Serviciospersonales, culturales y recreativos	99	99	95	82	68	84	75	4%
	Global Services	1.870	1.893	1.843	1.822	1.541	1.959	1.872	100%

Commerce y Trading	Trading	2.025	1.917	2.326	1.132	1.248	1.017	1.527
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*Balance of Payments data is available through the first half of 2020. They can be viewed at:

<https://www.bcu.gub.uy/Estadisticas-e-Indicadores/Paginas/Balanza-MBP-6.aspx>

Source: Uruguay XXI based on BCU Balance of Payments

For their part, the activities of the Trading²¹ Centers, -which in Balance of Payments are included within the goods- totaled exports for US\$ 1,527 in 2018, representing almost 2% of the GDP.

Global Services Exports from Free Trade Zones

The provision of services abroad is one of the activities that in Uruguay can be carried out from Free Zone. As described below, some of the Free Trade Zones in Uruguay have specialized in providing global services and a large proportion of exports are made from there. According to the 2018 Free Zone Census, almost 95% of non-traditional service exports are made from Free Zones, which shows the relevance of Free Zones precisely for providing this type of service²². It is estimated that in 2018, global service exports from Free Trade Zones stood at US\$ 1,865 million. The following is a detailed examination of the information that emerges from the last available census of Free Trade Zones.

²¹According to the new Balance of Payments methodology, these activities are exports of goods and are calculated according to the sales margin (value of exports minus value of imports).

Table N°3- Global Services Exports from Free Trade Zone (2018) - By type of service

Segments Uruguay XXI	FTZ Census Classification	Millions of U\$S	Part. %
Software&ITO	Information and communication services	555	30%
Financial	Financial and insurance services	283	15%
Business	Professional, scientific and technical services	400	21%
Business	Administrative and support services	500	27%
Business and creative	Other services activities	127	7%
	Global Services	1.865	100%

Source: Uruguay XXI based on information from the FTZ Census (2018).

If trading exports are added to this total (totalling U\$S 935 million in 2018), **a total of U\$S 2.8 billion is exported from ZZFF²³**. Global services exported from FTZ are mainly destined for the United States, Europe and Mercosur.

Table N°4- Global Services Exports from Free Trade Zone (2018) - By Destination

Destination	Millions of U\$S	Part. %
United States	645	35%
Europe	389	21%
Mercosur	328	18%
Rest de América and the Caraibbean	266	14%
Asia	201	11%
Rest	36	2%
Total	1.865	100%

Source: Uruguay XXI based on information from the FTZ Census (2018).

When analyzing the services exported to the main destinations, different patterns are observed. ICT and financial services are exported to the United States to a greater extent. To the countries of the region - Brazil and Argentina - support services predominate. To Europe, global service exports are more evenly distributed among sectors. In contrast, the main destination of professional services exports is the Asian continent.

Table N°5- Global Services Exports from Free Trade Zone (2018) - By Destination and Type of Service

FTZ Census Classification	United States	Europe	Mercosur	Asia
Information and communication services	69%	20%	5%	2%
Financial and insurance services	41%	36%	12%	1%
Professional, scientific and technical services	14%	16%	8%	46%
Administration and support services	11%	18%	42%	0%
Other service activities	27%	15%	22%	2%

Source: Uruguay XXI based on information from the FTZ Census (2018)

²²This percentage arises from dividing U\$S 1,865 million over U\$S 1,965 million (Table No. 3).

²³See Table A3. [Contribution to exports 2018 \(ZZFF Area\)](#).

Employment in Global Services

Services are among the most employment intensive sectors. According to ILO data, in Uruguay the tertiary sector employs 73% of the occupied population by 2019. Global Services -because of the types of services they include- contribute in particular by generating quality employment that demands a high degree of qualification. However, considering the structure of Uruguay's export basket (with a significant weight of the agroindustrial sector), Uruguayan exports use mostly unskilled workers²⁴. Therefore, exports of non-traditional services (along with some industrial sectors), play a key role in the increased incorporation of skilled labor in foreign sales.

According to estimates made by Uruguay XXI for 2018, more than 25,000 people will be working directly in the sectors included in global services²⁵. Of this total, approximately half provide services from non-free territory and the other 50% are workers who provide services from free zones.

According to data from the Free Zone Census (2018), 71% of the employed personnel in the FTZs (dependent and non-dependent) belong to the service sector, a percentage similar to that recorded for the economy as a whole. Table No. 6 shows the breakdown of employment by type of service provided. It can be seen that almost 40% of the employed personnel (dependent and non-dependent) corresponds to administrative and support services, more than 20% to computer services and 26% to professional, scientific and technical services. All these sectors are characterized by being highly qualified.

Table N°6- Employment in Global Services from Free Zones (2018)- By type of activity

Segments Uruguay XXI	CIIU Section Rev 4		Jobs	Part.% Jobs	N° Companies
Software&ITO	J	Information and communication	2.041	21%	73
Financial	K	Financial and insurance activities	1.264	13%	145
Business	M	Professional, scientific and technical activities	2.492	26%	218
Business	N	Administrative activities and support services	3.818	39%	37
Creative	R, S	Arts, entertainment, recreation and other services	142	1%	21
		Global Services	9.757	100%	494

Source: Uruguay XXI based on information from the ZZFF 2018 Census

²⁴[Uruguay's position in exports](#). Trends, opportunities and constraints. Alvaro Lalanne. ECLAC Office in Montevideo.

²⁵ This estimate includes employees who provide services from the Free Zone and from non-free territory. Employees in the free trade zone emerge from the ZZFF Census (2018), to which are added the jobs associated with the purchase and sale of goods. For employment outside the free zone, the INE's Survey of Economic Activities (2016) and the information available in the databases of global service companies in Uruguay XXI are considered.

If we add the people working in trading and commerce (which totals more than 2,800 people within FTZs) we reach more than 12,500 people in FTZs associated with these services. The remaining 12.00 jobs are associated with global services provided from non-free territory.

If we consider the structure of the employed personnel according to their degree of qualification, we can see that in Free Trade Zones the proportion of workers with more qualifications is significantly higher compared to the rest of the economy. That is, 55% of the employed personnel in Free Trade Zones have a tertiary or postgraduate education, while in the total economy this percentage is around 15%²⁶.

With respect to the personnel employed in Global Services in the economy as a whole and based on data from the Continuous Household Survey (2019), the percentage of qualified workers in these sectors is also high, above 40% (it should be noted that this classification includes exporting and non-exporting companies).

Table N°7- Employment in Global Services¹ - By type of activity and educational level reached

CIIU Section Rev 4 ²		Primary education and elementary school	Secondary Education	Tertiary Education
J	Information and communication	25%	41%	39%
K	Financial and insurance activities	13%	47%	28%
M	Professional, scientific and technical activities	34%	30%	57%
N	Administrative activities and support services	18%	55%	11%
	ServiciosGlobales	18%	37%	44%

1 Includes Free Zones and Customs Territory

2 Does not include all sub-categories (CIIU 4)

Source: Uruguay XXI based on ECH 2019.

As mentioned above, global services are human capital intensive activities, so they have great potential to generate new jobs. To the extent that a high proportion of these services are knowledge-intensive, opportunities are generated for the increased employment of qualified human resources.

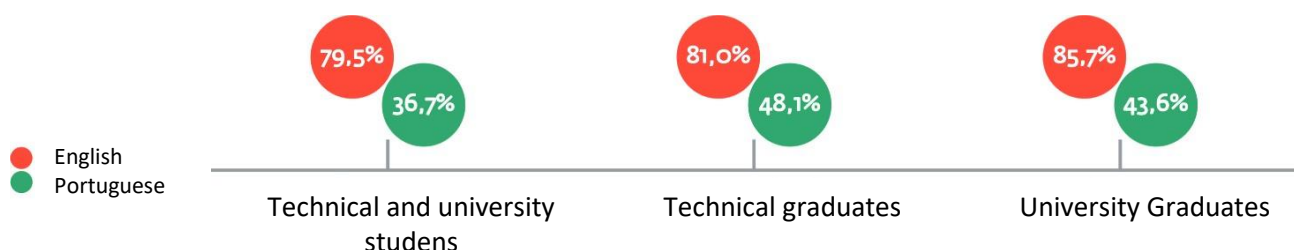
One of the almost exclusive requirements to work providing these types of services is to be fluent in several languages. In this sense, it is worth mentioning some of the results obtained in the first Telephone Language Survey (ETI 2019)²⁷, carried out by the National Institute of Statistics (INE) and financed by Uruguay XXI. This official, nationwide survey was carried out based on a subsample of the ECH, which allows the results to be crossed with the variables of interest surveyed by the ECH. The survey revealed the level of knowledge of languages other than Spanish (with an emphasis on English and Portuguese) among people between the ages of 15 and 60 in urban areas of Uruguay. The results indicate that 66% of the people have knowledge of a language other than Spanish. Likewise, 32% of people in Uruguay speak two or more languages other than Spanish. In particular, information was collected for 6 specific languages: English, Portuguese, German, French, Italian and Mandarin. As expected, knowledge of English is the most widespread, reaching 56% of the reference population, followed by Portuguese, which reaches almost 30%.

²⁶See Graph 3. [Contribution to employment 2018 \(FZ Area\)](#).

²⁷See for more information: [Language Telephone Survey \(ETI 2019. INE\)](#).

On closer examination of language knowledge (English and Portuguese), it can be seen that the percentages increase as the level of education increases. Figure 4 shows that, among university graduates, almost 86% have knowledge of English and almost 44% have knowledge of Portuguese.

Figure Nº 5 - Knowledge of English and Portuguese by educational level



Source: Language Telephone Survey (ETI 2019). INE.

Furthermore, when considering people employed in sectors of activity linked to Global Services²⁸, the percentages of English and Portuguese proficiency are also significantly higher, mainly among those working in the information and communication services sectors (see Table 8).

Table Nº8- Employed individuals who speak more than one language - By type of activity

CIU Section Rev 4 ¹		Knowledge of a language other than Spanish	English	Portuguese
J	Information and communication	98%	94%	51%
K	Financial and insurance activities	84%	72%	42%
M	Professional, scientific and technical activities	89%	86%	40%
N	Administrative activities and support services	58%	43%	41%
Global Services		79%	70%	42%

1 Includes all sub-items (CIU 4)

Source: Language Telephone Survey (ETI 2019). INE

Institutions

Uruguay stands out within the region as one of the countries that has successfully inserted itself in the international industry of modern services. ECLAC²⁹ emphasizes the importance of having exclusive policies for the development of the global services sector, which have involved public and private sector actors with aligned objectives, with incentives available to all companies and with emphasis on the development of human capital. In Uruguay there are several institutions linked to global services.

²⁸The classification of sectors was considered at the level of ISIC Rev-4 and includes all breakdowns so other services are also included.

²⁹M.Alvarez,K.Fernández-StarkyN.Mulder(eds.),[Governance and export performance of modern services in Latin America and India](#) (LC/TS.2019/112), (CEPAL),2020.

Here we describe the public, private and mixed entities that directly or indirectly contribute to the development of the global services sector.

- **URUGUAY XXI³⁰**

The strategy for promoting global services was born with the Global Services Export Program³¹ (GSP), which aimed to increase exports and employment in the global services sector. Uruguay XXI thus incorporates a methodology that combines a sectorial focus and specialization with international promotion and post-investment services (Aftercare & Policy Advocacy). Once the program was completed, the sector promotion strategy was absorbed within the Investment area. At the same time, the emphasis on the development and improvement of human capital and access to talent was maintained. It is worth highlighting some of the tools:

- **Finishing Schools**, financed in agreement with INEFOP, which provides companies with access to training programs tailored to their needs, with subsidies of up to 70% of direct costs. Web page: www.investinuruguay.uy/es/finishing-schools/
- **Smart Talent** - labor portal specialized in global services of free access that allows to position and to facilitate the accessibility to the talent and to contribute information, for the best decision making of the actors linked to the ecosystem of supply and demand of capacities for the sector. Web page: <https://www.smarttalent.uy/>
- **Fast-track**: procedure that facilitates access to visas and temporary residences in Uruguay and was developed jointly with the Ministries of Interior and Foreign Affairs. Temporary residences -period of more than six months and less than two years- granted to investors, operators, technicians, managers and middle management linked to global services companies will be managed within up to ten working days from the submission of the required documentation. Web page: <https://www.uruguayxxi.gub.uy/es/quiero-invertir/servicios-herramientas/fast-track/>
- **Live in Uruguay**: A website developed by Uruguay XXI that gathers all the necessary information to plan the arrival and stay in Uruguay according to the user's interest -to live, visit, work, study, undertake, invest and/or start a business-, and guarantee a better experience. Web page: <https://www.liveinuruguay.uy/>
- **ANDE³²**- The National Development Agency (ANDE) promotes the country's development through programs and instruments that seek to improve business and territorial competitiveness, with emphasis on the promotion of micro, small, and medium-sized enterprises.

³⁰ See: www.uruguayxxi.gub.uy

³¹ An initiative of the Uruguayan government, financed by the IDB and implemented by Uruguay XXI between 2012 and 2018.

³² See: www.ande.org.uy

- **ANII³³**- The National Research and Innovation Agency (ANII) promotes research and the application of new knowledge to the country's productive and social reality. To this end, it offers funds for research projects, national and international postgraduate scholarships, and incentive programs for innovative culture and entrepreneurship, both in the private and public sectors. The ANII works as a mechanism of articulation and coordination among the actors involved in the development of knowledge, research and innovation.
- **AGESIC³⁴**-The Agency of Electronic Government and Information and Knowledge Society (AGESIC) is the institution that, from the Presidency, leads the development of the information and knowledge society in Uruguay, as well as the digital policy of the State. It also prepares guidelines and procedures to promote the advancement of digital government throughout the public administration. At the same time, AGESIC is the entity responsible for coordinating the Uruguay Digital Agenda 2020, which integrates the different priority initiatives to advance the country's digital transformation in an inclusive and sustainable way, with the intelligent use of technologies.
- **INALOG³⁵**- The National Institute of Logistics (INALOG) seeks to position Uruguay as a leading regional service provider, positioning itself internationally through the "Uruguay Hub Logistics" brand. In addition, it promotes coordination between all actors linked to the logistics sector to optimize competitiveness at the regional and international level.
- **INEFOP**- The main task of the National Institute of Employment and Vocational Training is to implement vocational training policies and strengthen the employment of Uruguayan workers.
- **Ministry of Economy and Finance (MEF). Free Zones Area³⁶**- It is the state body responsible for the administration of public free zones and the supervision and control of private free zones.
- **Ministry of Industry, Energy and Mining (MIEM)³⁷**- Responsible for the design and implementation of public policies related to different industrial sectors, which revolve around the transformation and strengthening of the national productive apparatus, with a view to sustainable development with social justice, within the framework of regional integration and insertion in a globalized world.
- **Chamber of Free Zones of Uruguay (CZFUY)³⁸**- Established in 2008 with the vision of strengthening the free zone regime, as well as promoting the development of business platforms from ZZFF. The business community that makes up the CZFUY is made up of developers (operators) and users (direct and indirect) of the Uruguayan free trade zones.

³³See: www.anii.org.uy

³⁴See: <https://www.gub.uy/agencia-gobierno-electronico-sociedad-informacion-conocimiento/>

³⁵See: www.inalog.gub.uy

³⁶See: www.zfrancas.gub.uy

³⁷See: www.miem.gub.uy

³⁸ See: www.czfuy.com

- **Uruguayan Chamber of Information Technology (CUTI)**³⁹- It represents the Uruguayan information and communication technology (ICT) industry. It was founded in 1989 with the objective of "Promoting the sustainable development of the information and communication technologies sector, making markets more dynamic, facilitating the growth and globalization of its members and emphasizing the development of people and social responsibility".
- **Chamber of Telecommunications of Uruguay (CTU)**⁴⁰- It brings together companies in the fields of mobile telephony, data transmission, international long distance, call centers, content integrators, mobile and multimedia applications, and infrastructure, equipment and service providers.
- **Chamber of the Digital Economy of Uruguay (CEDU)**⁴¹-It brings together the main players in the national digital economy, both in the public and private sectors. It brings together the associated companies and coordinates, organizes and disseminates their activities. It also represents them before public authorities and official and private organizations, both nationally and internationally.
- **National Chamber of Commerce and Services (CNCS)** ⁴²- It represents the private business sector since 1867. It is in charge of attending and spreading what businessmen think, their concerns, needs and points of view. It also represents the business sector before national and departmental authorities.
- **Chamber of Investment Advisors of Uruguay (CAIU)**⁴³- Non-profit civil association established in 2015, this groups together Investment Advisors and Portfolio Managers who want to join and are authorized and registered with the Central Bank of Uruguay (BCU).
- **Uruguayan Chamber of Architecture and Engineering Services (CUSAI)**⁴⁴- Non-profit civil association founded in 2017. Its purpose is to promote and develop companies that provide architectural and engineering services, with special emphasis on internationalization, and to contribute to Uruguay's strategic positioning in the international market as a global service provider.
- **Latin American Association of Service Exporters (ALES)**⁴⁵- International organization made up of 37 public and private institutions from 17 countries. Its objective is to promote Latin America as an exporter of knowledge and as an investment destination, in order to turn the region into a global services hub.
- **Uruguayan Chamber of Design (CDU)**: formed in 2009 and integrated by design studios, independent designers and Training Institutes of the sector, becoming the reference interlocutor with the actors at national and international level. The CDU has 113 associated companies. More information www.cdu.org.uy

³⁹ Ver: www.cutu.org.uy

⁴⁰ Ver: www.telecomunicaciones.org.uy

⁴¹ Ver: <https://www.cedu.org.uy/>

⁴² Ver: www.cnscs.com.uy

⁴³ Ver: <https://www.caiu.org.uy/>

⁴⁴ Ver: <https://www.cusai.org.uy/>

⁴⁵ Ver: <https://www.ales-lac.org/>

Annex I. Regulatory framework

Uruguay offers a wide range of incentives. There are general incentives such as the Investment Promotion Law (which provides up to 100% return on investment), free zones (100% tax exemption) and free ports and airports (100% exemption on goods in transit). As for specific incentives, Uruguay offers certain benefits for the operation of Shared Services Centers and a specific framework for commercial activities.

General investment incentives

1. Investment Promotion Law

Law 16,906 (1998) declares the promotion and protection of national and foreign investments to be of national interest. One of its main features is that foreign investors are granted the same incentives as local investors, and there is no tax discrimination or restrictions on the transfer of profits abroad. Decrees 455/007, 002/012, 143/018 and 268/020 updated the regulations of this regulation. This regime allows the investor to pay less business income and wealth taxes.

That is, for all investment projects under this regime and promoted by the Executive Branch, it is possible to compute as part of the tax payment (IRAE – Corporate Income Tax) between 30% and 100% of the amount invested, depending on the type of project and the score obtained based on different indicators present in a matrix. The fixed IRAE rate at the national level is 25%.

Also exempted is the equity tax on movable fixed assets and civil works, and the VAT included in the purchase of materials and services for civil works can be recovered. Likewise, the law exempts from the payment of import duties or taxes movable fixed assets that have been declared non-competitive with the national industry.

2. Free Zone Law

Free Trade Zones in Uruguay are regulated by Law No. 15.921 of 17 December 1987. They can be operated by the State or by duly authorized private entities. The Free Trade Zones of private operation are administered, monitored and controlled through the General Directorate of Commerce - Free Zone of the Ministry of Economy and Finance. This office is the main point of contact for all regulations, permits and controls relating to free zones in the country. As for the free zones operated by the State, this is the area in charge of their management. Commercial, industrial or service activities are allowed in the free zones. In addition, companies established under this regime can provide services to other countries and, in some cases, to Uruguay.

The companies authorized to operate from the free zones can be individuals or legal entities under any corporate form. As for legal entities, there are no restrictions as to their form, but they must have an exclusive purpose. There is no distinction between national or foreign investments and the latter are not obliged to comply with any special process or requirement. As for the personnel, up to 25% may be foreign. However, this percentage may be modified if necessary, with a more detailed explanation of the reasons why it is required.

The goods can be kept indefinitely in the free zones and their destination can be changed at any time.

The benefits granted to companies established in the Free Trade Zones are:

- » 100% exemption from Corporate Income Tax (IRAE), Net-worth Tax (IP) and any other current or future national tax. The State is the guarantor of this exemption.
- » Dividends distributed to shareholders with residence abroad are also exempt from taxes in our country.
- » Foreign personnel can choose to contribute to social security in Uruguay or in their country of origin.
- » Purchases and sales of goods and services to and from abroad are exempt from VAT. Sales and provision of services within the free zones are also exempt from VAT.
- » Companies can also market and provide services to Uruguay. In this case, there are no tax exemptions for these goods and services provided to the country.
- » Non-resident entities are also exempt from the Corporate Income Tax (IRAE) with respect to activities carried out with foreign goods declared in transit or held within the free zone when they are not destined for the national customs territory. These are also exempt from IRAE as long as the sales destined to the national territory do not exceed 5% of the total sales of goods in transit or maintained within the free zone.
- » Goods traded by free zones with the rest of the world are exempt from customs duties.
- » Service companies can have up to 50% foreign staff.

2. Free Ports and Airport Regime

The regulations on Free Ports and Airports represent one of the pillars for Uruguay to position itself as a logistics platform of the Mercosur and a distribution center for products in transit. Montevideo is the first terminal on the Atlantic coast of South America to operate under the "Free Port" system, while Carrasco International Airport is the only free multimodal airport in South America. This scheme also applies to the commercial ports of Colonia, Fray Bentos, La Paloma, Nueva Palmira, Paysandú and Puerto Sauce.

Benefits of operating in free ports and airports:

- » Free circulation of goods, without requiring authorizations or formalities;
- » Exemption From customs duties, fees and taxes applicable to imports; goods deposited under this regime are not included in the taxable base of the Net-worth Tax
- » Exemption from IRAE for income from activities carried out by natural or legal persons from abroad, with goods of foreign origin that are moved in transit through national customs territory, as well as in port/airport warehouses, and are not destined for said territory.

In addition to attractive tax exemptions, Montevideo's free airport offers its users state-of-the-art facilities and value-added logistics services for a smarter, safer and more efficient regional distribution. The air terminal has multimodal transport capacity to receive and dispatch cargo by land, sea or air.

With respect to the free ports, since the CAROU (Customs Code) came into force, the operations that can be performed there are not limited to those listed by Article 2 of Law 16246 and its Regulatory Decrees, but have been expanded, covering a wider range of possibilities. The modalities that can be adopted by the intra-port deposits are the following:

- » Storage deposit: the merchandise can only be subject to operations designed to ensure its recognition, conservation, division into lots or volumes and any other operation that does not alter its value or change its nature/state.
- » Commercial deposit: the goods may be subject to operations aimed at facilitating their commercialization or increasing their value, without modifying their nature or condition.
- » Repair and maintenance deposit: the goods can be subject to repair and maintenance services, without modifying their nature.
- » Transitory deposit for exhibition or other similar activity: the foreign merchandise entered can be destined to exhibitions, demonstrations, fairs or other similar activities, previous authorization of the National Direction of Customs (D.N.A).
- » Logistic deposit: the merchandise can be object of operations that can modify its state or nature, as long as they do not modify its origin and they consist of: assemblies or assemblies; mixtures; placement or substitution of parts, pieces or accessories; configuration of hardware; installation of software; elaboration of containers, assemblies, labels or other products as long as they are used for the commercialization of merchandise that will leave the deposit; and other similar operations that the Executive Power establishes.

The normative scenario incorporated from the CAROU establishes that the merchandise that enters to the ports will be able to remain at the most, five years (extendable). In addition to the benefits mentioned, the circulation of goods and the provision of services within the premises are exempt from Value Added Tax. Goods under the Free Port and Airport regime do not lose their origin, whether they are re-exported under identical conditions to those imported or are subject to operations that do not alter the nature of the product or its origin.

3. Benefits for Global Services companies outside Montevideo

Decree 281/019 of September 23, 2019 promotes under Article 11 of Investment Law No. 16,906 the activities of providing the following global services: consulting; management or administration; data processing; data centers and data recovery centers; commercial management of payment platforms, games and sale of goods and services; financial administration; and support for research and development operations.

The tax benefits granted by the Decree are:

- » Exoneration of IRAE to the income originated in the promoted activities, as long as the result of the following quotient of each exercise is higher than 60%:

$$\frac{\text{Remuneration for personal services in relation of dependence}}{\text{Expenses of remuneration for personal services in relation of dependence and out of it}}$$

In this case, the exemption will amount to 90% of the referred income for the following periods: i) 5 years when at least 15 new direct qualified jobs are generated at the end of the first two fiscal years; ii) 8 years when at least 30 new direct qualified jobs are generated at the end of the first 3 fiscal years; and iii) 10 years when at least 60 new direct qualified jobs are generated at the end of the first 4 fiscal years.

- » IP exemption (100%) applicable to the assets involved in the promoted activities, from the year in which the request is submitted to be included in the promoted regime and until the end of the exemption period provided for the IRAE.

Companies that export services can access the above-mentioned benefits if:

Develop their activity outside a radius of 80 kms. with respect to the center of Montevideo; generate at least 15 new direct qualified jobs that develop the activity in a dependent relationship and in the fixed place referred to above;

At least 50% of these jobs correspond to Uruguayan personnel (provisional reductions may be authorized);

Provide the above mentioned services to at least 5 entities.

4. Service Retention

Uruguay XXI has information on the withholding taxes applied to exports of services to several countries. This information comes from a report prepared by PwC for Uruguay XXI (August 2020).

Table 9 summarizes the most relevant data for the United States, Brazil and Argentina. Withholding taxes are applicable in the jurisdictions that issue payments to service providers resident in Uruguay (services may be provided from Uruguayan territory or from the country of destination). These entities can operate under both the general and the free zone regimes. Withholdings are applied to payments to Uruguayan entities for services, dividends, royalties and interest. The applicable withholdings may depend on the place of performance and the nature of the services rendered. Withholdings are analyzed in terms of Income Tax and Value Added Tax.

For more information contact: inteligenciacompetitiva@uruguayxxi.gub.uy

Table N°9- Retention of Services - Selected Countries

Payments	Retention								
	United States*			Argentina**			Brazil**		
Nature	Place of Service	Rent	VAT	Place of Service	Rent	VAT	Place of Service	Rent	Other Income taxes (ISS)
Technical Services	Uruguay	n/a	n/a	Uruguay	21%	n/a	Uruguay	15%	2%-5%
	US	30%	n/a	Argentina	21%	n/a	Brazil	15%	2%-5%
Other services	Uruguay	n/a	n/a	Uruguay	0 / 31,5%	n/a	Uruguay	25%	2%-5%
	US	30%	n/a	Argentina	31,50%	n/a	Brazil	25%	2%-5%

* In the United States, excise taxes differ at the state level. The applicable rules will depend on the state where the service is provided.

** Between Uruguay and Argentina there is a treaty to prevent double taxation. The information presented corresponds to a general case, but there are differences depending on the classification of the service, if the payment corresponds to dividends, royalties or interests, etc. In addition, in Argentina the importer of the service will be subject to VAT.

*** In Brazil, no withholdings are applied if the payments are dividends. If they are interests, only income related withholdings are applied.

5. Temporary Admission

The regime of temporary admission is provided for in Law 18,184 and Regulatory Decree 505/09. This allows the tax-free introduction of foreign goods into the market for their subsequent export within a certain period of five years. These goods may be reshipped either in the state in which they were introduced ("as is") or after having undergone specific transformation, manufacturing, repair or value-added processes. Also protected by this system are machinery and equipment of any origin, which enter the country temporarily for repair,

maintenance, updating or use.

The entity that allows industrial companies to use this scheme is the LATU (Technological Laboratory of Uruguay). Law 18.184 also offers inventory and return mechanisms. The Inventory mechanism consists of replacing the goods imported under the general scheme by the import of similar goods, free of taxes and duties, when they have been used as input for the transformation of products exported in the country.

The drawback mechanism offers the possibility to claim the refund of import taxes and duties paid under the general scheme of goods, which by definition can be imported under temporary admission and which were used in the country for the manufacture of products for export.

6. Youth Employment Act

Within the framework of the encouragement and promotion of youth employment, a subsidy is granted to companies that hire workers in different modalities, which is made effective through a credit for the payment of obligations to the Social Security Bank (BPS). Companies interested in applying for the Youth Employment Program can do so through the website Via Trabajo.

It is important to take into account that the hiring under this Law cannot exceed 20% of the company's permanent staff. Companies with less than 10 workers can hire up to a maximum of 2 people.

New hires:

- » First Work Experience (PEL): under this modality, young people between 15 and 24 years of age without formal work experience are allowed to be hired for a period of more than 90 consecutive days. The minimum period of hiring will be 6 months and the maximum 12 months. The subsidy on the worker's salary corresponds to 25%, and its maximum amount is 25% of the maximum value established for 2020 (U\$S 500 approx.) (*)
- » Protected Youth Work (TPJ): allows the hiring of young people between 15 and 29 years old who are in a situation of socio-economic vulnerability. The hiring period can be a minimum of 6 months and a maximum of 18. The subsidy on the worker's salary is 80% for women and 60% for men. The maximum amount is 60% of 2 National Minimum Wages (NMW) in the case of women, and 80% of 2 NMW in the case of men.
- » Graduate Labor Practice (PLE): oriented to the hiring of young people between 15 and 29 years old, graduates and without previous experience linked to their professional training. The maximum hiring period is 12 months. In this case, the subsidy is 15% of the worker's salary. Maximum amount: 15% of the pre-established ceiling (U\$S 500 approx.)
- » Training practices in companies: aimed at young people up to 29 years old who are currently studying. Internships can be paid or unpaid and must be linked to the training area. If the student receives a salary, up to 50% of it will be subsidized and the working conditions will be agreed upon between the educational institution and the company, and approved by the MTSS. Unpaid internships may have a maximum duration of 120 hours, and may not represent more than 50% of the hourly load of the course or career.

(*) This base is updated annually by the Average Salary Index (IMS) (2020: U\$ 21,094)

Benefits for students who are working:

- » Reduction of working hours: aimed at young people between 15 and 29 years of age who are studying. The company will obtain a subsidy of 80% of the value of the reduced working hour, with a maximum of 4 hours of the working day. The working day resulting from the reduced working time may not be less than four hours a day. The minimum duration of the subsidy is one week and the maximum is two months per year.
- » Study leave: Employers may grant workers between the ages of 15 and 29 who are studying up to 8 days of study leave in addition to those set by the law regulating study leave (between 6 and 12 depending on the hours worked per week). For each day of leave granted, employers will receive a subsidy equivalent to 80% of the corresponding salary.

8. Temporary Employment Subsidy Program

With the aim of stimulating the employment of people without work experience (and 15 years onwards), companies can apply for the temporary employment subsidy through the portal Via Trabajo. It is important to note that the percentage of workers employed through the Program may not exceed 20% of the company's permanent staff. Those companies without dependents or with less than ten workers may hire a maximum of two.

Stimuli:

- » Subsidy of 25% (for workers from 15 to 44 years old) and 40% (for workers from 45 years old) of the worker's monthly salary subject to pile-up.

The maximum subsidy is 25% of a National Minimum Wage and a half (1.5 SMN). The subsidy will only apply to new workers who have a maximum salary equivalent to 2.5 SMN.

Duration of the subsidy: maximum of 18 months.

For more information see: viatrabajo.mtss.gub.uy

9. VAT Reinstatement for Input Purchase

The VAT paid on purchases is generally recovered by deducting the VAT invoiced on sales, paying only the difference to the State. Since in exports (of goods and services) this tax is not invoiced, the refund of the VAT included in the purchase of materials is authorized directly at the request of the company. The Tax Authority (DGI) issues credit certificates that can be used to pay other taxes. Decree No. 220/998 lists the transactions understood as exports of services. For example, some of them are: international broadcasting of television material produced in the country, logistic support services to international film and television production companies, consulting services provided to persons abroad, design services provided to persons abroad, development and implementation of support specific logistics, services provided by international call centers since their main activity is aimed at the foreign market, data processing, design, development and implementation of digital content, social and market research services, and advertising services provided by advertising agencies to clients abroad.

Specific Government Incentives for Global Services

10. Shared Service Center Incentives

In December 2017, the Uruguayan government approved Decree 361/017 (amending Decree 251/014), which harmonized Uruguay's shared services regime with OECD international standards. Decree No. 251/014 defines a Shared Services Centre as those entities belonging to a multinational group, whose exclusive activity is the effective provision of any of the following services to its related parties, resident or established in at least twelve countries:

- a) Advice. Included in the aforementioned services are those of a technical nature, provided in the field of management, administration, technical or advisory services of all kinds, and the services of consultancy, translation, engineering projects, design, architecture, technical assistance, training and auditing;
- b) Data processing;
- c) Management or administration. The activities of strategic planning, business development, advertising, administration and personnel training are included in this section;
- d) Logistics and storage;
- e) Financial administration;
- f) Support of research and development operations.

Under Article 2 of Decree No. 251/014, the Shared Services Centers shall have access to a set of tax benefits:

- » Exemption from IRAE (Income Tax on Economic Activities) for five fiscal years for 90% of the income generated by the activities of the CSC. For this, at least 150 new qualified jobs must be created directly, with Uruguayans occupying 75% of these jobs. The company must also implement a training plan with a minimum expenditure of U\$S 1,300,000.
- » Exemption from IRAE for five fiscal years for 70% of the income from the activities of the CSC. To access this benefit, companies must create at least 100 jobs of qualified people directly and the expenditure on human capital formation must exceed U\$S 650,000.
- » Exemption from Wealth Tax (IP) for assets affected in CSC activities, from the year the request is made until the end of the IRAE exemption period. The assets will be considered taxable for the calculation of liabilities for the liquidation of the Estate Tax (effective exemption).

11. Incentives for Remote Care Centers

Decree No. 207/2008, as amended by Decree No. 379/011, promotes all activities carried out by the Remote Care Centers (provision of services carried out by tele-operators that receive or send telephone calls, Internet messages and other channels) provided that the following conditions are simultaneously met:

- » Generates a minimum of 100 direct qualified jobs.
- » The services are fully used abroad by non-resident subjects.

Income originating from such activities is exempt from the Income Tax on Economic Activities (IRAE), for a period of 10 years as from the date on which the promotional declaration is requested (inclusive). Said exemption shall be governed in accordance with the following detail:

- » 100% when they exceed 150 direct qualified jobs.
- » 70% when they exceed 100 direct qualified jobs.

To qualify for this exemption, companies must go to the offices of the Investment Law Enforcement Commission.

12. VAT exemption for Call Centers

In June 2018 a new legislation came into force that exempts all Call Center sales from VAT (i.e., all sales are exempt from VAT as long as they are made from Uruguay, regardless of the amount the company exports) This changed the "principality" condition of the previous regulation, in which, in order to obtain this tax exemption, Call Centers had to prove that their exports represented at least 50% of their total sales.

Regulations: Law 16,906, Decree No. 207/008 and Decree No. 379/011

13. Personal data protection and habeas data recourse

In accordance with the regulations, all natural and legal persons have the right to the protection of their personal data. This implies the collection, registration and treatment of data, by any means and modality, in the private or public sector. The person responsible for the database must collect and keep evidence of the consent of the interested party, informing him/her of the purpose for which the data is intended to be used, and also employ techniques that guarantee the integrity, confidentiality and availability of the protection. The decree regulates the operation of the Personal Data Regulation and Control Unit. This law adapts the current regulation to the requirements of the European Union, allowing EU clients to hire companies based in Uruguay.

14. Incentives for the software industry

Decree No. 150/2007, Section 163 bis.

Tax exemptions for the export of software and related services.

IT companies can exempt a percentage of the IRAE. The decree distinguishes products from services.

- Exemption for computer products:

The exemption applies to all products registered with the National Library and may vary according to the following list:

$(\text{Direct costs of software development} * 1,3) / (\text{Total direct costs of software development})$

Numerator: direct costs of development and services with unrelated parties, whether or not they are residents; or with related parties who are residents. Denominator: not considering the 30% increase, plus expenses and costs of intellectual property rights and services contracted with non-resident related parties.

- Exemption for computer services:

This exemption applies to all accounting periods. 100% provided that: a) the company employs full-time human resources in an appropriate number, highly qualified and adequately remunerated; and b) the amount of direct expenses and costs in the country is greater than 50% of the total direct expenses and costs of software development.

15. Commercial Activities (Trading)

As for commercial activities, there is a regulation that governs a specific framework for the trade of goods or services, as long as they do not enter or are not supplied from Uruguay. The commercial services themselves must be delivered from Uruguay. In that case, it is considered that 3% of the net profit is of Uruguayan origin. Above that 3%, the Corporate Income Tax (IRAE 25%) is applied (Resolution 51/997).

16. Trade and Investment Protection Agreements ⁴⁶

Uruguay has been a member of the World Trade Organization (WTO) since its creation in 1995 and is part of the Latin American Integration Association (ALADI, 1980). The Republic of Argentina, the Plurinational State of Bolivia, the Federative Republic of Brazil, the Republic of Chile, the Republic of Colombia, the Republic of Ecuador, the United Mexican States, the Republic of Paraguay, the Republic of Peru, the Oriental Republic of Uruguay, the Republic of Cuba, the Republic of Panama and the Bolivarian Republic of Venezuela are members of LAIA. Within the framework of ALADI, since 1991 it has been part of the Southern Common Market - MERCOSUR - with Argentina, Brazil and Paraguay. MERCOSUR became a customs union in 1995 with the free circulation of goods, the elimination of customs duties and non-tariff restrictions between the parties, in addition to the option of a common external tariff.

17. Tax residence in Uruguay

In Uruguay, with the entry into force of the Tax Reform Law No. 18,083 (2007), the concept of Tax Residence is established for the purpose of defining the tax applicable to each person. Being an individual tax resident, the Personal Income Tax (IRPF) is applied to him/her, while being a non-tax resident, the Non-Resident Income Tax (IRNR) is applied to them.

Requirements to obtain the Fiscal Residence in Uruguay:

The current regulations establish that an individual will be considered a tax resident in Uruguay if he meets any of the following conditions:

- Stay more than 183 days during the calendar year in Uruguayan territory. Sporadic absences, that is, those that do not exceed 30 consecutive days, will be considered for the calculation of the 183 days, unless the person proves that he or she has fiscal residence in another country (exclusively through a certificate of residence issued by the competent fiscal authority of the other country);
- That the main nucleus or base of its activities is located in national territory. It will be understood that a person resides in national territory the main nucleus or the base of his activities, when he generates in the country incomes of greater volume than in any other country.
- That the main nucleus or base of their vital interests is located in the national territory. The legislation does not define it, but presumes that the taxpayer has his vital interests in the country

⁴⁶For a more detailed description of the international agreements in force see: <https://www.uruguayxxi.gub.uy/es/centro-informacion/articulo/acuerdos-comerciales-de-uruguay/>

when your family resides there, specifically your children under parental authority and your spouse (provided you are not legally separated). If there are no children, the presence of the spouse is sufficient.

- That the main nucleus or base of their economic interests is located in the national territory. The latter were clarified by Decree No. 330/2016 of 13 October 2016. Unless the taxpayer proves its fiscal residence in another country, a person will be considered to have the basis of its economic interests when it has an investment in national territory:
 - » in real estate for a value of more than 15,000,000 Indexed Units (US\$ 1.8 million approximately);
 - » in business activity, direct or indirect, for a value exceeding 45,000,000 Indexed Units (US\$ 5 million approximately), including activities or projects that have been declared of national interest, in accordance with the provisions of the "Law for the Promotion and Protection of Investments" and its regulatory decrees.

On June 11, 2020, Decree 163/020 was issued, making the conditions for the configuration in the country of the base of economic interests of the individual more flexible. Unless the taxpayer proves his tax residence in another country, his economic interest base will be considered to be in Uruguay, when he has an investment in national territory:

- » in real estate, for a value exceeding 3,500,000 Indexed Units (US\$ 380,000 approximately) provided that it is carried out as from July 1, 2020 and registers an effective physical presence in Uruguayan territory during the calendar year of at least 60 days. If no new acquisitions are made, the updated tax cost of each property will be considered (according to the tax valuation rules)
- » directly or indirectly, in a company for a value of more than 15,000,000 Indexed Units (US\$ 1,600,000 approximately), provided that it is carried out as of July 1, 2020 and generates at least 15 new direct jobs in relation to dependency, full time, during the calendar year. The creation of these new jobs may not imply a decrease in the number of jobs in related entities

Tax Holiday. Individuals who obtain the status of tax resident in Uruguay may opt to pay IRNR taxes for the fiscal year in which the change of residence is verified and ten more fiscal years (this according to the recent approval of the Bill regarding the taxation option, which extends this period from 5 to 10 years). This option may be used only once and exclusively in relation to the income from movable capital generated abroad.

Proof of Tax Residence in Uruguay. The Tax Authority (DGI) will be the competent authority for the purpose of issuing the certificates that prove the fiscal residence in the country.

Loss of Fiscal Residence abroad. Obtaining tax residence in Uruguay does not necessarily imply that the individual loses tax residence in his country of origin. This will depend on the legislation in force in that country.

Legal Residence vs. Fiscal Residence. The concept of Legal Residence differs from that of Tax Residence. Both categories are independent of each other. Legal Residence is granted to those foreigners who intend to settle in the country either to develop remunerated activities, or for other labor, tax or personal interests.

For more information visit the website: Fast Track of Visas and Residences. For more detailed information and reference to the regulations applied see: [Investor's Guide](#)

Uruguay in Review 2020

Official Name	República Oriental del Uruguay
Geographical Location	South America, bordering Argentina and Brazil
Capital	Montevideo
Area	176.215 km ² . 95% of the territory is productive land suitable for farming.
Population (2019)	3,52 million
Population growth (2019)	0,4% (annual)
GDP per cápita (2019)	US\$ 15.914
Currency	Peso uruguayo (\$)
Literacy	98%
Life expectancy at birth	77,6 years
Government	Democratic republic with a presidential system
Political division	19 departamentos
Time Zone	GMT - 03:00
Official language	Spanish

Main economic indicators

Indicators	2015	2016	2017	2018	2019	2020e
GDP (Annual % Change)	0,4%	1,7%	2,6%	1,6%	0,2%	-4,0%
GDP (Millions of US\$)	53.182	52.734	59.520	59.519	55.995	48.970
Population (Millions)	3,47	3,48	3,49	3,51	3,52	3,53
GDP per Capita (US\$)	15.339	15.152	17.039	16.976	15.914	13.869
Unemployment Rate - Annual Average (% EAP)	7,5%	7,8%	7,9%	8,3%	8,9%	13,3%
Exchange Rate (Pesos per US\$, Annual Average)	27,4	30,1	28,7	30,8	35,3	42,3
Exchange Rate (Average Annual Variation)	17,6%	10,1%	-4,8%	7,3%	14,7%	19,9%
Consumer Prices (Annual Cumulative Var %)	9,4%	8,1%	6,6%	8,0%	8,8%	9,3%
Exports of goods and services (Millions of US\$)**	15.632	14.532	16.079	16.241	16.286	13.109
Imports of goods and services (Millions of US\$)**	13.912	11.799	12.440	13.093	12.924	10.068
Trade Surplus / Deficit (Millions of US\$)	1.720	2.733	3.640	3.148	3.363	3.041
Trade surplus / deficit (% of GDP)	3,2%	5,2%	6,1%	5,3%	6,0%	6,2%
Overall Fiscal Result (% of GDP)	-3,6%	-3,8%	-3,5%	-4,2%	-4,8%	-
Gross capital formation (% of GDP)	19,7%	17,8%	15,2%	16,5%	16,2%	-
Gross Public Sector Debt (% of GDP)	59,3%	63,5%	65,3%	64,5%	66,4%	-
Foreign Direct Investment (Millions of US\$) ***	903	-1.177	-837	-246	1.690	-
Foreign Direct Investment (% of GDP)	1,7%	-2,2%	-1,4%	-0,4%	3,0%	-

Sources: Data on PBI, foreign trade, IED, exchange rate, international reserves, and foreign debt come from the BCU; rates of population growth, literacy, unemployment, and inflation come from the National Institute of Statistics. Data estimated for 2020 based on BCU economic and inflation expectation surveys and Ex ante projections.

** In 2017, the BCU adopted the methodology of the 6th Balance of Payments Manual. Data based on this new methodology includes purchase and sale of goods and re-exports and is available from 2012.

*** In 2017, the BCU adopted the methodology of the 6th Balance of Payments Manual. The data are net flows and can therefore take negative values.