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URUGUAY'S FREE TRADE ZONES

A tool to boost investment

URUGUAY'S FREE TRADE ZONES

When thinking about a new destination to operate, companies continue to choose areas such as Free Trade Zones, which have high growth potential. Over the years, Uruguay has positioned itself internationally as a reliable country, with high transparency provided by the government, and where projects that start with one administration continue with the next one.

Uruguay maintains a consistent position in the main rankings developed by global institutions, where its categorized as a

good investment destination - mainly because of its broad economic and financial freedom, political, legal and social stability, macroeconomic strength, the transparency provided by an open government and universal access to information. Uruguay is, as well, the gateway to Mercosur (Common Market of the South, in English), allowing access to a market of more than 270 million people; positioning itself as a regional logistics hub.

Ranking	Uruguay In Latin America
Democracy Index (Economist Intelligence Unit, 2017)	1
Global Peace Index (Institute for Economics & Peace, 2017)	2
Corruption Perceptions Index (Transparency International, 2016)	1
Legatum Prosperity Index (Legatum Institute, 2017)	1
World Press Freedom Index (Reporters without frontiers, 2018)	2
Index of Economic Freedom (The Heritage Foundation, 2018)	2
Human Development Index (United Nations Development Programme, 2016)	3

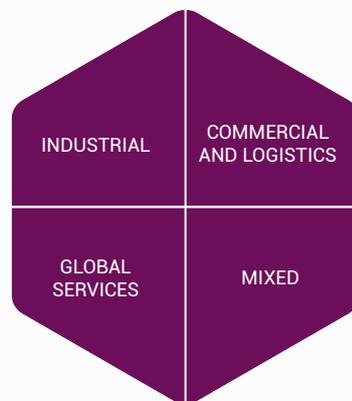
Main features

Free Zones are specific areas of the national territory, public or private property, whose purpose is the development of industrial, commercial or service activities, through a tax exemption regime.

Free Zones can be exploited by the state or individuals, duly authorized. Private zones are managed by individuals and authorized by the government. A government resolution is necessary for the set-up of a Free Trade Zone in Uruguay, which should include information such as: authorization period for exploitation, area occupied by the Free Trade Zone, minimum investment that the operator(s) commits to carry out, and the canon to be paid, among others.

Any kind of activity can be developed in the Free Zones, either commercial, industrial or a service related activity. The various activities may involve the transformation of merchandise, storage, assemble or disassemble shipments, provision of services from the Free Zones to third countries and, in some cases, to Uruguay.

According to its characteristics, the Free Zones can be classified in four types:



Currently, there are 11 Free Zones that are concentrated in the southwest, in the areas of Montevideo, Canelones, Florida, San José, Colonia and Río Negro.

Legal framework

The legal framework of the Free Trade Zones is one of the most relevant regulatory frameworks for service operations focused abroad. The promotion and development of these areas, in order to boost investment, exports, employment and international economic integration, has been declared by law of national interest. This regime allows companies to develop and export goods and services throughout the world exempted from all national taxes.

The Free Trade Zones have legal status recognition since they are governed by Law No. 15,921 and Law No. 19,566, which came into effect in 2018 and modifies the first mentioned Law.

URUGUAY



1 UPM

2 Montes del Plata

3 Colonia



4 Nueva Palmira

5 Florida

6 Libertad



7 Aguada Park

8 WTC Free Zone



9 Colonia Suiza

10 Zonamerica

11 Parque de las Ciencias

A little history and news

The first Free Zones were developed as logistical hubs. Over the years, other areas emerged and began to provide services locally and abroad, as is the case of outsourced administrative activities, call centers and software development areas, among others.

Currently, a wide variety of activities are developed in these areas, and there is a high potential for growth. The Free Zones are part of the growth engine of the Uruguayan economy and are important in employment, in several cases with a high level of training.

THESE ARE THE MAIN BENEFITS OF THE FREE ZONES LAW:

- Tax exemption;
- Legal security;
- Free entry and exit of goods and services;
- Free circulation of foreign currency;
- Competitive costs of telecommunications and other services at an international level, etc.

Free Zones represent an excellent option for companies that want to establish or expand their businesses in Uruguay, since they are a key part of the country's business development policies, generating employment and promoting investment.

GENERAL INFORMATION ABOUT URUGUAY

Official name	República Oriental del Uruguay
Location	South America (limits with Argentina and Brazil)
Capital city	Montevideo
Area	176.215 km2
Population (2016)	3.4 millions
GDP (2017)	US\$ 17.326
Currency	Uruguayan peso (\$)
Language	Spanish

Source: <http://aplicaciones.uruguayxxi.gub.uy/uruguayxxi/inteligencia/mm/>

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If you want to learn more about the benefits and business opportunities offered by the Free Zones, contact our experts in Uruguay.

This guide is a brief summary with basic information. To request more information contact our experts.

Get in touch

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