



Uruguay

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# WHAT IS THE LOGISTIC HUB?



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# What is the Logistic Hub?

## Traditional Uruguay

- Recognised as a food producer and exporter country.
- For its ability to enter many and diverse markets.
- For its excellent quality products.

## Logistic Uruguay

- Its geographically strategic location, places the country as the natural logistic hub of the region.
- Offers a logistic platform, integrated and complementary to the regional system.
- Expanded market access to more than 250 million people.

# WHAT ARE THE ADVANTAGES OF A RDC?



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# ¿What are the advantages of a RDC?

## **INVENTORY OPTIMIZATION**

- Centralized management of inventories with reduced volumes in each country.
- Flexible stock: shared by several countries.

## **COSTS REDUCTIONS**

- Financial and economic: nationalization costs deferred.
- Low country risk.
- Operating costs.

## **SERVICE IMPROVEMENT**

- *Speed to market Logistics* → Lead time reduction.
- Customization.
- Flexibility (re-allocation of destinations)
- Customer retains ownership of the goods.

# Traditional Logistics



*Manufacturer*  
45 – 90 days



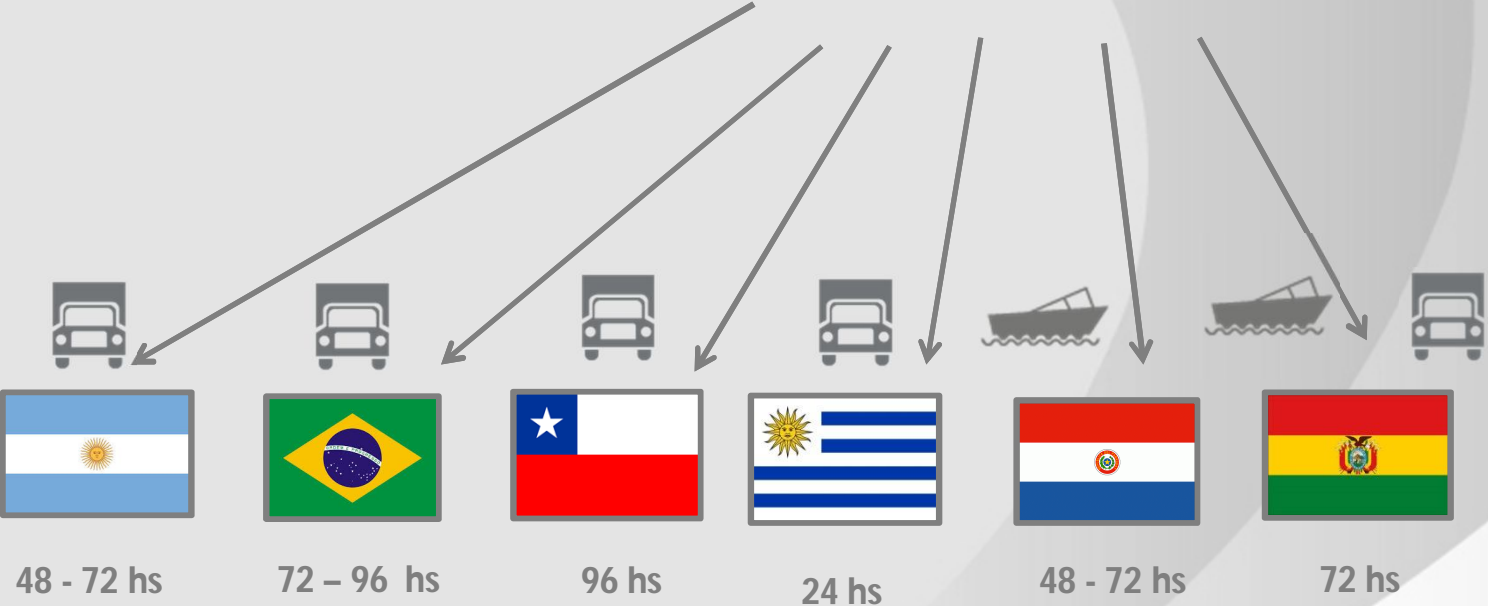
Nationalized stock in each country.

# RDC Logistics

Manufacturer



Logistics Operator



# HUB NUEVA PALMIRA







# HUB MONTEVIDEO

Argentina

Brazil

# REGIONAL DISTRIBUTION CENTRES (RDC)



Argentina

ATLANTIC OCEAN

# WHAT HAS URUGUAY TO OFFER?



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# What has Uruguay to offer?

## URUGUAY: general characteristics

<b>Official name</b>	República Oriental del Uruguay
<b>Geographical location</b>	South America, bounded by Brazil and Argentina
<b>Capital</b>	Montevideo
<b>Surface area</b>	176.215km <sup>2</sup> . 95% of the land area is fertile soil, suitable for agricultural exploitation
<b>Population (2010)</b>	3.3 million
<b>Population growth</b>	0.35% annually
<b>PBI per head (2010)</b>	U\$S 11.996
<b>Currency</b>	Uruguayan Peso \$
<b>Level of literacy</b>	98%
<b>Average life expectancy</b>	77 years
<b>Form of governance</b>	Democratic Republic with presidential system
<b>Political division</b>	19 departments
<b>Time zone</b>	GMT -3 (winter), GMT -2 (summer)
<b>Official language</b>	Spanish

<b>RANKING</b>	<b>URUGUAY</b> In South America	<b>URUGUAY</b> in the world
Low Corruption <i>(Transparency International)</i>	1	23
Value of Democracy <i>(The Economist)</i>	1	23
Index of Economic Freedom <i>(Heritage Foundation)</i>	2	38
Connectivity (CISCO)	1	-



# What has Uruguay to offer?

## ✓ **INFRASTRUCTURE**

Multi-purpose and specialized terminals, integrated road network.



## ✓ **TECHNIFIED COMPANIES**

Certified enterprises, with state of the art equipment and technology. Logistics centers next to the ports and airport.

High levels of investment, USD 170: annual average.



## ✓ **LEGAL FRAMEWORK**

Reliability, transparency and stability.

## ✓ **PUBLIC-PRIVATE SYNERGY**

Modernization of Dirección Nacional de Aduanas (Customs Department). Electronic Single Window.



# WHICH IS THE LEGAL FRAMEWORK SUPPORTING THE HUB?



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# FREE PORT AND FREE AIRPORT



- Unique on the Atlantic coast of South America.
- Regulations: the Ports Law (N°16.246, year 1992) and the Economic Reactivation Law. (N°17.555, year 2002, extends the legal regime to the airport).

## **Main characteristics:**

- Free movement of merchandise.
- Freedom to determine the destination of the goods (possibility to modify the same)
- Unlimited storage time of goods, free of taxes and import duties.
- Value-added activities (without modifying the nature of the goods).
- MERCOSUR Certificate of Origin: tariff preferences are maintained. Possibility of issuing derivatives CO.





# FREE PORT AND FREE AIRPORT



## Foreign companies:

- Retained ownership and availability of the goods.
- Billing according to sales.
- Simplified documentation: the container enters the warehouse from the terminal without any customs formalities (electronic message).
- Exemptions:
  - Corporate Income Tax
  - Net Wealth Tax
  - VAT
  - Import duties.



# FREE TRADE ZONES



- The Free Trade Zone regime in Uruguay has completed 90 years of development, firmly consolidated since 1987 with law N° 15.921.
- FTZ developments: 

}	Industry
	Trade
	Services
- Users are exempt of all national taxes, current and future ones, even those requiring special formalities in order to be implemented.
- The State is the guarantor of the exemption regime, assuring users the enjoyment of its benefits during the term of their contract.



# FREE TRADE ZONES



- **Main characteristics:**

- The goods can be moved free of taxes.
- Unlimited storage time of goods.
- Value added activities, including modification of nature of the product.
- Merchandise with MERCOSUR origin, loses tariff preferences if it has entered a FTZ in Uruguay, when entering destination (there are some exceptions).
- Free movement of foreign exchange.

- **Users are 100% exempt:**

- Corporate Income Tax
- Net Wealth Tax
- VAT
- Import duties.
- Any other tax created or that might be created in the future



# BONDED WAREHOUSES

**COMMERCIAL WAREHOUSES:** Storage without splitting or any other activity that alters the goods or increases its value.

**BONDED WAREHOUSES:** Value added activities without altering the nature of the goods.

**INDUTRIAL WAREHOUSES:** Manufacturing activities.

**TEMPORARY WAREHOUSES:** Merchandise for exhibitions, fairs.

## **Main characteristics:**

- Maximum storage time: 1 year.
  - Foreign companies exempt from:
    - Corporate Income Tax
    - Import tariffs
  - Certificate of Origin MERCOSUR : tariff preferences are maintained.
- Possibility of issuing CO derivatives.



## TEMPORARY ADMISSION

**Introduction of raw materials and inputs (exempt from taxes) , used in the process of transformation of goods which will subsequently be exported within 18 months.**

- This regime is also applicable to machinery and equipment of any origin, which enters the country temporarily for their use, repair, maintenance or update.
  - ✓ Raw materials and intermediate inputs;
  - ✓ Parts, engines and equipment;
  - ✓ Packages and packaging material;
  - ✓ Matrices, molds and models;
  - ✓ Other inputs.

# HUB'S BUSINESS MODELS



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1) URUGUAY AS **THE ENTRANCE** TO THE REGION.

2) URUGUAY AS A **RDC** TO THE REGION.

3) URUGUAY AS **DISTRIBUTION AND CUSTOMIZATION CENTER** TO THE REGION.

# 1) URUGUAY AS THE ENTRANCE TO THE REGION



	BRASIL	URUGUAY
Sea freight (ASIA)	30 days	35 days
Port terminal and clearance	15-45 days	3 days
Road transport (South BRASIL)	1-2 days	3-4 days
<b>TOTAL (average)</b>	<b>45 – 75 days</b>	<b>45 days</b>

**TIMING**  
+  
**SECURITY**



## 2) URUGUAY AS A RDC TO THE REGION

### ENTRANCE

Maritime, air or road



INBOUND



Unlimited storage time  
(average of 45 days)  
Quotes in m3  
Special or general cargo

BRAZIL

ARGENTINA

PARAGUAY

CHILE

BOLIVIA

URUGUAY

Order picking  
24/48hs



OUTBOUND



Merchandise with MERCOSUR origin:

- ✓ Free Port / Free Airport
- ✓ Bonded warehouses.



FTZ «loses» origin.

Merchandise from other origins:

- ✓ Port/Airport/BW/FTZ



# 3) URUGUAY AS A DISTRIBUTION & CUSTOMIZATION CENTER TO THE REGION

## ENTRANCE

Maritime, air or road



INBOUND



- Unlimited storage (average of 45 days)
- Quotes in m3
- Special or general cargo

Warehousing  
+  
Value Added Logistics



## WITHOUT OPENING THE BOX

- Labeling
- Packaging



BRASIL

ARGENTINA

CHILE

PARAGUAY

BOLIVIA

URUGUAY



OUTBOUND



## OPENING THE BOX

- Kit assembly
- Warranties/catalogue inserts
- Placement or change of power supplies/electronics.
- Mini-factories





## INVENTORY MANAGEMENT POSSIBILITIES

- Real time tracking – Supplier Managed Inventory (SMI).
- Installation of Customer's personnel within the facilities of the logistics operator (permanent offices or for specific operations).
- Space leasing.



## BUSINESS UNITS

- Raw Materials.
- Pharma/Biotechnology.
- Agrochemicals.
- Retail.
- Food & beverages.
- Electronics.
- Sport items.
- Automotive industry.
- IMO.

# SUCCESS CASES



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# Companies that use Uruguay as a Regional Distribution Centre



# WHAT IS THE NATIONAL INSTITUTE FOR LOGISTICS?



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# What is the National Institute for Logistics?

It is an organization where logistic leaders, both private and public ones, coordinate the process of promotion, professionalization, innovation and training, in order to place Uruguay as a Logistic Hub, contributing to national development.

# What is the National Institute for Logistics?

## Cargo generators

- Uruguayan Exporters Union
- Uruguayan National Chamber of Commerce and Services

## Cargo generators

- Uruguayan Chamber of Industry
- Merchant Chamber of National Products

## Land Transport

- Union of Land Transport Professionals

**Ministry of Economy and Finance**

**Ministry of Foreign Affairs**

**INALOG**  
10 members

**Ministry of Transport and Public Works**

**National Port Administration**

## Port and airport operatives

- Centre of Navigation
- Association of Uruguayan Customs Agents

## Logistic services

- Uruguayan Chamber of Logistics
- Uruguayan Free Trade Zone Chamber

## Logistics services

- Uruguayan Cargo Agents Association
- Airport Cargo Terminal



# WHAT IS OUR OBJECTIVE?



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# What is our objective?

- To facilitate international trade.
- Attract new business to Uruguay.
- To promote the country abroad.
- To achieve commerce, knowledge and technology exchange

**Through access to our logistic platform and by choosing the most convenient regime, we propose to increase your business in the region.**



**Uruguay**

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**Thank you!**

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