

FOOD SECTOR IN URUGUAY



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Uruguay XXI
INVESTMENT, EXPORT AND COUNTRY
BRAND PROMOTION AGENCY

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1. WHY INVEST IN URUGUAY

A STRATEGIC PARTNER FOR FOOD PRODUCTION

- » The country is a key player in regional and global supply chains, with opportunities ranging from primary food production to manufacturing and trading or service centers.
- » More than 90% of its territory is suitable for agricultural activity, making it a reliable and highly competitive global supplier of primary foodstuffs.
- » The local food industry, with industrial and/or storage, grading and packaging activities, comprises more than 260 companies, generates 41,000 jobs and exports more than USD 6.5 billion annually. 56% are exporter companies and 27% are foreign-owned.
- » The country is recognized for its capacity to produce food for 30 million people and has the potential to expand to 20 million more. This prestige is based on safe and sustainable production, backed by rigorous sanitary controls.
- » In addition, the temporary admission regime facilitates the import of duty-free inputs as long as the final product is re-exported.
- » Due to its strategic location, multimodal solutions and trade agreements with Mercosur, Chile and Mexico, among others, Uruguay offers access to an expanded market of 400 million people. This facilitates trade and expansion for companies in the region. Proximity to customers and minimal lead times facilitate product customization.
- » Uruguay has a strong commitment to environmental protection, embodied in laws and government policies. The country ranks second worldwide in clean energy, with an electricity matrix that is on average +94% based on renewable sources.
- » Environmental factors, added to political, democratic and social stability, backed by a solid macroeconomic performance, position Uruguay as one of the emerging countries with the best performance in ESG factors. This creates an environment that fosters investment success.

- » Both domestic and foreign investors are treated equally in Uruguay and have access to a wide range of government incentives.
- » The foreign exchange market in Uruguay is free, which means that there are no restrictions or prior authorizations needed for the purchase and sale of foreign currency, inflow or outflow of foreign exchange or capital, transfer of profits, dividends, interest, etc.
- » Uruguay has a highly competitive, qualified and multilingual workforce. The State also promotes tailored training for existing staff and new hires through subsidies to companies.
- » Uruguay stands out for its vibrant innovative ecosystem, backed by a broad academic offering that includes more than 60 renowned groups and research centers linked to the food sector. It also has strong government support, backed by prestigious institutions.

2. GLOBAL TRENDS IN THE FOOD INDUSTRY

The food industry has undergone significant changes in recent decades. Relevant transformations happened on the demand side in response to new consumer preferences, which focused on environmental concerns and the importance of technological advances. On the supply side, changes responded to the need for technological innovation and the adoption of more efficient and environment-friendly agricultural and industrial practices. These global trends have a direct impact on the way food is produced, distributed and consumed around the world.

The Food and Agriculture Organization of the United Nations (FAO) estimates that global food demand will increase sharply in the coming decades, the population will reach almost 10 billion people by mid-century and more than half of this increase will be concentrated in eight countries: Egypt, Ethiopia, India, the Philippines, Nigeria, Pakistan, the Democratic Republic of the Congo and Tanzania¹.

The need to expand food production faces major challenges such as the limited availability of agricultural land and water resources, soil degradation and the accelerating effects of climate change, making it necessary to adopt sustainable agricultural practices to ensure sufficient and long-term production².

These challenges show a complex interaction between the changing needs of society, the search for innovative solutions and the need to maintain a balance between production and human and environmental well-being.

Several international organizations such as the World Health Organization (WHO) and the Pan American Health Organization (PAHO) voice their concern about the increase in unhealthy diets, with high levels of sugars, saturated fats and a heavy presence of ultra-processed foods in the diet³. According to PAHO, processed products are a relevant factor in high rates of overweight and obesity. In Latin America, almost 60% of the population -360 million people- are overweight⁴.

¹ UN News: Global population will reach 8 billion by 2022 ([link](#))

² FAO - Soils for nutrition: state of the art -FAO ([link](#))

³ Th state of food and nutrition security in the world by 2022 ([link](#)), UN News: Unbalanced sales of ultra-processed foods represents "the beginning of an epidemic" ([link](#)), WHO. (2021).

⁴ Obesity and overweight. ([link](#))

Considering all this, here are some trends that are already impacting the food industry. These may vary by region and evolve as consumer demands and market conditions change.

- » Consumers are increasingly aware of the importance of healthy eating. There is a growing demand for natural, organic and functional foods that offer health benefits such as fortified ingredients and low-sugar and low-fat options.
- » The industry is adopting more sustainable practices, reducing food waste, using biodegradable packaging and promoting responsible supply chains and more environment-friendly production.
- » Vegan, vegetarian and flexitarian diets are driving demand for alternatives to animal protein.
- » Precision farming, traceability and online food delivery are examples of how digitalization is optimizing the supply chain.
- » Product customization and improved customer experience through apps and online platforms are becoming a key factor.
- » Innovative ingredients such as superfoods and plant extracts are being explored to enhance the nutritional value of foods and offer new sensory experiences.
- » Consumers are demanding greater transparency about food provenance and safety.
- » Reducing food waste became a priority. From production to consumption, measures are implemented to minimize food loss.

These trends shape the evolution of the food industry and offer opportunities for investment and growth in different segments of the value chain.

3. CHARACTERISTICS OF THE FOOD INDUSTRY IN URUGUAY

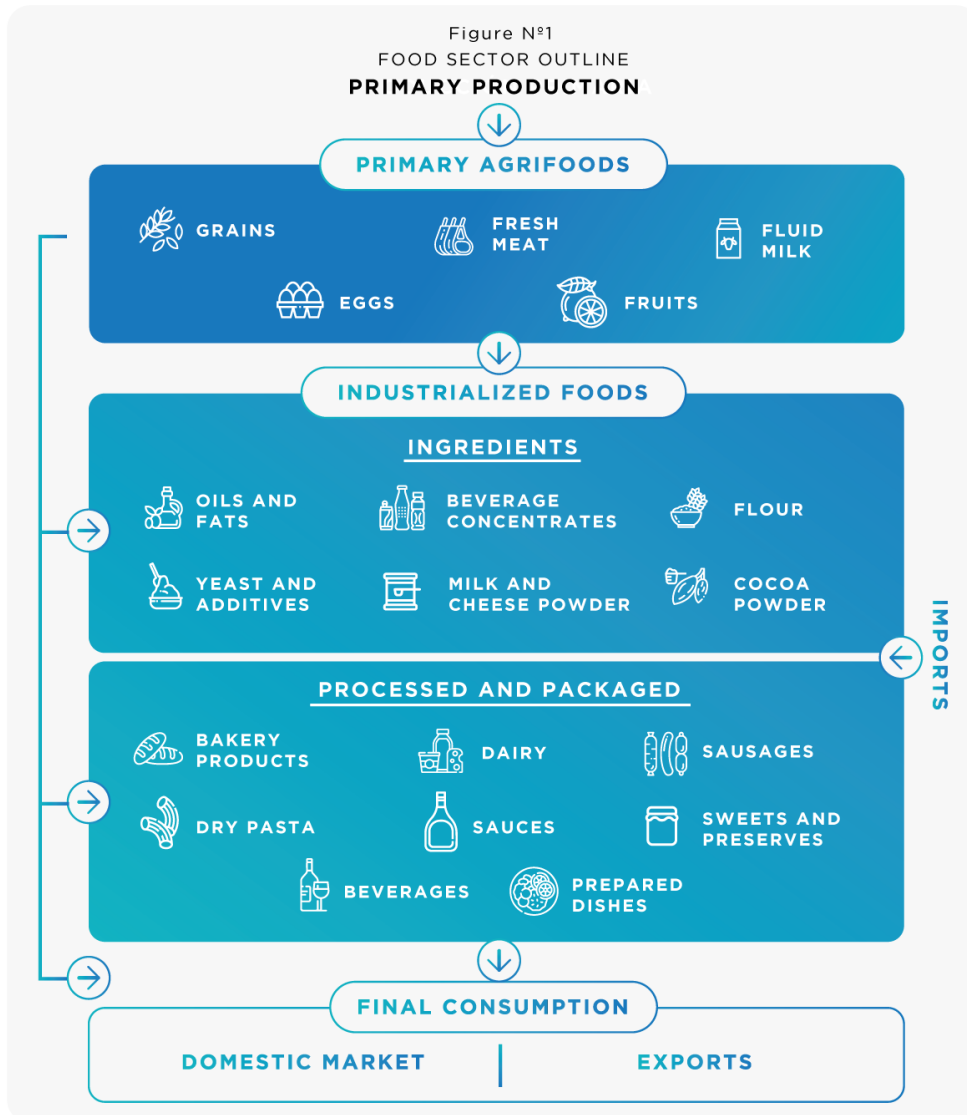
The food industry in Uruguay covers a wide chain with different levels of processing. When classifying products according to the transformations they undergo and their destination, two broad categories can be found:

Agri-foods are the primary goods in the chain that provide unprocessed or minimally processed agricultural and livestock products, which usually maintain their original structure and nutritional composition. They range from whole grains such as soybeans, wheat and rice, to fresh meats, fluid milk, eggs, fruits, vegetables, nuts and seeds. The companies that are part of this segment are grain originators, fruit packing plants, meat packing plants, dairies, poultry, and fishing companies, among others. Agricultural producers are not included.

Industrialized foods are those that have been modified by several industrial methods in order to alter their flavor, texture, shelf life or appearance. Within these, this report differentiates:

Ingredients, which as part of industrial chains arise after an initial transformation, from which the raw material of vegetable, animal or synthetic origin is converted into a standardized product that is easy to incorporate into the formulation of different foods. The main industrial processes include component extraction, purification, drying, milling, fermentation, refining, emulsification, concentration, dehydration, crystallization, among others. The ingredients are used as inputs in the production of processed foods and beverages.

Processed or packaged **food and beverages** intended for final consumption, whether in supermarkets, stores, etc. (retail) or through hotels, restaurants, etc. (food service): bakery products, candies and snacks, dairy products, cold cuts, various preparations and dried pasta, sweets and preserves, beverages and food solutions such as industrially prepared ready meals (frozen). Companies that produce fresh products for final consumption such as pasta factories, confectioneries, delicatessens, bakeries, etc., are excluded, except for those that have an industrial plant.



For the preparation of this report, a database of companies in the food industry in Uruguay was built⁵, following the previously defined segmentation and incorporating subsegments and production items⁶.



⁵ Data Sources: Ministry of Labor and Social Security: data were extracted from all registered companies whose RUTs were registered in activities related to food and beverage production. Customs: Export data were extracted by company and by product. This also helped identify exporting companies that might not have been included in the initial database. Direct research: research was conducted through Internet searches and other sources at the company level to identify their main products and industrial plants. Companies with fewer than 20 employees were excluded from the database.

⁶ Although this is not a census of companies and there may be some omissions, it is a good approximation of the sector's universe within the pre-established parameters.

3.1. FOOD INDUSTRY SEGMENTS

Following the segmentation scheme indicated above, companies located in the country with industrial and/or stockpiling/sorting and packing activities were identified, without including agricultural establishments or companies with less than 20 employees.

Figure 2

Companies by Category⁷

Production type	No. of Companies
Primary	105
Industrialized	194
» Ingredients	52
» Processed and packed	162
Total	266

Primary food companies account for 39% of the total and account for 74% of exports of goods and 59% of employment in the industry. Of these, 29 integrated companies (11%) were identified that incorporate industrialized products in their activities.

Figure 3

Variables by Main Segments

Segment	Companies total	Primary	Industrialized	Exporters	Foreign	Total workforce	Exported worth (millions USD)
Grain, fruit and vegetable	33	33	10	88%	58%	4,332	1,515
Meat and fish	91	65	42	56%	25%	19,876	2,793
Dairy products	30	7[1]	30	53%	23%	4,885	875
Flour, oil and fat	20	0	20	60%	30%	2,327	534
Preparations and gastronomic solutions	67	0	67	34%	13%	6,556	60
Beverages	25	0	25	68%	28%	3,027	754
Total	266	105	194	56%	27%	41,003	6,531

Industrialized food companies represent 73% of the total, but with a smaller weight in the industry's exports (39%). Within this group, the largest proportion of companies, 83%,

⁷ The same company can have both primary and industrial activities (ingredients and/or processed and packaged products).

produce processed or packaged foods, while 27% produce ingredients. Ten percent of the companies produce both.

Food producing companies can also be classified and grouped into different sub-segments according to main production items.

Figure 4

Main Variables Itemized by Sub-segment

Sub-segment	Companies total	Primary	Industrialized	Exporters	Foreign	Total workforce	Exported worth (million USD)
Rice	12	12	7	92%	58%	1,688	573
Cereals and oilseeds	12	12	0	92%	75%	1,089	872
Fruit	9	9	3	78%	33%	1,555	70
Fisheries and aquaculture	17	17	4	86%	36%	1,156	125
Poultry	9	9	4	13%	13%	1,548	1
Meat and by-products	45	37	14	71%	33%	1,547	2,590
Sausages and others	20	2	20	11%	11%	2,625	76
Dairy products	30	7	30	53%	23%	4,885	875
Oils and fats	9	0	9	67%	22%	1,152	164
Flours and malts	11	0	11	55%	36%	1,175	369
Prepared coffee, cocoa, sugar and others	9		9	44%	11%	659	36
Baked goods	16	0	16	50%	14%	2,459	15
Prepared fruits, vegetables and others	19	0	19	56%	19%	1,332	5
Gastronomic solutions	17	0	17	0%	6%	1,828	0
Adjuvants	6	0	6	60%	40%	278	4
Beverages	12	0	12	50%	42%	2,205	741
Wines and other alcoholic beverages	13	0	13	80%	10%	822	14
Total	266	105	194	56%	27%	41,003	6,531

3.1.1. SEGMENTS & SUB-SEGMENTS

Grains, fruits and vegetables

Figure 5

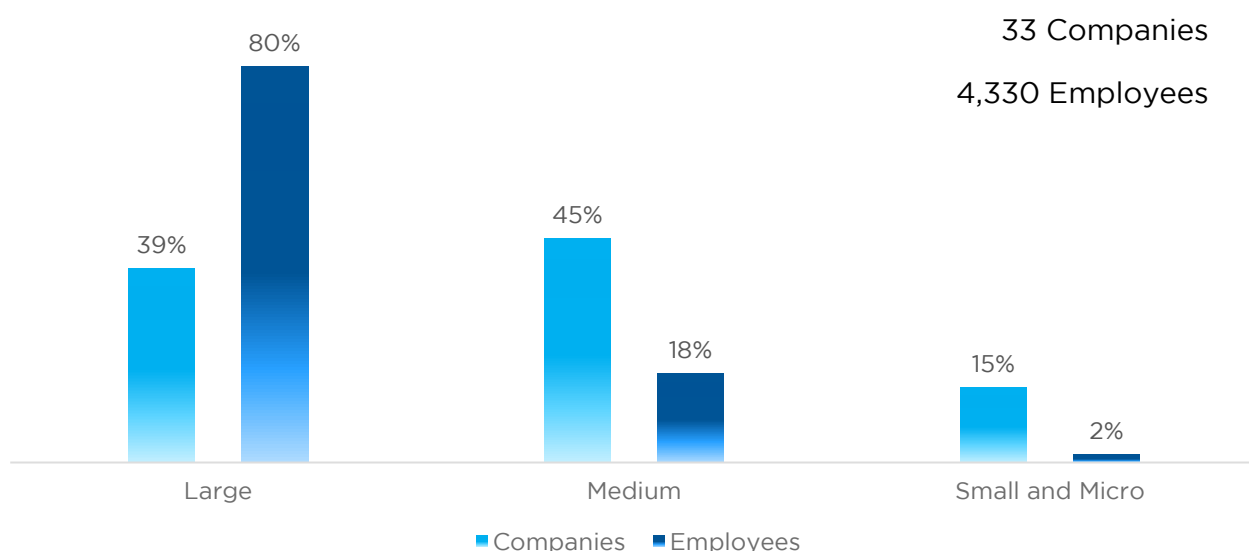
Main Products and Companies in Grain, Fruits and Vegetables Segment

Sub-segment	Main products	Some companies/brands
Rice	Rice, flours, oils	Samán, Dambo, Adecoagro, Casarone, Coopar
Cereals and oilseeds	Soybeans, wheat, rapeseed, barley	Cargill, Barraca Erro, LDC, COFCO
Fruits	Orange, tangerine, lemon,	San Miguel, Azucitrus, Guarino, Camposol

Companies in this segment have had the highest participation of foreign investment (82%) compared to the rest of the segments identified. At the same time, they are the highest export-leaning measured in terms of participation of companies in export activity (88%). In 2023, a total of 33 companies were operating in this industry, employing 4,332 people and reaching a total export value of USD 1,515 million.

Chart 1:

Workforce and Grains, Fruits and Vegetables Companies (2023)



Source: Created by Uruguay XXI with data from the Ministry of Labor and Social Security (MTSS).

Large rice companies, as well as cereals and oilseeds companies, stood out with exports of more than USD337 million and USD577 million, respectively. They were also the largest employers in the sector, with rice providing 1,278 jobs and grains and oilseeds 762 jobs.

Rice mills had forward integration in more than half of the companies, producing oils and packaging rice with branding and differentiation. In this segment, 12 companies employed 1,688 people and exported USD573 million (2023). Large companies predominated in commercial activity, with three exporting almost entirely and employing 1,278 people. Medium-sized companies also had a significant presence, with six companies employing 327 people and generating exports of USD169 million. In general, the rice sub-sector showed a high capacity to export and create employment in the country.

Forward integration in food production in the fruit sub-branch reached 33% of the companies, with some fruit companies venturing into the production of oils and juices or pulp. This segment was dominated by citrus growers with a couple of exceptions that mainly marketed apples. This sector is smaller in size and plays a vital role in the diversification of the country's exports. In 2023, this segment included nine companies that employed 1,555 people and generated exports of USD70 million. Large companies dominated this sub-sector, with seven companies employing 1,436 people and exporting USD67 million.

Other **grains and oilseeds** companies focused on sourcing, bulking and exporting in bulk. This sub-subsegment was the largest in terms of value, reaching USD 872 million in 2023. Composed of 12 companies employing 1,089 people, as in the case of rice, large companies had a strong presence, with exports totaling USD 578 million and total employment of 762 people. It is worth noting that 2023 was a year with a meager summer harvest as a result of the drought, as this sub-segment generally has higher export levels.

This is a highly competitive segment at the primary stage and is differentiated by the level of sophistication of the production chains that ensure quality and compliance with business at scale.

MEAT AND FISH

The meat and fish sector was made up of 91 companies that employed almost 20,000 people and created exports of USD 2,792 million in 2023. In relative terms, this segment accounted for more than 40% of total agri-food exports. It was also the most employment-intensive subsector of the entire food industry (45% of total employment).

Figure 6

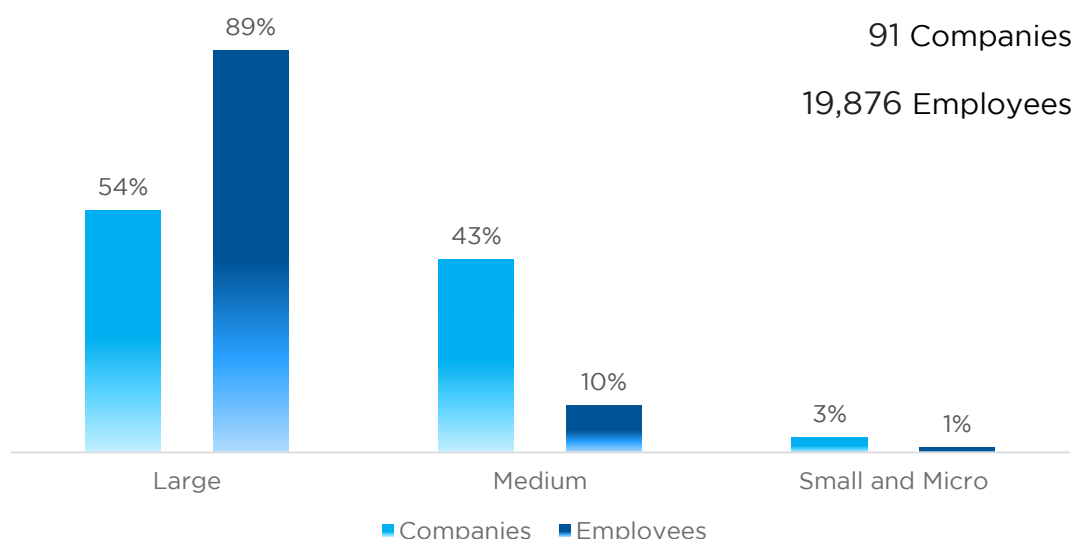
Main Products and Companies in the Meat and Fish Segment

Sub-segment	Main Products	Companies/Brands
Fish and agriculture	Frozen fish (sea bass, shad, hake) and frozen mollusks	Ciupsa, Ibamel, Valymar, Novabarca
Poultry	Frozen poultry meat, eggs and chicken products	Granja Tres Arroyos, Avícola del Oeste, El Poyote, Avícola del Campo, El Vasquito, Valle Alegre
Meat and by-products	Frozen and chilled beef and lamb, casings, meat meal and corned beef	Frigorífico Las Piedras, Frigorífico Pando, Marfrig, Minerva
Sausages and others	Sausages, cold meats, sausages	Sarubbi, Schneck, Centenario, Ottonello, Doña Coca, Ecocarnes, Cattivelli

Large companies play a crucial role in terms of employment and exports, while medium and small companies have a more local-market presence.

Chart 2:

Workforce and Companies in the Meat and Fish Segment (2023)



Source: Created by Uruguay XXI with data from the MTSS

The most relevant sub-segment in terms of companies, employment and exports was that of **meat and by-products**, which includes exporting meat packing plants, companies specialized

in local supply and companies that manufacture ingredients such as casings and flours. Within the meat packing plants, six vertically integrated companies were identified, which means that they incorporated the production of more industrialized products such as hamburgers or corned beef.

Meat and by-products had 33 large companies that employed 13,893 people and generated exports of USD2,406 million in 2023, and 12 medium-sized companies that employed 654 people and contributed USD183 million in exports. Small companies, although less significant in terms of volume, completed the sector with 45 companies employing 14,547 people.

The **sausage and other products** companies, together with the **poultry** companies, directly employed more than 3,500 people and advanced in industrialization and product differentiation processes for the domestic market, but with very low international insertion, since exports of these products amounted to USD 76 million and only three companies had foreign investment (the recent investment in La Constancia by Spanish capital is an encouraging sign).

In the sub-industry of **sausages and other products**, there was a clear division between exporting and non-exporting companies. The nine large companies employed 2,057 people and the 10 medium-sized companies employed 556 people. This sub-industry had a small number of small companies that, together with the medium-sized companies, did not export.

The **poultry** sub-industry was made up of nine companies employing 1,548 people. One company was responsible for all exports in 2023 (USD1.1 million).

DAIRY

The **dairy** industry consisted of 30 companies that employed 4,885 people and exported USD875 million. Large companies dominated the market and were responsible for most of the sector's exports. Some 16 companies were involved in the export of dairy products.

Figure 7

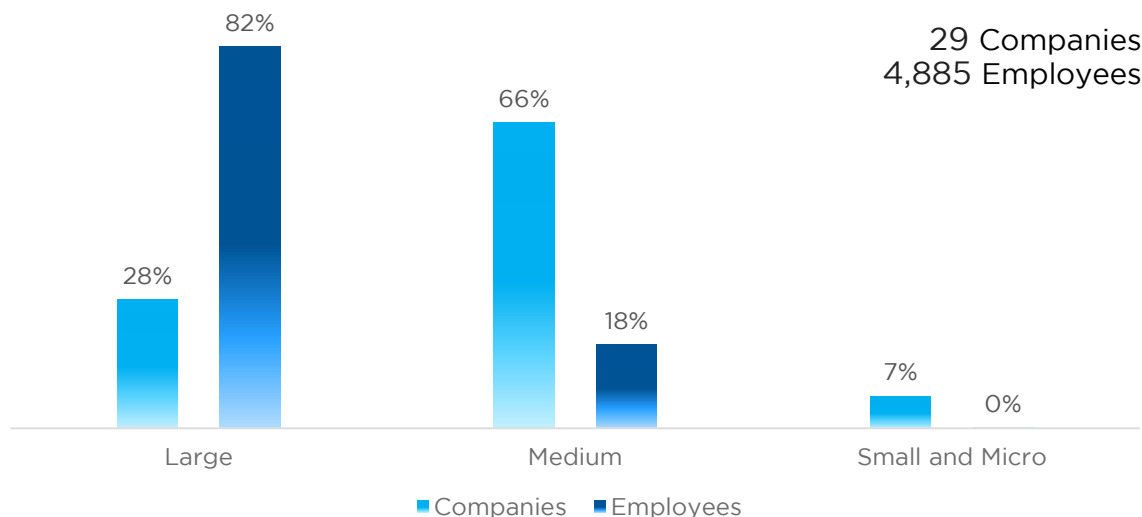
Main Products and Companies in the Dairy Segment

Sub-segment	Main Products	Companies/Brands
Dairy	Powdered milk and infant formulas, cheese, yogurts, ice cream, cheese powder	Conaprole, Alimentos Fray Bentos, INLACSA, Mc Cormick, Lactosan, CRUFI

Only five companies marketed fluid milk, while all of the companies surveyed industrialized. The sub-segment could in turn be divided into (i) traditional dairy companies with a wide

diversification of products (several of which also have dairy basins for supply), (ii) companies specializing in the production of ingredients for export (cheese powder preparations), and (iii) industrial ice-cream makers.

Chart 3:
Workforce and Companies in the Dairy Segment (2023)



Source: Created by Uruguay XXI with data from the MTSS.

FLOURS, OILS AND FATS

This is a segment of industrial processes mainly involving milling or extraction and standardized products that are mostly used as inputs for other industries via exports. However, some companies are strong with packaged products and preparations in the domestic market. The **oils and fats** sector was composed of nine companies employing 1,152 people and exports totaling USD164 million in 2023. Among these companies, six were involved in international trade.

Figure 8

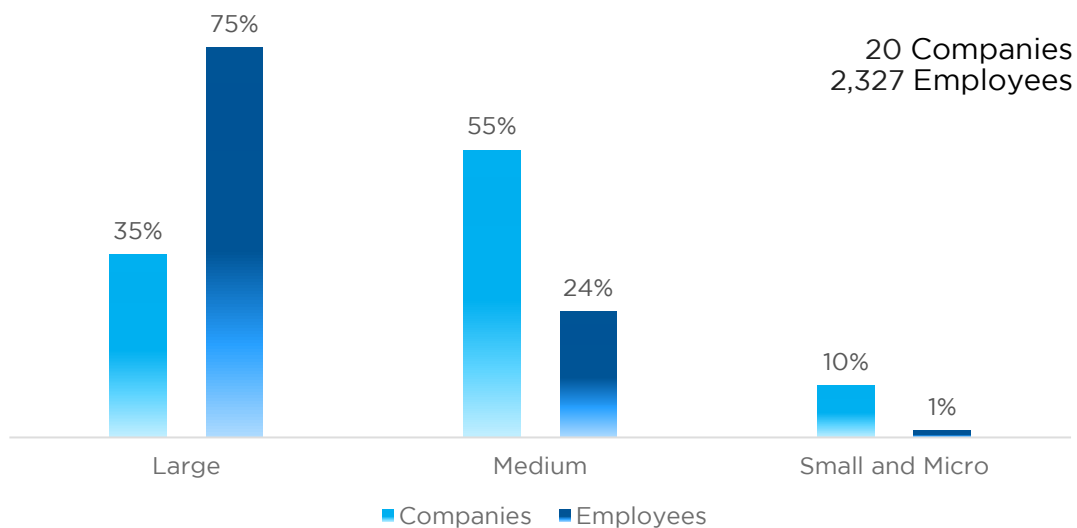
Main Products and Companies in the Flour, Oils and Fats Segment

Sub-segment	Main Products	Companies/Brands
Oils and Fats	Soybean, canola, coconut and olive oil, margarine, vegetable fats	AAK, ALUR, COUSA
Flours and Malts	Wheat flour, malt	Maltería Paysandú & Uruguay, Maltería Oriental, Molino Cañuelas, Molino Puritas

Malting plants had the highest export records, but were less labor-intensive than oil mills, which also exported.

Chart 4:

Workforce and Companies in the Flours, Oils and Fats Segment (2023)



Source: Created by Uruguay XXI with data from the MTSS

The distribution of employment also revealed that large companies dominated the sector with 998 employees, while medium and small companies contributed 154 employees in total.

The **flour and malt** sector included 11 companies that employed 1,175 people and generated exports of USD369 million. Of these companies, six were involved in international trade, while five were concentrated in the local market. It contributed, in terms of employment, 738 employees in large companies and 437 employees in medium-sized companies.

PREPARATIONS AND GASTRONOMIC SOLUTIONS

The segment consisted of 67 companies that employed 6,556 people and generated exports of USD59 million in 2023. External sales were concentrated in large and medium-sized companies, mainly in coffee, cocoa, sugar and other preparations. Small companies had a more limited share of exports, but still contributed in specific sub-segments such as adjuvants.

Figure 9

Main Products and Companies in the Preparations and Gastronomic Solutions Segment

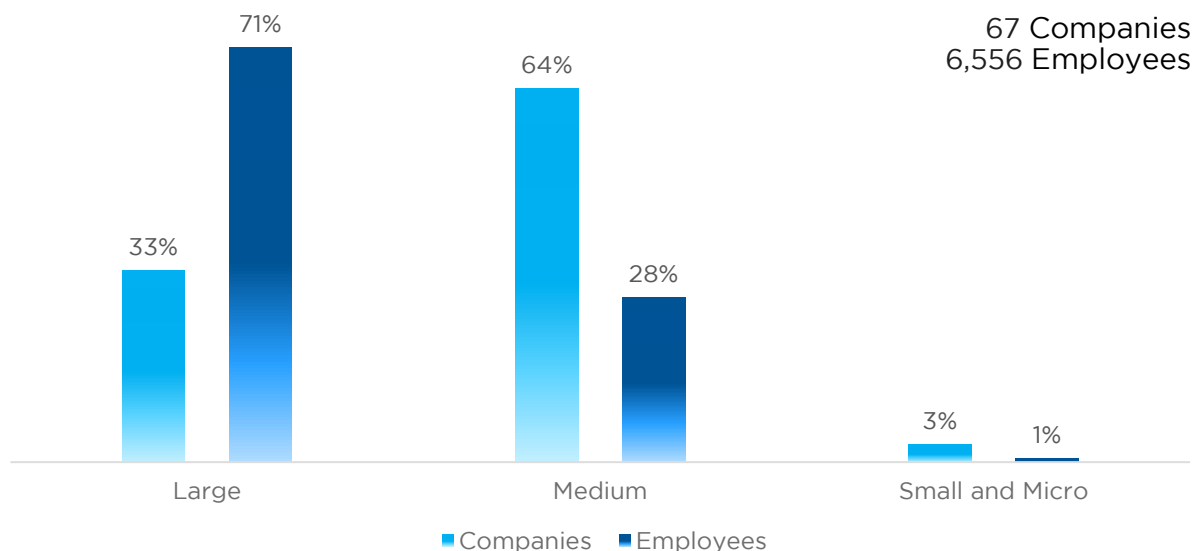
Sub-segment	Main Products	Companies/Brands
Coffee, cocoa, sugar and other preparations	Sugar, sweeteners, coffee, cocoa, chocolate	Nestlé, F.Pache, Azucarera del Litoral
Baked goods	Alfajores, breads, cookies, filling doughs	Bimbo, Pagnifique, Avanti Portezuelo
Preparations based on fruits, vegetables or others	Jams and jellies, snacks and candies, dry pasta, sauces, condiments, Seasonings	Los nietitos, Pepsico, Adria, Las acacias, Bca.Deambrosis, Pontevedra, Montecudine
Co-adiuvants	Yeast, additives, colorants	Lessafre, Cambay
Gastronomic solutions	Processed dishes, frozen stuffed pasta, frozen pies and other frozen foods	Godard, Delibest, Ble boulangerie, Friopan, La especialista, Los Abuelos

The distribution of employment showed a significant number of employees in non-exporting companies in several sub-segment. This picture suggests that, while there was a strong orientation towards the international market in certain sub-segment, many companies remained focused on the local market. This segment showed a diverse range of industrialized products and a varied impact in terms of employment and exports, which in turn was grouped into the sub-segments shown in Figure 9.

Overall, the segment is intensive in employment generation, but has a low level of internationalization, both in terms of export companies and low relevance of FDI (12%). However, exports of cocoa and coffee, which make intensive use of the temporary admission regime, and, to a lesser extent, some bakery products, yeast and jams, stand out.

Chart 5:

Workforce and Companies: Preparations and Gastronomic Solutions (2023)



Source: Created by Uruguay XXI with data from the MTSS.

The **bakery** sector included 16 companies that employed 2,459 people and generated exports for USD15 million, almost all of which came from large companies.

The **coffee, cocoa, sugar and other preparations** sub-sector included nine companies that employed 659 people and generated exports of USD36 million.

BEVERAGES

The beverage sector is composed of three large bottlers: Fábricas Nacionales de Cerveza (FNC), Salus and Montevideo Refrescos, the latter being the Coca-Cola bottler in Uruguay. In addition, there are several small companies specializing in waters, soft drinks, craft breweries and wineries. A major player in this segment is PepsiCo’s concentrate plant located in Zona Franca Colonia, which contributes to Uruguay’s exports.

In 2023 some 25 companies employed 3,027 people and generated exports of USD 754 million. Most of these exports came from large companies, while medium-sized and small companies had a smaller share in terms of exports.

Figure 10

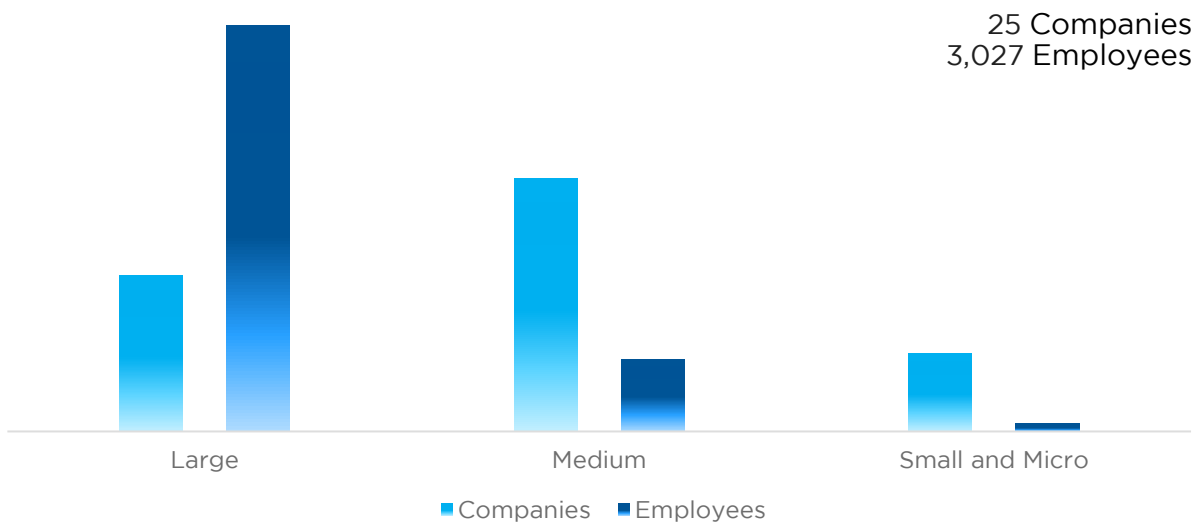
Main Products and Companies in the Beverages Segment

Sub-segment	Main Products	Companies/Brands
Various Beverages	Water, soda, beer	PEPSICO (Colonia), FNC, Montevideo Refrescos, SALUS
Wines and other Liquor	Wine	Agroland (Garzón), Traversa, Joanicó, Bouza

The wine sector also had a significant importance. Uruguay has quality wineries that export their products to various markets, which position Uruguayan wines in the world, noted for their quality and uniqueness.

Chart 6:

Workforce and Companies in the Beverages Segment (2023)



Source: Created by Uruguay XXI with data from the MTSS.

The **wine** sub-segment included the wineries with the largest number of employees and the highest exports.

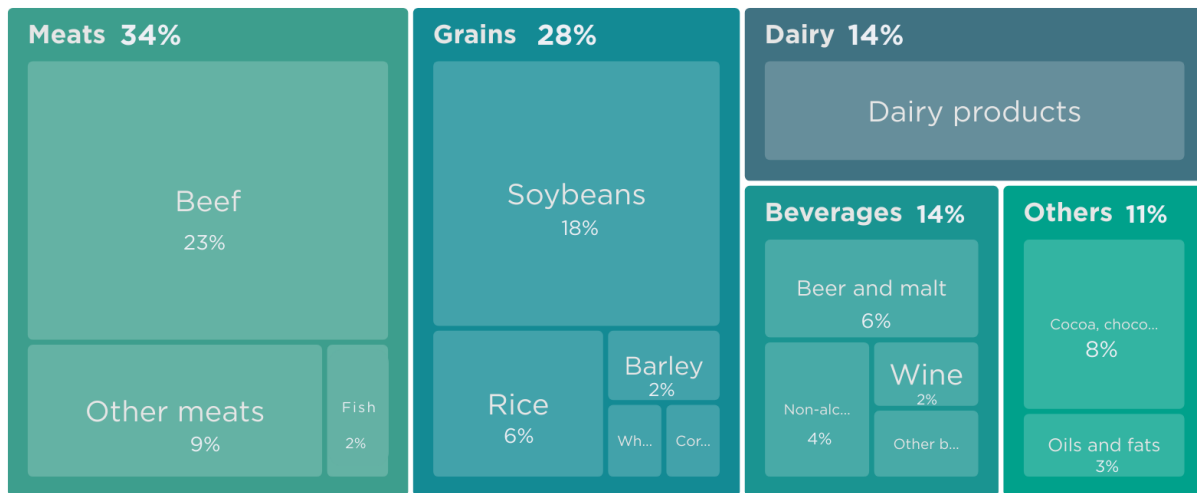
4. ECONOMIC RELEVANCE

4.1. ADDED VALUE BY INDUSTRY

The food industry represents 7% of Uruguay's GDP, includes 8% of the country's companies, accumulates 38% of the country's total exports and 13% of the total added value exported. This sector has a strong orientation towards the foreign market: 57% of the companies are exporters and 27% belong to foreign capital.

Chart 7:

Food GDP by Segment and Main Products

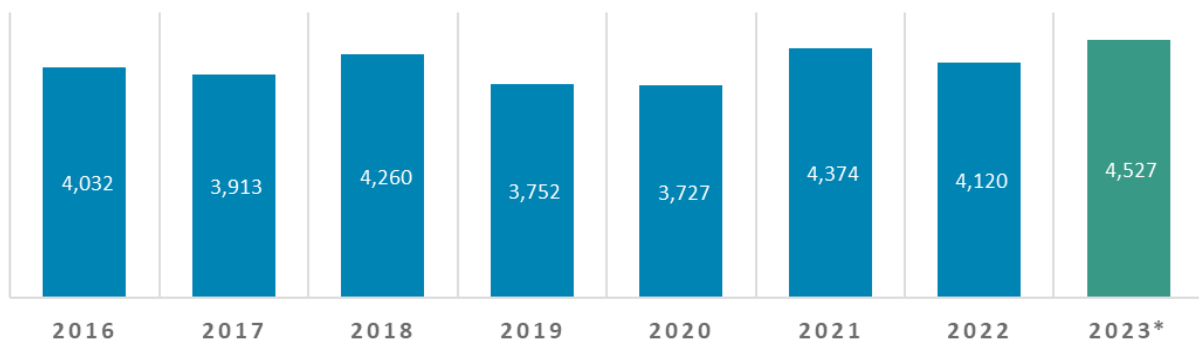


Total: US\$ 4.1 billion

Latest available disaggregated data 2022

7%

GDP



Source: Created by Uruguay XXI with data from national accounts of the Central Bank of Uruguay (BCU), (*) Data estimated based on 2023 GDP and 2022 participation. Participation by industry elaborated by ECLAC and Uruguay XXI based on BCU national accounts input-output matrix and Uruguay XXI export data.

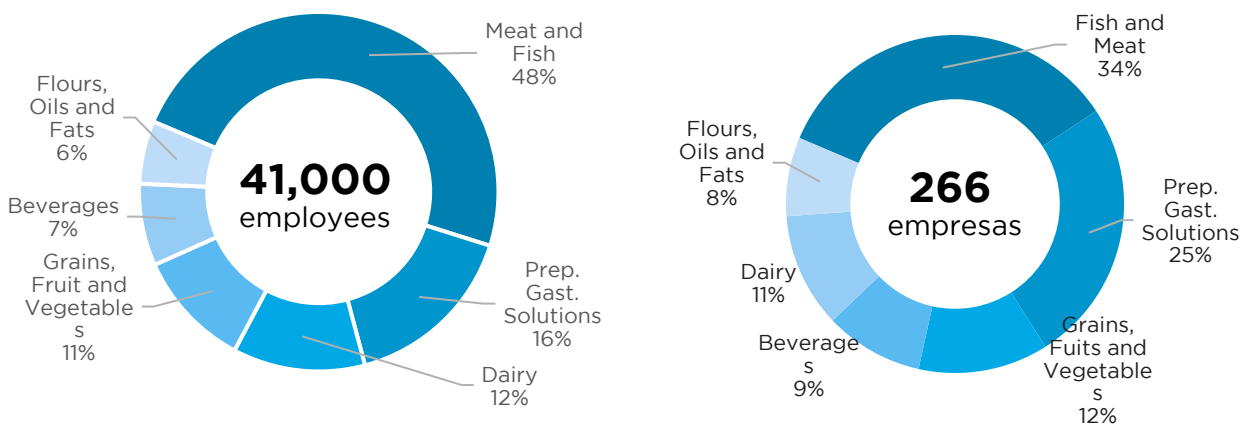
4.2. WORKFORCE

The **food** industry employed approximately 41,000 people, mostly in large companies, which accounted for 83% of total employment and made up only 40% of the total number of companies. Medium-sized companies accounted for 53% of the companies in the industry, but employed only 16% of the workers. Micro and small companies accounted for 7% and had a minimal participation of workers (0.6%).

The **meat and fishing** segment had the highest number of employees, with 362 on average, a significantly high figure among large companies..

Chart 8:

Food - Workforce and Companies by Segment (2023)



Source: Created by Uruguay XXI with data from the MTSS.

In the **dairy** segment, large companies had the highest average number of employees per company (500 people), which showed a high concentration of employment in a few companies.

The food industry was dominated by large companies in terms of employment, although medium-sized companies accounted for the majority of the total number of companies. This suggested a high concentration of employees in a smaller number of large companies, especially in segments such as meat and fish, and dairy. Medium-sized companies play a crucial role in specific segments, such as preparations and gastronomic solutions. Micro and small companies are minimally represented both in terms of number of companies and employment, but their presence is most notable in the grains, fruits and vegetables segment.

4.3. EXPORTS

Driven by optimal natural conditions and a large availability of fertile land, Uruguay has a long tradition of food exports combined with a strong business ecosystem and an effective institutional framework. These characteristics have allowed to achieve important milestones in food safety, traceability and sustainability in food production that distinguish Uruguay in the world.

Uruguay is among the main exporters of seeds and oilseeds in the world, together with large countries such as Argentina, Brazil, Canada and the United States. It is also a leading exporter of beef and dairy products, which strengthens its leading position in the global food industry.

Figure 11:

Uruguay's Rank as Food Exporter (2023)

Products	LATAM	World
Rice	#1	#9
Rapeseed	#1	#8
Barley	#2	#13
Malt	#2	#8
Soybeans	#3	#8
Beef	#3	#12
Powdered Milk	#1	#9

Source: Created by Uruguay XXI based its own data and data from Trade Map.

Uruguay combines know-how, technology and innovation in the production of agro-industrial goods to achieve the highest standards of food safety. Agriculture and livestock farming, supported by sustainable practices, position the country as a reliable and environment-friendly food supplier.

The result is reflected in an efficient and globally competitive agro-industrial industry. Exports from the industry reach more than 140 destinations, with products such as rice, beef, barley, canola, malt, soybeans and dairy products, among others.

In 2023, Uruguay's food exports totaled USD 6,531 million, representing a decrease of 21.9% compared to the previous year, when they reached USD 8,369 million. This reduction was mainly due to the fall in exports of products such as soybeans and beef, which were strongly affected by the drought.

Meat and by-products, rice, grains and oilseeds, and dairy products were the most relevant items within the industry's exports. In 2023, these items had a combined share that represented approximately 75% of total exports in this industry.

Figure 12:

Main Food Exports from Uruguay (2019-2023)

Products	2019	2020	2021	2022	2023
Beef	1,772	1,566	2,424	2,544	2,049
Dairy	631	644	734	878	816
Beverage conc.	524	501	619	678	739
Rice	345	425	355	465	573
Meat by-products	284	264	451	437	442
Soybeans	976	728	861	1,883	402
Malt	221	201	222	307	341
Wheat	66	63	146	244	234
Canola and Carinata	23	19	47	196	188
Oils	87	94	110	154	176
Other foodstuffs	55	58	77	113	128
Fish and prod.	83	84	85	120	124
Other meats	68	75	122	92	81
Barley	10	9	66	78	52
Total	5,285	4,869	6,472	8,369	6,531

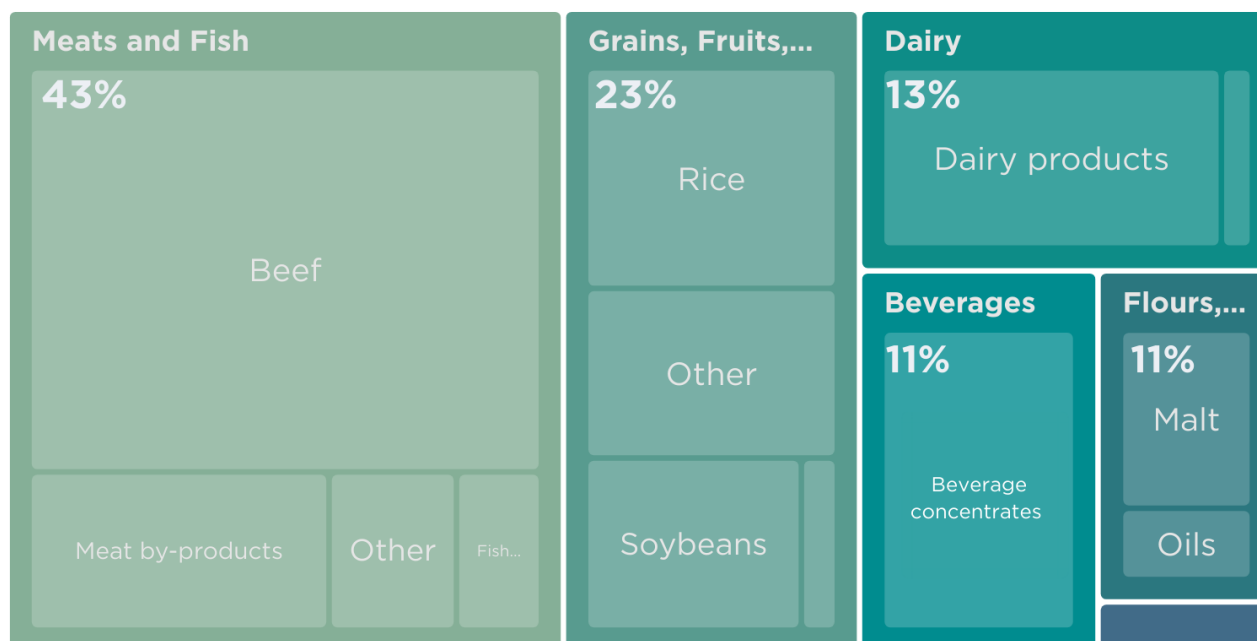
Source: Created by Uruguay XXI with data from Customs, BCU and SIGES Nueva Palmira (*)

Beef was the main product exported by Uruguay, with a value of USD 2,049 million in 2023, representing 31.4% of total food exports. However, this item experienced a decrease of 19.5% compared to 2022.

Dairy products were the second most important product, reaching USD 816 million in 2023, representing 12.5% of the total. This item also showed a decrease, with a drop of 7.1% compared to the USD 878 million exported in 2022. Despite the decline, dairy products continued to play a key role in the country's export basket, mainly in ingredients and processed foods.

Beverage concentrates grew significantly, reaching USD739 million in 2023, representing 11.3% of the total. This value implied an increase of 9% in year-on-year terms, consolidating its position as one of the products with the highest growth in recent years.

Chart 9:
Food Exports (Main Products Part.%. 2023)



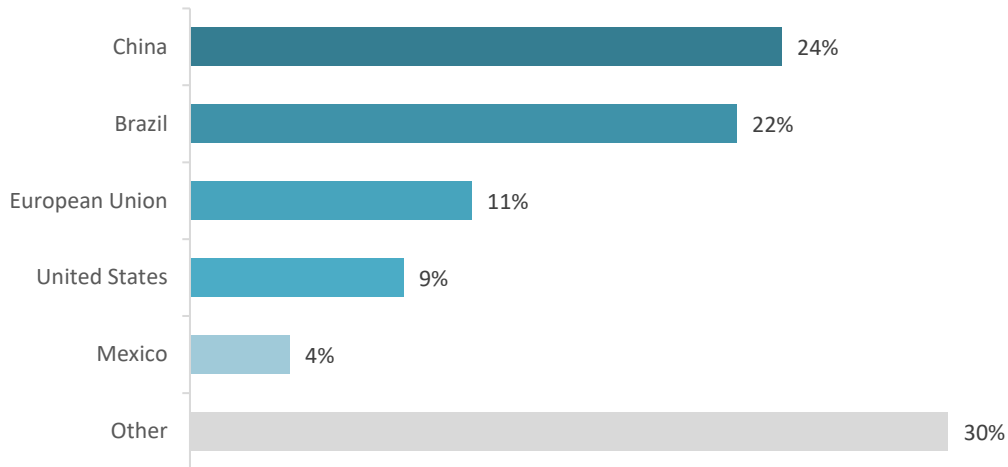
Source: Created by Uruguay XXI with data from Customs, BCU and SIGES Nueva Palmira (*)

Rice also had a positive performance with exports totaling USD 573 million in 2023, a significant increase of 23.2% compared to 2022.

Finally, soybeans experienced a significant drop with exports totaling USD 402 million in 2023, representing 6.2% of the total. This amount reflected a drastic decrease of 78.6% compared to 2022, when USD 1,883 million were exported, indicating a considerable negative impact on the agricultural industry.

In 2023, China was the main destination for food exports, with a predominance in the purchase of beef worth USD 987 million, followed by soybeans, meat by-products and other products, totaling more than USD 1,549 million. This market represented a significant part of Uruguayan exports, standing out as a key trading partner in the country's primary food industry.

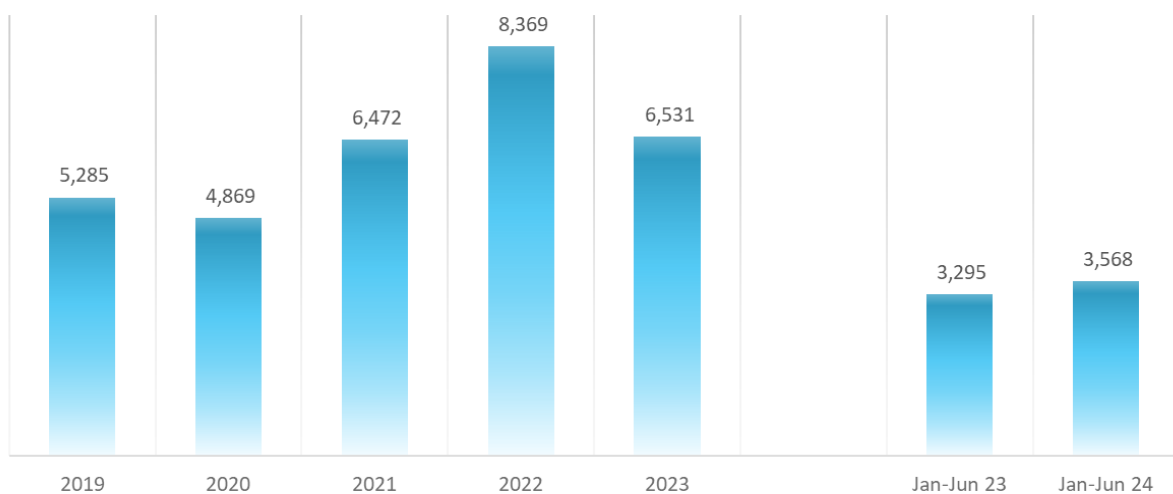
Chart 10:
Food Exports by Destination
 (Part.%. 2023)



Source: Created by Uruguay XXI with data from Customs, BCU and SIGES Nueva Palmira (*)

Brazil and the United States also played crucial roles in Uruguayan food exports. Brazil ranked as the second most important destination, with products such as dairy products, malt and wheat, which reached a combined value of over USD 1.432 billion. On the other hand, the United States, with a focus on beef, meat by-products and citrus fruits, totaled more than USD 560 million in imports from Uruguay. In addition, the European Union, which imported mainly beef, rapeseed, canola, carinata and rice, totaled over USD 737 million in trade transactions.

Chart 11:
Food Exports
 (Million USD)

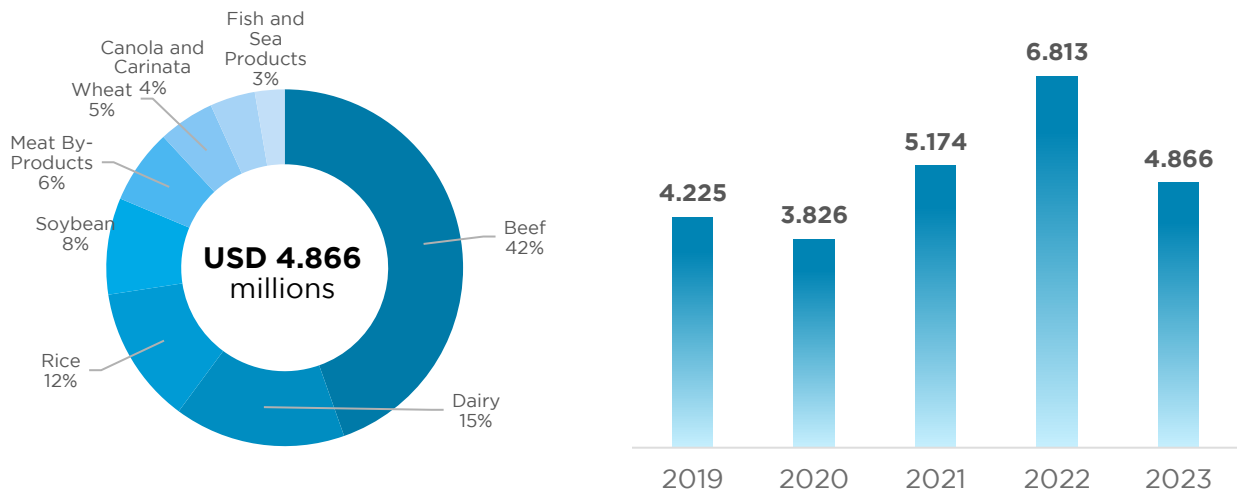


Source: Created by Uruguay XXI with data from Customs, BCU and SIGES Nueva Palmira (*)

4.3.1. PRIMARY FOODS

Primary food production in Uruguay includes a diversified segment of products of great importance for the national economy, with a strong export orientation and a high presence of foreign companies. In 2023, 105 companies participated, 76% of which were exporters. Foreign investment in the primary industry was significant, with 38% of the companies of foreign capitals. In addition, 33 companies were integrated, which meant that in addition to producing primary foods, they participated in industrialization processes, adding value to their products. Primary food companies employed 24,667 people and generated exports of USD 4.86 billion. Compared to the total food sector in Uruguay, primary products accounted for approximately 39% of the companies, 54% of the exporters, 27% of the foreign companies in the sector, 47% of the integrated companies, 60% of employment and 75% of the total value exported by the food sector.

Chart 12:
Primary Food Exports
(Million USD)



Source: Created by Uruguay XXI with data from Customs, BCU and SIGES Nueva Palmira (*)

Within the primary food production, the meat and fish segment was the most prominent. This segment included 65 companies, of which 69% were exporters and 29% foreign. The meat and by-products subcategory stood out, with 37 companies, 27 of which were exporters and 13 foreign. This subcategory employed 13,690 people (56% of primary food employment) and generated exports worth USD 2,419 million in 2023, which represented 50% of total primary foreign sales. The fishing and aquaculture subsegment, which included 17 companies, 15 exporting and 5 foreign, employed 1,156 people and generated USD 125 million in exports.

Although less prominent in terms of employment and export value compared to meat and by-products, it was still relevant.

The grains, fruits and vegetables segment played an important role in primary food production. This segment had 33 companies, 29 of which were exporters and 19 foreign. In 2023 it generated exports of USD1,515 million, representing 17.6% of total exports in the sector. Within this segment, the rice subsegment exported USD 573 million, cereals and oilseeds USD 872 million, and fruit production some USD 70 million.

The dairy sector is smaller in number of companies. 86% are exporters and 29% are foreign. This segment exported USD 729 million in 2023, representing 15% of primary food exports. All the companies in this segment are integrated, indicating a strong trend towards the industrialization of dairy products.

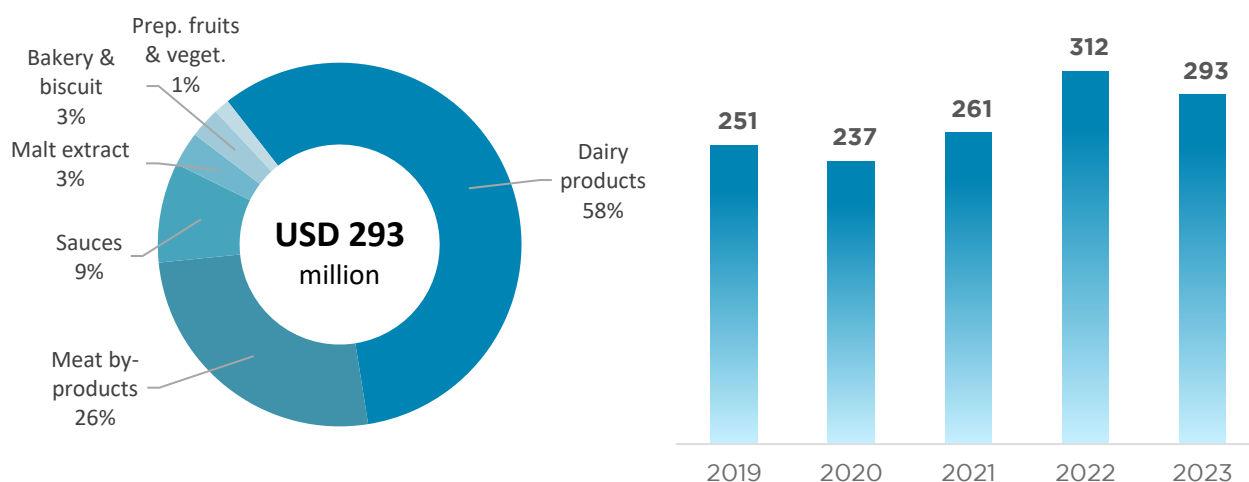
For more information on Uruguay's primary food production, please refer to the Uruguay XXI **Livestock and Agriculture** industry reports.

4.3.2. PROCESSED AND PACKAGED FOODS

The processed food industry is diverse in terms of subindustries and products, with variable export performance over the past years. Processed food exports peaked in 2022 at USD 312 and declined slightly to USD 293 in 2023. This area covers a wide range of products, from meat preparations and dairy products —like cheese, yogurt and fresh milk— to processed foods —such as sauces, bakery and biscuit products—, and also prepared fruits and vegetables.

The main processed foods are dairy and meat products. In the dairy sector, the most relevant products include cheese, butter and fresh milk, whereas in the meat sector, the most important are seasoned products and corned beef. In addition, Uruguay exports a variety of sauces as well as bakery and biscuit products.

Chart 13
Processed Food Exports
 (Million USD)



Source: Created by Uruguay XXI, based on Customs

Dairy products are an important component of processed food exports. Cheese and cottage cheese took the lead in dairy exports, with USD 115 million in 2023, showing steady growth over the past years. Brazil, Mexico, Russia and Argentina were the main target markets for these products. Butter and other milk fats have fluctuated, reaching USD 48 million in 2023 after a peak in 2022 of USD 88 million. Unconcentrated milk and cream also showed variability, reaching USD 5 million in 2023.

Processed **meat products** exports have grown steadily in recent years, reaching USD 76 million in 2023, and reflecting sustained demand in the international market for meat preparations and canned meat and other meat products. The main target was United States, which accounted for 83% of foreign sales in 2023, mainly in seasoned meat and corned beef.

Other foods include products such as **saucers, bakery products, pasta and ice cream**, among others. Condiment and sauce preparations lead the exports with a steady increase, reaching USD 26 million in 2023. Bakery and pastry products have also shown growth, achieving around USD 5 million in 2023.

Prepared fruits and vegetables exports have shown remarkable variations in recent years. Prepared and preserved fruits reached USD 3 million in 2023, a decrease compared to 2022. Prepared and preserved tomatoes showed a significant increase from USD 377 thousand in 2022 to USD 813 thousand in 2023.

In summary, the processed food industry in Uruguay is diverse and presents heterogeneity among its sub-sectors. While some products are showing a steady growth, others are facing challenges in order to maintain their export levels.

4.3.3. INGREDIENTS

Ingredients play an essential role in food production, as they provide key components in the process of a wide variety of products. This area experienced strong growth, driven by increased consumption of processed foods. Busier lifestyles boosted demand due to the greater convenience and variety these foods offer. The ingredients industry focused primarily on enhancing the preservation and taste of food by increasing the availability of preservatives and sweeteners. New trends are focusing innovation on the incorporation of functional ingredients that provide health benefits.

Table 13
Main Variables - Ingredients

Subsegment	Products	No. of companies	Employment	Part. (%) Exports	Part. (%) Foreign	Part. (%) Integrated
Oils and fats	Oils, margarines, fats	7	973	71%	14%	0%
Rice	Oils, fats	4	1,292	100%	75%	100%
Beverages	Concentrates	2	241	100%	50%	0%
Meats and by-products	Intestines, collagens, flours, tallow	6	631	83%	33%	0%
Coadiuvants	Yeast, additives, colorants, coloring agents, flavorings	6	278	50%	33%	0%
Fruits	Oils, essence	2	466	100%	100%	100%
Flours and malts	Flours, malts, premixtures	11	1,175	55%	36%	0%
Dairy products	Milk, whey, powder cheese	7	3,199	86%	71%	43%
Prepared coffee, cocoa, sugar and others	Sweeteners, coffee, cocoa	7	541	57%	14%	0%
Total overall		52	8,796	71%	40%	17%

Source: Uruguay XXI

Uruguay is a leading exporter of ingredients, with a wide variety of products such as beverage concentrates, milk and cheese powders, yeasts, vegetable oils, brewing malt, flours, cocoa and coffee blends, among others.

The ingredients sector is diverse and encompasses a variety of essential products that contribute significantly to the country's economy. Below, there's an analysis of the ingredients production ecosystem, its main products and their impact considering number of companies, employment and share of exports, foreign investment and vertical integration with other productive activities in the chain.

In total, the production of ingredients in Uruguay was composed of 52 companies employing 8,796 people. If we consider the total employment of the companies, it should be noted that 17% of them were vertically integrated, so besides producing ingredients, they performed either primary activities or production of processed food. Also, 71% of these companies were involved in exports and 40% had foreign participation. This sector showed a high exposure to the international market and strong levels of foreign investment in certain sub-sectors, reflecting its importance in the Uruguayan economy.

The **beverage** sub-segment, which includes concentrates, was represented by two companies employing 241 people. All companies in this sub-segment made exports, and 50% had foreign participation. None of them was integrated.

Uruguayan exports of ingredients experienced a remarkable growth during the last two decades, driven both by the emergence of new products and the increased demand for more traditional products: beverage concentrates, dairy ingredients and malt.

PepsiCo Uruguay - Leader in producing and exporting beverage concentrates

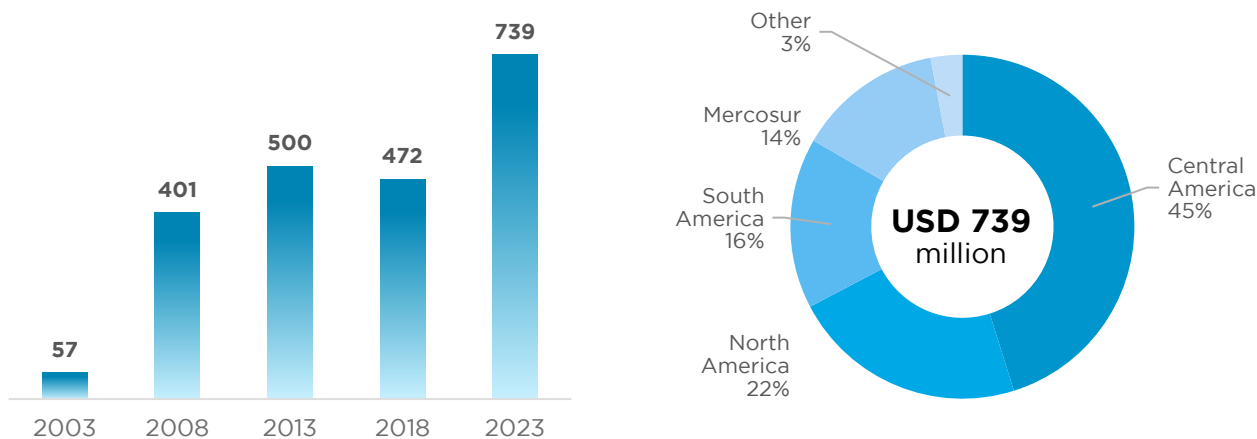
In recent decades, Uruguay has become a leading producer and exporter of beverage concentrates. PepsiCo, located in the Colonia free trade zone, experienced growth in the production and export of beverage concentrates. The plant in Uruguay is one of the eight concentrate facilities of this US company, and it exports to more than 30 destinations, mainly in Latin America.

Since its establishment in Uruguay, PepsiCo has experienced a great growth process. Whereas in 2018 exports represented USD 472 million, in 2023 this figure rose to USD 739 million.

PepsiCo's production in Uruguay is mainly for Latin America market (61%), which strengthens the company's presence in the region. Then, North America (22%) and to a lesser extent the European Union, consolidating the company's position in highly competitive markets.

Chart 14

Uruguayan Beverage Concentrates Exports
(Million USD)



Source: Created by Uruguay XXI, based on Customs and SIGES of Nueva Palmira

PepsiCo's latest bet in Uruguay was in 2021, with an investment of USD 64 million to expand its production capacity by 60%⁸. The company's sales currently represent 5% of the country's goods exports.

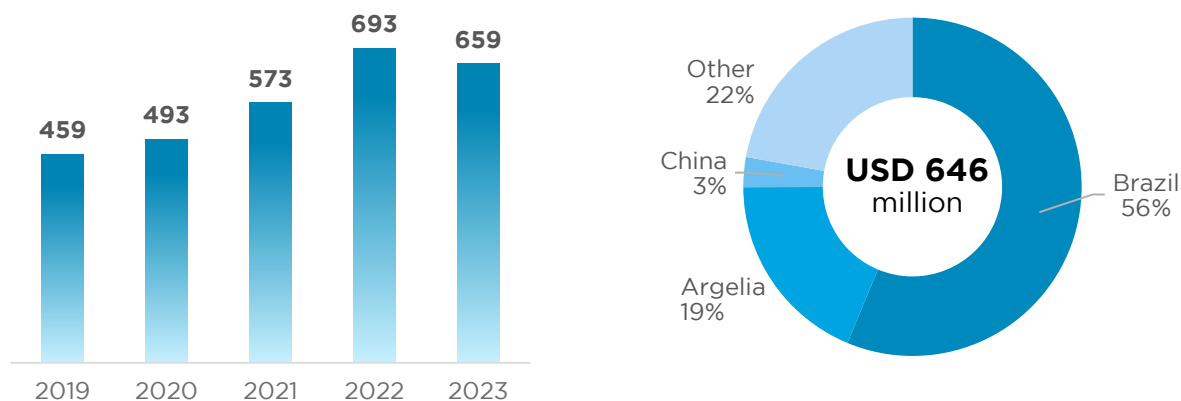
Dairy ingredients

The dairy industry in Uruguay is focused on exports and reaches more than sixty markets. Uruguay is the seventh largest exporter of dairy products in the world with 2% of total global exports, behind New Zealand, the European Union, United States, Australia, Argentina and Belarus.

Uruguay is a major exporter of dairy ingredients, milk-derived components obtained through liquid milk processing and dehydration. Some examples include milk powder —Uruguay is the world's fourth largest exporter—, whey powder and casein. These are used to make a wide variety of products, such as ice cream, confectionery and other processed foods.

⁸ News ([Link](#))

Chart 15:
Dairy Ingredients Exports
(Million USD)



Source: Created by Uruguay XXI, based on Customs and SIGES of Nueva Palmira

In 2019, dairy ingredient exports resulted in USD 459 million and by 2023 this number reached USD 659 million. This increase can be attributed to Uruguay's good reputation as a producer of high-quality dairy products and the consequent higher demand in international markets.

There are several companies engaged in the production of dairy-based ingredients. The main companies have a specific focus within the industry and their business profiles reflect the diversity and quality of dairy products.

Conaprole

Conaprole is Uruguay's leading dairy company and one of the largest dairy cooperatives in South America. It produces and markets a wide range of products, including fresh milk, cheese, butter, milk powder, and other milk-derived products.

Alimentos Fray Bentos S.A.

This Argentinean company exports 20,000 tons per year of ingredients for the industry. It offers tailor-made products, designed according to the needs of each customer, with a collaborative Research, Development and Innovation (R&D&I) process. The company delivers solutions in the field of infant formulas and dairy preparations for a number of

uses. It produces powdered infant formulas made from fresh, pasteurized skim milk, manufactured by spray-drying process with the addition of vegetable oils, dairy derived products, vitamins and minerals.

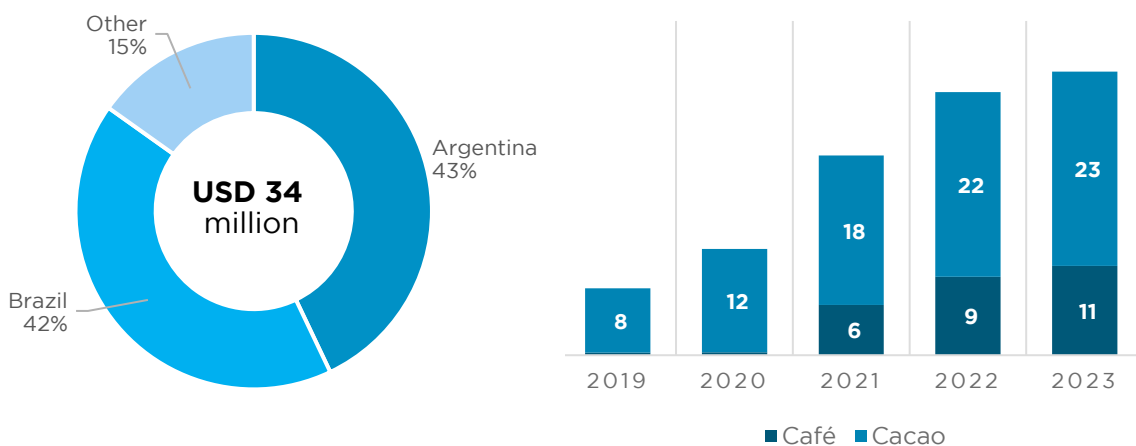
Lactosan

Lactosan is a company of Danish origin that specializes in the production of dairy ingredients with a particular focus on the manufacture of lactose and other whey-derived products. The company is engaged in production and preparations of cheese powder, a relevant ingredient in the food industry. The company stands out for its international experience.

Other ingredients

Coffee and cocoa exports are on the rise as a result of Uruguay’s strategy becoming a regional food hub. Although the country does not produce coffee or cocoa, it offers competitive advantages through an investment promotion and temporary admission system that allows companies to set up in Uruguay, import raw materials, process them in Uruguay and then export them without paying import taxes.

Chart 16:
Coffee and Cocoa Exports
(Million USD)



Source: Created by Uruguay XXI, based on Customs

This steady growth in cocoa exports over the past years —and more recently, coffee exports as well— demonstrates the success of Uruguay's strategic approach to the ingredients industry.

Nestlé

Coffee exports come from the Swiss company Nestlé, which established a roasting and grinding plant in Uruguay, where Starbucks brand coffee is produced for all Latin America.

With the aim of expanding the volume of exports and targeting mainly the Brazilian, Chilean, Argentinean and even Mexican markets⁹, the company seeks to multiply its production capacity in the country sevenfold in a few years.

F. Pache

F. Pache is an Uruguayan company dedicated to the production and merchandising of ingredients for the food industry. The company has a cocoa powder production plant located in Parque Industrial Zona Este, department of Canelones. The plant was opened in 2014 and has a production capacity of 1,000 tons of cocoa powder per year.

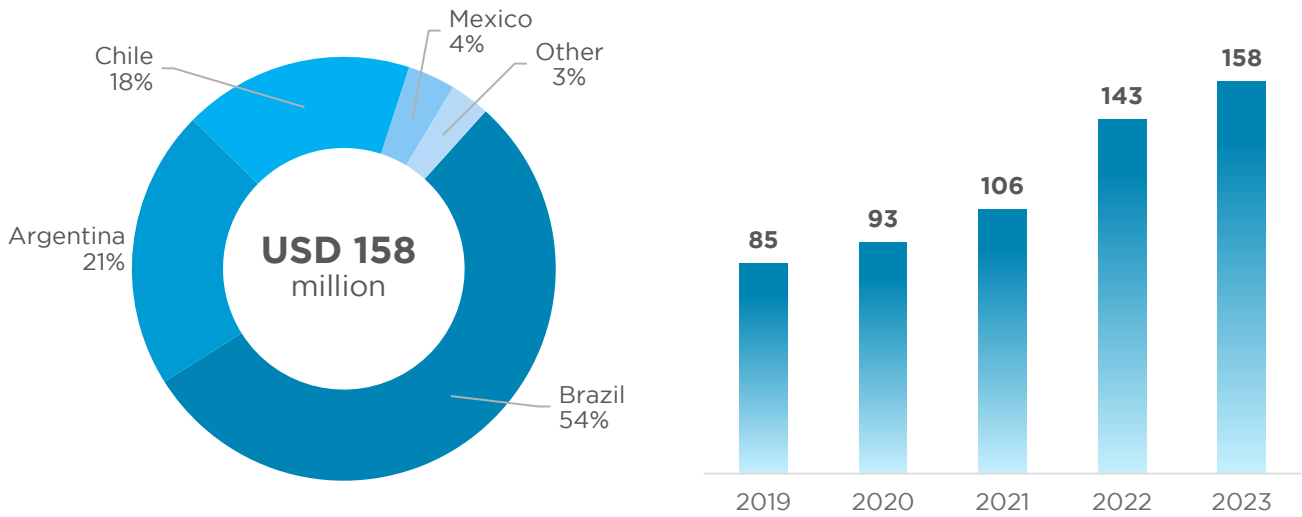
F. Pache's cocoa plant uses cocoa cake as raw material. Cocoa cake is a by-product of chocolate production obtained by pressing cocoa beans. Cocoa cake is rich in fiber and protein and it's used in a variety of food products, such as chocolate, cookies, cakes, and beverages. The company exports cocoa powder to countries in Latin America, Europe and Asia. F. Pache is a leading supplier of cocoa powder in Uruguay.

The **oils and fats** industry in Uruguay is composed of several key companies that contribute through the production and export of various types of oils. Together, these companies had total exports of USD 158 million in 2023, showing a significant industry growth over the past years. The oils industry has a strong presence in international markets and a wide range of products for both human consumption and industrial uses. Exported mainly to Latin American countries.

⁹ Press release with Nestlé executive in Uruguay ([link](#))

Chart 17:
Oils and Fats Exports

(Million USD)



Source: Created by Uruguay XXI, based on Customs

Aarhuskarlshamn (AAK)

This Swedish-Danish multinational food and beverage company is the leading company in the Uruguayan’s oils industry. The company specializes in the production and export of plant-based ingredients, such as vegetable oils, fats, lecithins and emulsifiers. The products are used in a wide range of foods and beverages produced in Uruguay, like cookies, chocolates, pasta, snacks, and beverages.

COUSA

Compañía Oleaginosa Uruguayana Sociedad Anónima (COUSA) has also shown an export increase. This company is engaged in the production of vegetable oils, mostly soybean and sunflower, and exports mainly to Mercosur countries and Europe.

Alcoholes del Uruguay S.A.,

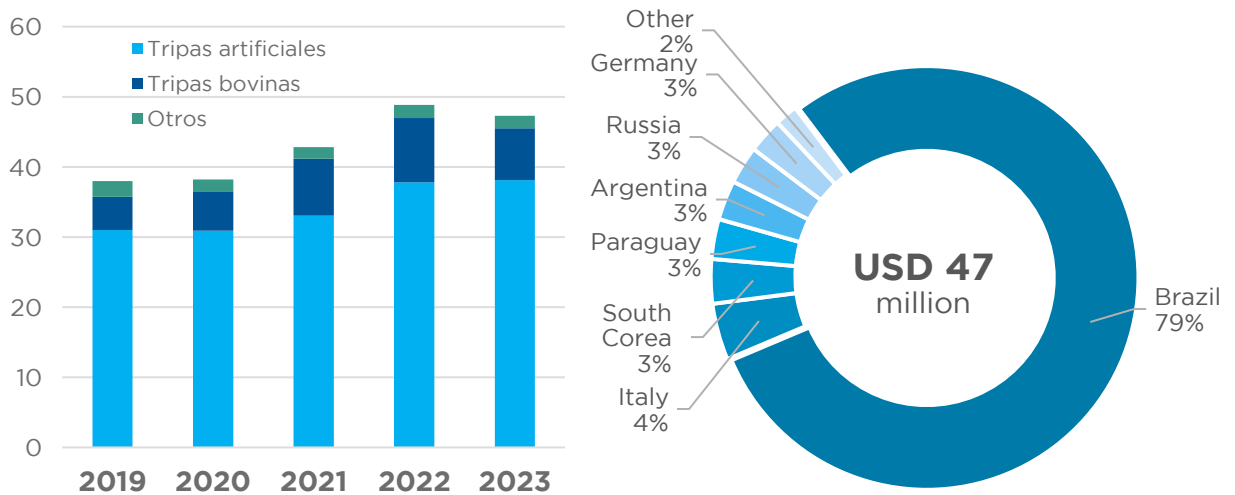
Mainly due to its production of alcohols, in recent years it has significantly increased its involvement of the oils market, with exports of USD 28 million in 2023, which makes it the second largest exporter of oils. This exponential growth from 2022 is the result of a commitment to diversification. According to the 2023-24 Oilseeds Plan, ALUR will be able to process 83,000 tons of canola and 10,000 tons of sunflower, from which it plans to produce 12,000 tons of biodiesel, 27,695 tons of oil, and 47,480 tons of pellet (animal feed).¹⁰

Meat ingredients are also a wide range of products, such as artificial intestines, additives, preservatives and flavors.

Chart 18:

Meat Ingredients Exports

(Million USD)



Source: Created by Uruguay XXI, based on Customs

Viscofan

Viscofan S.A., a leading Spanish multinational company in the production of artificial intestines for the meat industry, has a plant in Uruguay. Viscofan's artificial intestines are used for the production of a wide variety of meat products, such as sausages and chorizos.

¹⁰ Source: <https://www.elpais.com.uy/negocios/noticias/alur-pide-autorizacion-para-contratar-deuda-y-contratar-cobertura-para-el-riesgo-de-precio-cuanto-sera>

Berdick

Berdick is an Uruguayan company established in 2008 that processes and markets intestines. It has a plant approved for exporting to markets such as the European Union, United States, Canada and Russia. The plant carries out the calibration, salting and storage of intestines.

Yeasts, premixes and emulsifiers are three essential ingredients in the food industry.

Lesaffre

This is a French company engaged in the production and marketing of yeast, premixes and other ingredients for the food industry. Lesaffre Uruguay has its production plant in Montevideo.

It began its operations with the production of yeast for baking and later expanded its product range to include premixes and other ingredients. Lesaffre's products are used in a wide range of foods, such as bread, cookies, pasta, pizza, beer and wine.

5. URUGUAY VALUE PROPOSAL

5.1. SUSTAINABLE PRODUCTION HUB

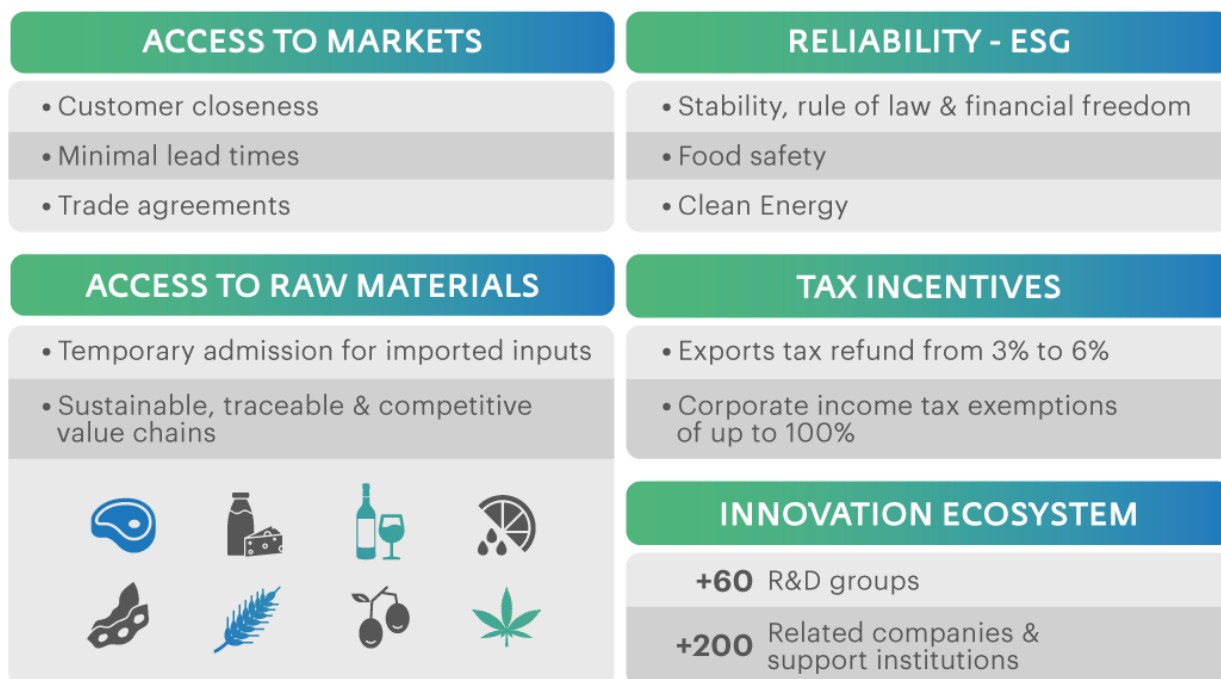
Uruguay is a strategic access point for companies seeking for expansion within the region and the world. Advantages focus mainly on proximity and preferential access to important regional customers (Mercosur, Brazil, Argentina, Paraguay, Mexico and Chile), access to local, high quality raw materials, attractive tax benefits (imports under temporary admission, export tax refunds and income tax exemptions of up to 100%), as well as a strong record in terms of stability, transparency and sustainability (highest performance in ESG factors).

Manufacturing operations are combined several times with regional distribution, trading and centralized service centers. Companies can opt for the free zone regime or the income tax exemption benefits of the general investment regime, which is reinforced by export refunds and temporary admission system for supplies and equipment, exempting them from customs duties, among others.

For access to raw materials, Uruguay has opportunities mainly in dairy products, beef, poultry, pork, cereals, oilseeds, fruits and vegetables. All these chains are highly competitive and export-oriented, with access to the most demanding markets.

The talent linked to R&D in Uruguay is highly qualified and cost-competitive. Uruguay has a consolidated innovation environment, important research groups and a mature technology industry focused on developing high valued solutions for global markets. There is a dynamic innovation support environment that collaborates in the incorporation of new product lines or the implementation of innovation projects between companies and research groups. There are more than 60 research groups linked to the food industry, bringing together more than 300 researchers capable of developing processes and products with quality control systems according to international standards. Recently, innovation capabilities have been strengthened for challenges resolution and market launch acceleration with the start of operation of NewLab and Microsoft Lab (AI/IOT).

Figure 2
Food Industry Value Proposal



Uruguay is strategically located in the heart of the Southern Cone of America and shares borders with the important markets of Brazil and Argentina. The central geographical position facilitates access to neighboring markets and provides a connection to the Atlantic and Pacific oceans. The proximity to important economic centers and ports in the region make Uruguay a key logistics hub for international trade.

Uruguay’s logistics infrastructure stands out for its efficiency and versatility. The country has modern and efficient ports: Montevideo and Nueva Palmira are the main departure and arrival points for exports and imports from Uruguay, as well as from countries in the region, such as Paraguay and Bolivia. In addition, it has the densest road network in the region, with good maintenance standards, ensuring smooth transportation of goods throughout the country and to neighboring countries. This combination of multimodal transportation provides flexibility and speed in the distribution of products and it’s a competitive advantage valued by companies established in Uruguay.

Figure 3

Uruguay: a gateway to the Brazilian market

Uruguay is an open economy and has a strategic location due to its proximity to Brazil, the largest market in the region. This makes it the gateway for companies looking for expansion in South America.

In 2022, Uruguay and Brazil signed a bilateral agreement that extends the Mercosur origin benefit to products made in Uruguayan free trade zones. This means that companies running under these special regimes can export their products to Brazil without paying the Common External Tariff (CET) —as long as their production complies with Mercosur origin requirements.

PepsiCo, the U.S. company that operates from Colonia free trade zone, increased its sales to Brazil by 50% in the last year. The bilateral agreement allowed it to add tariff benefits to the tax exemptions to which the plant already had access to because of its location in a free trade zone, resulting in an improvement in competitiveness.

Other companies, such as Lactosan of the Danish Thornico group, along with McCormick or the Swedish AAK, use the investment promotion, temporary admission and export refund systems to flatten their production business mainly oriented to the Brazilian market and its bakery industry in particular.

Trade openness: Uruguay is a member of Mercosur, a trade bloc that includes Argentina, Brazil, Bolivia and Paraguay. In addition, the country has trade agreements with Chile and Mexico, among others. These agreements allow companies established in Uruguay to access an expanded market of approximately 400 million people.

The elimination of tariffs and trade barriers facilitates the flow of goods and services, thus encouraging international trade and foreign direct investment.

5.2. ACCESS TO RAW MATERIALS

5.2.1. LOCAL PRODUCTION

Driven by optimal natural characteristics and a large availability of fertile land, Uruguay enjoys a long tradition of food exports, combined with a thriving innovative environment and a modern and efficient institutional framework.

Products		Production (thousand tons 2023)
Grains	Wheat	1,283
Grains	Barley	897
Grains	Rapeseed	587
Grains	Soybeans	2,776
Grains	Corn	878
Grains	Sorghum	84
Grains	Sunflower	13.9
Grains	Rice	1,372
Dairy	Fluid milk	1,734 million liters
Meat	Bovine	1,249
Meat	Poultry	75
Meat	Sheep	79
Meat	Pork	11.7
Fruit	Citrus	299
Fruit	Deciduous fruit trees	80.8
Fruit	Grapes	107
Vegetables	Potato	93
Vegetables	Other vegetables	194
Fishing	Fish	59
Fishing	Mollusks	9
Fishing	Crustaceans	0.8

Source: DIEA Yearbook 2023

These characteristics made possible the achievement of important milestones in terms of food safety, traceability and sustainability in agrifood production that distinguish Uruguay in the world.

Moreover, Uruguay's production system offers ample access to quality primary goods which, once processed, are transformed into proteins, flours, oils and other essential products for food processing.

Safety, traceability and sustainability are three fundamental pillars of food production.

Safety: Uruguay has adopted international best practices and has a control and surveillance system that guarantees the safety of food produced in the country.

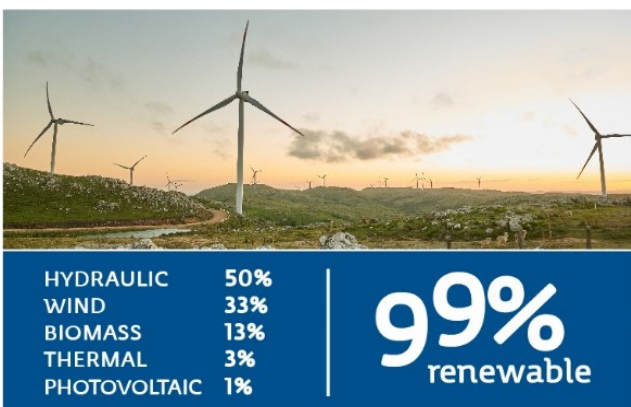
Traceability: Uruguay employs a comprehensive system that allows the traceability of a large part of foodstuffs from production to consumption. A striking example is the traceability of beef: 100% individual identification of cattle, which allows the trace of the origin, feed and other relevant details that facilitate the sanitary management of cattle and contribute to the transparency and quality of the final product. In addition, vineyards and citrus plantations are 100% geo-referenced.

Sustainability: Uruguay has developed a clean energy matrix and has encouraged sustainable production through active and innovative public policies. These efforts position the country as the best destination for investment according to ESG (Environmental, Social, and Governance) criteria.

Figure 4

At the forefront of sustainability

#3 IN THE WORLD
Wind & Solar Energy
REN21 2023 Report



Source: UTE, jan-oct 2024



GREEN BOND LINKED TO KPI



44%
Native forest and growing



+80%
Livestock production
based on natural pastures



LAWS:
Soil Conservation
Protected Area
Waste Management

5.2.2. TEMPORARY ADMISSION SYSTEM

In addition to the availability of local agrifoods, Uruguay has an attractive import system for the industry. Temporary Admission (TA) allows duty-free imports (tariffs and domestic duties) of raw materials and supplies to be used in the production processes of goods for export.

The TA system is a key incentive for many companies in Uruguay, especially the ones in the food industry. The food industry was the second most relevant sector in the use of TA, only surpassed by the automotive industry. In 2023, around 48 companies in the food industry imported supplies under this system for an amount of USD 203 million. These companies, after transforming the supplies, exported USD 676 million. This phenomenon shows the relevance of the system as a mechanism for promoting the competitiveness of the industry.

Companies in the industry import a wide range of products through this system, the most important of which are margarine, oils, bovine fats, intestines and dairy products. In addition, **the industry uses this mechanism to cover its logistical and packaging needs, importing paper and cardboard.** The following table details the relative importance of supplies imported under TA by companies in the food industry.

Table 14
Imports under TA of Food Companies
 (2023)

Products	Part. (%)
Margarine and oils	34%
Bovine fat	20%
Dairy products	9%
Cocoa paste	7%
Paper and cardboard	4%
Other foods	20%
Other	6%
Total	\$203 million

Source: Created by Uruguay XXI with data from Dirección Nacional de Aduanas (DNA)

To access this incentive, companies must apply for import under Temporary Admission to the Technological Laboratory of Uruguay (LATU), complying with specific requirements. Once approved, this is communicated to Customs and the company. The companies and other

intermediaries are responsible for the Temporary Admission operations as established in the regulations.

Figure 5

Success Story: Nestlé Coffee for Export in Temporary Admission

Nestlé, the renowned global food company, transformed the coffee industry in Uruguay through the use of the Temporary Admission system. Although Uruguay is not a coffee producer, the company capitalized on its strategic location and flexibility to successfully develop the Coffee for Export business. Thanks to the Temporary Admission, the company imports coffee beans from different parts of the world without origin restrictions and applies its roasting and blending expertise in the hub installed in Montevideo. This innovative process allows the company to re-export diverse blends of premium coffee to more than 15 countries in different continents under the Starbucks brand for its commercialization in retail. This success story reflects how the combination of the Temporary Admission system and the experience of a leading company boosts the Uruguayan food industry and positions the country as a reliable global player in food exports. It also highlights Uruguay's ability to adapt and thrive in competitive international markets.

5.3. TAX INCENTIVES

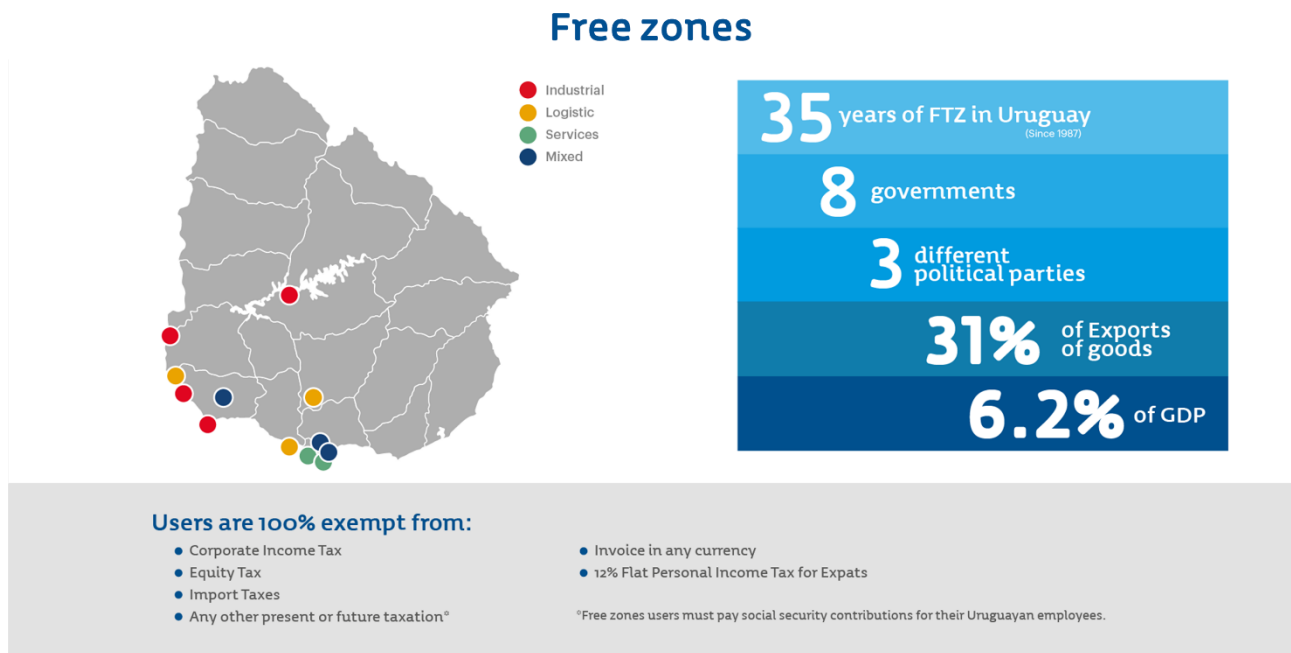
Uruguay offers a set of advantages in different business platforms that benefit the investor.

Some rules are transversal to all platforms of general nature for all industries, while others are specific to the food industry.

The main incentive frameworks for industrial production with focus in exports can be segmented into:

- a) **Free Trade Zone Law**
- b) **Combination of rules in non-free trade territory** (General investment regime and Special export incentives).

Figure 6



Industrial production in free trade zones can access Brazil without customs duties, but not Argentina and Paraguay, if the necessary percentages of local value added are achieved.

Figure 7



5.3.1. GENERAL INVESTMENT PROMOTION REGIME (LAW 16.906)

The main investment promotion regime is framed under Law No. 16.906, which declares that the promotion and protection of investments made by domestic and foreign investors in the national territory are of national interest. The law is regulated by a series of decrees and classifies tax incentives into two groups: general investment incentives and specific investment incentives.

The general investment promotion regime has undergone some recent modifications that make it even more attractive. The following are the main benefits contemplated in Decree 268/020 for investment projects submitted to COMAP¹¹:

- » **IRAE (Tax on Income from Economic Activities) exemptions: between 30% and 100% of the investment for a minimum period of four years** and a maximum of 25 years,

¹¹ COMAP: *Comisión de Aplicación de la Ley de Inversiones* (Investment Law Enforcement Committee). See [required documentation for the presentation and formulation of a project](#).

depending on the amount of the investment and the score obtained in six indicators (or the simplified employment matrix)¹²:

The IRAE exemption may reach up to 90% of the tax payable in each fiscal year included in the promotional declaration, so the minimum effective IRAE rate is 2.5%.

The exemption term may be suspended for up to two consecutive fiscal years or not.

- » **VAT refund** for the purchase of materials and services for civil works and movable goods for the investment project.
- » **Wealth Tax Exemptions:**
 - » Of civil works for eight years in Montevideo and ten years inland
 - » Of movable goods included in the eligible fixed asset investment for their entire useful life
- » **Exemptions from import duties or taxes, including VAT** on fixed assets movable goods and materials for civil works, that have been declared non-competitive for the national industry.

Eligible investment

- » **Movable goods** destined to the company activity of a minimum total value per acquired concept of 500 UI¹³ (Indexed Units). Excluded are goods intended for housing, vehicles acquired to be leased by companies whose activity is leasing without a driver (except electric passenger vehicles) and non-utilitarian vehicles¹⁴.
- » **Used goods** acquired on the market, directly or indirectly affected to the productive process will be eligible, as long as they have never been subject to tax benefits before and their age does not exceed three years since the first acquisition in the country.
- » In the case of investments in renewable energies —photovoltaic solar panels— those that represent a maximum of 20% of the total investment project will be eligible, and they must also compute at least two weighted points in the Employment Generation indicator.
- » The construction of **real estate or fixed improvements** on owned real estate, excluding those destined for housing and fixed improvements on real estate owned by third parties, provided that there is a contract with a minimum remaining term of three years.

¹² A minimum of one point must be obtained among all indicators (except decentralization). See [indicator guide](#).

¹³ As of 28/03/2022 equals USD 63 (UI=\$5.30; TC= \$41.79).

¹⁴ For further information, see Decree No. 268/020, page 3. The CIF value of utility vehicles, pickup trucks and vans shall not exceed USD 30,000. In the case of electric vehicles, they shall not exceed USD 60,000.

- » Seedlings and the costs of planting multiannual fruit trees and berry bushes.
- » **Passenger vehicles with electric motor** (until August 31, 2023)¹⁵.
- » Incorporated goods defined by the Executive Branch.

Investment term

- » The qualifying investment may be made up to six months prior to the filing of the application and within the following ten years.

Approval period

- » COMAP has 90 working days to make the recommendation to the Executive Branch. If upon expiration of this term, COMAP has not issued a decision, it will be considered as a **tacit recommendation** to the Executive Branch.

5.3.2. GENERAL EXPORT INCENTIVES

TEMPORARY ADMISSION (See 4.2.2)

EXPORT TAX REFUND

In the case of production and export activities, a refund of export taxes can be obtained (to be combined with temporary admission), depending on the tariff position of the product. It may be 3% or 6% of the exported FOB value. The benefit is obtained by incorporating 20% of value added in the country.

REFUND OF VAT PAID ON PURCHASES OF SUPPLIES

For non-exporting companies, the VAT paid on purchases can be recovered by deducting it from the VAT invoiced on sales made within the national territory, paying only the difference to the State. In the case of exports (of goods and services¹⁶) the tax is not invoiced, so the VAT included in the purchase of supplies is refunded directly at the request of the company. The General Directorate of Taxation (DGI) issues credit certificates that may be used in the payment of other taxes.

5.3.3. INDUSTRIAL PARKS

There are currently seven industrial parks in operation in Uruguay:

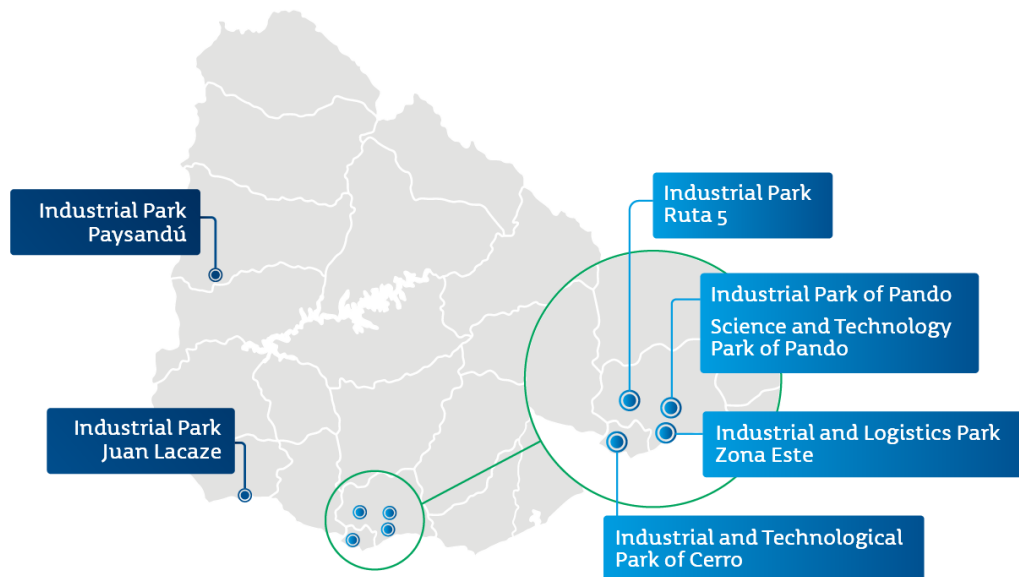
- » Parque Industrial de Juan Lacaze
- » Parque Industrial Paysandú

¹⁵ For further information, see Art. 23 of [Decree No. 268/020](#), page 14.

¹⁶ Decree No. 220/998 lists the operations included in the concept of exports of services.

- » Parque Tecnológico Industrial del Cerro
- » Plaza Industrial S.A. “Zona Este”
- » Parque Industrial de Pando
- » Parque Industrial y Logístico Ruta 5
- » Parque Científico Tecnológico de Pando

Figure 8



There is an **additional IRAE exoneration benefit of 15%** (in exoneration and term) over the percentage obtained by COMAP for those industrial park users that carry out any of the following activities:

- » Industrial activities.
- » Provide services such as storage, conditioning, selection, classification, fractioning, assembly, disassembly, handling or mixing of merchandise or raw materials related to the activities developed in the park. Related services shall be understood as those services belonging to the industrial value chain.
- » Solar thermal and/or photovoltaic power generation activities framed in promotional measures of the Executive Branch in force at the time of project presentation, decrees, ministerial resolutions and/or contracts with the state-owned power company UTE.
- » Waste recovery and utilization activities.
- » Service activities in the areas of communication and information technologies,

biotechnology and creative industries given their potential for contributing to the objectives set forth in Article 1 of Law No. 19.784.

- » In the case of other users, they may receive an additional IRAE exemption benefit of 5%.
- » In addition, those who carry out activities included in points a and b, will have a tax credit for the employer's pension contributions during the period of the schedule of compliance with the employment indicator (five years).

For more information, please access the [Industrial Parks](#) report of Uruguay XXI.

5.4. TRADE AND SERVICES HUB

Uruguay is consolidating its position as a global trade and service center for the Americas, with more than 80 global service centers (mainly in free trade zones, but also outside them). Some operations are solely shared service centers (e.g. BASF from its center in Montevideo, with more than 900 collaborators, supports all its operations from Alaska to Tierra del Fuego) and others combine CSC activities (Supply chain, F&A, Human Resources, Fraud Control, Marketing, Customer Service, Legal Support, Treasury, as well as IT Development) with Trading (e.g. Syngenta, Trafigura, Tenaris, Shimadzu, Merck, CBC, Abbot, Arcor, Alicorp). The centralization of these activities in Uruguay allows the optimization of services (both internal and to clients), as well as the reduction of tax and operative costs. Trading activities in Uruguay, as mentioned, are taxed at less than 1% of the commercial margin or transfer pricing margin. This applies to both sales trading operations and plant supply. This type of operation could eventually be located in the company's current offices.

If the hub is located in a free trade zone, the company's taxation is 0% and expatriates can choose to maintain social security contributions in their country of origin, paying 12% of personal income tax in Uruguay.

5.4.1. TRADING INCENTIVES

Regarding commercial activities, there is a resolution that governs a specific framework for the trade of goods or services, as long as they do not enter or come from Uruguay. The commercial services themselves have to be delivered from Uruguay. In that case, 3% of the net profit is considered Uruguayan source. On that 3%, IRAE is applied (25%), which gives an effective rate of 0.75% on the profit¹⁷.

¹⁷ Resolution 51/997

6. INSTITUTIONAL FRAMEWORK

In Uruguay, there is a tradition of effective collaboration between the public and private sectors to develop and implement policies. The food industry has a modern and efficient institutional framework that successfully addresses the challenges involved in its own development. The main institutions related to the food industry are mentioned below.

- » **Ministry of Livestock, Agriculture and Fisheries (MGAP).** The main agency responsible for agricultural policy in Uruguay. Some of the areas involved include animal and plant health, agricultural and livestock production and marketing, and research and development. [Web](#)
- » **Ministry of Industry, Energy and Mining (MIEM).** Government agency responsible for public policies on industry, energy and mining. The MIEM aims to promote the industrial, energetic and mining development of the country, contributing to the economic growth and people's welfare. It works to promote the growth and competitiveness of the food industry. [Web](#)
- » **Ministry of Public Health (MSP).** Agency responsible for public health policies. The MSP aims to protect people's health. In the food industry, it ensures food quality and safety. The organization fulfills this objective through a number of functions, including regulation and control of food production and marketing. [Web](#)
- » **National Meat Institute (INAC).** Institute constituted by the main public and private referents of the industry. Their goal is to promote, regulate, coordinate and supervise the activities of production, transformation, commercialization, storage and transportation of all types of meat, its offal, by-products and meat products. [Web](#)
- » **National Milk Institute (INALE).** It's responsible for promoting the sustainable development of the dairy chain in Uruguay. Formed in 2008 by public and private agents in the industry, it advises on the design of dairy policies by generating information and articulating ideas for decision making. [Web](#)
- » **National Institute of Vitiviniculture (INAVI).** Agency in charge of executing the vitiviniculture policy by advising, designing and guiding the economic development of the

industrial process from the very beginning. It tends to control the production process, regulating the volume and quality, aiming at the industrial development of the field. It is also involved in the promotion, development and research of the wine activity. [Web](#)

- » **National Institute of Livestock and Agricultural Research (INIA).** It seeks the sustainable development of the livestock and agricultural industry by creating and adapting knowledge and technologies. Through the development of a series of technological proposals, it fosters the sustainable intensification, competitiveness and international integration of Uruguay. [Web](#)
- » **Chamber of Industries of Uruguay (CIU).** The CIU aims to promote the industrial development of Uruguay. It represents industrial companies before government authorities and international organizations. The CIU represents the industrial network made up of 49 trade associations, 17 of which are in the food and beverage industry. [Web](#)
- » **Food Industry Chamber (CIALI).** Trade organization that represents companies in the food industry. It promotes the development, improvement, competitiveness and internationalization of the industry through effective union participation, under the principles of healthy competition and ethical-social commitment. [Web](#)
- » **Technological Laboratory of Uruguay (LATU).** Technological laboratory that offers research, development and innovation services to companies in the food industry. [Web](#)
- » **Pasteur Institute.** Scientific research institute located in Montevideo, specialized in infectious disease research, including food safety. [Web](#)
- » **Inter-governmental Institute for Cooperation on Agriculture and Food of the Southern Cone (IIBCE).** Scientific research institute located in Montevideo, specialized in agricultural research, including food production. [Web](#)
- » **National Agency for Research and Innovation (ANII).** Government agency responsible for promoting research and innovation in Uruguay. It offers grants and other supports to companies in the food industry. [Web](#)
- » **National Development Agency (ANDE).** Institution that fosters the country's development through programs that seek to improve business and territorial

competitiveness, with emphasis on *mipymes*. It designs programs and instruments for the promotion of micro, small and medium-sized companies. [Web](#)

- » **Uruguay Innovation Hub:** National program that seeks to boost Uruguay to the forefront of the knowledge economy. [Web](#)
- » **Uruguay XXI:** Government agency in charge of promoting exports, investments and country image. It offers support services to companies in the food industry. [Web](#)

All these institutions work together to design and implement policies that promote the development of the food industry in Uruguay. Challenges for the development of the industry include food safety, environmental sustainability and international competitiveness.

7. URUGUAY IN BRIEF

URUGUAY IN NUMBERS

Official name	República Oriental del Uruguay
Geographical location	South America, bordering Argentina and Brazil
Capital	Montevideo
Surface area	176,215 km ² . 95% of the territory is productive land suitable for agricultural and livestock exploitation.
Population (2022)	3.44 million
Population growth (2022)	
GDP <i>per capita</i> (2022)	USD 22,421
Currency	Uruguayan peso (\$)
Literacy rate	0.98
Life expectancy at birth	77.9 years
Form of government	Democratic republic with presidential system
Political division	19 departments
Time zone	GMT - 03:00
Official language	Español

MAIN ECONOMIC INDICATORS

Indicators	2018	2019	2020	2021	2022	2023	2024*
GDP (Annual % Var)	0.16%	0.93%	-7.38%	5.56%	4.71%	0.37%	3.35%
GDP (Million USD)	65,259	62,166	53,615	60,728	70,236	77,131	79,715
Population (Million people)	3.43	3.44	3.44	3.44	3.44	3.44	3.58
GDP <i>per capita</i> (USD)	19,010	18,095	15,593	17,648	20,395	22,422	22,267
Unemployment Rate - Annual Average (% PEA)	8.3%	8.9%	10.4%	9.3%	7.9%	8.3%	8.6%
Exchange Rate (Pesos per USD, Annual Average)	30.8	35.3	42.1	43.6	41.1	38.9	40.0
Exchange Rate (Average Annual Variation)	7.3%	14.7%	19.2%	3.6%	-5.6%	-5.5%	2.9%
Consumer Prices (Cumulative Annual % Var)	8.0%	8.8%	9.4%	8.0%	8.3%	5.1%	5.2%
Exports of goods and services (Million USD)**	17,283	17,254	13,909	19,639	22,611	27,570	28,149
Imports of goods and services (Million USD)**	13,973	13,504	11,431	15,134	18,993	18,865	19,242
Trade surplus / deficit (Million USD)	3,309	3,750	2,477	4,505	3,618	8,705	8,907
Trade surplus / deficit (GDP %)	5.1%	6.0%	4.6%	7.4%	5.2%	11.3%	11.2%
Overall Tax Result (GDP %)	-3.9%	-4.4%	-5.8%	-4.1%	-3.4%	-3.6%	-
Gross capital formation (GDP %)	14.9%	14.1%	16.4%	18.3%	18.9%	17.3%	-
Gross Public Sector Debt (GDP %)	58.9%	59.9%	74.5%	69.8%	68.1%	0.69	-
Foreign Direct Investment (Million USD) ***	-11	2,018	756	1,937	3,456	3,429	-
Foreign Direct Investment (GDP %)	0.0%	3.2%	1.4%	3.2%	4.9%	4.4%	-

Sources: BCU, INE, MEF and estimated data (*). Fiscal result data include the effect of Law No. 19590 (fifties). In 2017, the BCU adopted the methodology of the 6th balance of payments manual. Data based on this new methodology include purchase and sale of goods and re-exports and are available since 2012. Data are net flows, so they may take negative values (**).



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