

RESULTS REPORT



FOREIGN INVESTORS' SURVEY 2023

THIRD EDITION



OBJECTIVES

To assess and analyze the **business climate** in Uruguay as experienced by foreign investors, their level of satisfaction in multiple criteria, and their use and valuation of **investment promotion laws**.

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METHODOLOGY



METHODOLOGY

Target Audience

Foreign capital companies.

Sample frame

It was provided by Uruguay XXI. A sampling frame was formed which includes a total of 1153 companies.

Questionnaire

Uruguay XXI provided the first version, keeping a set of indicators already part of the surveys conducted from 2015 to 2018 to compare the results. Besides, a cognitive interview was conducted to adjust the questionnaire.

Survey mode

An online survey sent via email.

Fieldwork

Surveys were conducted between October 8th and December 8th 2023.

FIELDWORK RESULTS AND RESPONSE RATE

	2015	2018	2023
Complete	152	235	218
Partial	5	26	17
Not surveyed	635	753	918
Total number of companies	792	1014	1153
Complete + Partial	157	261	235

	2015	2018	2023
	19%	23%	19%
	1%	3%	1%
	80%	74%	80%
	100%	100%	100%
	20%	26%	20%

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CHARACTERISTICS OF THE COMPANIES



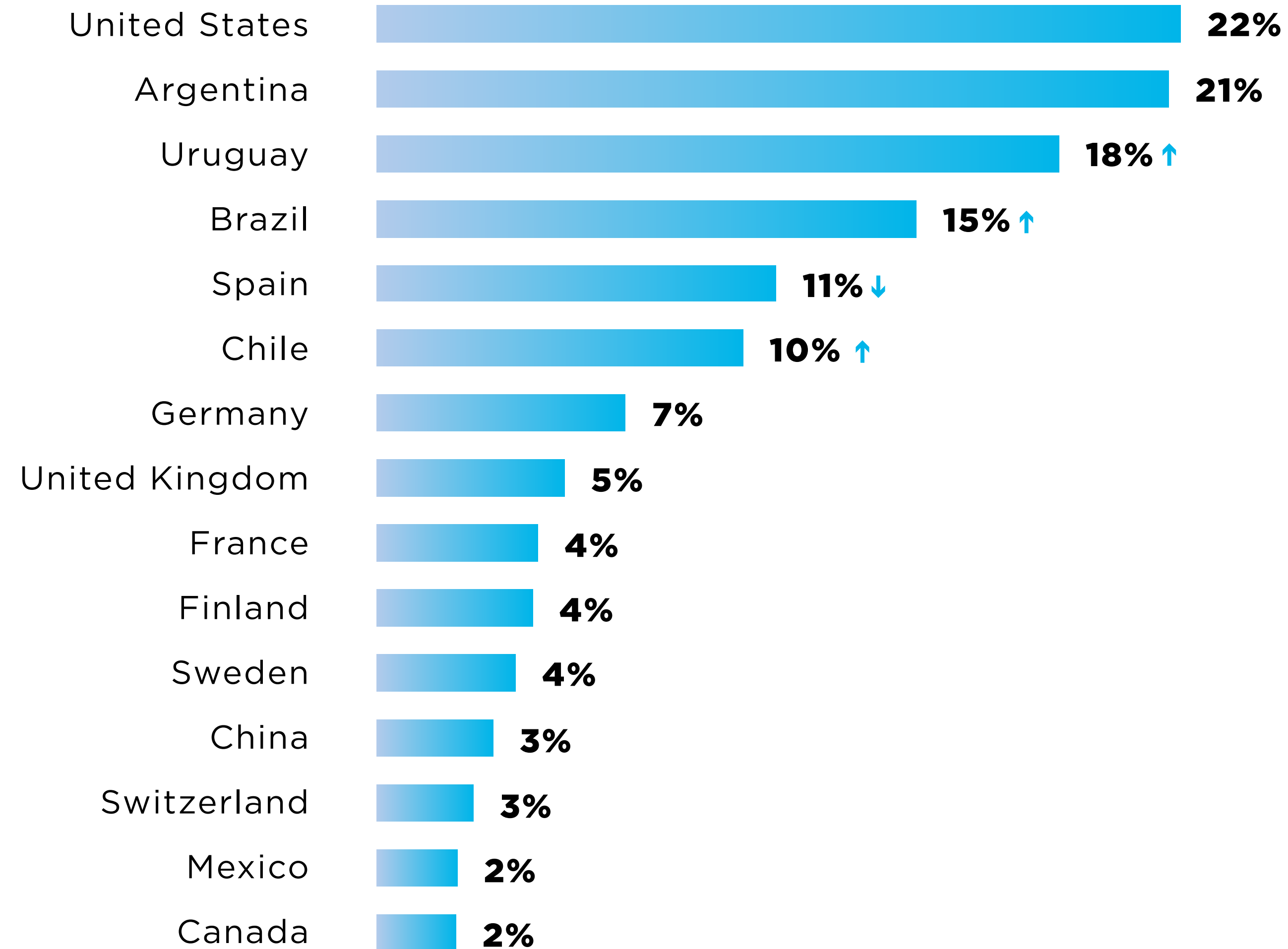
ACTIVITIES



Q17b: Which type of service is exported by the company in Uruguay? Professional and corporate services

Professional and corporate services	11%
Professional and corporate services	10%
Support services / CSC	7%
Customer Service Center	5%
Financial or insurance services	4%
Architecture, Engineering, and Design	2%
Audiovisual services and other creative services	2%
Other exports services	10%
No response	4%

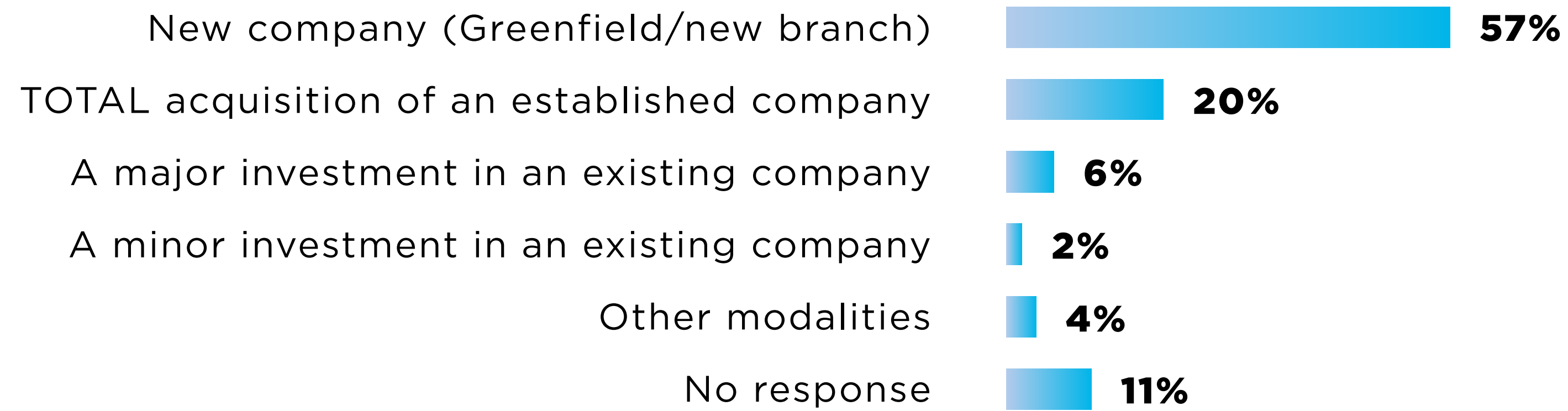
CAPITAL ORIGINS (Countries with 2% or more)



Survey size: a total of 222 respondents

Q14 Q14. What is the country/countries of origin of the company's capital? Please choose four, starting from the one with the highest to the lowest capital.

MODALITY OF SETUP IN URUGUAY



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DECISION OF INVESTING IN URUGUAY



KEY FACTORS TO INVEST IN URUGUAY

#1

Stability (macroeconomic, political and social)

79%

Institutional and legal security

71%

#2

Tax incentives and/or exemptions

47%

Free foreign exchange market and no
restrictions for the repatriation of profits

44%

#3

Access to qualified Human Resources

33%

Customers' proximity, time zone, and cultural affinity

32%

Quality of infrastructure (telecommunications, roads, etc.)

24%

Quality of life

20%

Access to raw materials and/or natural resources

14%

Country credit rating (investment grade)

12%

Market access conditions (tariffs, retentions, etc.)

12%

Access to renewable energies and other sustainable policies

10%

Labor costs

3%

Others (miscellaneous)

6%

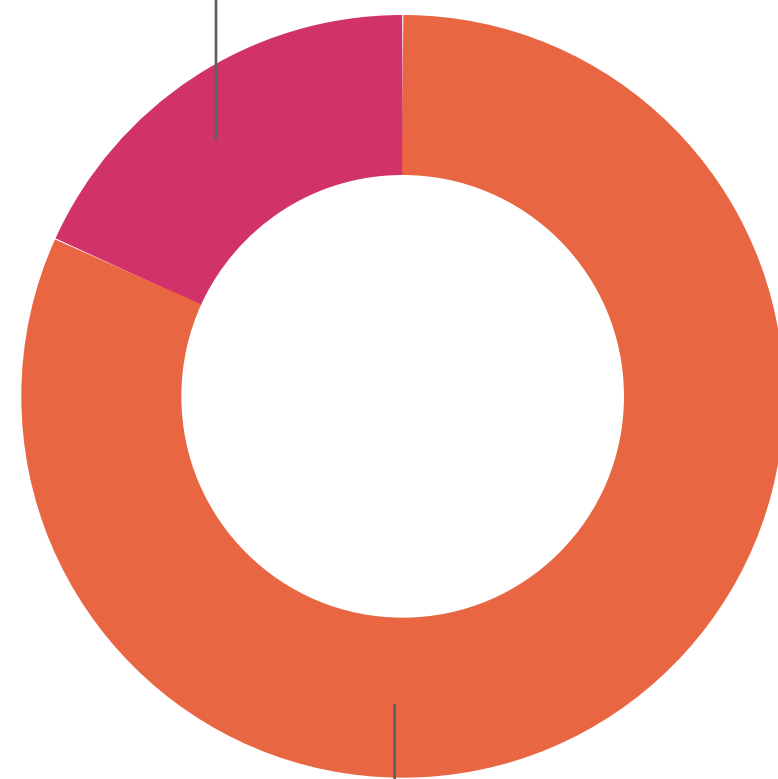
Survey size: a total of 235 respondents

Q1: What are the main elements due to which the company chose to invest in Uruguay? Please select all the applicable ones.

INVESTMENTS IN URUGUAY DURING THE LAST 5 YEARS

Q2. Has the company or economic group invested in Uruguay during the last 5 years (considering expansion, greenfield, or M&A)?

18%
HASN'T
INVESTED



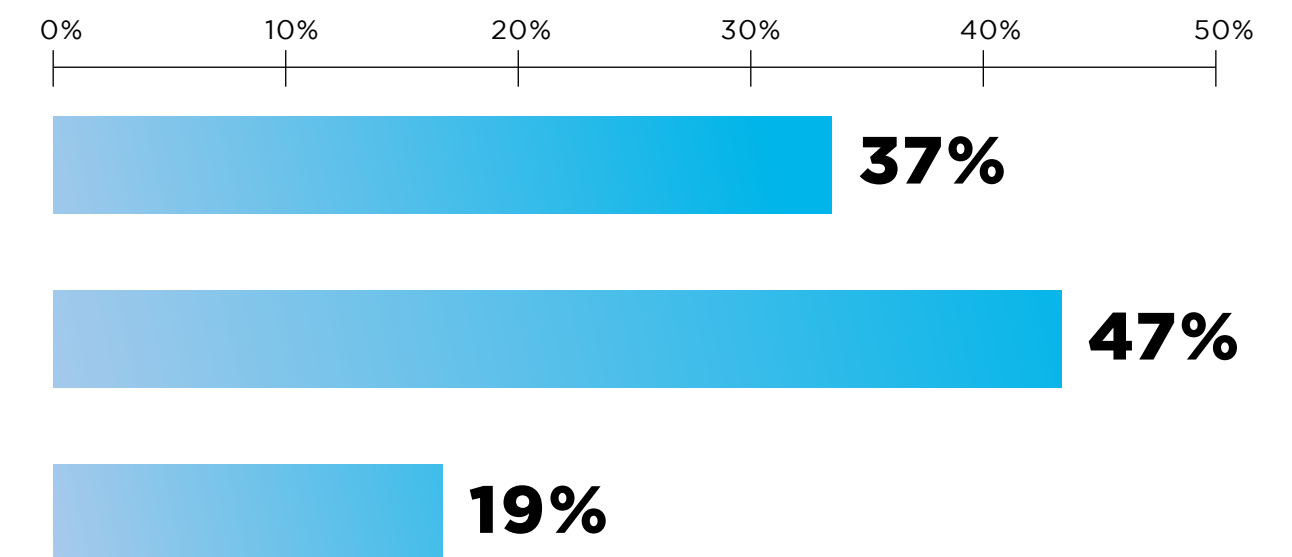
82%
HAS INVESTED

GOAL

Yes, to **keep** operating (depreciation, obsolescence)

Yes, to **expand** (bigger size)

Yes, to **diversify** (new business lines or platforms)



MODE

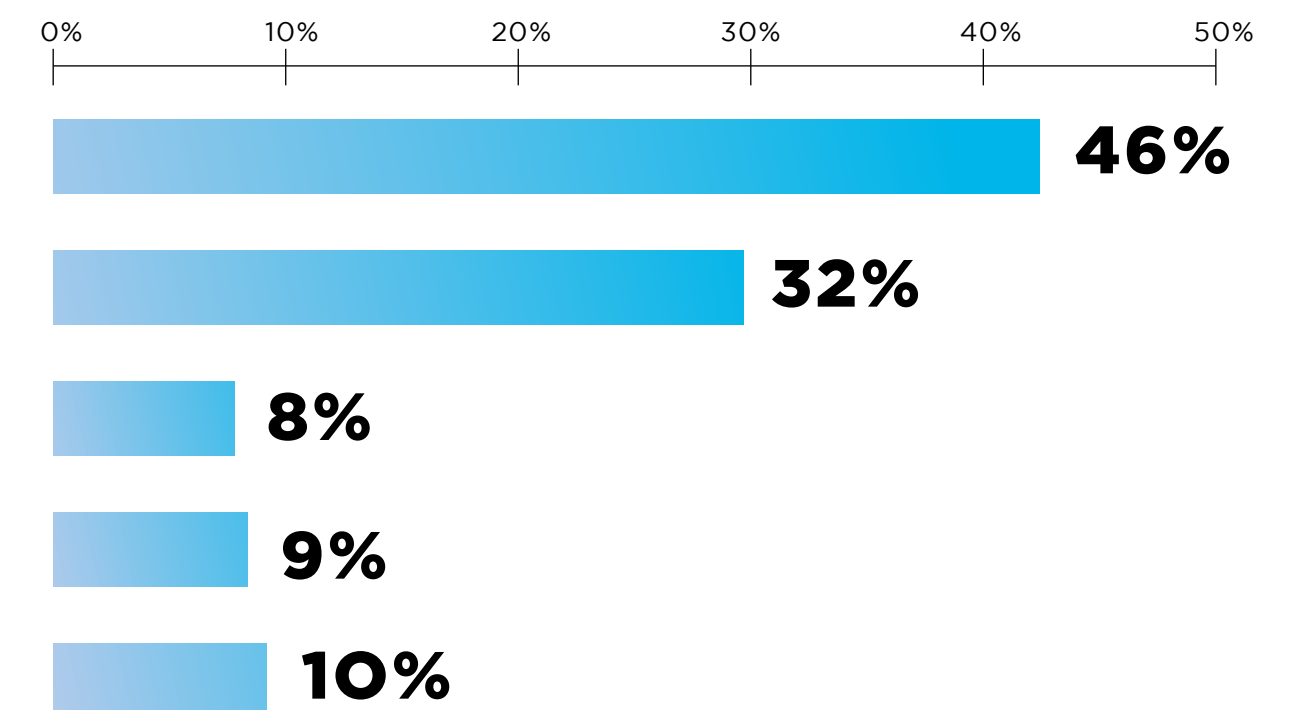
Profit reinvestment

Capital injection

Loans from related companies

Other modes

Don't know/No opinion



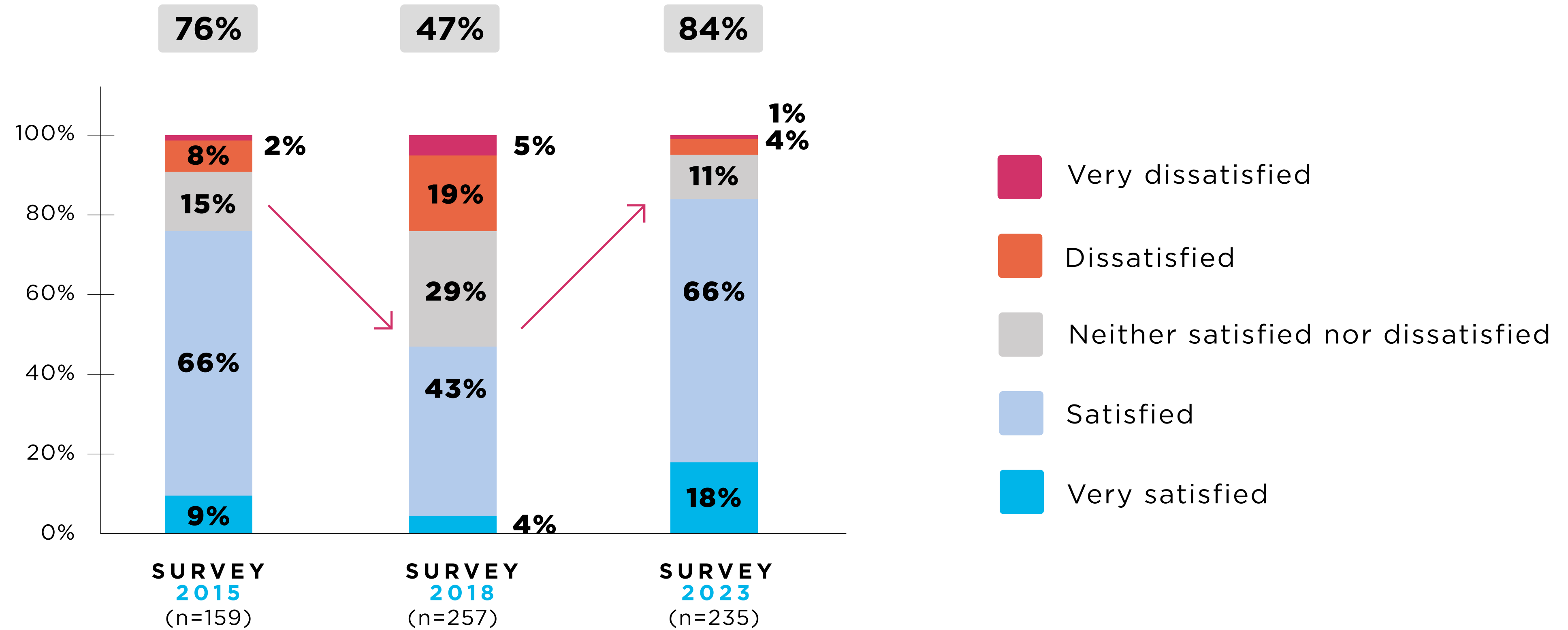
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INVESTMENT CLIMATE IN URUGUAY



OVERALL SATISFACTION WITH URUGUAY

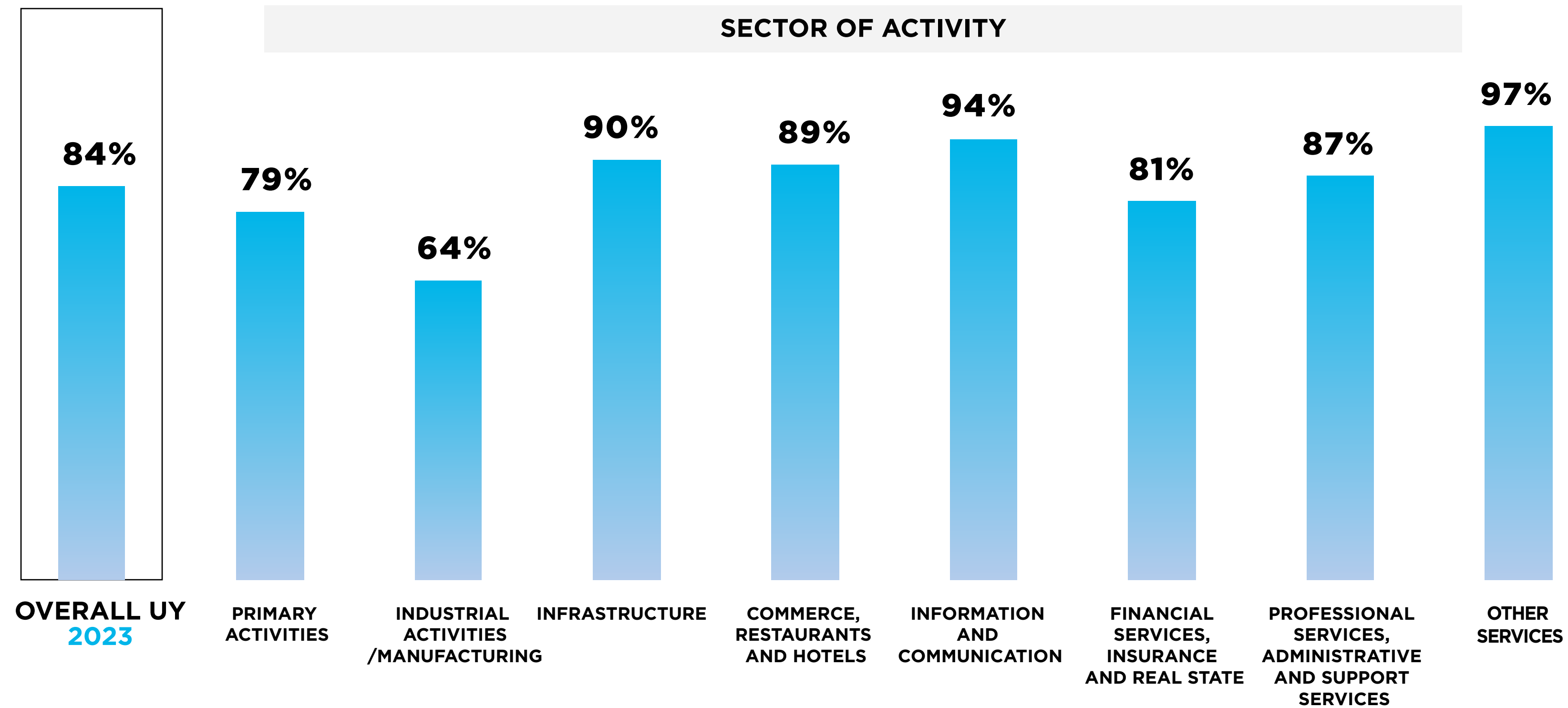


Survey size: a total of 235 respondents

Q6: How satisfied do you feel with Uruguay as a country to develop your company's activities?

OVERALL SATISFACTION WITH URUGUAY

% OF "SATISFIED" OR "VERY SATISFIED" COMPANIES



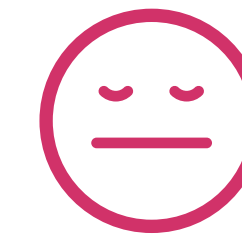
Survey size: a total of 235 respondents

Q6. How satisfied do you feel with Uruguay as a country to develop your company's activities?

REASONS FOR OVERALL DISSATISFACTION

**% OF
RESPONSES
(TOTAL = 100%)**

COST OF DOING BUSINESS	49%
High costs (unspecified)	21%
Lagging in Foreign Exchange	10%
Labor force cost	9%
Energy cost	9%
GOVERNMENT SUPPORT / INCENTIVES	20%
Bureaucracy/slowness	20%
LABOR MARKET	11%
HR quality	11%
REGULATORY FRAMEWORK AND TAXATION	10%
Regulatory issues / Lack of regulations	8%
Lack of regulation to defend competition	3%
INTERNATIONAL INSERTION	6%
Market size	5%
Difficulties in accessing other markets	1%
INFRASTRUCTURE	3%
Infrastructure issues / Low investment	3%

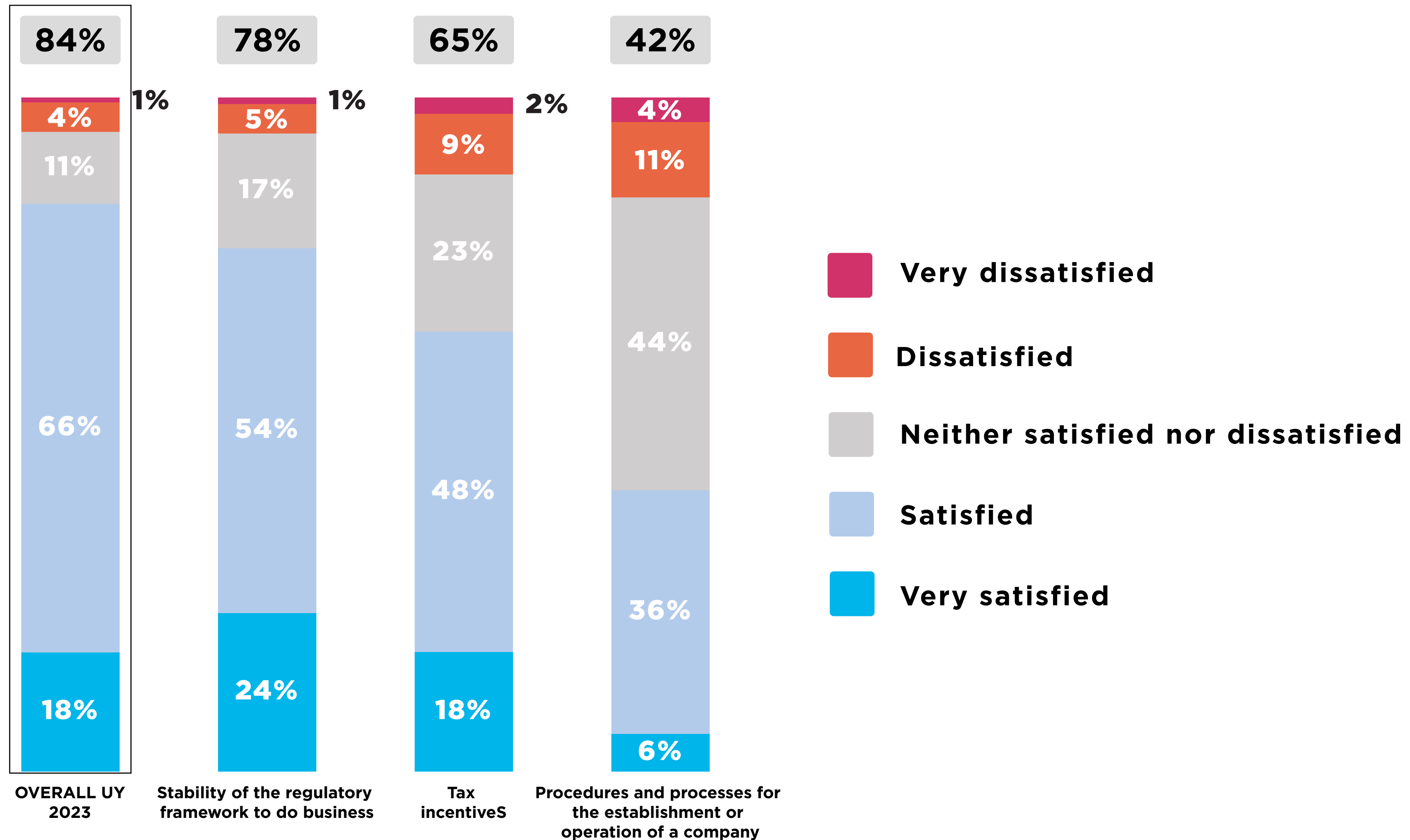


**COMPANIES
DISSATISFIED**

Survey size: total of “dissatisfied” or “very dissatisfied” companies with Uruguay as a country to develop their activities (n=22)

Q6b: Why do you feel dissatisfied with Uruguay as a country to develop your company’s activities? (open-ended response and multiple options)

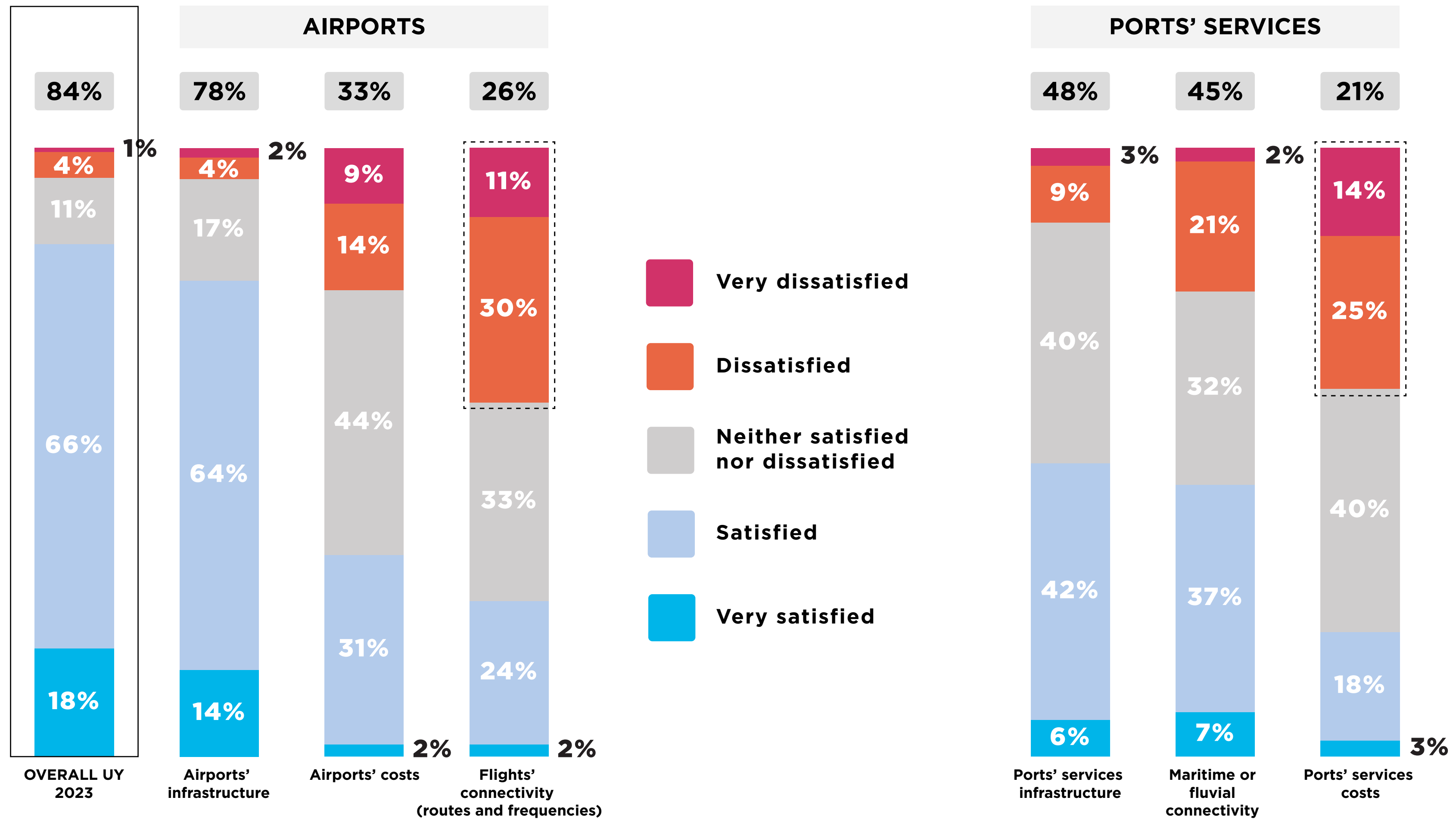
SATISFACTION REGARDING THE REGULATORY FRAMEWORK AND INCENTIVES



Base: total of companies that responded, excluding the ones that chose "No response" (n=230-223-227)

Q7: How satisfied do you feel regarding Uruguay's REGULATORY FRAMEWORK and INCENTIVES?

SATISFACTION REGARDING PORTS AND AIRPORTS



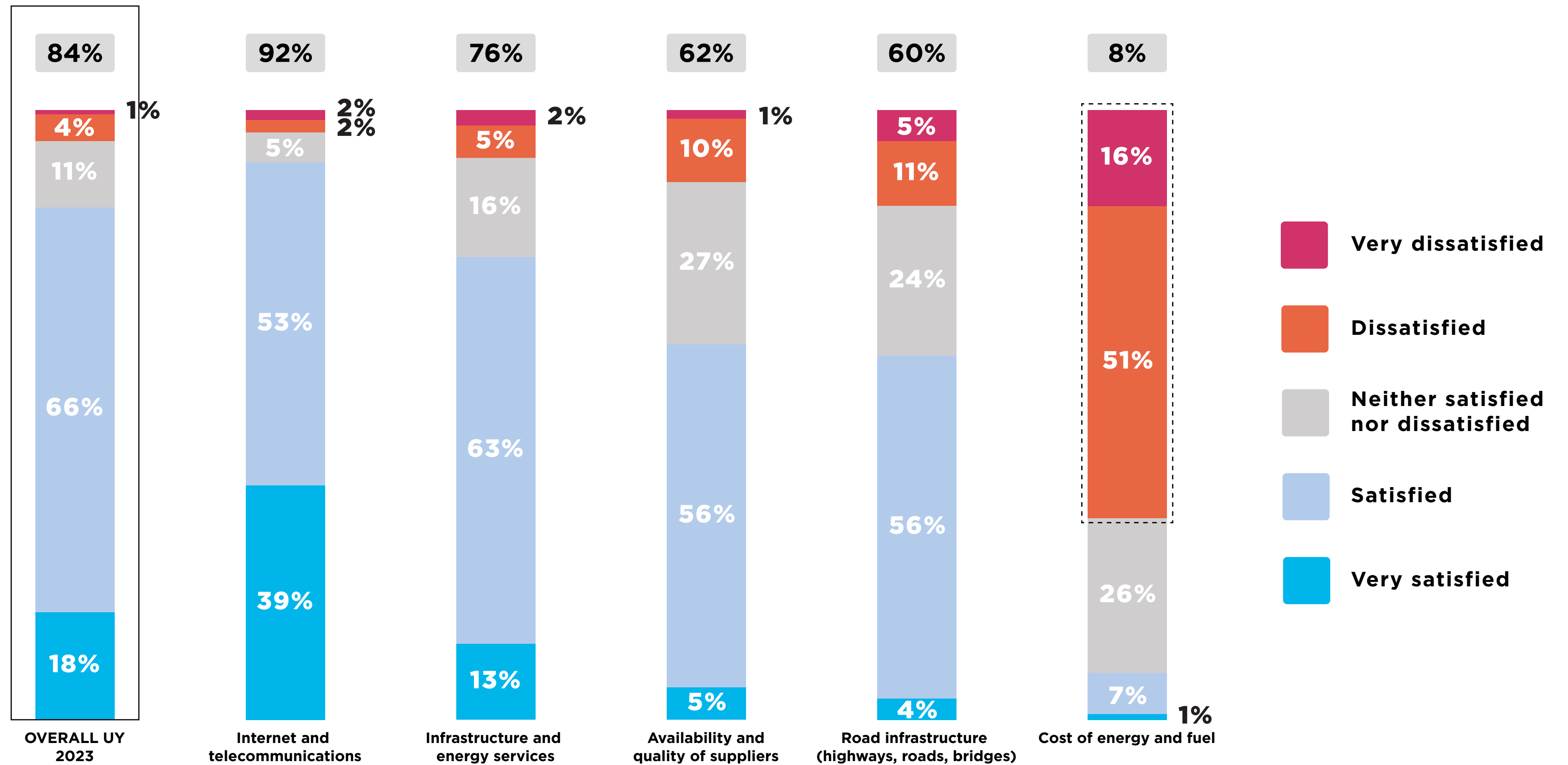
Approximately 20% don't use the airports or can't answer this question

Approximately 45% don't use the ports' services or can't answer this question

Survey size: : total of companies that responded, excluding the ones that chose "No response" (n=230-223-227)

Q7: How satisfied do you feel regarding Uruguay's REGULATORY FRAMEWORK and INCENTIVES?

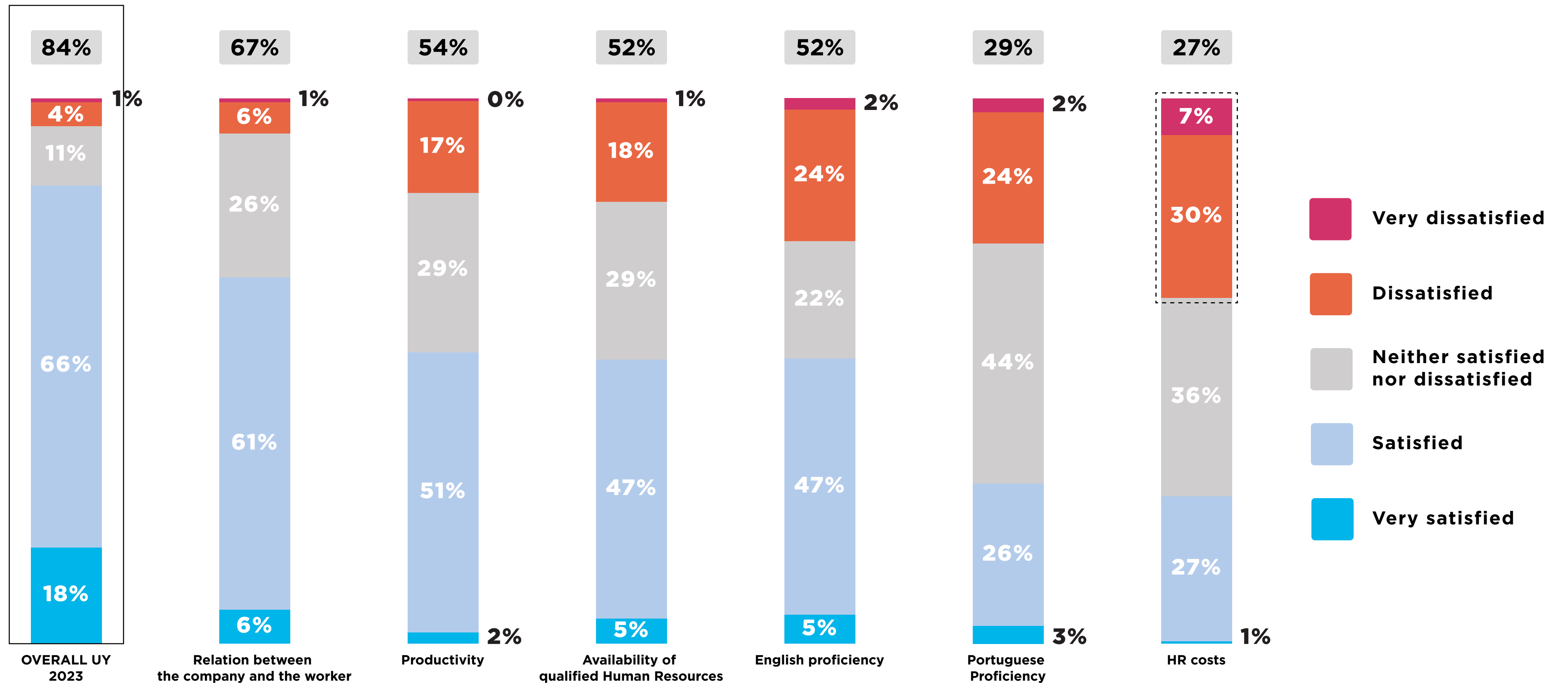
SATISFACTION REGARDING INFRASTRUCTURE AND SERVICES



Survey size: total of companies that responded, excluding the ones that choose "No response" (n=225-212-219-202-214)

Q10: How satisfied do you feel regarding Uruguay's INFRASTRUCTURE AND SERVICES

SATISFACTION REGARDING HUMAN RESOURCES

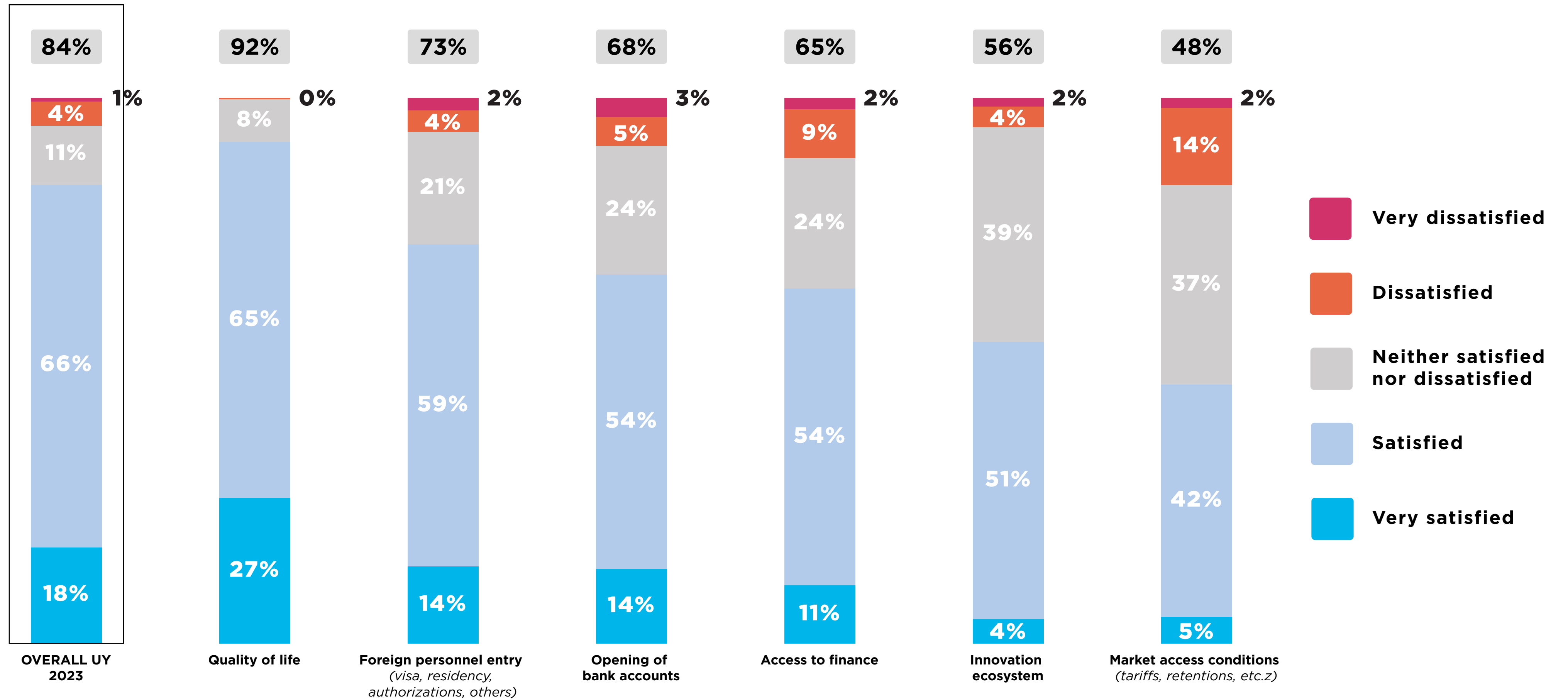


Approximately 35% don't know or can't answer this question

Survey size: total of companies that responded, excluding the ones that choose "No response" (n=222-220-219-214-154-223)

Q11 How satisfied do you feel regarding Uruguay's HUMAN RESOURCES?

SATISFACTION REGARDING OTHER ASPECTS



In 2018, we assessed the "ease of obtaining visas, residence or work authorizations," and the level of satisfaction was 58%

Survey size: total of companies that responded, excluding the ones that choose "No response" (n=218-197-216-178-194-190)
Q12: How satisfied do you feel regarding OTHER ASPECTS related to the investment climate in Uruguay?

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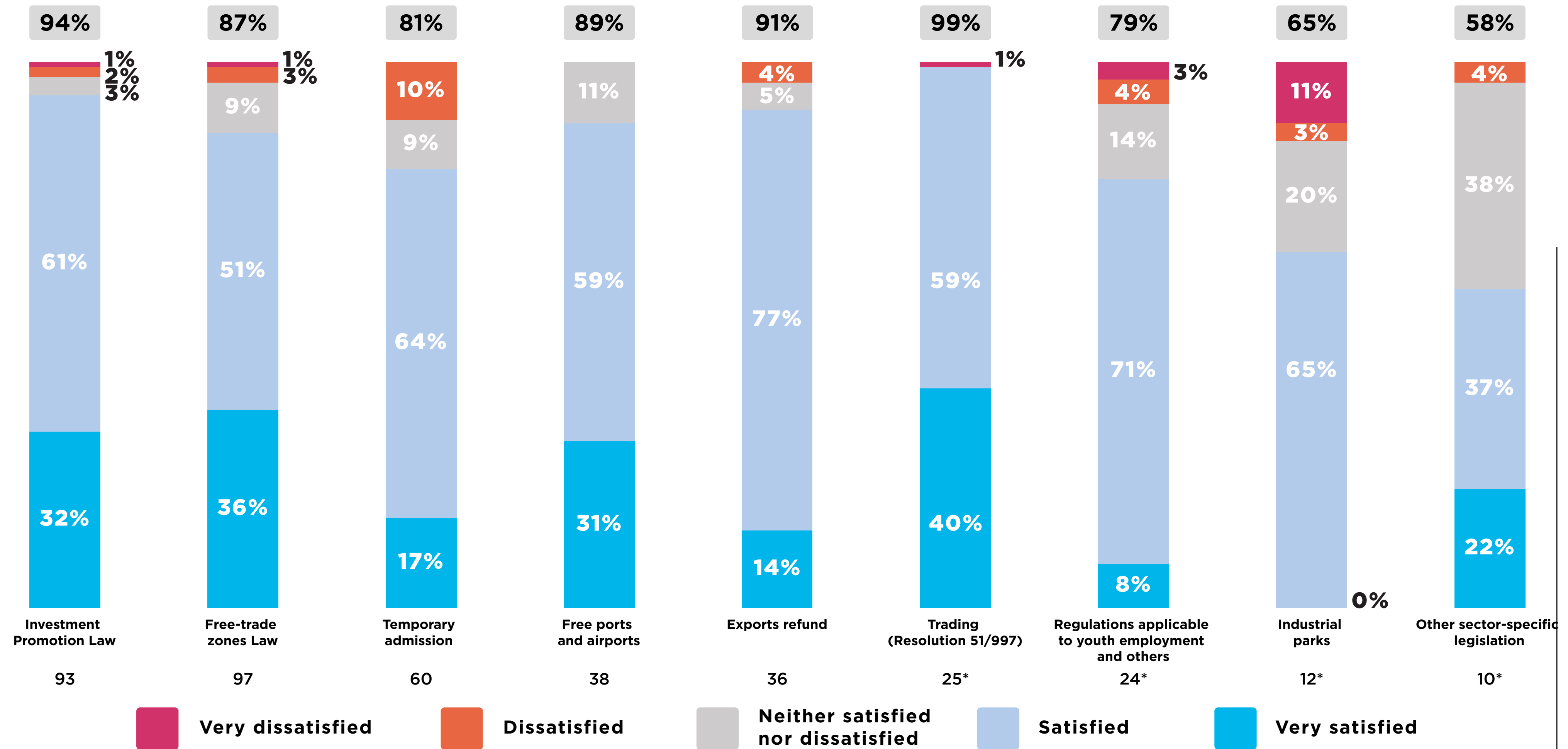
INVESTMENT PROMOTION LEGISLATION



USE OF INVESTMENT PROMOTION LEGISLATION



SATISFACTION REGARDING INVESTMENT PROMOTION LEGISLATION



* Analyze with caution due to the small number of cases.

Survey size: companies that utilized each one of the investment promotion regimes, excluding the ones that chose "No response"

Q13b: How satisfied do you feel regarding the investment promotion norms or special regimes that your company has used?

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MAIN FINDINGS



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The results show a **very significant improvement in the perceptions of foreign capital companies regarding the investment climate in Uruguay.** This is aligned with the increasingly positive outlook on the economy in recent years, both from SMEs and consumers.

In the context of the overall improvement in perceptions about the country's economic situation, **the growth of positive evaluations among foreign investors appears to be more pronounced than in the other analyzed audiences.**

MAIN FINDINGS

The improvement in the opinion about the business climate is clearly observed in the **overall satisfaction with Uruguay as a country to develop their business activities: there is a 37 percentage point increase in the number of satisfied companies**, rising from 47% in 2018 to 84% in 2023, even surpassing the high value recorded in 2015 (76%).

High levels of satisfaction with Uruguay as an investment destination are observed across all segments of companies, although they are comparatively lower in large companies, those exporting goods, and those linked to the industrial sector (differences already noticed in the previous edition of the survey).

Only 5% of the surveyed companies express dissatisfaction with the country as a place to conduct their activities, with "Cost of Doing Business" being the primary reason for dissatisfaction, followed by "Bureaucracy."

MAIN FINDINGS

The highly positive assessment of the country's investment climate **continues to be supported by legal security and stability**. Secondly, factors associated with tax incentives/exemptions and the free exchange market appear.

Regarding specific aspects of the investment climate, **the percentage of satisfied companies increases in all comparable items** compared to the previous survey.

Additionally, it is positively highlighted that **44% of the surveyed companies plan to increase their investment in the next 5 years**. This figure increases to 60% for the newest companies in the country (established in 2010).

MAIN FINDINGS

However, within this context of highly positive evaluations, **there are still several assessed aspects that reflect low satisfaction levels** (below 50%) and need to be addressed, as they **indicate structural criticisms of the investment climate in Uruguay.**

- **Costs:** mainly energy and fuel costs, but also costs related to other evaluated areas (human resources, ports, and airports).
- **Connectivity** (air and maritime-fluvial).
- **Procedures and processes** for the establishment or operation of a company.
- **Market access conditions.**
- Proficiency **language** .

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