



2018 FOREIGN INVESTORS-SURVEY

Main Results



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- ✓ This Survey took place between **July and October 2018**. Its main objective was to assess the perception of the business climate in Uruguay among foreign companies. 900 foreign companies based in Uruguay were contacted for this purpose.
- ✓ Of the **261 companies** that responded, **47% are satisfied or very satisfied** with Uruguay as the place to develop their activities while **24%** of the companies show some form of dissatisfaction with the investment climate.
- ✓ **Legal certainty and macroeconomic stability** continue to be the main **strengths** highlighted by foreign companies deciding to settle in Uruguay.
- ✓ **Tax incentives and strategic location are also valued by these companies.**
- ✓ **49% of foreign companies reinvest** their profits in Uruguay in the last 5 years.
- ✓ The factors with the most influence on the decision to invest are the **profitability of the investment and the dividends policy** of the headquarters.

- ✓ Among those surveyed there is a high level of satisfaction with the **stability of the regulatory framework**. With regard to procedures and permits, higher levels of dissatisfaction are shown.
- ✓ As for **infrastructure and services** in Uruguay, there are very high levels of satisfaction with telecommunications and ports and airports. On the other hand, there is dissatisfaction with road infrastructure.
- ✓ In relation to **human resources**, those surveyed find it easier to obtain visas, work permits or residence permits and show a greater degree of dissatisfaction with the total cost of labour in Uruguay.
- ✓ With regard to **investment promotion regulations**, **52% of the companies surveyed stated they had used incentives** under some of the schemes provided for in the Investment Promotion Law.
- ✓ Among those that use any of the regulations evaluated, there are **very high levels of satisfaction**.

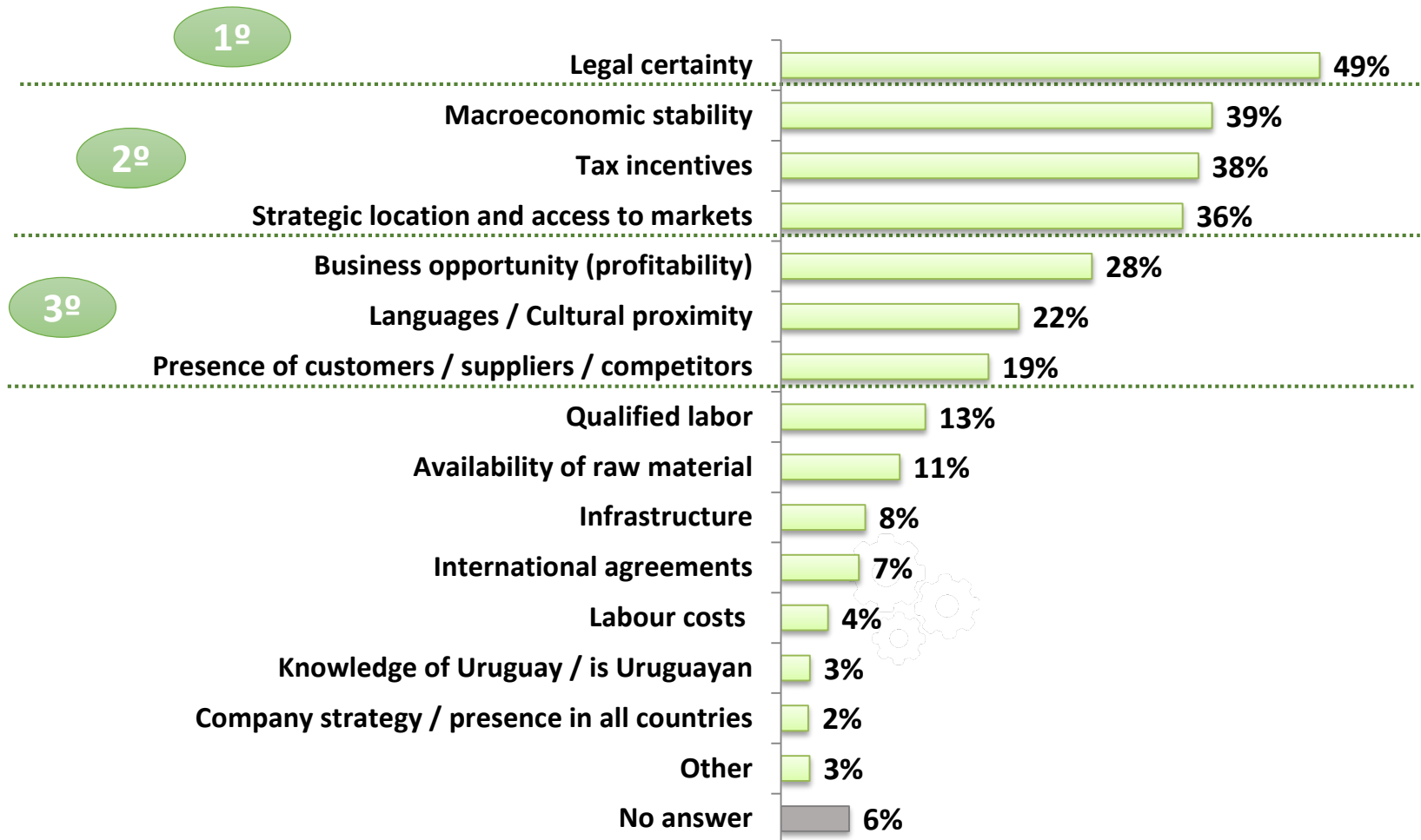
- ✓ 24% of foreign companies **express dissatisfaction** with some factor of the **business climate**.
- ✓ The main **reasons for dissatisfaction** are linked to the **higher costs** faced by companies and also to **aspects associated with labour relations**.
- ✓ Lack of incentives or state support, the regulatory framework and international insertion appear to a lesser extent.
- ✓ The companies that show **less satisfaction** with the business climate in Uruguay are the **largest**, those linked to **agricultural activities, industrial or infrastructure** located in the **Interior** and companies that **export goods**.

- ✓ Finally, **35%** of respondents **have used one of the following services provided by Uruguay XXI** (mainly information services, sectors or markets).
- ✓ It stands out that this subgroup of companies with some kind of link with Uruguay XXI shows **very high levels of satisfaction with the services it uses and are also more generally satisfied with the business climate in Uruguay** than the rest of the companies (56% vs. 42%).
- ✓ **Aftercare** services that would be most valued by the companies surveyed would be improvements in the regulatory framework and procedures, regulatory information and support and contact/articulation with public-private actors.

The decision to invest in Uruguay



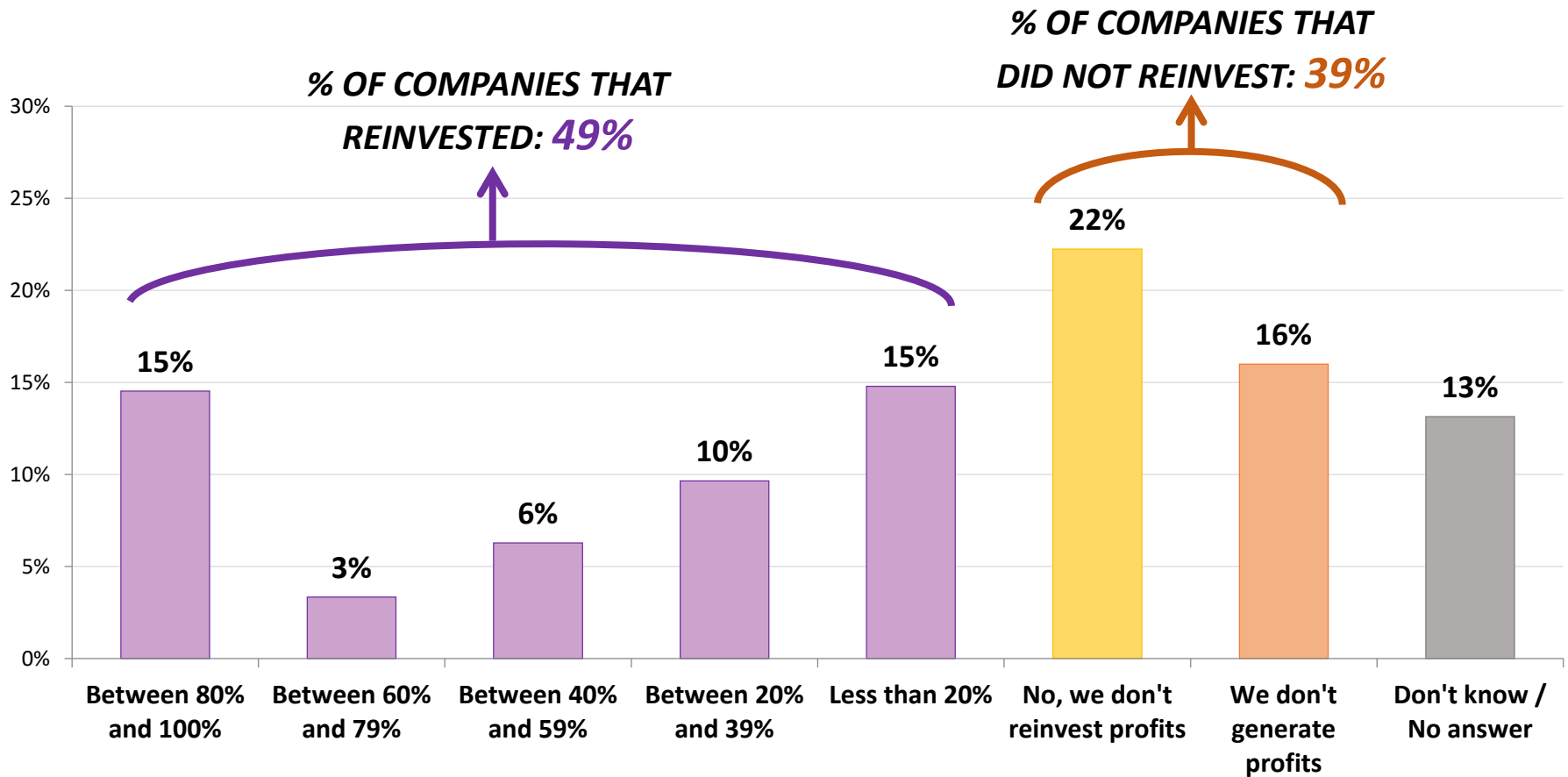
Key factors for settling in Uruguay



Question: What were the determining factors for your installation in Uruguay? Check all that apply

Base: Total respondent companies (n=261)

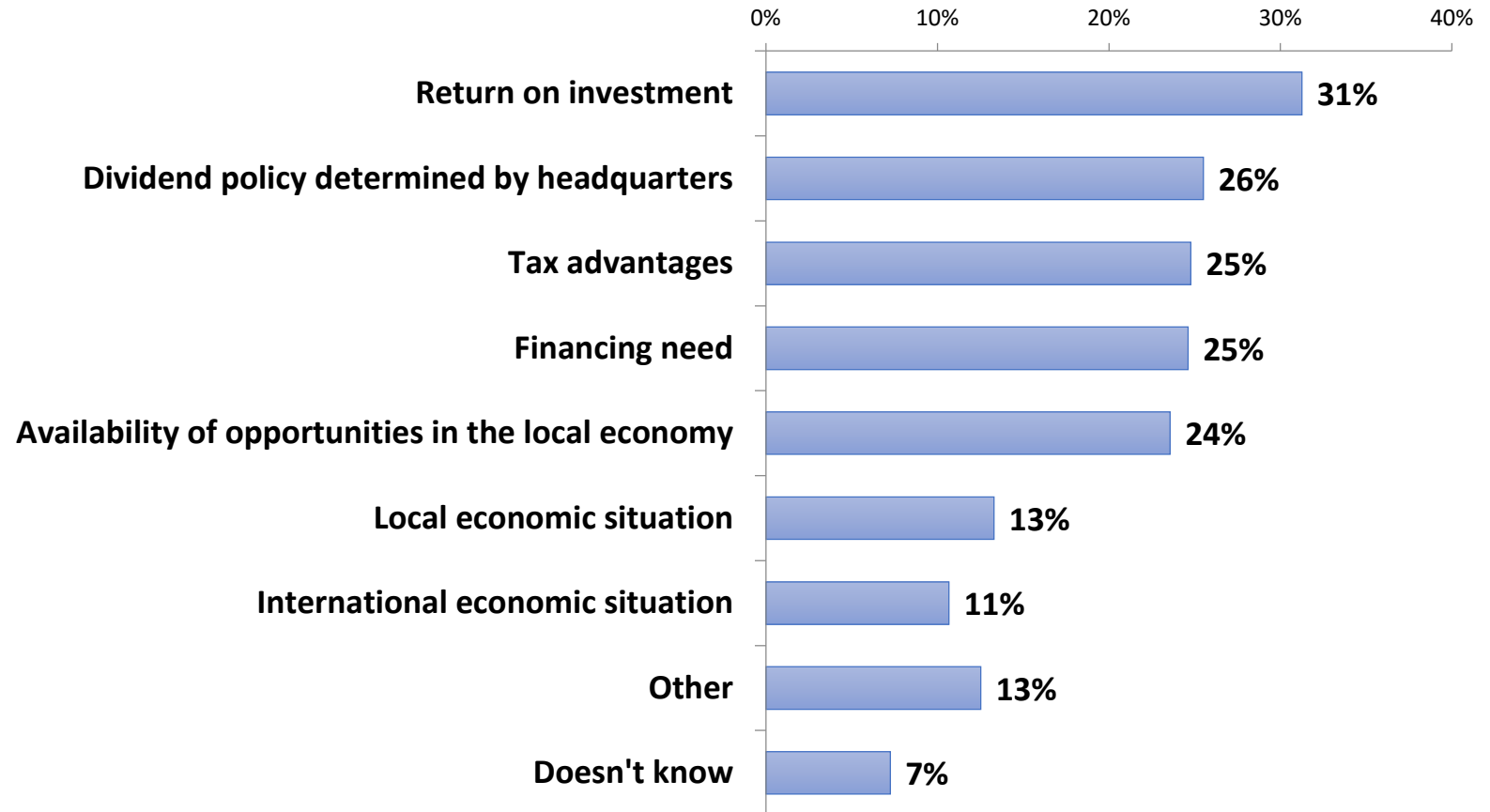
Reinvestment of Profits



Question. Have you reinvested profits in Uruguay in the last 5 years? (If so, please indicate how much, approximately)

Base: Total respondent companies (n=261)

Influencing factors in reinvestment



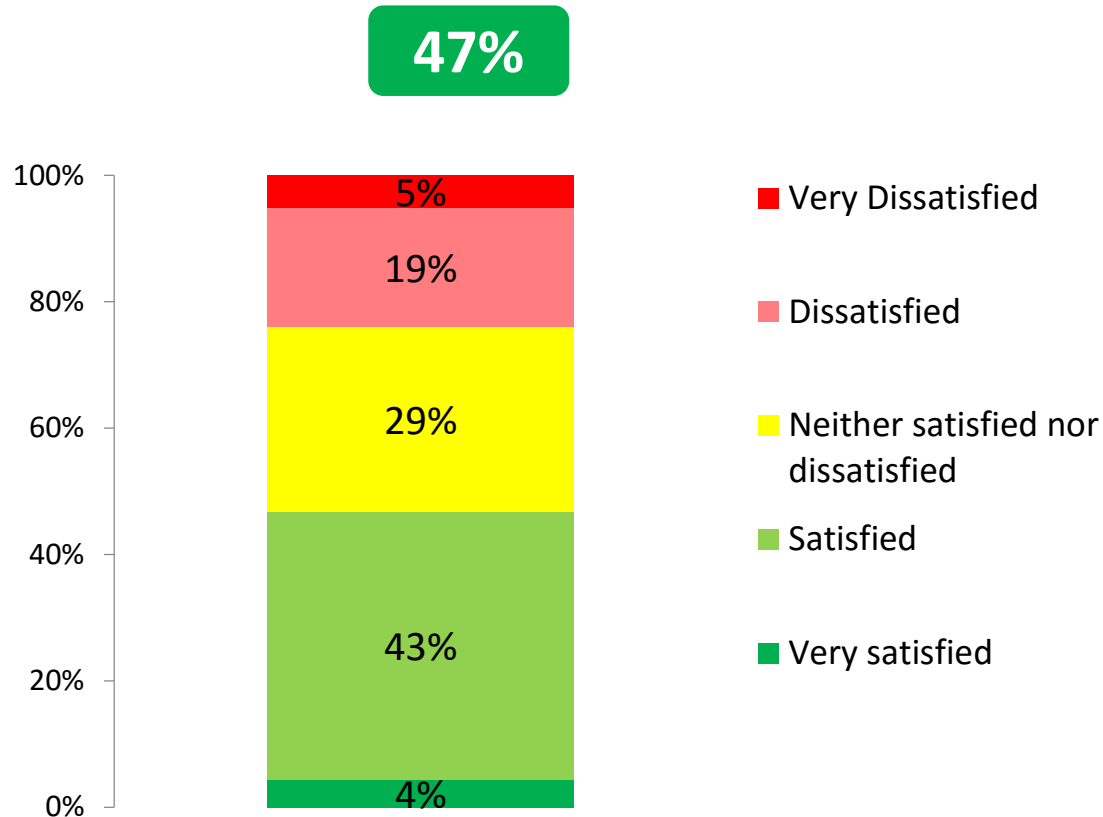
Question: What factors most influenced your decision to reinvest? Check all that apply

Base: Companies that reinvested in Uruguay (n=130)

Investment climate in Uruguay



GLOBAL satisfaction with Uruguay to carry out your activities



Question: How satisfied are you with Uruguay as a place to develop your business activities?

Base: Total companies responding, excludes "No answer".

Reasons for global dissatisfaction

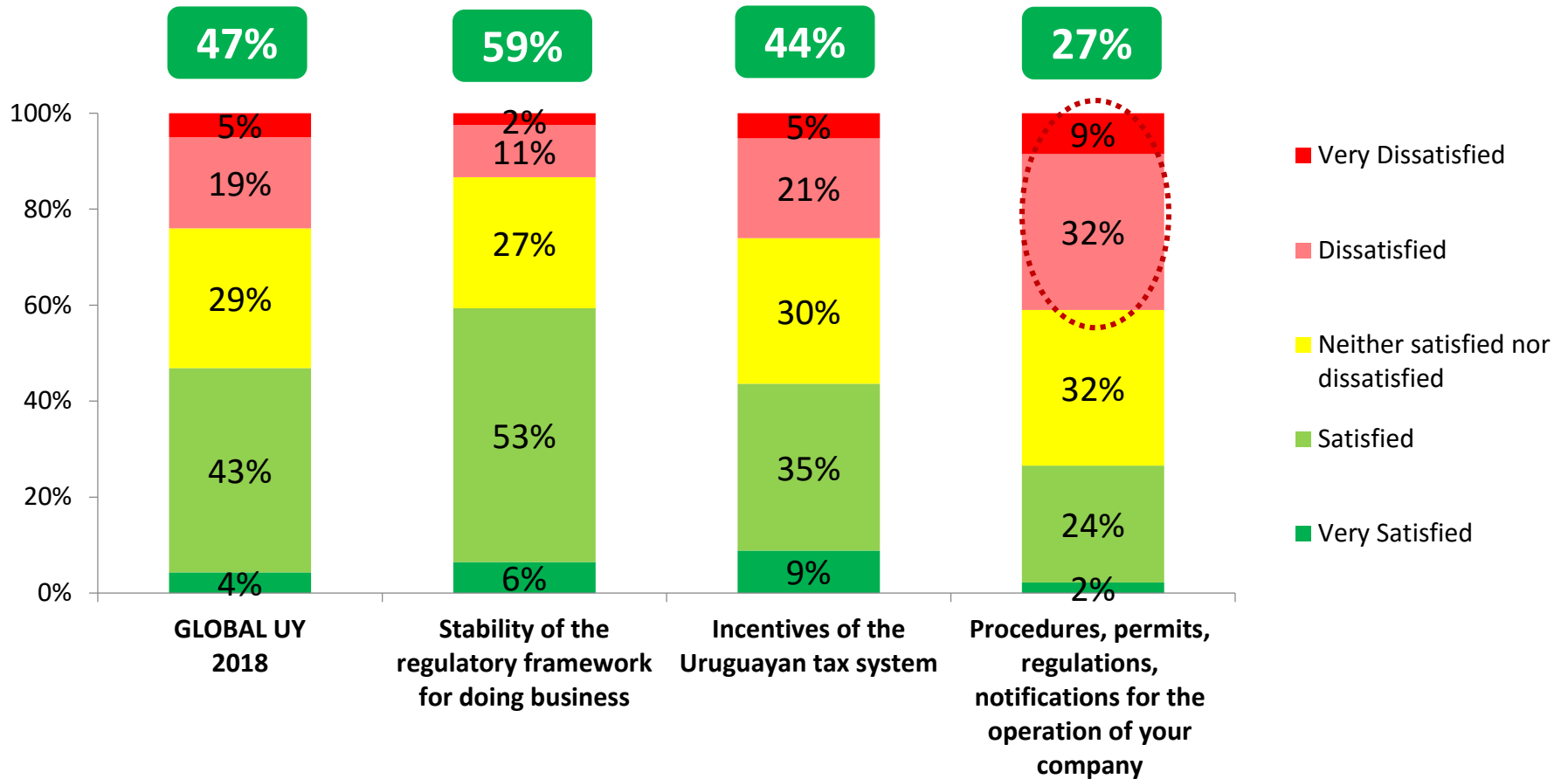
DIMENSION 1 - COUNTRY COST		46%
Cost of labour		15%
High costs (not specified)		14%
High tax burden		11%
High costs and state inefficiency		3%
Energy costs / Input costs		3%
Exchange delay		1%
DIMENSION 2 - LABOUR MARKET		13% (+15%)
Trade union problems / labour conflict		9%
Rigidity of the labour market		4%
DIMENSION 3 - STATE SUPPORT / INCENTIVES		13%
Lack of government support / bad relationship		4%
Lack of financing for companies		3%
Lack of incentives for innovation or incorporation of technology		2%
State bureaucracy / slowness		2%
Lack of incentives to local production / Lack of stimulus to local production		1%
DIMENSION 4 - REGULATORY AND TAX FRAMEWORK		11%
Changes in the regulatory and tax framework		6%
Lack of legal guarantees for entrepreneurs		3%
Lack of antitrust regulation		2%
DIMENSION 5 - INTERNATIONAL INSERTION		7%
Market Size		3%
Difficulties in accessing markets		3%
Regional instability		1%
DIMENSION 6 - INFRASTRUCTURE		4%
Infrastructure problems / low investment		4%
OTHERS		7%
Public Insecurity		3%
Other		4%

% OF ANSWERS (total=100%)

Question: Why are you dissatisfied with Uruguay as a place to develop your business activities?

Base: Total "Dissatisfied" or "Very Dissatisfied" company responses with Uruguay to develop its business activities (n=62)

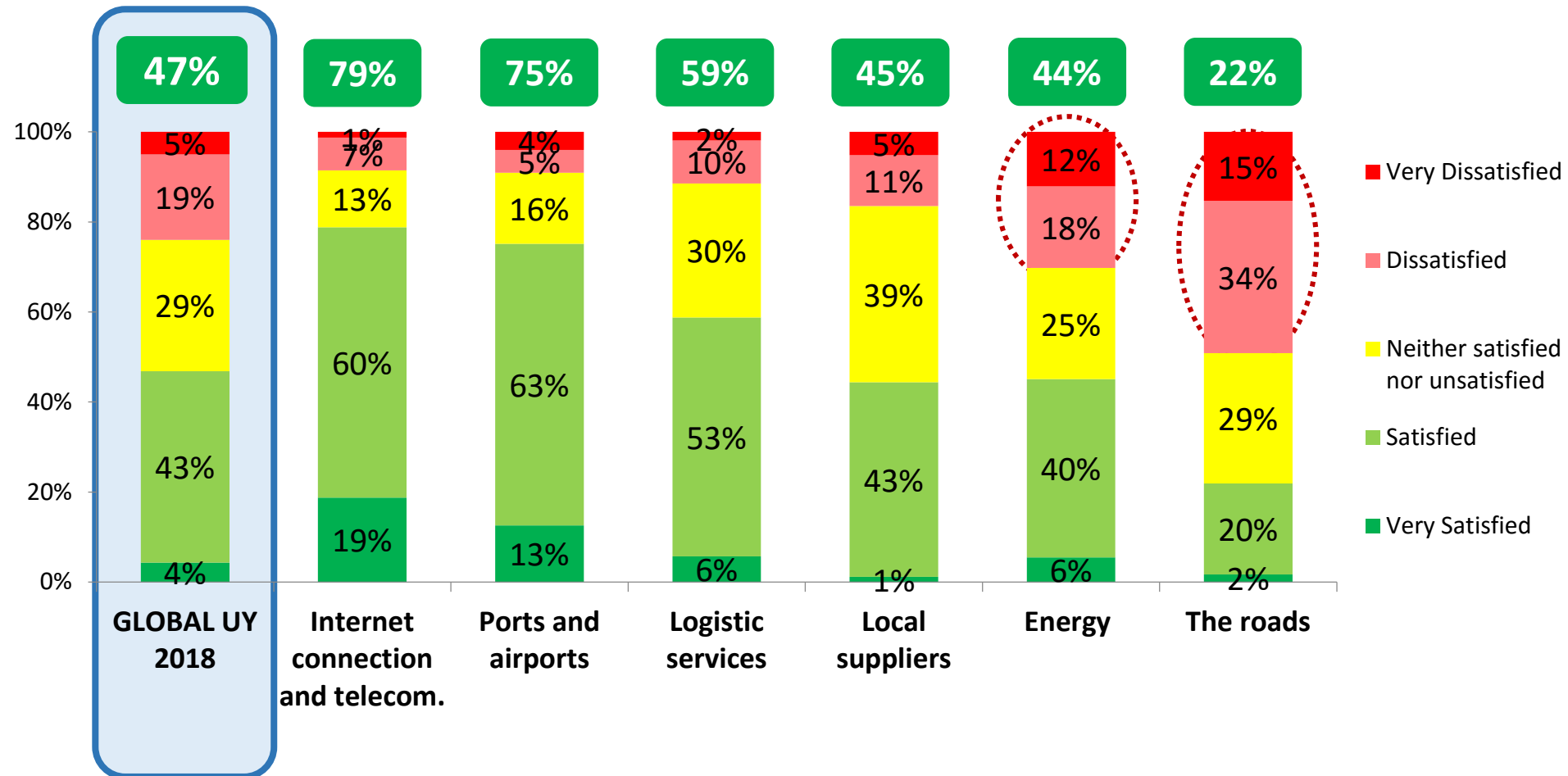
Satisfaction with REGULATORY FRAME



Question. Regarding Uruguay's regulatory framework, what is your level of satisfaction with...?

Base: Total companies responding, excludes "No answer" (n=253)

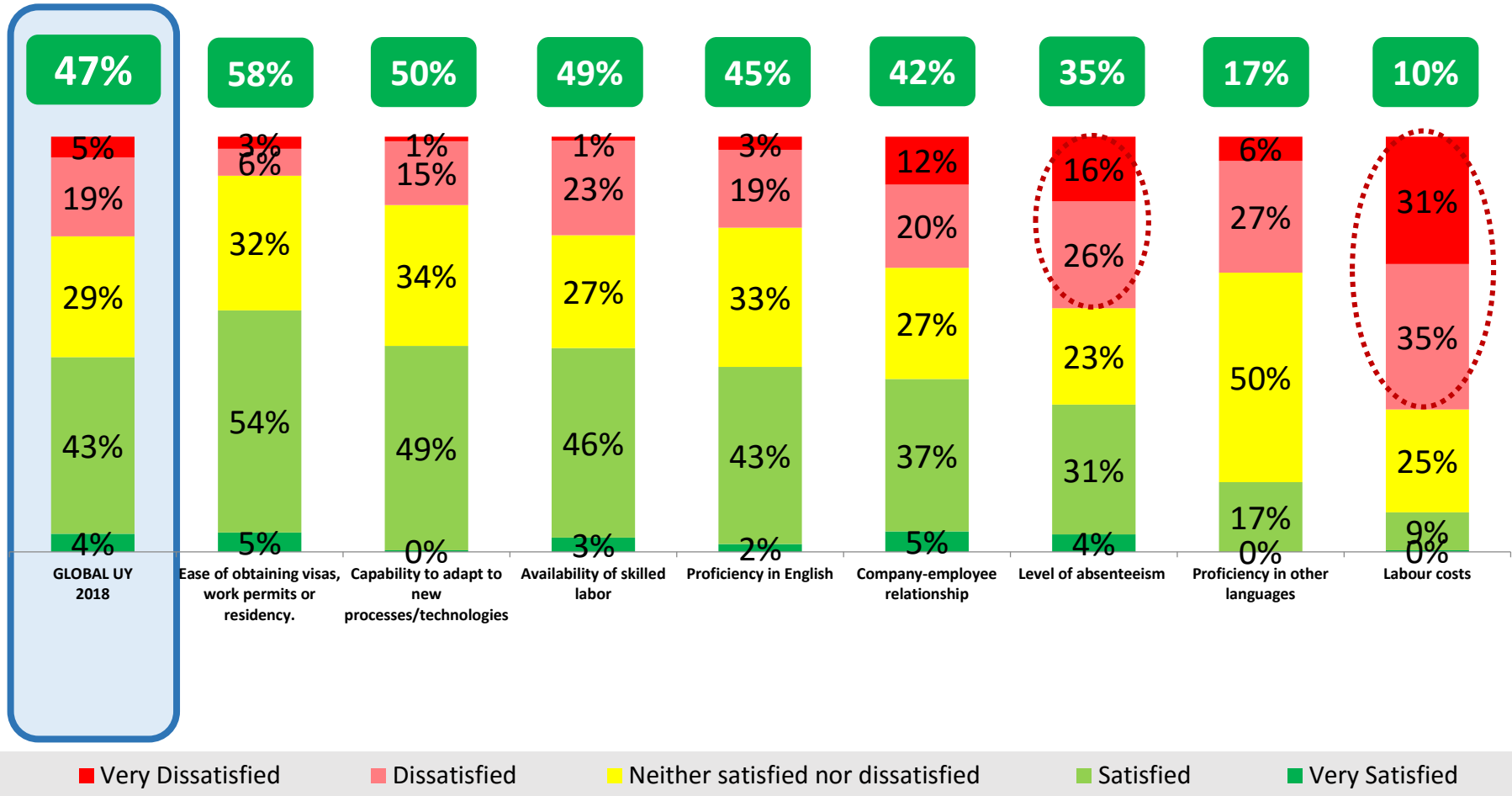
Satisfaction with INFRASTRUCTURE AND SERVICES



Question. Regarding Uruguay's infrastructure and services, what is your level of satisfaction with...?

Base: Total companies responding, excludes "No answer" (n=253)

Satisfacción con RECURSOS HUMANOS



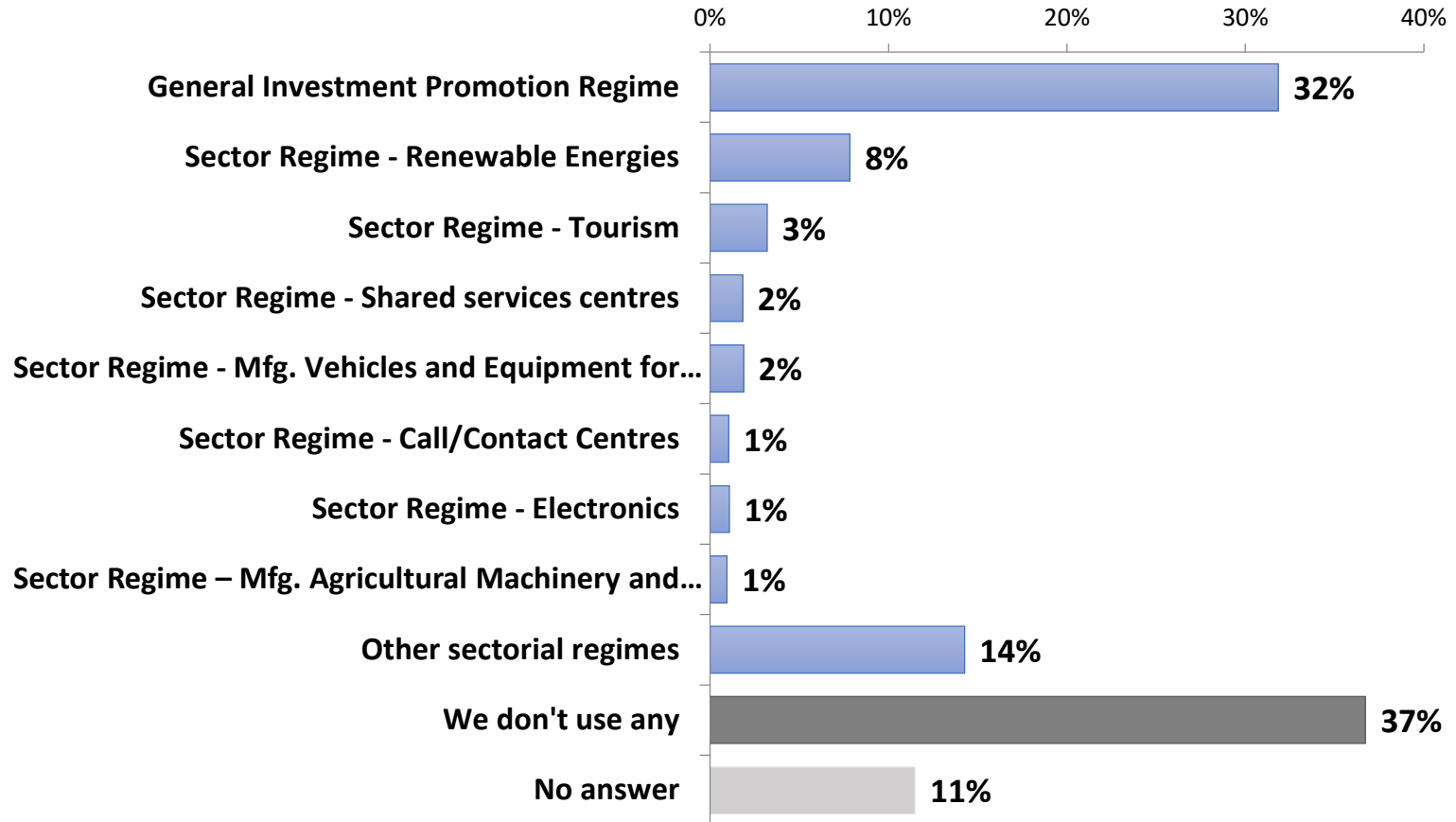
Question. As for Uruguay's human resources, what is your level of satisfaction with...?

Base: Total companies responding, excludes "No answer" (n=205-247)

Regulations for Investment promotion.



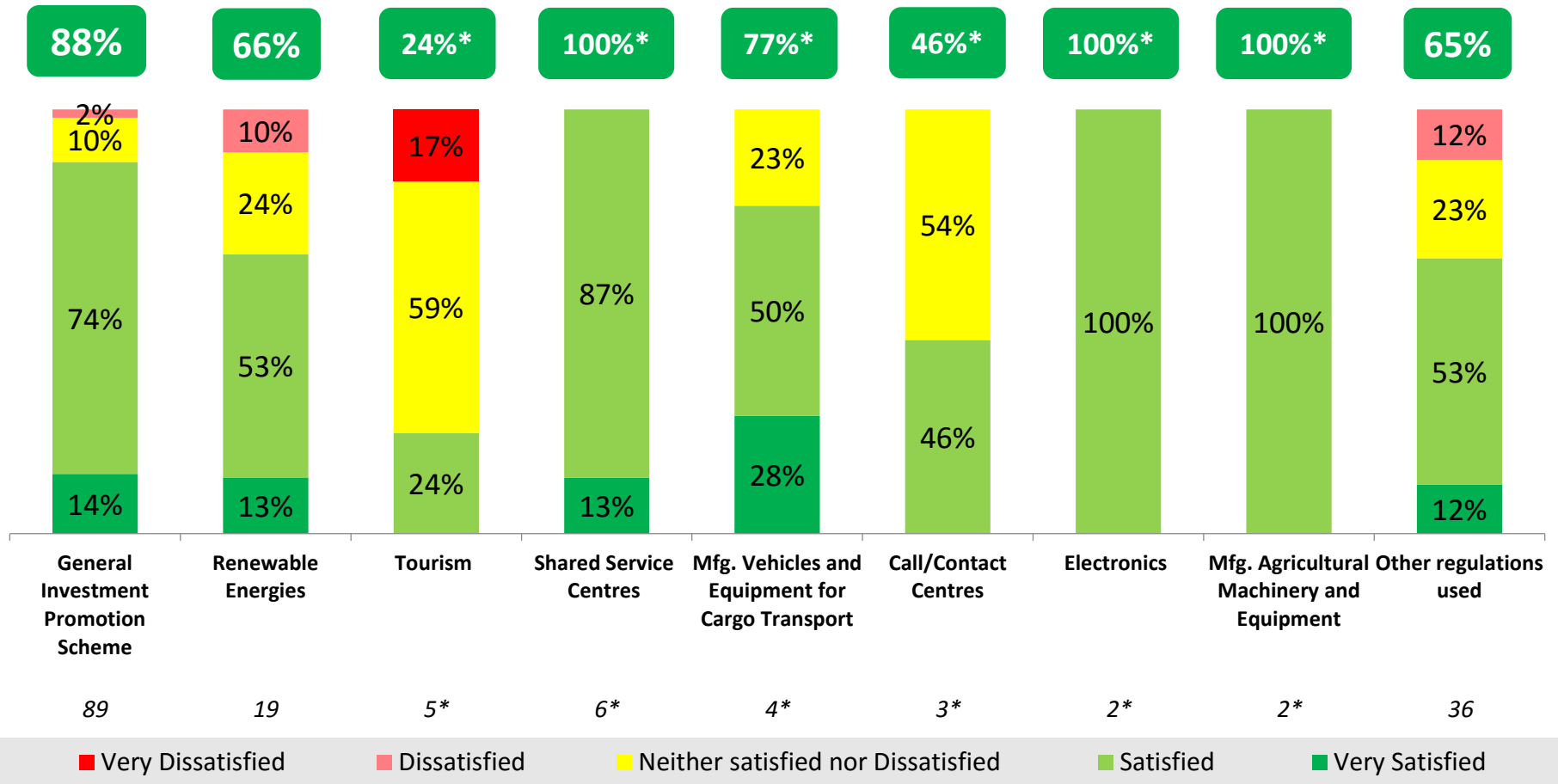
Use of incentives under the Investment Promotion Act regimes



Question. The Investment Promotion Act provides tax incentives (tax exemptions) under different regimes. Please indicate all that have been used.

Base: Total number of responding companies (n=248)

Satisfaction with investment promotion schemes used

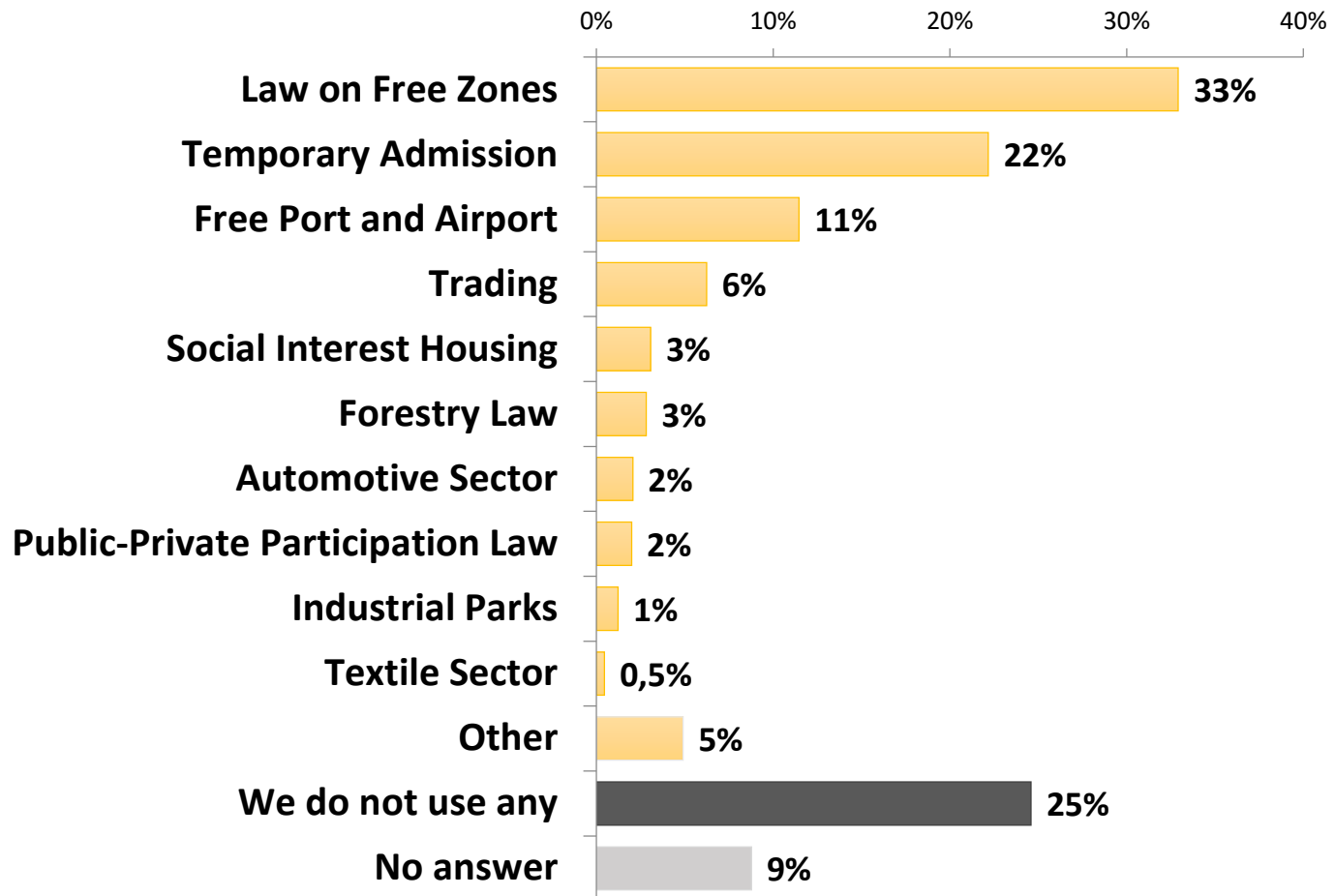


* Analyze with caution, given the small number of cases

Question: How satisfied are you with this investment promotion regulation?

Base: Total number of companies that used each investment promotion scheme

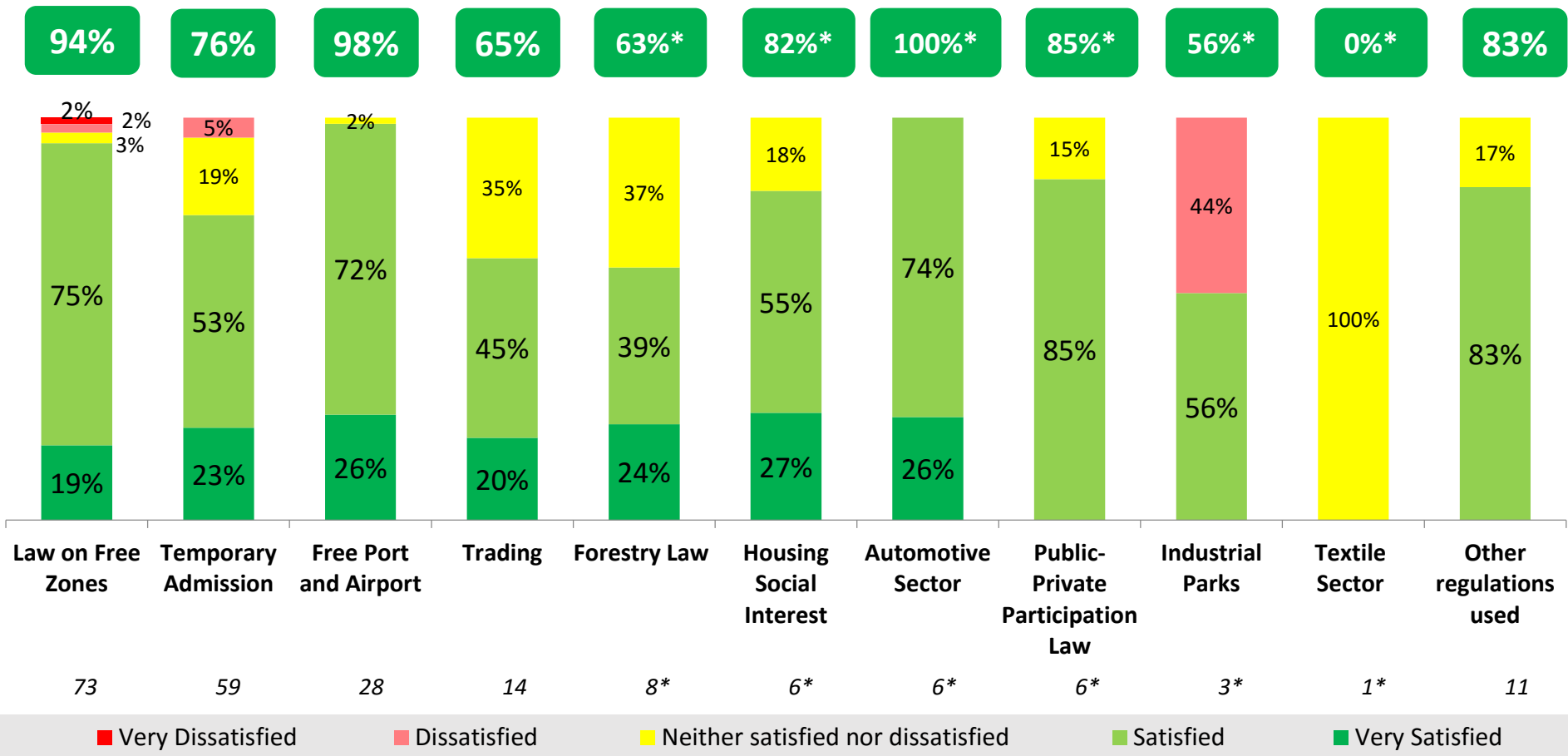
Use of OTHER promotion regulations



Question. Of the other promotion regulations, please indicate all that you have used.

Base: Total respondent companies (n=246)

Satisfaction of OTHER promotion regulations



* Analyze with caution given the small number of cases

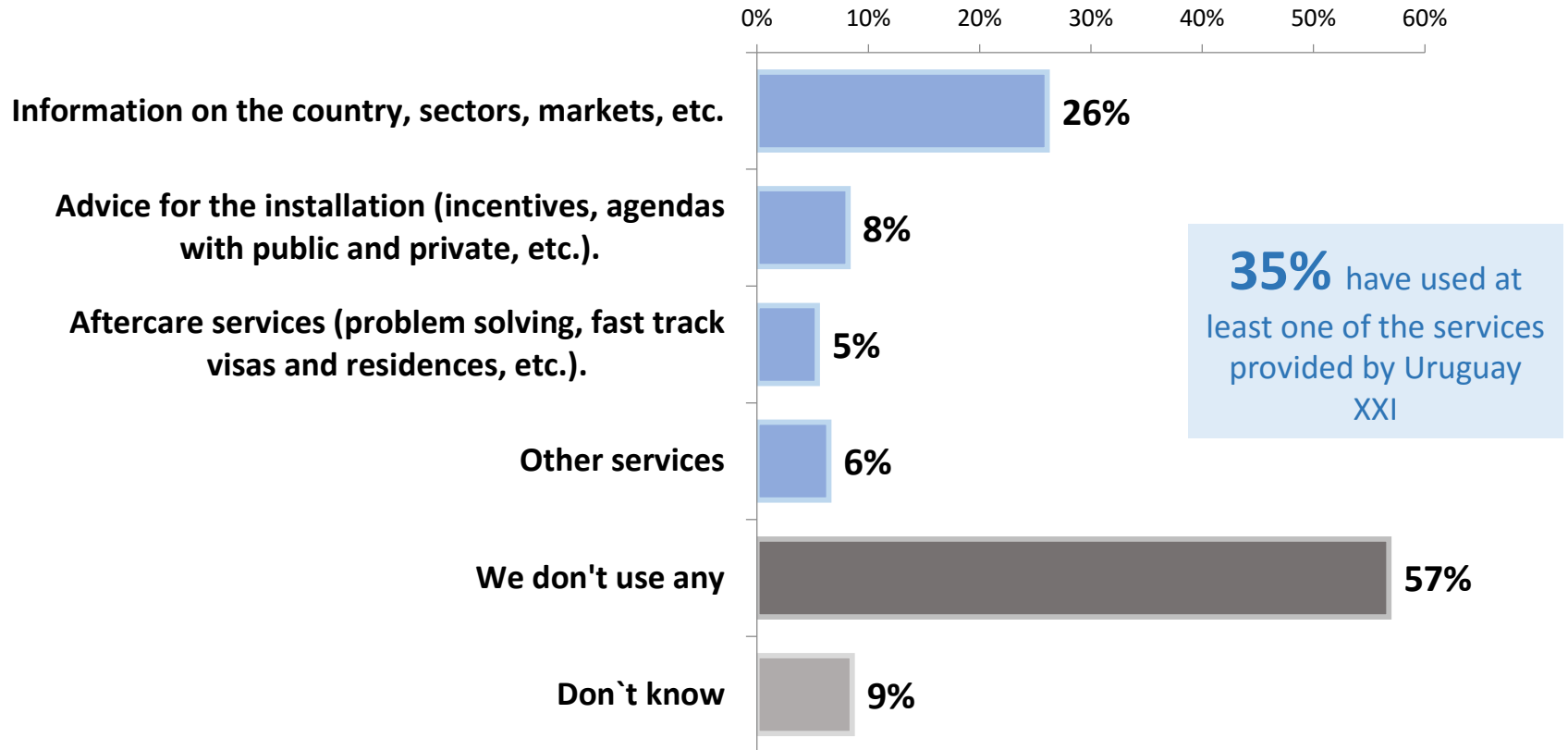
Question. How satisfied are you with this promotion policy?

Base: Total number of companies that used each investment promotion regulation

Uruguay XXI Assistance



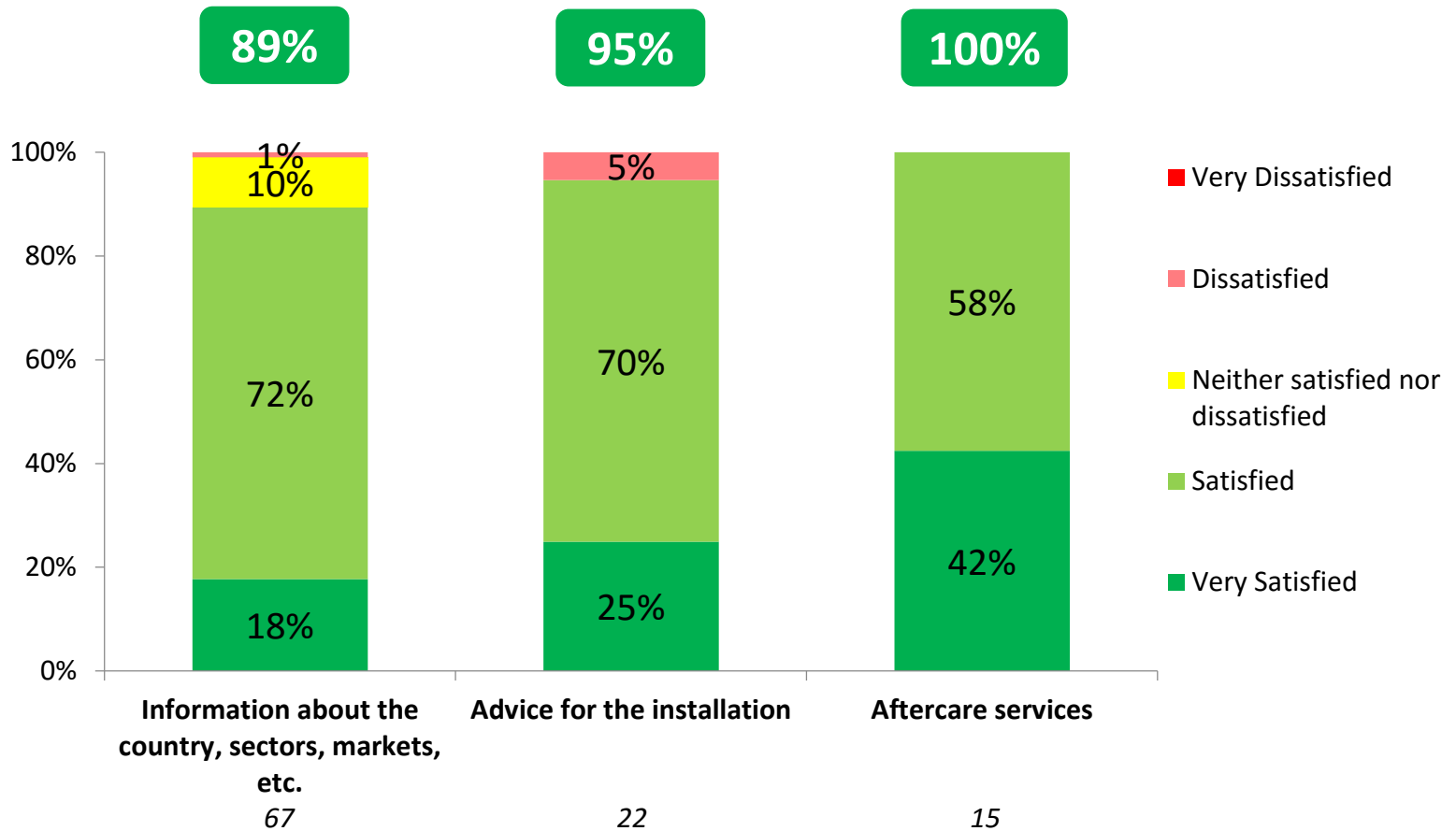
Use of Uruguay XXI services



Question: Which of the following services provided by Uruguay XXI have you used in your company? Check all that they have used

Base: Total respondent companies (n=245)

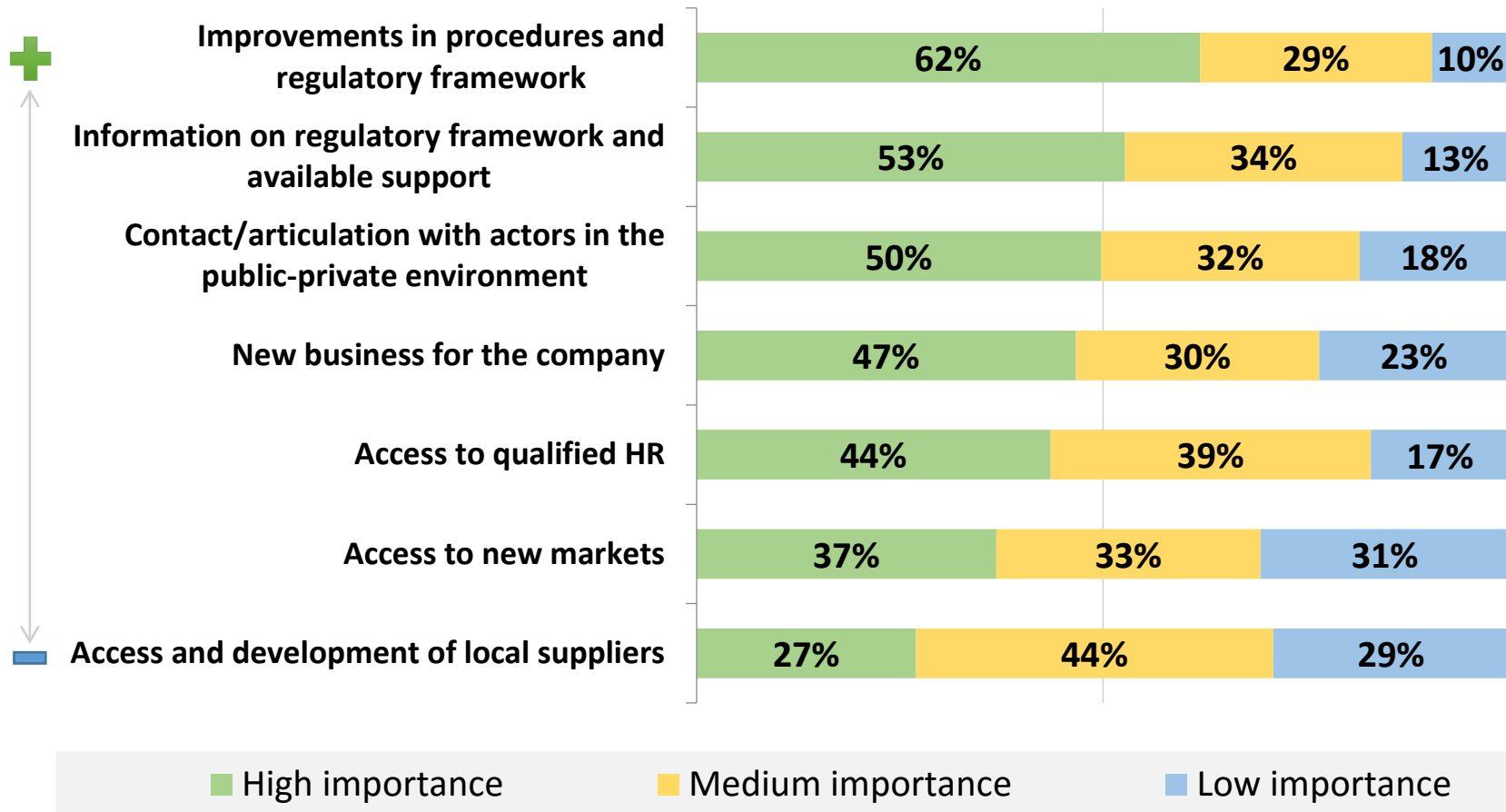
Satisfaction with Uruguay XXI services



Question: How satisfied are you with this service from Uruguay XXI...?

Base: Total companies that use home service evaluated in Uruguay XXI, excludes "No answer".








Importance of Aftercare Services



Question: How important would it be for your company to provide the following Aftercare services?

Base: Total respondent companies (n=240)

Specification

	Target audience	<ul style="list-style-type: none"> Companies with equity participation of foreign origin established in Uruguay
	Sample frame	<ul style="list-style-type: none"> Provided by Uruguay XXI. A sampling frame was created, with a total of 1014 companies. An initial version was provided by Uruguay XXI and two versions were made cognitive interviews with target audience companies were made in order to specify and adapt the questionnaire; mainly made up of close-ended questions and approximately 11 minutes in length.
	Questionnaire	
	Survey Mode	<ul style="list-style-type: none"> Web survey sent by mail
	Fieldwork	<ul style="list-style-type: none"> The surveys were conducted between 26 July and 24 October 2018. The survey was sent to the entire base of 1014 companies. Thirteen e-mails were sent together with telephone and e-mail follow-up on an individual basis. 114 companies were discarded as "ineligible", and a response rate of 29% was obtained (n=261).
	Answers	
	Weighting Variables	<ul style="list-style-type: none"> Size of company, region of origin of the capital, region of installation, sector of activity and contact with Uruguay XXI.



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