

## U.S. Engagement in Uruguay: The Intangible Benefits of the U.S. Market for Uruguayan Commerce and Competitiveness

By: Juan A. Bogliaccini, PhD, Professor of Political Science, and Ing. Soledad Marzoa, Graduate Student in Public Policy, Universidad Católica del Uruguay



The U.S. Ambassador to Uruguay and the Uruguayan Minister of Livestock and Agriculture visit a citrus facility in Salto, Uruguay/ Embajada de los Estados Unidos en Uruguay/ [Flickr/ Creative Commons License](#)

Over the past decade, Uruguay has invested strongly in the sale of professional services abroad. It pursues international investment through a specialized agency created for that purpose, Uruguay XXI (UYXXI), which not only promotes the country to foreign companies and investors but also works with Uruguayan companies to help them expand their reach in international markets. The United States (U.S.) has been a critical partner for Uruguay, perhaps most importantly as the principal export destination for its information and communications technology (ICT) products and services (CUTI 2020).

In recent years the volume of Uruguayan ICT exports to the U.S. has grown substantially from 26 percent of the industry total in 2011 (UYXXI 2014) to 73 percent in 2019 (Observatorio TI 2021). Roughly 70 percent of Uruguay's ICT export portfolio to the U.S. is services – mainly, software development and associated professional services such as the installation of third-party software in the destination country – and 30 percent are sales of software royalties.<sup>1</sup> Taken together, ICT products compose Uruguay's main export to the U.S., which has helped that country's ICT industry become the largest per capita in the region (Observatorio TI 2021).

The growth of this sector in recent decades has meant that 50 Uruguayan businesses now maintain subsidiaries in the U.S. (UYXXI 2021d). Originally these were focused largely on the commercial

---

<sup>1</sup> In the absence of available data for these proportions, these are estimates made by the directors of CUTI.

sector and technical pre-sales, but now many have technical teams that offer first contact service to client companies.

The commercial relationship between the U.S. and Uruguay flows in both directions, with the U.S. having a major presence in Uruguay representing 7 percent of foreign investment (UYXXI 2020a). UYXXI works closely with North American businesses operating in Uruguay and assists companies exploring that option. In recent years, UYXXI has been a consultant to at least 40 American companies seeking to invest in Uruguay or to set up operations there. At present there are approximately 200 American businesses contributing to Uruguay's economy. Other global services companies such as Germany's BASF, India's Tata Consultancy and Saber have also come to Uruguay because of its robust access to the U.S. market (UYXXI 2021c).

In this context of sustained outreach by Uruguay to U.S. companies, the COVID-19 pandemic incentivized an expansion of largely U.S.-based e-commerce in the country, as more people sought to buy from home. For example, with an assist from the U.S. embassy, in May of 2021 the e-commerce giant Amazon extended eligibility to Uruguay to sell products through its platform (UYXXI 2021c). Access to Amazon's platform for Uruguayan businesses greatly enhances their efficiency and ability to reach U.S. consumers and other global markets.

Another growth area has been the audiovisual sector, of which most foreign businesses working in Uruguay are also American. During the pandemic, while many countries across the region closed their borders, Uruguay did not. Therefore, large American streaming companies such as Netflix, Amazon Prime and HBO, among others, moved to Uruguay to complete projects. The country provided multiple advantages, including a highly developed audiovisual sector with a strong technological infrastructure, high quality internet and technical support capacity, and an array of industry incentives such as low filming costs, tax benefits, and rebates for international productions (ICAU 2020; Uruguay Audiovisual 2021; Uruguay Presidencia 2021). The pandemic, in short, offered the Uruguayan audiovisual sector an unlooked-for opportunity to build new and potentially enduring relationships with U.S. streaming companies.

An important intangible impact of efforts by Uruguayan ICT companies to enter the U.S. market has been increased competitiveness. This includes introducing better traceability when marketing services, products, and practices by linking these more explicitly to U.S. standards and regulatory expectations (UYXXI 2019b). For example, Tata Consultancy Services Uruguay, an IT and business solutions consulting firm, sought and obtained the highest possible CMMI rating (León Padilla et al. 2013), given by the U.S.-based CMMI Institute and often required for U.S. government contracts in software development.

Another intangible effect includes helping such Uruguayan industries as citrus, wine, timber, and wool, to transform and modernize to better meet the needs of U.S. and global consumers. Each has initiated changes to improve business practices, industry processes, and product quality. The wool industry, for example, now provides information for consumers about the wool's origin, labor practices, the employment of women, and uses of renewable resources, among other factors. Another area where U.S. regulations have driven commercial innovation in Uruguay is with respect environmental impact, such as limits on water and carbon footprints (UYXXI 2019a).

Attention to the needs of U.S. consumers and regulatory frameworks has also brought dynamism to long-established Uruguayan companies, as they seek to enter the U.S. and other international markets. Uruguayan food producers encompass a variety of niche products and markets, which require diverse certifications like those for kosher or GMP (Good Manufacture Practices) products (Castelli et al. 2019; INAC, 2018). A good example is La Sin Rival, a pasta manufacturer. Operating since 1959, recently La Sin Rival established a plant to produce kosher products which are exported to Miami and sent to other locations from there, for which it had to meet U.S. regulatory requirements for food imports.

Uruguay now ranks highly in indices of the types of environmental, social and governance factors valued in the U.S. business environment and by American consumers (UYXXI 2020b). As a result, the U.S. has also become the second largest destination for the products of small and medium sized Uruguayan enterprises, reaching 12 percent of total exports for this sector in 2020 (UYXXI 2021a).

## References

- Castelli, V., Starcovich, V., & Vasconcellos, A. (2019). *El TLC Mercosur-Israel: realidades y potencialidades sobre la incerción comercial de alimentos uruguayos en el mercado israelí*. [https://www.uniondeexportadores.com/datos/uploads/El\\_TLC\\_MERCOUSR\\_Israel\\_Realid.\)%20\(castelli-starcovich-vasconcellos\)%20-%20final%20\(1\).pdf](https://www.uniondeexportadores.com/datos/uploads/El_TLC_MERCOUSR_Israel_Realid.)%20(castelli-starcovich-vasconcellos)%20-%20final%20(1).pdf).
- Cámara Uruguaya de Tecnologías de la Información (CUTI) (2020). *Observatorio TI*. <https://observatorioti.cuti.org.uy/wpcontent/uploads/2021/04/Presentaci%C3%B3n-Resumen-Informe-Anual-del-Sector-TI-en-Uruguay-2019-1.pdf>.
- Instituto Nacional de Carnes (INAC). (2018). *Guía Práctica - Programas de certificación de carnes*. <https://www.inac.uy/innovaportal/file/10528/1/guia-practica-v4-revision-18-04.pdf>.
- Inés Bonicelli, M. F. (2021). Uruguay XXI. (S. Marzoa, Entrevistador).
- Instituto Nacional del Cine y el Audiovisual (ICAU). (2020). *Programa Uruguay Audiovisual (PUA)*. <https://icau.mec.gub.uy/innovaportal/v/124815/3/mecweb/programa-uruguay-audiovisual-pua?parentid=111724>.
- León Padilla, N. Y., Gonzales Meneses, Y. N., Hernández Mora, J. J., & Medina Barrera, M. G. (2013). Ranking mundial en certificaciones CMMI-DEV ver. 1.3. *Revista Iberoamericana de Producción Académica y Gestión Educativa*.
- Observatorio TI. (2021). *La industria TIC en países de América Latina*. <https://observatorioti.cuti.org.uy/wp-content/uploads/2021/05/La-industria-TIC-uruguay-en-comparaci%C3%B3n-con-pa%C3%ADses-de-Am%C3%A9rica-Latina.pdf>.
- Uruguay Audiovisual. (2021). *Cash Rebate - Programa Uruguay Audiovisual 2021*. <https://uruguayaudiovisual.com/incentivos/#>.
- Uruguay Presidencia. (2021). *Gobierno incrementó de 4 a 12 millones de dólares el incentivo a servicios de producción audiovisual internacional en Uruguay*. <https://www.gub.uy/presidencia/comunicacion/noticias/gobierno-incremento-4-12-millones-dolares-incentivo-servicios-produccion>.
- Uruguay XXI. (2014). *La industria TIC en Uruguay*. [https://www.smarttalent.uy/innovaportal/file/848/1/la\\_industria\\_tic\\_en\\_uruguay.pdf](https://www.smarttalent.uy/innovaportal/file/848/1/la_industria_tic_en_uruguay.pdf).

- Uruguay XXI. (2018). *Finishing Schools: Más capacitación en servicios globales*. <https://www.uruguayxxi.gub.uy/es/noticias/articulo/finishing-schools-mas-capacitacion-en-servicios-globales/>.
- Uruguay XXI. (2019a). *Huella Hídrica en Uruguay: Potencial impacto en los sectores agro-industriales exportadores*. <https://www.uruguayxxi.gub.uy/uploads/informacion/77ed3ef6cc0b8f3e9ef5fdeaa0211828caa389cb.pdf>.
- Uruguay XXI. (2019b). *Uruguay, un referente mundial en seguridad alimentaria*. <https://www.uruguayxxi.gub.uy/es/noticias/articulo/uruguay-un-referente-mundial-en-seguridad-alimentaria/>.
- Uruguay XXI. (2020a). *Inversión extranjera directa en Uruguay*. <https://www.uruguayxxi.gub.uy/uploads/informacion/d2bfeb63f0ec64afda208f1e3fa4f9e5dd0da817.pdf>.
- Uruguay XXI. (2020b). *Uruguay, the Most Attractive Emerging Country to Invest*. <https://www.uruguayxxi.gub.uy/en/news/article/uruguay-el-pais-emergente-mas-atractivo-para-invertir/>.
- Uruguay XXI. (2021a). *Caracterización de las Mipymes exportadoras de bienes en Uruguay*. <https://www.uruguayxxi.gub.uy/uploads/informacion/42f88ab984c545ba0c1b5ac75108a5bd87732b14.pdf>.
- Uruguay XXI. (2021b). *Las empresas de Uruguay podrán vender sus productos en Amazon*. <https://www.uruguayxxi.gub.uy/es/noticias/articulo/las-empresas-de-uruguay-podran-vender-sus-productos-en-amazon/>.
- Uruguay XXI. (2021c). *Uruguay XXI*. <https://www.uruguayxxi.gub.uy/es/>.
- Uruguay XXI. (2021d). *Informe mensual de comercio exterior*. <https://www.uruguayxxi.gub.uy/uploads/informacion/a693335de0eb78d99208ac6bdf9be371d00b6919.pdf>.

[Assessing the Cumulative Effects of U.S. Engagement in Uruguay and Chile](#)



This research has been funded through a cooperative agreement between the [Institute for War & Peace Reporting](#) and the [U.S. Department of State](#).

Center for Latin American & Latino Studies  
American University  
4400 Massachusetts Ave., NW  
Washington, DC 20016-8137  
[clals@american.edu](mailto:clals@american.edu)  
[www.american.edu/clals](http://www.american.edu/clals)