

U.S. Engagement in Uruguay: Growth of Streaming and eCommerce During the Pandemic

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Though unplanned, the onset of the pandemic presented new opportunities for Uruguay to expand economic ties with the United States in select industries, most notably, streaming services and eCommerce. Already robust ties between Uruguay and the U.S. in information technology (IT) and adjacent sectors, and its multiple competitive advantages over other South American countries, set Uruguay up well for success. Opportunity arose when, to combat the pandemic, neighboring countries closed their borders during 2020 and part of 2021. In contrast, Uruguay’s strong initial response to the pandemic kept infection rates low and its audiovisual sector was the first in the region to return to work in 2020.¹ This made it a go-to location for international film and TV projects interrupted by the global crisis.

The pandemic notwithstanding, Uruguay is a “film friendly” South American option for international projects, with quality infrastructure and state-of-the-art technical equipment, universal high-speed internet, qualified industry professionals, ease of mobility and a variety of locations in close proximity.² It also offers political stability and security, and architecturally diverse Montevideo as a filming location, which can serve as the backdrop for a wide range of genres and settings.³

Furthermore, Uruguay’s government has implemented measures intended to convert the country “into a regional hub for audiovisual production,” according to its Minister for Industry, Energy and Mining.⁴ In 2019, immediately prior to the pandemic, the country piloted the Uruguay

Audiovisual Program (PUA), which it significantly strengthened in 2020,⁵ and which offers a package of incentives to encourage audiovisual production. The PUA is designed both to attract international productions to Uruguay and to promote national productions abroad. It also provides support to national and foreign films produced totally or partially in Uruguay and facilitates ease of entry for equipment and the rapid management of permits. And it offers cash rebates of up to 25 percent for feature films or TV series investing at least \$600,000 in Uruguay and exempts these projects from any value-added tax (VAT) applied to audiovisual products. Uruguay's investments have paid off, and large U.S.-based streaming services, including Amazon, Disney, Sony, HBO, and Netflix, now operate in the country.

The groundwork was laid prior to the pandemic when U.S. streaming services began to turn their attention to Latin America, both as a growing market and as a cost-effective option for filming locations. Netflix was the first to arrive in Uruguay in 2011, followed by Amazon Prime in 2016 and Apple TV+ in 2017.⁶ Parts of the 2019 Netflix original feature *Blood Will Tell* were filmed in the country. A major lift came when the Netflix series *The Conquest*, a collaboration with the Uruguayan studio Salado and starring Keanu Reeves, opted to film there in 2019.⁷ That same year Montevideo-based Montelona Films premiered *The Sharks*, which scored the Directing Award at the Sundance Film Festival.⁸

But the availability and production of streaming content in Uruguay accelerated during the pandemic. Disney+ arrived in November of 2020. HBO Max launched in Uruguay in late June of 2021.⁹ Amazon filmed parts of the Chilean drama *El Presidente* in Montevideo in 2020, and together with the Uruguayan studio Cimarrón Cine, filmed part of the Brazilian crime drama *Sentença* that same year there as well. In 2021 Disney+ produced several National Geographic segments in the country. Netflix began shooting its first feature film, *Togo*, in Uruguay in October 2021. And Cimarrón Cine is working on another project, the romantic comedy *Amsterdam*, slated to premiere soon on HBO.

The presence of major U.S. brands like Disney in Uruguay also opens the door for prominent subsidiaries to work in the country, such as Pixar, Lucasfilm, and Marvel, which are all owned by Disney. The industry has sought to build relationships in other ways as well. To highlight just a few developments, in 2020 Uruguay was featured as one of five countries on the "Producers Network" of the Cannes distribution and business market, which provided Uruguayan production companies unprecedented international exposure.¹⁰ And a partnership between Uruguay's Punta del Este Studios and the New York Film Academy, formed in July 2021, will offer workshops on the nuts and bolts of "Hollywood style movie and TV production" to professionals in the Uruguayan filmmaking industry.¹¹

The growing number of streaming ventures in Uruguay recently led its government to increase its allocation for the "cash rebate" program from \$7 to \$12 million, which has stimulated additional interest to work in Uruguay among international film companies.¹² With these new incentives, the

objective is to reach \$80 million in exports annually. This is a priority, given the potential impacts of such growth for other industries in Uruguay which are connected to the audiovisual sector, such as hotels, catering, clothing, and makeup, among others.

Another area of notable pandemic-era growth for Uruguay has been eCommerce. As with the audiovisual sector, the growth of eCommerce was already a priority for Uruguay prior to Covid-19, and long-term investments in the country's digital infrastructure enabled it to rapidly ramp up eCommerce options once the pandemic hit. In 2019 Uruguay was the first Latin American country to roll out 5G commercial mobile.¹³ Also in 2019 Uruguay XXI developed an "Export Skills Training Program," intended to help the country's small and medium-sized enterprises (SMEs) build new eCommerce platforms.¹⁴ Cross-border sales, amounted to 37 percent of total eCommerce in 2019, growing 93 percent in comparison to the previous year.¹⁵

But Covid-19 forced more rapid development of online purchasing options. In 2020 electronic payment methods diversified to include debit cards, e-cash, transfers, online payments, apps, and automatic payments, surpassing cash and check payments for the first time. In 2019, about 50 percent of purchases were made online, which jumped to 61 percent in 2020.¹⁶ Online orders in Uruguay increased by 47 percent during the first five months of the pandemic in 2020.¹⁷ U.S. eCommerce services have been the main gateways for Uruguayans, led by WhatsApp and to a lesser extent social media networks (i.e., Facebook and Instagram), as preferred options for new users.¹⁸ While specific data are unavailable, 90 percent of online purchases in Uruguay are made from U.S. and China, mostly through online retailers Amazon, Ali Express, and eBay,¹⁹ which indicates that a large proportion of online purchases are coming from the U.S.

The rapid evolution of eCommerce options during the pandemic has also allowed Uruguayan firms to increase exports of goods and services to the U.S., which was already an important commercial partner. According to Uruguay's Chamber of the Digital Economy (CEDU), online sales from Uruguayan companies doubled in 2020 when compared to 2019, reaching 81 percent of all sales.²⁰ Further accelerating this process, in May 2021 U.S. eCommerce giant Amazon allowed Uruguayan vendors to sell their wares on its platform, significantly increasing the international reach of Uruguayan goods and services,²¹ and helping its small and medium-sized enterprises to better "connect with consumers around the world."²² SMEs account for 78 percent of Uruguay's exporting companies.

Ongoing close associations between U.S. and Uruguayan companies throughout this sector have also been an important factor in its rapid development in Uruguay. Most of the top eCommerce firms operating in Montevideo, such as Roofstrap, Xmartlabs, Moove It, and Asap Developers – are either based in the U.S., maintain an office there, are the result of multinational team-ups with U.S. counterparts, or primarily target the U.S. market.²³ The careers of many important Uruguayan eCommerce executives began in the U.S. In September of 2020, Uruguay's dLocal, a cross border payment processor backed by the U.S. Private Equity Firm General Atlantic and with Uber, Dropbox, Amazon, TripAdvisor, GoDaddy and other U.S. firms as customers, raised \$200 million for a successful IPO on NASDAQ to become the country's first "unicorn."²⁴ It's value has since

increased to more than \$15 billion.²⁵ Several fintech and eCommerce companies are the most likely candidates to follow dLocal’s lead in the next couple of years.²⁶

In large part, the rapid growth of the audiovisual sector and eCommerce in Uruguay during Covid-19 reflects a years-long public policy committed to the growth of Uruguayan hi-skilled exports to the U.S. As the chief executive of Uruguay-based Light-it, which provides bespoke software for BestBuy and others, has put it, “The only market that interested us was the U.S.”²⁷ The audiovisual sector and eCommerce are no exception. Uruguay partially makes up for the comparative disadvantage of its small market size by developing its IT infrastructure and effectively promoting its tech-related advantages in comparison with the rest of the region.

Endnotes

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



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