



# Japan and Uruguay enter new era of mutual trade and investment

The year 2016 marks the 95th anniversary of diplomatic relations between Japan and Uruguay. Strong bilateral relations between both nations continue to grow as Uruguay's economy prospers and the potential for trade and investment is huge.

The country's incumbent president, Tabaré Vázquez, visited Japan last November: a further sign of continuing efforts from both nations to increase relations. The timing of the visit was also pivotal for Uruguayan companies wanting to explore

the Japanese market, as they established new contacts with their respective sector counterparts. Uruguay depends on high-quality value-added exports in various sectors, as well as in-

bound foreign investment to fuel its economy. Today, it is known for its sound macroeconomic performance, institutional stability, low level of corruption and high level of public trust in its government.

The strong partnership between Uruguay's public institutions and its leading private firms has allowed the country to

focus on consistent growth over the last decade.

As a result, Uruguay has come to be known as "the little Switzerland of South America," not an easy task in this volatile continent. "The country excels in its social and political stability, allowing for a strong and seamless stream of foreign investment into the country," said Miguel Vilariño, general manager of the Chamber of Industry of Uruguay.

"According to our GDP and size, Uruguay is the leading Latin American country in inflow of foreign direct investment," added Sebastian Perez, economic adviser of the chamber. "We have also been recognized internationally for our healthy macroeconomic management. Consequently, we have obtained investment grade, and our debt rate has also been reduced."

In January last year, Keiko Tanaka, the Japanese ambassador to Uruguay, signed the Japan-Uruguay Investment Agreement, with the support of delegates from the Uruguayan Ministry of Foreign Affairs.

"Ultimately, freedom of finances is one of the main advantages for inbound commerce and investments," noted Tanaka.

"The investment agreement will guarantee that any Japanese firm investing in Uruguay will have the same opportunities and conditions as a domestic firm. Our embassy is open to, and promotes, Japanese companies'

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involvement in Uruguay, as the country's success depends on its international trade and investment inflow."

Uruguay is also well-known for being ranked first in Latin America in democracy, peace, and equality. It has become an attractive destination for investors and multinationals who wish to establish themselves in the

southern area of the continent. "Our country has a very high literacy rate compared to other countries in the region, making it an attractive business destination for its high-quality human resources," said Raul Palacios,

chairman of the Uruguayan-Japanese Chamber of Commerce and Industry.

"The country has a long history of democracy and provides good quality of life and a safe business environment," added Tanaka. "The Uruguayan economy has been growing for the last

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several years, and I believe this trend will continue going for-

ward."

The country is also geographically well positioned between the key economies of Brazil and Argentina. "Uruguay poses a strong potential in being a logistics hub for South America through its investment protection and logistical services," said Claudio Piacenza, secretary-general of the National Chamber of Commerce and Services of Uruguay, highlighting the advantages of using the country as a secure and stable hub in the greater Mercosur market.

"There are already a few Japanese multinationals that have established their South American distribution centers in Uruguay's zonas francas (free trade zones), taking advantage of tax benefits and investment protections," Tanaka noted.

There is also much more potential in Japan as an export market for products from the Uruguayan cattle industry. In the early 2000s, an outbreak of foot-and-mouth disease stopped all meat exports to Japan. These days, both countries are working quickly to reintroduce exports of high-quality meat to Japan in years to come.

"We are almost at that point in

the process in which Uruguayan meat will begin to be exported to Japan once again," Tanaka stressed. "It will be a momentous milestone for one of the country's strongest commodities to reach the premium export Japa-

nese market."

Equipped with both macroeconomic soundness and strong export potential, Uruguay finds itself in a good position to further diversify its export markets as it looks to reduce its dependency on traditional commodities. The country's value-added products are ideal for Japanese consumers

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and offer relatively high return on trade investment.

The renewable energy sector is yet another attractive area

for foreign direct investment in Uruguay. The tiny nation is now regarded as one of the greenest countries on the globe, relying on a mixture of such renewables as wind, solar, hydro and biomass to produce most of its energy.

"We must push for better understanding, as it is important for us to do business with the Japanese economy," Palacios said. "Our institution has effected trade missions to and from Japan since 1987, in the hopes of enhancing trade and establishing long-term partnerships with the Japanese. We

remain excited about the potential collaboration between both countries in the years to come." ♦

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— MIGUEL VILARIÑO  
General Manager  
Chamber of Industry of Uruguay



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## Uruguay's business-friendly economy prompts rise of logistics star for South America

After several years of pragmatic economic policy that has promoted business and investment, Uruguay has become a modern, agile and efficient logistics hub. Its favorable tax regime and investments in infrastructure and human capital have attracted the attention of foreign investors from different countries, including Japan.

The small country of Uruguay is positioned today as an ideal gateway to the growing economy of South America. One clear example of this can be found in the Uruguayan logistics specialist Supralux.

The family owned company has been able to build its business in line with the country's own economic growth and the resulting market expansion from both local and international clients. "Our goal has always been to grow together with our employees and customers," said Lia Diaz Coll, general management and human resources manager of Supralux.

Located in Zona America, Uruguay's largest and most internationally oriented industrial free zone, Supralux occupies facilities that include 5,000 sq. meters of warehouses, cold storage units and truck parking.

"Our philosophy of one-stop-shop logistics allows us to provide the best service at all levels to our



Soledad Maiorano, Operations and Customer Service Department Manager; Rodrigo Diaz Coll, President; Lia Diaz Coll, General Management and Human Resources Manager; Marcelo Andre, Operations Manager of Supralux

clients," said Rodrigo Diaz Coll, Lia's brother, co-owner and president of the business. "We work with all kinds of merchandise and provide specialized services to our customers that our competitors don't offer, such as a free consultancy service that allows us to really understand what our clients are looking for."

The siblings explain that Supralux has been able to grow and gain experience through years of dedication at the regional level — allowing the company to tailor its services for its U.S., European and Japanese customers.

Supralux's significant investment in software and technology has also made it ready for the growth currently being experienced by the logistics sector in

Uruguay. In particular, much is due to the fact that — since Jan. 1, 2015 — Uruguay-based companies can distribute duty-free goods to the other Mercosur countries, namely Argentina, Bolivia, Brazil, Paraguay and Venezuela.

The enterprising Diaz siblings' goals are to continue growing both regionally and internationally. To achieve this, they have provided Supralux with the necessary tools to make it an important logistics player for international clients not only in the Uruguayan market, but in South America as a whole. ♦

**SUPRALUX S.A.**  
ZONAMERICA BUSINESS & TECHNOLOGY PARK  
www.supraluxlogistica.com



"Gauchos" working with merino sheep at La Magdalena farm in Salto, Uruguay

## Sustainable wool, from sheep to shop

The global trend for sustainability means that many clothing sector companies have redirected their initiatives toward eco-friendly design — and this has resulted in increased demand for an all-natural, renewable fiber, namely wool.

Celebrating its 100th anniversary in 2016, Lanás Trinidad supplies high-quality combed wool tops to a growing number of clients worldwide. Many are based in Japan — a market with exquisite taste in wool clothing.

The firm's commitment to quality is comprehensive, and maintained over the wool's entire journey from a farmer's sheep to a client's shop. "You need two to tango," said Pe-

dro Otegui, director of Lanás Trinidad. "A customer pleased with our wool product is just as significant as the farmer who is also happy to produce the wool."

"One of the big issues for wool nowadays is awareness," he continued. "Wool has many great natural attributes which make it the fiber of choice today. If customers do not get enough information about what their clothing is made of, then they do not realize the benefits of using wool products."

"We are currently working with the International Wool Textile Organization, along with other major players in the global wool industry, to raise awareness of the benefits of

wool," Otegui noted. "For this, Lanás Trinidad has implemented a wool traceability program which allows our customers to follow the route taken by our wool from the farm all the way to the delivered wool tops."

As well, the centenary company is investing heavily in research to create ever more sustainable processes for wool production. Recent developments include using rainwater for wool scouring, and producing biogas from anaerobic reservoirs to use as a renewable energy source.

The company's motto summarizes its vision: "Sustainable production in harmony with the environment." ♦  
www.lanastrinidad.com

FAST FACTS

URUGUAY

Area:

176,215 sq. km

Population:

3,341,893 (July 2015 est.)

Capital:

Montevideo 1.707 million (2015)

Currency:

Uruguayan Peso (UYU)

Avg. exchange rate:

\$1 = 23.246 (2014 est.)

Real GDP:

\$57.47 billion (2014 est.)

GDP growth:

3.5 percent (2014 est.)

GDP per capita:

\$21,100 (2014 est.)

Inflation:

8.9 percent (2014 est.)

Unemployment:

6.6 percent (2014 est.)

Main industries

Total exports:

\$10.38 billion (2014 est.)

Total imports:

\$11.3 billion (2014 est.)

Major exports

beef, soybeans, cellulose, rice, wheat, wood, dairy products, wool

Major imports

refined oil, crude oil, passenger and other vehicles, vehicle parts, cellular phones

Main export markets

China 22.4 percent, Brazil 17.9 percent, Argentina 6.3 percent, Venezuela 5 percent (2014)

Main import markets

Brazil 20.3 percent, China 16.9 percent, Argentina 13.1 percent, US 10.2 percent, Venezuela 4.6 percent (2014)