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# WHERE RAPID INNOVATION MEETS POLITICAL STABILITY

Uruguay, located between two of the region's most influential countries, Brazil and Argentina, has developed a resistance to the political and social upheavals that have broken out across South America over the past decade.

Among the smallest countries in South America by land mass and with a population of only around 3 million, Uruguay may not possess the geopolitical clout held by its neighbors. However, its location by the strategic Rio de la Plata, which flows out to the Atlantic, has given the country its lifeline, so to speak.

"He who controls the Rio de la Plata controls the continent," an old saying goes. Today, the river allows access to the hinterlands of South America, a market of more than half a billion people.

Having achieved some political and economic stability, following its tumultuous history, Uruguay has attracted the attention of foreign investors. Apart from the advantage of controlling access to Rio de la Plata, Uruguay's membership in MERCOSUR (Southern Common Market) has strengthened its position in the global economy.

From the early 2000s, Uruguay's governments realized that the country had to surmount challenges related to its small population and land area if it were to accomplish consistent and sustainable progress. Among those strategies was to develop the country as a center for higher value-added manufacturing.

Additionally, all successive governments have recognized the value of building a stable legal framework for businesses. The majority of Uruguayans are very proud of the clear rule of law, strong state institutions and highly educated workforce, as they cite these three aspects as the competitive advantages of Uruguay's economy.

When prospective investors are assured that industries will not be nationalized depending on who is in government and laws are respected regardless of who is in charge, these companies, whether they are from the United States, Europe or Japan, are able to make long-term plans and accordingly commit abundant capital.

"Uruguay's political stability, along with a bilingual population that can speak Portuguese and Spanish, was among the main reasons we established our only manufacturing plant, which will serve the entire South American continent," said **Yosuke Natsume, head of Bonset Latin America**, which produces shrinkable plastic for packaging and labeling applications.

Other Japanese companies, especially those in the consumer electronics sector, are capitalizing on Uruguay's ability to become a "last-mile" processing and value-added hub, thanks to its free trade zones. In the early 1990s, as countries chased foreign capital amid rapid globalization, Uruguay established its first free trade zones and targeted multinationals, positioning itself as the ideal gateway to South

America.

Zonamerica, an industrial and logistics park 30 minutes northeast of the capital Montevideo, now has 12 Japanese electronics and high-value added firms. These companies receive finished goods from Japan or other countries-of-origin as their employees put the final touches on the products — such as country-specific labels — before they are shipped to their final destinations anywhere in Latin America. Among the Japanese companies in Zonamerica are Sony, Ricoh and Shimadzu.

"Uruguay's logistics infrastructure can hold its ground against any other advanced economy in the world. Our systems use best-in-class systems for sorting, tracking and delivery of the products. They are also very well integrated into the planning and timeline of our customers to ensure maximum efficiency," said **Zonamerica Vice President Isidoro Hodara**, who is also president of the Japanese-Uruguayan Chamber of Commerce.

A vital part of the logistical chain in Uruguay is the port of Montevideo, a natural harbor with a long history of being a refilling station for merchant ships. The port continues to be a heavy driver of the region's economy.

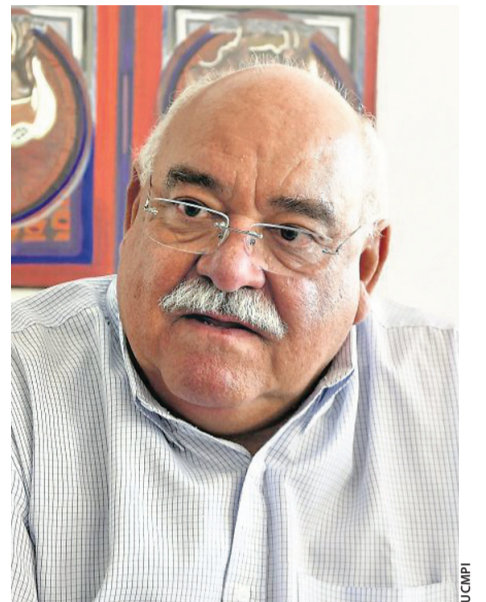
"We provide port services 24 hours a day, 365 days a year, ensuring users reliability in their work forecasts. Private operators, under a regime of free competition, attend to the services of the ships, the merchandise and their passage," **Montevideo Harbor South America President and CEO Francisco Suga** said.

Perhaps the most remarkable economic driver to come out of Uruguay since the 1990's would be the country's information and communication technology sector. Because of the government's commitment to equip secondary and tertiary students with computing literacy, Uruguay boasts a robust software and IT ecosystem and now exports high value-added technologies across the globe. That strength is best illustrated by the success of GeneXus.

With its vision to develop "software to make software," GeneXus has emerged as the country's leader in IT automation. Selecting Japan as its Asian gateway, the company opened offices in Tokyo and is aggressively expanding across the Asia-Pacific region. In the process, it has enlisted Mitsubishi and Canon as its top Japanese clients.

Another clear example of Uruguay's evolution into a hotbed of innovation, The Electric Factory in Montevideo has developed an acoustic technology that can be fitted into electric vehicles and make them safer for all drivers and pedestrians. Furthering its application, the acoustic technology can be used to help with the growth of plants. The company has partnered with AYAX Toyota to roll out this technology in Uruguay.

In the same year that Uruguay and Japan marked the centennial of the establishment of diplomatic relations, Uruguayan beef farmers had another reason to celebrate. After a nearly 20-year hiatus, the first shipment of



**Uruguayan Chamber of Meat Exporters Head Daniel Belaratti**

high-quality, hormone-free beef products made their way to Japan in March.

"Japan's reopening of its market to our products is Uruguay's debut as a true global player in the beef industry. We are a David in the midst of Goliaths as far as global meat export volumes are concerned. But we are confident in the differentiating factors of our products, such as not using hormones and perfect traceability for all of our livestock," said **Uruguayan Chamber of Meat Exporters Head Daniel Belaratti**.

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## MONTEVIDEO HARBOUR: ASIA'S FAST TRACK ACROSS SOUTH AMERICA

When the Port of Montevideo's free port status finally came into effect in 1992, Uruguay had no car carrier infrastructure or facilities. A year later, the **Montevideo Harbour South America (MHSA)** president saw an opportunity for the company to become the trusted maritime agent for Asian automakers that wanted to penetrate the MERCOSUR common market, which includes Argentina, Brazil, Paraguay and Uruguay.

Twenty-five years later, MHSA has become one of the largest car carriers servicing the Rio de la Plata region, an area of nearly 200 million people.

Operating 24 hours a day

and 365 days a year, the Port of Montevideo and MHSA offer competitive advantages to companies that depend on just-in-time and speed-to-market principles.

Montevideo is the first and only terminal on South America's Atlantic coast within a free port zone. Commodities and goods that pass through its premises are exempt from all taxes and surcharges. MHSA also has an office in the Paraguayan capital Asuncion.

"In a regime of free competition, we realize a company's need for speed-to-market and facilitate the services to the ships, the merchandise and their passage.

Another advantage of Montevideo and MHSA is we provide quicker access to the heart of MERCOSUR. A river route through Montevideo is more cost effective than an overland route from the Pacific ports in the long run," **MHSA President Francisco Sugo** said.

"MHSA appreciates the relationship we have with our Asian customers. We look forward to continuing this longtime relationship and helping Asian exporters to get their products into the head of the MERCOSUR through our services," he added.

→ [www.mhsa-uy.com/beta](http://www.mhsa-uy.com/beta)



**Montevideo Harbour South America President Francisco Sugo**

## GLOBAL IMPACT MADE IN URUGUAY

Based in the Uruguayan capital Montevideo, **The Electric Factory** is a creative technology company with a lofty, if not daunting mission: to shape the future through well thought out, disruptive solutions that are based on innovative ideas and a deep understanding of human behavior and use the latest digital technology.

Inspired by a groundbreaking sonic wave research, The Electric Factory and AYAX Toyota, another disruptive Uruguayan company headed by Alejandro Curcio, worked together with an enormous wish to make a better world, launched The HY Project, a first-of-its-kind solution that uses sound waves to reduce noise pollution and foster plant growth.

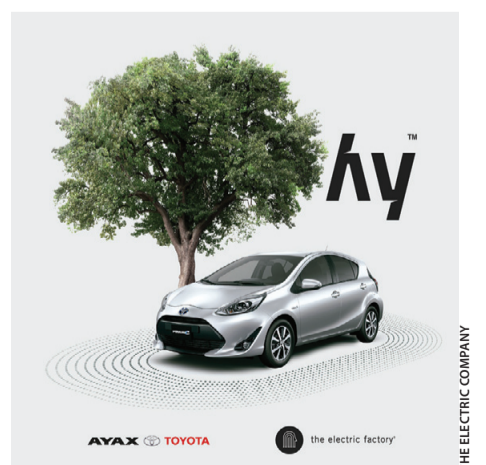
With the growing use of hybrid and electric vehicles amid concerns about the environment, The HY Project was conceived because of impending global regulations on such vehicles and their AVAS (Acoustic Vehicle Alerting Systems). Hybrid and electric cars, because of their quiet engines, pose some risks because they are sometimes undetected while in transit.

"Then, from there, we wondered if this sound might also do something else, such

as benefit the environment. We've all heard anecdotes that music is good for plants. Investigating further, we found many scientists and studies that confirmed that plants can benefit from sonic vibrations," **Co-Founder and Head Of Innovation Juan Ciapessoni** explained.

It has since been incorporated into Toyota's Prius C and Corolla Hybrid.

"People's standard of living has quadrupled in the last century. However, this progress in prosperity has exacted a high environmental price in the quality of life of millions of people around the world. AYAX Toyota understands that The HY Project is a perfect and well-timed one for the automotive industry because it will help the planet. At the same time, it's a perfect complement to the revolution in electrified and clean mobility that is already happening. Now, the consumers who are morally committed to this cause will have the opportunity to install The HY device in their electric or hybrid cars and participate in a reparative, worldwide collaboration. We're excited to be involved and to see how far this takes us," said **Alejandro Curcio**,



**The Electric Factory and AYAX Toyota highlight their innovative spirit with The HY Project.**

**president of AYAX and founder of the Curcio Capital.**

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