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MEDIA SECTOR IN URUGUAY

Uruguay is a country with a long history of political, democratic, and social stability, along with a strong macroeconomic foundation. These qualities create a favorable environment for successful investments.

The country ranks among the top in Latin America and holds a very good position in the global rankings of political transparency and democratic strength, as assessed by prominent institutions.

Uruguay stands out in Latin America for its egalitarian society, high per capita income, and low levels of inequality and poverty. In relative terms, its middle class is the largest in the Americas, representing over 60% of its population. With a population of 3,426,260 people, Uruguay ranks 134th in the world population table, consisting of 196 countries, and maintains a very low population density of 19 inhabitants per square kilometer. Its capital is Montevideo, and its official currency is the Uruguayan Peso, though transactions in US dollars are widely accepted.

Spanish is the country's official language. The significant economic progress made by Uruguay, especially after the crisis of 2002, combined with its strong social consensus, supports its path towards poverty reduction and the promotion of shared prosperity. The country demonstrates a strong commitment to social protection measures.



Uruguay's economy grew by 4.4% in 2021, following a 6.1% contraction the previous year due to the COVID-19 pandemic. For 2022, a growth rate of 4.8% was expected, mainly driven by the reopening of borders for foreign tourism during the previous summer and an increase in agricultural production. However, for 2023, a slower growth rate of 2.7% is projected. This deceleration will be influenced by lower growth in its main Mercosur partners, global economic slowdown, tightening monetary policies, and the completion of extraordinary investments related to a new \$3 billion pulp mill, as well as other complementary public works.

Throughout its history, Uruguay has focused on inclusive social policies, with efforts to expand program coverage. For instance, approximately 90% of the population over the age of 65 is covered by the pension system, making it one of the highest rates in Latin America and the Caribbean, alongside Argentina and Brazil.

Uruguay is ranked 101st out of 190 countries in the Doing Business ranking, which assesses the ease of doing business in different countries. Its economy is primarily based on agricultural and livestock activities, with significant support from foreign investment for the development of the local industry.

In 2022, Uruguay's global services exports reached US\$2.882 billion, reaching their highest levels since the Central Bank of Uruguay (BCU) started recording this data. When adding exports associated with the buying and selling of goods (US\$2.827 billion), the total exports amount to US\$5.700 billion. This indicates the country's active participation in international trade and commerce.

Uruguay's strong institutional performance in areas such as government trust, low corruption, and a political focus on consensus, coupled with a significant commitment to strengthening institutional arrangements, provides a solid foundation for renewing its social contract and establishing policies to address current limitations.

Regarding the advertising industry, it contributes 0.27% to the country's Gross Domestic Product (GDP), with an investment of 270 million dollars in 2022. The sector employs 2,000 direct workers and supports an additional 10,000 indirect jobs. This indicates the industry's importance in the country's economy and its role in generating employment opportunities.

Cinema industry: The film industry in Uruguay has seen significant development since the promulgation of Law 18.284 in 2008, which established the Institute of Cinema and Audiovisual of Uruguay (ICAU). This has led to the consolidation of the Uruguayan audiovisual industry, creating an ecosystem of interinstitutional funds that benefit the sector through tax exemptions, cash rebate programs, and funds supporting national production and coproduction.

One of the key programs is the International PUA Program, which aims to promote national audiovisual production by attracting international productions that contribute to improving local capacities, professionalizing the sector, and competitively integrating the country into the international production market. The program supports foreign audiovisual productions produced either wholly or partially in Uruguay, including services for the production of feature films, short films, music videos, animations, documentaries, TV series, and television programs.

Additionally, Uruguay has signed several Coproduction Agreements and International Conventions to further foster its film industry. These agreements enable collaboration with other countries and facilitate the exchange of resources, expertise, and talent, ultimately fostering a more vibrant and globally competitive audiovisual sector in Uruguay.

Streaming services and digital media: Uruguay has a Law on Audiovisual Communication Services that regulates the provision of radio, television, and other media services. The digital media landscape in Uruguay is rapidly developing due to its relatively small population, sustained economic growth, policies focused on universal coverage goals, and a significant legacy of social movements and civil society institutions in the country.

Uruguayan citizens have been transitioning from consuming traditional media (television, radio, and print) to increasingly engaging with digital media. Over more than a decade of continuous effort, Uruguay has positioned itself as a regional leader and international reference in Digital Government development. This achievement has been facilitated by a digital strategy reflected in successive strategic plans and digital agendas, the development of platforms, products, solutions, and best practices across the government, as well as the incorporation of Information Technologies and the generation of management capabilities within public agencies.

At the same time, the growing adoption of digital media by citizens has led to increased interaction with the government and other actors through the use of widely available digital services. This trend has allowed for greater accessibility and convenience for the public and has facilitated a more connected and engaged society.

Ease of doing business
Equal treatment for foreigners and locals
No restrictions for profit repatriation
Single tax system for the entire territory
Free foreign exchange market
No local counterpart required

Film production and festivals: The technical and artistic professionalism of the sector is an added value that becomes visible in the provision of audiovisual services and national cinematography, with frequent participation in major festivals and markets. Uruguay has diverse locations (beaches, countryside, historical towns, and buildings with high architectural value) throughout its territory, which are accessible and at short distances, favoring productions. On the other hand, there are regulations for temporary admission and exit of material goods used to support cultural activities, including cinematography.

Music and live performances: There are about 150 companies focused on show production, record labels, publishing houses, and press agents. They distribute their productions to concert venues throughout the country, as well as to international radio and web platforms (Spotify, iTunes, Deezer, Google Play, Pandora, Claro Música). Additionally, there is MUS, a national platform. Uruguay boasts a significant number of national artists with international recognition, some of whom have even won Grammy Awards

Resilience to external shocks: 17 years of uninterrupted growth at an average annual rate of 3.8%.

Sports Events: Firstly, Uruguay is a country with a highly recognized brand, particularly associated with great athletes, especially in the world of football. In February 2023, the joint bid of Argentina, Uruguay, Chile, and Paraguay was presented to host the 2030 World Cup. However, Uruguay has a long history of hosting sports events, not only in men's and women's football but also in tennis tournaments, rugby competitions, 5k and 10k marathons, equestrian activities, and more.

Creation of local content: The creativity of the national human resources, both in artistic and technical capacity, has played a crucial role as a competitive factor in various creative sectors. Participants refer to this concept in terms of the creative input involved, whether for the development of content itself or creative services provided to the creative industries or other industries, with a focus on the creative economy.

The creative sector comprises approximately 200 companies engaged in content development and advertising, film, TV, and animation production. Among them, around 30 export their content, and 20 are involved in video game development, with 80% of them producing for foreign markets. They distribute and commercialize their creative content through television, cinema halls, Vera TV, and digital platforms such as YouTube, Netflix, Crackle, HBO Go, etc.

In the publishing universe, there are around 15 publishing houses, with half of them practically generating the entire sector's economy. Montevideo houses over 100 bookstores, and there are two distributing companies in the sector. Within the digital distribution and commercialization platforms, Amazon is the most recognized. Regarding design, the core is formed by 320 companies focused on marketing, graphics, landscaping, web design, interior design, and industrial suppliers. Among the companies that distribute and commercialize creative content, some sell designed products, while others provide services directly to their clients. Half of these companies engage in exports.

Ease of doing business in the creative industries sector.

Reforms and initiatives aimed at attracting investment and promoting economic diversification

Regulatory Environment: Sectoral actors have set the following objective for 2035: "To develop the creative industries through high-quality and innovative products and services, with a strong emphasis on internationalization, focusing on the integration of diverse value chains, and fostering public-private leadership and efficient coordination of its various components." This encompasses several elements of interest, including the integration of creative industries, quality content, international market access, and effective leadership.

Investment Opportunities: There are significant investment opportunities in Uruguay's audiovisual industry, with a 0% tax rate for Services of Production and Co-productions. Additionally, there is a 22% VAT exemption on logistics and service expenses incurred in Uruguay for film, television, and advertising productions. These tax incentives provide a favorable environment for investment in the country's audiovisual sector, making it an attractive destination for production companies and co-producers looking to take advantage of cost savings and support in their ventures.

Infrastructure Development:

- **UNIVERSAL AND HIGH-SPEED INTERNET:** Uruguay boasts the highest mobile internet connection speed in Latin America and extensive coverage throughout the country.
- **SHORT DISTANCES AND EASY TRANSIT:** There is a significant network of routes and uncongested transit, optimizing production costs and times in a safe environment. Uruguay ranks among the top countries with the best transparency index and low corruption levels.
- **LATEST GENERATION EQUIPMENT:** We have the latest technological advances in the audiovisual industry. Our technical staff is highly trained, and we have experienced bilingual technicians in all areas.
- **GEOGRAPHIC LOCATION:** The proximity to Argentina and Brazil allows for the expansion of existing resources. Buenos Aires is just 45 minutes away from Montevideo, and São Paulo is a 2-hour and 30-minute flight from Uruguay's capital.

#1 Leader in Communications in Latin America
#1 Member of Digital Nations advanced in digital government)
#1 percentage of companies connected by fiber optics
#1 E-Government Development Index (United Nations, 2020) Source: ITU, World Economic Forum (2019), United Nations (2020).
#1 percentage of households connected by fiber optics
#1 in ICT Adoption (World Economic Forum)
#1 Internet penetration - fixed broadband (International Telecommunication Union)
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Private Investment: Uruguay has opened its media sector to private investment, allowing private media companies to operate and encouraging foreign investment. This has increased competition and diversified the media landscape in the country.

Cultural and Social Reforms: The technological capabilities and versatility have been achieved through an active educational policy that has generated a mass of graduates with critical and creative thinking skills, as well as a clear entrepreneurial profile. This creative development has been fundamental for the emergence of success stories not only within the creative sectors but also in terms of the value added by creative resources in originally more traditional sectors of the economy. These success stories have led to a greater social appreciation of the sector and introduced the concept of the experience economy as a clear evolution from the information economy.

The support for audiovisual education aims to promote the development of established capacities throughout the national territory by coordinating, promoting, and conducting motivational, educational, and training activities—both in-person and remotely—to stimulate the sector at the national level and foster its internationalization. This approach is implemented through measures that encourage the training and updating of local technicians, support for existing training proposals, and initiatives that contribute to other feasible training and capacity-building efforts.

Exports: The growing importance of global service exports from Uruguay is based on some key sectors that have taken advantage of the country's offerings for their business development. In Uruguay, there is a large number of companies exporting these types of services, with significant heterogeneity in terms of their size in terms of employment and revenue, as well as business models. The business models adopted by companies in Uruguay are captive centers (operations of foreign companies that provide support services and/or centralize business activities to their subsidiaries from Uruguay) and third-party providers (local or foreign companies subcontracted by foreign clients). Some companies establish regional headquarters, which implies locating decision-makers and elevating the country's status, leading to a virtuous circle of increased opportunities for new investments.

Regarding creative services in Uruguay, the audiovisual sector stands out as the most relevant in terms of exports. It constitutes an integrated productive complex composed of film and audiovisual production companies, service and equipment providers, distributors, exhibitors, and film-related services. The sector's exports mainly consist of sales of audiovisual production and post-production services. Within the production companies, the advertising sector displays a higher level of maturity and experience internationally. It is the sector with the largest number of companies and the best international presence, led by a small but highly competitive group in Latin America. Additionally, the creative services segment includes publishing, music, and video games.

Advertising Agencies: Uruguay has a large number of advertising agencies with different specialties and a long-standing tradition in the sector. These agencies mostly provide services to companies or organizations based in Uruguay, mainly from the private sector, with foreign markets accounting for 13% of advertising service revenues in 2022.

Links of Interest:

- AUDAP - Uruguayan Association of Advertising Agencies - <https://audap.com.uy/>
- IAB Uruguay - <https://www.iab.com.uy/>
- CUAM - Uruguayan Chamber of Media Agencies - <http://cuam.com.uy>
- Uruguay Audiovisual - <https://uruguayaudiovisual.com/>
- Uruguay XXI – Investment, Export, and Country Brand Promotion Agency - <https://www.uruguayxxi.gub.uy/en/>

To find out more about the opportunities for your business in the Media Sector please contact one of our Moore experts below.



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