

Uruguay independence day

Friendly investment regime bodes well for economy

Ana Maria Estevez
AMBASSADOR OF URUGUAY TO JAPAN

On Aug. 25, Uruguay commemorates its 185th anniversary as a sovereign state.

The long path to the independence of Uruguay was initiated in 1811, following the rebellion against the colonial authorities that other parts of the continent started one year earlier. So the bicentennial that other Latin American countries are commemorating this year, Uruguay will celebrate in 2011 as the date it began its independence process.

I express my gratitude to The Japan Times for giving me the opportunity to present some highlights of my country to its distinguished readers.

Over the past six years, Uruguay has experienced an economic and social recovery. The gross domestic product (GDP) has been growing through that period; the highest was in 2008 at 8.9 percent.

Even though the impact of the international economic crisis was felt in Uruguay in the first quarter of 2009, the recession was averted in the second quarter when economic activity remained stable. The average annual growth rate of GDP for 2009 was 2.9 percent; the forecast for this year is 6.5 percent.

Nevertheless, my country has a friendly investment regime (free inflow and outflow of capital and profit; no dis-

crimination between local and foreign investment; no price controls; bank secrecy; intellectual property laws according to the WTO guidelines, etc.), new regulations of the Investment Promotion System and more tax incentives have been implemented in order to attract private investment. Some sectors are fiscally exempted for a period, as biotechnology and software for export. Others have special benefits when reaching certain conditions of employment, technology and environment. The activities promoted most recently are electronic and ship industries; research and development of solar and thermal energy or other non-traditional sources for the generation of electricity; manufacturing of vehicles for the transport of groups of passengers; and manufacturing of agricultural machinery and their parts.

The incentives and, most of all, the political stability and the rule of law that has existed in Uruguay from a long time ago improve the business climate.

General elections for president and for Parliament members take place every five years. This year, a new Parliament was installed and new President Jose Mujica took office in March. He belongs to the same political party (Broad Front) as former President Tabare Vazquez.

The new government has a positive international image after demonstrating continuity in responsible economic policies, fiscal responsibility, abil-



President of Uruguay Jose Mujica

ity to attract private investment and agreement with regional neighbors, notably Argentina.

Recently, the country received an improvement in credit ratings that will contribute to its positive panorama. Fitch ratings raised Uruguay's long-term foreign currency sovereign debt rating from BB- to BB, reflecting Uruguay's resilience to external shocks (owing to strong macroeconomic policies, exchange rate flexibility and high international reserves), and that the expectations of strong growth were based on increased private investment and a favorable external environment.

Uruguay advocates full respect for international law and considers that multilateralism is the most effective instrument to promote peace and security. Uruguay is a big contributor to the U.N. peacekeeping operations. Despite its small size (the population is 3.2

million) Uruguay ranks seventh among countries in the world with forces or personnel contributing to peacekeeping. The Uruguayan military ranks first when considering the percentage of military personnel compared to the total population of the country. It currently has troops deployed to two missions: in the Democratic Republic of the Congo and in Haiti. Some of the tasks in these missions include security, search and rescue, humanitarian assistance and, if called for help, in fighting illicit criminal activity.

Uruguay is actively integrated in trade within Mercosur and believes the need to advance toward greater institutionalization of this bloc.

Promotion and defense of human rights is a state policy. Several measures have been adopted to bridge the social and economic gap. Among those is the policy toward gender equality. As a result of these policies, more women are participating in the decision making process. For example, in the last elections for Parliament, the percentage of female representatives reached 15 percent (up from the previous 11 percent).

The "paper war" between Uruguay and its brother country Argentina finally ended. The dispute began in 2004 when the Uruguayan government allowed the construction of a pulp mill next to the River Uruguay, which is the border between the countries. The row worsened in 2006 when protesters in Argentina, adducing that the plant would produce much

pollution, blockaded the international bridge across the river. The blockade remained in place until June 19 this year, preventing movement to and from Gualeguaychu, Argentina, to the Uruguayan territory of Fray Bentos, where the paper plant of Finnish firm UPM (previously Botnia) is situated. The case was taken to the International Court of Justice. After the sentence by the International Court of Justice in April this year, the two governments finally reached an agreement establishing the first complete environmental monitoring in the South Cone. President Mujica and Argentina President Cristina Fernandez de Kirchner agreed in July, following the spirit of the sen-

tence, to set up a scientific committee to prevent the contamination of the river that forms the border between the countries. This committee of two scientists for each party will be formed under the direction of the existing Commission for the Administration of the River Uruguay (CARU). The monitoring will be extended not only to the pulp mill of UPM but for other industrial and agricultural enterprises along both banks of the river, up to a dozen times a year.

The agreement reached a few days ago puts behind the countries a bitter and long-running bilateral dispute. Now there is time for more progress on other bilateral issues.

All the people in Uruguay

celebrated with great pride the good performance of the national team in the recent soccer World Cup. As for our sporting history, soccer by far has a remarkable place: Uruguay has won the World Cup twice, in 1930 and 1950, and the regional cup (Copa America) several times.

Regarding Japan-Uruguay relations, the past year has been fruitful. Then President Tabare Vazquez paid an official visit to Japan in December 2009. Besides the political visions that in the international arena both countries share, the authorities remarked that the mutual trade and cooperation in many fields has a lot of potential to develop.

During this visit a very important donation agreement in technical cooperation was signed, valued at ¥730 million, in which Japan contributes to a clean energy project in Uru-

guay using photovoltaic solar cells to produce electricity.

Uruguay exports to Japan mainly forestry products, chemicals, fish and wool products; imports from Japan are manufactured goods (mainly tires), cars and optical products.

The association between software companies Artech Uruguay and Genexus Japan has been very successful and proves there is more potential ahead.

On this special occasion, I reiterate my best wishes for the good health of His Majesty the Emperor Akihito, the Imperial Family and the honorable government presided by H.E. Prime Minister Naoto Kan.

We will continue working to consolidate the excellent relations between Uruguay and Japan for the mutual benefit of our nations.

Nation plays positive role in international affairs

Katsuhiko Tsunoda
PRESIDENT, JAPAN-URUGUAY SOCIETY

On the occasion of the 185th anniversary of the independence of the Oriental Republic of Uruguay, I would like to extend my heartfelt congratulations as president of the Japan-Uruguay Society.



I would also like to express my sincere respect and affection for the government of President Jose Mujica and the people of Uruguay, including the about 130 who live in Japan. Moreover, I would like to ex-

press my heartfelt respect for the work of H.E. Ambassador of Uruguay to Japan Ana Maria Estevez.

By the way, I should congratulate Uruguay for the magnificent result of its national soccer team, having ranked fourth at the World Cup 2010, surpassing Argentina and Brazil. I believe that the Uruguayan team gained many Japanese fans for the achievement.

Last December, then President Dr. Tabare Vazquez made an official visit to Japan, the first such visit since then President Jorge Luis Batlle in 2001.

President Vazquez had a meeting with then Prime Minister Yukio Hatoyama and performed other important activi-

ties. I should mention that, on the occasion, even with his busy schedule, our society was granted an exceptional honor of organizing a welcome luncheon for the president and his entourage.

Last year was the year of important elections for both countries. In Uruguay, Mujica, who belongs to the same party (FA) as Vazquez, was elected president. In Japan, the Democratic Party assumed power. However, both countries are peace-loving, mature, democratic countries and friendly ties that unite our countries are strengthened moreover.

Uruguay's positive activities in international relations such as relief help to the earthquake-stricken people of Haiti and Chile or participation in U.N. peacekeeping operations and cooperation with Japan in the United Nations, etc., are highly appreciated by our country.

Japan and Uruguay, though situated at almost opposite ends of the Earth, have enjoyed a good bilateral relationship since the establishment of diplomatic relations in 1921. Ties include multilateral economic and cultural exchange, as well as economic and technical cooperation, including the dispatch of senior volunteers.

In June last year, the Japanese government provided up to ¥29.2 million to Uruguay for a project to supply judo equip-

ment. And in December, on the occasion of the visit of President Vazquez, it provided up to ¥730 million to Uruguay for a project to promote the use of photovoltaic solar energy systems as a new source of clean energy.

In spite of the recent world economic difficulties, economic relations between both countries have been running fairly smoothly, including some investment such as the new plant of Yazaki. Last December, the Embassy of Uruguay in Tokyo organized a seminar related to the business opportunities in Uruguay, on the occasion of the visit of President Vazquez.

Cultural exchange has developed, as shown by the presentation of several Uruguayan musicians in Japan. Also, in this past May, just about 200 Uruguayan university graduates who visited Japan as part of a yearly graduation world tour organized a meeting to introduce their country to Japan. It is hoped that an interchange of personnel between both countries shall increase, including students studying abroad.

In conclusion, we sincerely hope that the bonds of friendship and cooperation between our countries will become stronger with each year and that the Japan-Uruguay Society may contribute to this strengthening in its own way, however small.

Congratulations
to the People of Uruguay
on the 185th Anniversary of
Their Independence Day

The Japan-Uruguay Society

President: Katsuhiko Tsunoda

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