

## U.S. Engagement in Uruguay: The Tech Sector

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Top: Zonamerica, a business and technology park in Montevideo, Uruguay/ Marcelo Campi/ [Flickr/ Creative Commons License](#)  
Bottom: Notebooks from the Plan Ceibal/ Jorge Gobbi/ [Flickr/ Creative Commons License](#)

Uruguay has demonstrated remarkable foresight in making major investments in its tech sector throughout the 2000s. Most notably, it rolled out the ‘Plan Ceibal’ in 2007, which sought to promote nationwide digital literacy and skills with a wide-ranging program built around the distribution of one laptop for every public-school student in the country. The Ceibal program has been complemented by a host of tax incentives for tech companies and investments in communications infrastructure, including some of the fastest internet in the Americas.<sup>1</sup> These investments have gained remarkable payoffs: Uruguay – a country of just three and a half million people – is the third-largest software exporter in Latin America, making it by far the largest exporter per capita in the region and third largest in the world.<sup>2</sup> With 700 IT companies and \$1.67 billion in revenues (as of 2018), Uruguay is earning its nickname: the “Silicon Valley of South America”.<sup>3</sup> The nickname is an apt comparison, as the Uruguayan tech sector has in many ways patterned itself after and sought out a relationship with Silicon Valley, building inroads in the U.S. market, establishing channels of knowledge exchange with American firms and universities, and benefitting from U.S. investments.

The United States is by far the largest consumer of Uruguay’s tech exports, accounting for 65% of revenue (as of 2019).<sup>4</sup> This relationship is far from accidental: the Uruguayan government has invested heavily in infrastructure, marketing and relationship-building with the American tech industry to foment these connections. Uruguay XXI, the country’s investment, export and country brand promotion agency, aggressively markets Uruguayan tech companies in the US: for example, the agency annually sets up its own ‘country pavilion’ at TechCrunch Disrupt, one of Silicon Valley’s most important tech conferences.<sup>5</sup> In 2017, Antel, the state telecom company, completed a fiber optic cable linking Uruguay and the United States, which it constructed in a three-year partnership with Google.<sup>6</sup>

In perhaps its most important move to link the Uruguayan tech industry with the American market, in 2019, Uruguay announced that it would be opening a new consulate in San Francisco to support Uruguayans in Silicon Valley. Ignacio González, designated to serve as the new consul, was straightforward as to the motivations of the consulate: “the main line of work is quite clear: opening doors to Uruguayan businesspeople”. In a separate speech, he expressed that, “Today, Silicon Valley is the technological engine of the world. And if we take into account that 65% of Uruguay’s software exports go to the United States, we should be here. It is the most iconic place in the field”.<sup>7</sup> The consulate will serve Uruguayan tech businesses by facilitating connections and providing “softlanding support”.<sup>8</sup> Reflecting Uruguay’s diplomatic efforts to open the U.S. market to Uruguayan businesses, in May 2021, Amazon announced that Uruguayan vendors would be eligible to sell products on their platform, thanks to the efforts of the Uruguayan embassy in the U.S.<sup>9</sup>

A secondary role of the Uruguay consulate in San Francisco is to promote teacher and student exchanges between Californian and Uruguayan universities and institutions, part of a rapidly growing practice of two-way knowledge and skills exchange between Uruguay and Silicon Valley.<sup>10</sup> In 2014, the Uruguayan National Agency for Innovation and Research (*Agencia Nacional de Innovación e Investigación*, ANII) signed an agreement with Stanford University’s Technology Ventures Program (STVP) with a vision to promote tech entrepreneurship in Uruguay by strengthening Uruguayan engineering and programming capacity. Specifically, under the terms of the agreement, Stanford and Uruguayan universities will exchange a cohort of professors for an annual visit that includes workshops, talks and consultancies. In the long-run, this program forms part of a vision to build permanent links between Uruguay and Silicon Valley.<sup>11</sup> In 2017, ANII also brought in the highly recognized tech incubator 500 Startups to run a 6 week accelerator program to build skills for 20 Uruguayan startups focusing on growth, product design, fundraising and building connections, with opportunities to showcase products for investments from American venture capital firms.<sup>12</sup>

Given the ease of access, availability of tax incentives and high degree of local talent, American tech firms have a long-running presence in Uruguay. American ventures within Uruguay have played an important role in building the local tech market, providing capital and opportunities for local software developers. Major U.S. software and IT companies including IBM, Microsoft, Cognizant, New Context, NetSuite and VeriFone have established bases in Uruguay and hire Uruguayan developers.<sup>13</sup> In 2021, Google announced the construction of a data center outside of Montevideo, its second in Latin America; the company announced that the investment “reinforces Google’s commitment to Uruguay and Latin America and the development of the local technological ecosystem”.<sup>14</sup>

Recently, U.S. firms have begun to put serious investments into Uruguayan tech start-ups: in 2018, the digital banking service Bankingly raised \$5.3 million from Elevar Equity, a Seattle-based venture capital firm; in 2019, Meitre, a restaurant management platform received a \$1.6 million investment from Andreessen Horowitz, a Silicon Valley firm. In September 2020, the financial services company dLocal, backed by the U.S. private equity firm General Atlantic, raised \$200 million, becoming Uruguay’s first ‘unicorn’, that is, a start-up valued at over \$1 billion.<sup>15</sup> Evan Henshaw-Plath, a software developer who co-founded the company that became Twitter, moved

from the U.S. to Uruguay in 2007 to found his own company in Montevideo. He explains the growing interest in Uruguay from the American tech sector as such: “Uruguay is a remarkably open place when it comes to attracting talent”.<sup>16</sup>

## Endnotes

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- <sup>3</sup> Baliero, “Uruguay: A Tiny Country Turned Mighty Nearshore Outsourcing Hub.”
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- <sup>8</sup> Atkins, Jacob. “Uruguay Announces New San Francisco Consulate to Support Techies.” Contxto, 2019. <https://contxto.com/en/uruguay/uruguay-announces-new-san-francisco-consulate-to-support-techies/>.
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- <sup>10</sup> Atkins, “Uruguay Announces New San Francisco Consulate.”
- <sup>11</sup> Oyhenard, Andrés. “Unión entre ANII y Stanford para fomentar el emprendedurismo.” El Observador, 2014. <https://www.elobservador.com.uy/nota/union-entre-anii-y-stanford-para-fomentar-el-emprendedurismo--201432117500>.
- <sup>12</sup> 500 Insights. “Announcing the 500 Startups Uruguay Accelerator,” 2017. <https://500.co/blog/announcing-500-startups-uruguay-accelerator/>.
- <sup>13</sup> Baliero, “Uruguay: A Tiny Country Turned Mighty Nearshore Outsourcing Hub.”
- <sup>14</sup> EFE. “Google compra terreno en Uruguay para sus centros de datos en Latinoamérica,” 2021. <https://www.efe.com/efe/america/tecnologia/google-compra-terreno-en-uruguay-para-sus-centros-de-datos-latinoamerica/20000036-4536974>.
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