



On 23 July 2019, Finnish Forestry Company UPM made a final investment decision to construct a 2,1 million tonne greenfield eucalyptus pulp mill near Paso de los Toros in central Uruguay for an amount of USD 2,7 billion, constituting the largest-ever foreign investment in Uruguay. Additionally, UPM will invest USD 350 million in port operations in Montevideo and local facilities in Paso de los Toros. The mill is scheduled to start operations in the second half of 2022.

On 7 November 2017, UPM signed an Investment Agreement with the Uruguayan Government, which details the roles, commitments and time-line for both parties as well as the relevant items that had to be agreed prior to the final investment decision. The necessary permits for the project have been obtained by the company and the material agreements with the Government of Uruguay have been concluded to the satisfaction of both parties. Such agreements include a Complementary Agreement to the Investment Agreement that was signed on 15 July 2019 which further specifies details and commitments for the project, and a Concession Agreement for a specialized port terminal to be constructed and operated in Montevideo Port, for 50 years, signed by Tebetur S.A. (UPM's subsidiary) and the National Port Authority.

In parallel, the Uruguayan Government is developing a railway project and road network by tendering the construction and long-term maintenance. This investment is necessary to enable the establishment of efficient logistic infrastructure in the Uruguayan inland.

In addition, a successful project requires off-site investments in plantation land and forestry, road network and nursery capacity, harvesting and transport equipment, rolling stock for the rail, export facilities and human development. In operation, the mill, forestry and related activities would employ 10,000 additional people in its full value chain.

Hughes & Hughes assisted UPM during the complete process, which considering the nature of the project, implying the largest private foreign investment ever, was extremely challenging and demanding for all parties.

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