

KEY FACTS

Official name: República Oriental del Uruguay (Oriental Republic of Uruguay)

Head of State: President José Mujica (Frente Amplio) (sworn in 1 Mar 2010)

Head of government: President José Mujica

Ruling party: Frente Amplio (FA) (Broad Front) coalition (since 2004)

Area: 176,215 square km

Population: 3.38 million (2012)*

Capital: Montevideo

Official language: Spanish

Currency: Peso Uruguayo (Ur\$) = 100 centavos

Exchange rate: Ur\$21.27 per US\$ (Jul 2013)

GDP per capita: US\$14,614 (2012)*

GDP real growth: 3.80% (2012)*

GDP: US\$49.40 billion (2012)*

Unemployment: 6.10% (2012)*

Inflation: 8.10% (2012)*

Balance of trade: -US\$2.31 billion (2012)*

Annual FDI: US\$2.18 billion (2011)

* estimated figure

Uruguay



Once known as the Switzerland of Latin America, after considerable social and political upheavals, in the twenty-first century Uruguay was beginning to acquire more Scandinavian characteristics. After a landslide electoral victory in 2010, President José ‘Pepe’ Mujica has continued the ruling Frente Amplio’s stated commitments to education, social welfare and justice. According to the openDemocracy grouping ‘What makes Uruguay different, is that these apparently utopian dreams are being implemented – not in half-measures but fully, openly and with the participation of the people.’

Mujica

Described as ‘the poorest president in the world’, the 78 year old Mr Mujica’s

inaugural speech was recognised as a *tour de force*. In it he set out his vision of a country where ‘everyone is empowered by the quality of their education to lead fulfilling lives and to participate in the wellbeing of the nation and of their fellow citizens.’ If accomplished it would make Uruguay perhaps not the Switzerland, but more the Sweden of the southern hemisphere.

By Latin American standards (where presidents more often than not have seemed to go for bling and extravagance), Uruguay’s José Mujica, in sharp contrast to his be-medalled forebears and counterparts around the world who live in comfort and are chauffeured around in limousines with countless police cars in attendance, donates 90 per cent of his

US\$12,000 monthly salary to charities and small businesses. His preferred means of transport as he trundles through the streets of Pocitos, is a less than pristine 1987 Volkswagen Beetle. Mr Mujica is a former member of the Tupamaros movement – an armed revolutionary group formed in the 1960s who achieved a high international profile by kidnapping the British ambassador, who was eventually released alive. (The Tupamaros also apprehended your correspondent – but only for some hours – in the suburbs of Montevideo). Apprehended and shot at several times, Sr Mujica also spent almost fifteen years in jail – where, in addition to being tortured, he was confined for two years at the bottom of a well. He was finally released after the restoration of democracy following the military dictatorship of 1973–85.

However, in 2013 President Mujica was criticised for how his administration was faring. Uruguayan opposition deputies (perhaps with an eye on the 2014 presidential and general elections) claim that the country's recent economic prosperity has not resulted in better public services in health and education and for the first time since Mr Mujica's election his popularity in early 2013 had fallen below 50 per cent. In 2013 he was also criticised over two legislative initiatives, including a bill which legalised abortions for pregnancies up to 12 weeks, which Uruguay's Congress passed. Unlike his predecessor, Mr Mujica did not veto it.

The economy

According to the United Nations Economic Commission for Latin America and the Caribbean (ECLAC), in 2012 economic growth in Uruguay slowed slightly to 3.8 per cent, with extra-regional exports and domestic consumption being the variables that helped maintain growth. Inflation climbed to 9.1 per cent in October, which was higher than in 2011 and well above the target range of 4 per cent to 6 per cent set by the Banco Central del Uruguay (BCU) (Central Bank of Uruguay). As for public finances, the fiscal deficit rose to 2.3 per cent of gross domestic product (GDP), while the primary balance was very close to equilibrium (0.1 per cent of GDP). Growth is expected to be about 4 per cent in 2013.

ECLAC noted that the fiscal policy measures implemented during the year included raising the maximum rates for the specific domestic tax on motor vehicles, removing the value added tax (VAT) on sales to end consumers paid for with debit

cards used for receiving family allowances and implementing a number of measures to promote tourism in Uruguay. As for monetary policy, actions taken to control inflation included a further rise in the monetary policy rate and agreements with businesses for cutting or freezing the price of some consumer goods. On the labour front, Convention No 189 of the International Labour Organisation (ILO) (bringing working hours and rights for domestic workers in line with those of other workers) was ratified and a partial unemployment benefit scheme was implemented.

ECLAC noted that the public account deficit widened considerably, from 0.6 per cent of GDP to 2.3 per cent of GDP at the central government level. This was largely the result of the surge in spending (1.4 per cent of GDP), which stood at 23.1 per cent of GDP at the end of 2012. Current expenditure went up from 20.2 per cent of GDP to 21.5 per cent of GDP while capital spending rose to a lesser extent (0.1 per cent of GDP). The rise in current expenditure was due in part to a number of extraordinary items, particularly payment of some US\$120 million under a ruling related to the 2002 banking crisis and approximately US\$30 million in expenses for closing down Pluna (Uruguay's national airline). Revenue declined by 0.4 per cent of GDP (to 20.8 per cent of GDP) as non-tax revenue fell.

In accordance with the focus on controlling inflation, the monetary authority has strengthened its contractionary policy bias and in 2012 continued the monetary policy rate rises that began in December

2010, reaching 9 per cent in September. In August the BCU implemented a 40 per cent reserve requirement for the purchase of securities by foreign investors and authorised the direct purchase of securities in dollars.

Growth began to slow in the second half of 2012, as reflected in falling labour demand, manufacturing output and industrial exports. The trend for these three variables was shaped by the shrinking market for Uruguayan manufactures as a result of the slowdown in Argentina and Brazil. This pointed to a two-speed economy, with regional trade cooling while the rest of the economy (such as exports of primary goods and agro-industry products and domestic consumption) continued to expand at a healthy clip. Extra-regional and domestic market activity continued to surge while regional economic activity lost momentum during the year. On the spending front, the increase in GDP was due to expanding domestic demand thanks to higher final consumption expenditure and gross capital formation. In the first half of the year, the sectors of the economy making the greatest contribution to producing global value-added were construction (thanks to public and private sector expansion), transport, storage and communications. In the second half, the best-performing sectors were electricity, gas and water, on the back of increased hydropower output. The construction sector continued to perform well, thanks to residential construction and some large construction projects, including the new Montes del Plata pulp mill. The sectors associated with domestic demand also

KEY INDICATORS

Uruguay

	Unit	2008	2009	2010	2011	2012
Population	m	*3.33	*3.35	*3.36	*3.37	*3.38
Gross domestic product (GDP)	US\$bn	31.20	31.50	40.30	46.90	*49.40
GDP per capita	US\$	9,351	9,426	11,998	13,914	*14,614
GDP real growth	%	7.2	2.4	8.9	5.7	*3.8
Inflation	%	7.9	7.1	6.7	8.1	*8.1
Unemployment	%	7.6	7.3	6.7	5.9	*6.1
Exports (fob) (goods)	US\$m	7,095.5	6,388.9	8,060.8	9,306.9	*9,906.6
Imports (fob) (goods)	US\$m	8,806.7	6,660.0	8,316.8	10,690.4	*12,217.0
Balance of trade	US\$m	-1,771.3	-271.1	-256.0	-1,383.5	*-2,310.4
Current account	US\$m	-1,485.9	211.9	160.2	-1,442.0	*-1,695.0
Total reserves minus gold	US\$m	6,533.0	8,029.0	7,644.0	8,534.4	*13,591.0
Foreign exchange	US\$m	6,349.0	7,644.0	7,168.0	8,013.6	*13,058.0
Exchange rate	per US\$	20.94	22.56	20.06	19.09	19.74
* estimated figure						

continued to expand, fuelled by the rise in household income, foreign trade and, to a lesser extent, tourism, which was impacted by restrictions on access to foreign currency by Argentine tourists. External demand continued to be a drag on industry and the agricultural sector showed slow growth.

According to ECLAC, annual inflation was 9.1 per cent to October 2012. It remained above the target range set by the monetary authority, due to domestic currency depreciation, the rising international price of wheat (significantly impacting several components of the consumer basket) and higher household income and domestic consumption. Competitiveness measured by the real effective exchange rate fell again, by 2.1 per cent in the first 10 months of 2012 compared with the same period in the previous year, in keeping with the downtrend since August 2010 as the currencies of Uruguay's main trading partners depreciated at a faster pace than its own. The authorities implemented a number of policies to prevent temporary price shocks from spilling over into core inflation, especially by indexing mechanisms such as consumer price index adjustments in wage agreements. Examples of these policy measures include agreements with the Instituto Nacional de Carnes (INAC) (National Meat Institute) and supermarkets to lower the price of a consumer basket of 200 products by 10 per cent and freeze prices through the end of the year. The Impuesto Especifico Interno (IMESI) (Specific Internal Tax) on certain personal care products was removed.

Job creation on the labour market slowed and the national employment rate fell from 60.2 per cent for January–September 2011 to 59.4 per cent for the same period in 2012. The national unemployment rate remained at 6.2 per cent. Within the framework of the wage councils, the average wage index rose by 12.7 per cent between January and October 2012 compared with the same period in 2011. As a result, average real wages rose by 4.3 per cent during that period, which helped boost domestic demand. Goods exports posted cumulative year-on-year growth of 10.4 per cent from January to November 2012 to stand at US\$8.122 billion, which is higher than the record reached in 2011. Imports (excluding crude oil and petroleum products) edged up by 0.3 per cent over the same period in 2011, totalling US\$7.838 billion. Growth was projected to be 4 per cent in 2013, in line with a more favourable external environment.

The main economic policy challenges for 2014 include effectively co-ordinating wage income, fiscal and monetary policies in order to curb inflationary pressures while maintaining the economy's price competitiveness and reducing the fiscal deficit.

Risk assessment

Politics	Good
Economy	Good
Regional stability	Good

COUNTRY PROFILE

Historical profile

1516 Spanish explorer Juan Díaz de Solís was killed by indigenous people while he was navigating the Rio de la Plata. His death discouraged European exploration for more than a century.

1700s The Portuguese began colonising Uruguay.

1726 The Spanish founded Montevideo and took over Uruguay.

1776 Uruguay became part of the vice royalty of La Plata, which was run from Buenos Aires in Argentina.

1808 The defeat of the Spanish monarchy by Napoleon weakened La Plata, leading to a rebellion in Uruguay which overthrew the vice royalty. The Uruguay resisted Argentine and Brazilian invaders.

1825 Uruguay achieved formal independence from Spain.

1830 A constitution was approved.

1838–65 Uruguay became embroiled in civil war between the conservative Colorados (reds) and the liberal Blancos (whites).

1865–70 Uruguay joined Argentina and Brazil and fought a war against Paraguay, which was eventually defeated.

1904 The Colorados and Blancos fought their last civil war. The Blancos became the Partido Nacional (PN) (National Party) and the Colorados the Partido Colorado (PC).

1903–07 and 1911–16 President José Batlle y Ordóñez (PC), introduced the welfare state, extended the right to vote to women, disestablished the Roman Catholic Church and abolished the death penalty.

1933 A military coup led to the abolition of opposition parties.

1951 A new constitution replaced the post of president with a nine-member council.

1962–73 The Tupamaros guerrillas engaged in a campaign of insurgency.

1973–85 A military dictatorship took power, unleashing a campaign of harsh repression.

1984 Violent protests erupted against military rule. The military dictatorship agreed

to step down and return the country to constitutional government.

1985 Julio María Sanguinetti (PC) was elected president.

1989 Luis Alberto Lacalle Herrera (PN) (known as Cuqui) was elected president. A referendum agreed to an amnesty for human rights abusers.

1994 Julio María Sanguinetti was elected president.

1999 Jorge Batlle Ibañez (PC) was elected president.

2000 A commission was set up to investigate 'disappearances' under the military regime.

2002 The financial crisis that weakened many economies in Latin America prompted Batlle to introduce fiscal measures including tax increases, while banks were closed to stop the mass withdrawal of savings; a general strike was called.

2003 The government managed to restructure almost half of its US\$11 billion foreign debt, pushing the repayment dates back five years. A referendum rejected proposals for the sale of state oil assets to foreign investment.

2004 The World Bank approved a US\$6.80 million grant to promote energy efficient goods and service. Left-wing, Tabaré Vázquez (Frente Amplio) won the presidential election and the Frente Amplio (FA) (Broad Front) coalition party won the parliamentary elections.

2006 International Court of Justice (ICJ) rejected the claim by Argentina that the building of two US\$1 billion-plus pulp mills, by Finnish company, Botnia, on its border with Uruguay, would pollute the river ecosystem. Uruguay paid back its US\$1.1 billion debt to the International Monetary Fund.

2007 Montevideo became the home of the new parliament of Mercosur, South America's leading trading bloc.

2008 The industry minister announced a natural gas field had been found offshore in Uruguayan waters.

2009 In the first general elections with compulsory voting, the incumbent FA won 60 seats out of 99 in the chamber of deputies and 16 seats out of 30 in the Senate. José Mujica (FA) won the run-off presidential election with 54.8 per cent of the vote; his rival, Luis Alberto Lacalle (PN), won 45.2 per cent.

2010 President José Mujica was sworn into office. A co-operation agreement was signed by the presidents of Uruguay and Brazil, aimed at increasing political and economic integration between the two neighbours. Uruguay denied entry to HMS *Gloucester*, the British frigate charged with guarding the Falklands Islands, which had been *en route* to the Falklands when the captain had requested permission to

take on fuel and provisions in Montevideo.

2011 In March, Uruguay recognised the Palestinian State, with borders that existed before the (Arab-Israeli) Six-Day War, in 1967. In August, the Inter-American Development Bank (IADB) approved a US\$1.8 billion loan to Uruguay to invest in infrastructure projects.

2012 On 17 October the government approved a new law that legalised abortions (in the first 12 weeks of pregnancy) for all women. On 12 December the lower house of parliament approved a new bill to allow marriage between homosexuals.

2013 Members of the House of Representatives passed a bill to legalise marijuana on 31 July. If passed by the Senate it will make Uruguay the first country to regulate the production, distribution and sale of marijuana. Regulations will ensure that only the state can sell marijuana, to register buyers over 18 and not to foreigners. A law permitting same sex marriages came into force on 5 August.

Political structure

Constitution

The constitution dates from 1967, with a period of suspension during military rule between 1973 and 1985. Voting is by secret ballot and is obligatory for all citizens aged 18 and over. The electorate has to vote in support of a single party list for president, mayors and legislators. A reform to permit cross-party voting for the different positions was defeated at a referendum in 1994.

Form of state

Presidential democratic republic

The executive

Executive power is vested in the president, who is directly elected every five years, usually in October or November. The president is assisted by a vice president and an appointed council of ministers. The president has the power to veto parliamentary resolutions, but the veto can be overturned by a three-fifths majority of Congress.

National legislature

The bicameral Asamblea General (General Assembly) comprises the Cámara de Diputados (Chamber of Deputies) with 99 members and the Cámara de Senadores (Chamber of Senators (Senate)) with 30 members, plus the vice president. Both chambers are elected by proportional representation and members of both serve for five-year terms. Compulsory voting was introduced from October 2009 for the parliamentary and presidential elections.

Legal system

The legal system is based on Spanish civil law. Written law is passed by parliament and promulgated by the president. The

ultimate source of the law is the constitution.

Judicial power is exercised by the Supreme Court of Justice which has five members elected by Congress. The Court nominates all other judges and officials.

Last elections

25 October 2009 (parliamentary), 25 October–29 November 2009 (presidential and runoff).

Results: Parliamentary: (Chamber of Deputies) the Frente Amplio (FA) (Broad Front) won 47.49 per cent (50 seats out of 99), the Partido Nacional (PN) (National Party) 28.54 per cent (30), the Partido Colorado (PC) (Colorado Party) 16.67 per cent (17) and the Partido Independiente (PI) (Independent Party) 2.44 per cent (two). Senate: FA 16 seats (out of 30), PN nine, PC five. Turnout was 89.86 per cent. Presidential (first round): José Mujica (FA) won 47.96 per cent of the vote, Luis Alberto Lacalle (PN) 29.07 per cent, Pedro Bordaberry (PC) 17.02 per cent; two other candidates won less than 3 per cent each. (Runoff): José Mujica won 54.8 per cent of the vote, Luis Alberto Lacalle 45.2 per cent. Turnout was 89.18 per cent.

Next elections

October 2014 (presidential and parliamentary)

Political parties

Ruling party

Frente Amplio (FA) (Broad Front) coalition (since 2004)

Main opposition party

Partido Nacional-Blancos (PN) (National-White Party)

Population

3.38 million (2012)*

Last census: 30 September 2011: 3,251,526

Population density: 19 inhabitants per square km. Urban population 92 per cent (2010 Unicef).

Annual growth rate: 0.4 per cent, 1990–2010 (Unicef).

Ethnic make-up

Around 90 per cent are of European descent, with approximately one-quarter of the population of Italian origin. Minorities are black and *mestizo* (mixed race), but there are no pure Indian groups.

Religions

The majority of Uruguayans are Roman Catholic (66 per cent) with a small minority of Protestants (2 per cent) and Jews (1 per cent). Secular traditions are strong and a third of the population have no professed religious faith.

Education

All education, including university tuition, is provided free of charge. The curriculum is the same in both public and private

schools. Secondary education is available from aged 12 and divided into two three-year courses. Technical studies are offered in technical schools and last between two and seven years. There are five universities and enrolment in tertiary education is typically 30 per cent.

Literacy rate: 98 per cent adult rate; 99 per cent youth rate (15–24) (Unesco 2005).

Compulsory years: Six to 14

Enrolment rate: 109.5 per cent gross primary enrolment; 98.5 per cent gross secondary enrolment, of relevant age groups (including repeaters) (Unicef 2004).

Pupils per teacher: 20 in primary schools

Health

HIV/Aids

HIV prevalence: 0.3 per cent aged 15–49 in 2003 (World Bank)

Life expectancy: 75 years, 2004 (WHO 2006)

Fertility rate/Maternal mortality rate:

2.1 births per woman, 2010 (Unicef); maternal mortality 26 per 100,000 live births (World Bank).

Child (under 5 years) mortality rate

(per 1,000): 7 per 1,000 live births (WHO 2012)

Head of population per physician: 3.65 physicians per 1,000 people, 2002 (WHO 2006)

Welfare

Uruguay maintains one of the most comprehensive systems of social security in Latin America, including free education, state medical care, pensions and unemployment benefits. Social security spending accounts for around 15 per cent of GDP.

The largest welfare expenditure is the payment of old age pensions. The long tradition of healthcare provision and a relatively low mortality rate have produced an ageing population. The pension age is low (with sometimes less than 30 years' service required). There are some 800,000 old-age pensioners out of a total population of three million and compared to a workforce of only one million, producing one of the highest ratios of pensioners to workers in the world.

There is widespread and vociferous opposition to any modification of the social security system. Many of the welfare benefits, including a workers' charter stipulating maximum hours, minimum wages and paid holidays, date from the beginning of the twentieth century.

Social security is covered by the state budget with about 50 per cent of contributions coming from tax revenues. Despite attempts by the government to raise the percentage derived from taxes, the remaining 50 per cent is still split roughly

equally between contributions from workers and employers. Almost 90 per cent of the population is covered for all benefits. Housewives, who are ineligible for retirement benefit, only receive separate pensions after their husbands have died.

Benefits include: a retirement pension at 60 for men, 55 for women or after 30 years of recognised service; an invalidity pension after 10 years of recognised service; an early retirement pension for citizens fulfilling political duties; free maternity care for working women and workers' wives; and sick pay of up to three months for all workers. Unemployment pay of up to six months is provided for all workers who have paid contributions for a year or more. This can reach up to 75 per cent of nominal salary. All medical costs are met by the state during the six-month period.

Main cities

Montevideo (capital, estimated population 1.3 million in 2012), Salto (108,197), Ciudad de la Costa (107,154), Las Piedras (80,052), Paysandú (78,868), Rivera (71,222), Maldonado (65,865), Tacuarembó (54,994), Melo (54,674), Artigas (44,905).

Languages spoken

Business languages: English and Portuguese. French and Italian are also widely spoken.

Official language/s

Spanish

Media

Press

Dailies: In Spanish, national newspapers, mostly published in Montevideo, include *El País* (www.elpais.com.uy), *Diario Cambio* (www.diariocambio.com.uy), *El Telégrafo* (www.eltelegrafo.com), *La República* (www.larepublica.com.uy), and *Últimas Noticias* (www.ultimasnoticias.com.uy) an evening newspaper.

Weeklies: In Spanish, there are many magazines, the biggest of which is *Brecha* (www.brecha.com.uy), *Juventud* (www.chasque.apc.org/juventud) is a youth magazine, *Guambia* (www.guambia.com.uy) is a satirical weekly.

In English, the *Uruguay Daily News* (www.uruguaydailynews.com) has an online news digest.

Business: In Spanish, the leading weekly publications are *Crónicas Económicas* (www.cronicas.com.uy) and *Búsqueda* (*Search*), while *El Observador* (www.observador.com.uy) is a business-oriented newspaper. *Económico* (www.redtercermundo.org.uy/tm_economico/) is a monthly publication.

Periodicals: There are numerous periodicals and a few trade publications. The government's official journal *Diario Oficial* (www.impo.com.uy) is a monthly publication.

Broadcasting

The government-owned, national broadcaster is Servicio Oficial de Difusión Radiotelevisión y Espectáculos (SODRE) (www.sodre.gub.uy).

Radio: The public radio network has four stations broadcasting cultural, news, educational and entertainment programmes. There are more than 100 private, commercial radio stations, all broadcasting in Spanish, located throughout the country. From Montevideo, Radio Monte Carlo (www.radiomontecarlo.com.uy), Radio El Espectador ([/www.espectador.com](http://www.espectador.com)), Radio Sarandí (www.radiosarandi.com.uy) and 1410 AM Libre (www.1410amlibre.com.uy) transmit news and entertainment programmes.

Television: Over 70 per cent of households own television sets.

The public television channel TV Nacional Uruguay known as TNU (www.tnu.com.uy) broadcasts news, documentaries and cultural programmes nationally. Commercial TV stations include Teledoce (www.teledoce.com), Saeta TV Canal 10 (www.canal10.com.uy) and Monte Carlo TV canal 4 (www.canal4.com.uy) broadcasts foreign Spanish language shows, as well as dubbed US TV shows, and TV Ciudad (www.teveciudad.org.uy) broadcasting cultural shows.

There are pay-for-view television services available through (www.paysandu.com).

Other news agencies: Mercopress (in English): www.mercopress.com

Economy

The wealth of Uruguay is generated by agriculture and manufacturing, including food processing using domestic products. Its natural resources include fertile farmland, plentiful water for hydroelectricity generation and minerals including granite and marble. Its service sector, which constitutes over 62 per cent of GDP, includes a healthy tourist industry as well as ancillary and support industries for agriculture and manufacturing. Agricultural products include wheat, rice, barley and wine.

However its single most important component is its cattle production. In 2009 it had 11.9 million head of cattle, falling to 11.8 million in 2010. It exported beef and veal to over 100 countries in 2010 (estimated at 400,000 tonnes in 2011), as well as dairy and leather products plus live animals. Its large flocks of sheep produce lambs' meat and wool for export (around 80 per cent of wool production). In the first six months of 2010, Russia became Uruguay's primary destination for

beef exports by volume at 32 per cent, with the EU the primary destination by value at 30 per cent of total market share. A severe drought in 2008–09 caused a fall in beef herd numbers, which affected the amount of beef available for export; numbers increased over 2010–11, ready for growth in foreign sales. However, pasture available has been reduced and given over to soybean cultivation and livestock production has become more intense, with an emphasis on maintaining its bovine spongiform encephalopathy-free (BSE) status and improving herd management. Uruguay has been systematically vaccinating its national herd against foot-and-mouth disease (FMD) to avoid foreign import restrictions.

The financial sector is an important component of the economy. Following the international financial crisis the Banco Central del Uruguay (central bank) approved US\$4 million to strengthen institutional supervision of the sector in December 2009.

GDP growth was 7.2 per cent in 2008; it fell sharply in 2009 to 2.4 per cent as the global economic crisis cut trade in the products Uruguay exports. However as the country had entered the crisis with significant economic momentum it was able to recover quickly, so that GDP growth bounced back to 8.9 per cent in 2010; and was an estimated 5.7 per cent in 2011. An adherence to reforms during the period also helped to generate confidence in Uruguay's policy management, while the financial and banking system was under supervision.

Uruguay per capita income is the highest in Latin America. It has grown steadily and almost doubled from US\$7,043 to an estimated US\$13,914 in 2011, reflecting the general growth in the economy as a whole. Remittances in 2010 were US\$101 million (0.2 per cent of GDP), rising to an estimated US\$112 million in 2011. Unemployment in Uruguay was at an all-time low in 2010 and some sectors were hampered by labour shortages.

External trade

As a member of Mercosur, the world's fourth largest free-trade zone, Uruguay (along with Argentina, Brazil and Paraguay), has access to a market of over 200 million consumers. The EU and Mercosur have been in negotiations to create a mutual free trade zone since 2004 and in 2011 these were still ongoing. Uruguay is also an associate member of the Andean Community (AC), with which Mercosur has negotiated a free trade area. Foreign trade accounts for around 50 per cent of GDP. Almost 90 per cent of productive land is used for animal husbandry with agriculture the largest exporting

sector. Processed meat (fresh, canned and frozen) and animal products account for around 50 per cent of manufacturing activity.

Imports

Main imports are fuels, capital machinery, chemicals and plastics, vehicles, electrical and electronic equipment.

Main sources: Brazil (16 per cent of total in 2011), China (14.7 per cent), Argentina (13.2 per cent).

Exports

Main exports are meat (particularly beef), rice, wine, raw hides and skins, wool, fish and dairy products.

Main destinations: Brazil (19.4 per cent of total in 2011), China (14.2 per cent), Argentina (6.8 per cent).

Agriculture

Though agricultural production accounts for approximately 6 per cent of total GDP, agricultural-related products make up more than half of the country's exports. The sector also employs around 11 per cent of Uruguay's workforce.

Traditional exports have been hit by protectionism and tough competition from the EU.

The sector is also an important supplier of raw materials (sugar, oilseeds, etc) to industry. It is expanding more rapidly than industry.

Livestock rearing forms the basis of the sector with cattle and sheep being produced for domestic consumption and for export (as meat, wool, hides and skins). Poultry and pigs are largely produced for the home market but exports of dairy products are increasing in importance. Exports of butter and cheese to Mercosur countries are substantial. A severe drought in 2008–09 caused a fall in beef herd numbers, which affected the amount of beef available for export; numbers were increasing in 2010–11, ready for growth in foreign sales. However, pasture available has been reduced and given over to soybean cultivation and livestock production has become more intense, with an emphasis on maintaining its bovine spongiform encephalopathy-free (BSE) status and improving herd management. Uruguay has been systematically vaccinating its national herd against foot-and-mouth disease (FMD) to avoid foreign import restrictions.

There is virtual self-sufficiency in food, although imports of wheat are required at times of low harvests.

Principal crops are wheat (mainly grown on mixed farms), rice (the main export crop, grown almost entirely in the north-east), sugar cane and beet, maize, barley, sorghum, linseed, sunflower seed, vegetables (mainly grown by smallholders)

and citrus fruits (mainly oranges and tangerines).

The fishing industry typically generates US\$80 million in exports per annum. Uruguay suffers from water pollution from its meat and leather industries, which has hit the fishing sector in previous years. If this problem can be permanently eradicated the prospects for the fishing industry will improve markedly.

Uruguay has approximately 1.2 million hectares of forested land, which constitutes 5 per cent of the country's total landmass.

Assisted by fiscal incentives, forestry has become a dynamic sector, attracting both foreign and domestic investment. Local forest resources produce modest quantities of sawn timber and pulp with most of paper products imported.

It is estimated that 1.7 million tonnes of timber per year could be exported, but improvements and remodelling of existing facilities and infrastructure would be needed in order to transport the timber.

Industry and manufacturing

Uruguay's industrial sector has been in recession in recent years and has suffered significant reductions in investment. The industry still accounts for a sizeable percentage of the workforce, though this is now falling.

Government industrial policy has promoted export operations, based mainly on agricultural processing and related labour-intensive industries. Although traditional key sectors are still meat processing and packing and while the wool industry and fisheries still have priority, attention has turned to other sectors such as textiles and leather. The penetration of new markets has been a key feature of plans to stimulate manufacturing industry and exports.

Despite a number of new trade agreements with Mercosur, the US and Mexico, industry still suffers deep-seated structural problems. These have included high levels of debt, obsolete machinery and poor investment.

Tourism

Uruguay is a popular destination for foreign travellers due to its small population, its old-world charm and diverse landscape, ranging from the Atlantic shore to the interior countryside, well-liked by active holiday makers. The historic quarter of the city of Colonia del Sacramento is included on Unesco's World Heritage List, for its mix of Portuguese, Spanish and post-colonial architecture.

Travel and tourism contributed an average 9.4 per cent of GDP (2007–11) providing employment for 8.8 per cent of the workforce (135,400 jobs) in the same period. Visitor revenue has grown from

US\$928 million in 2007 to US\$2.2 billion in 2011 (an average growth of 12.8 per cent). Capital investment in the sector has remained strong, averaging 8.1 per cent of total investment (2007–11).

The new passenger terminal at Carrasco International Airport (Montevideo) opened in 2009 and catered for 1.9 million passengers in 2011, up from 1.7 million in 2010; a total of 2.4 million visitors arrived in Uruguay in 2010.

Uruguay made tax reforms in 2009 that allowed visitors to reclaim value added tax (VAT) on Uruguayan made (including food and beverage) purchases when leaving the country. VAT is not charged by hotels, thus boosting Uruguay as a tourist destination, with a competitive edge over neighbouring countries.

Mining

Mining and quarrying combined make up less than 1 per cent of Uruguay's total GDP. The country has few known mineral reserves and is wholly dependent on imports for raw materials ranging from oil to aluminium.

There are known deposits of iron ore, gold, manganese, copper, zinc and lead. Regulations in 1990 opened up the sector to foreign investment but very few foreign companies are active. Argentina has been the main purchaser of sand from Uruguay while Spain, South Africa and the US have purchased semi-precious stones and granite. Japan and Argentina are also important markets for granite exports. However, most mine production is consumed domestically.

Hydrocarbons

With no proven oil reserves of its own and a significant demand for oil, Uruguay relies heavily on imports. Consumption in 2008 was 41,000 barrels per day (bpd). There is only one oil refinery, situated near Montevideo, which outputs 50,000bpd which is run by the state-owned Administracion Nacional de Combustible Alcohol y Portland (ANCAP) (National Administration of Fuel, Alcohol and Portland Cement), which has a monopoly on oil importing and refining.

The importance of natural gas in the country's energy sector will increase with the construction of new pipelines and distribution systems. The first pipeline in production carries natural gas from Argentina to western Uruguay, with a capacity of 138,000bpd. There are plans for an extensive pipeline network as the government encourages an increase in gas usage to 30 per cent of primary energy consumption; however the country's economic problems have hindered this target. Currently only negligible quantities are imported.

There are known deposits of low-grade coal although no coal is produced and imports are less than two million tonnes per annum.

Energy

Total installed generating capacity was 2.23 gigawatts (GW) in 2007. Production was 5.31 billion kilowatt hours (kWh) in 2006, however consumption was 6.42kWh and the shortfall was covered by imports, predominantly from Argentina and Brazil.

The 1.9GW hydropower plant at Salto Grande (built with Argentina), the 300MW Palmar plant, and two plants on the Rio Negro, provide the majority of energy consumed.

Financial markets

Stock exchange

Bolsa de Valores de Montevideo (BVM) (Montevideo Stock Exchange)

Banking and insurance

Uruguay's banking and financial services sector continues to be dominated by three public banks. The Banco Central del Uruguay (BCU), which does not offer private credit, the Banco de la República Oriental de Uruguay (BROU) and the Banco Hipotecario de Uruguay (BHU) are the kingpins of the financial system. The BROU is multi-purpose and is the largest credit provider, offering 40 per cent of overall private credit in Uruguay and receiving 33 per cent of deposits. The Banco Hipotecario specialises in mortgage lending.

In 2003, the Banco Comercial, the Banco de Montevideo and the Banco la Caja Obrera merged into a new institution, the Nuevo Banco Comercial.

A new Bank of the South, with a headquarters in Venezuela, will be launched in 2008 to provide an alternative source of development funding for the participating countries. Assets of US\$7 billion will underpin its operations.

Central bank

Banco Central del Uruguay

Main financial centre

Montevideo

Time

GMT minus three hours (daylight saving, GMT minus two hours, is determined by presidential decree)

Geography

Uruguay has an area of 176,215 square km and is bordered by Argentina to the west, by Brazil in the north and by the Atlantic and the wide River Plate estuary to the south-east. The largest river, the Uruguay, runs along the border with Argentina.

About 95 per cent of the country is rolling grassland, with few hills above 300

metres. The highest point is the Cerro Catedral at 514 metres. Only about 6 per cent of the land is naturally forested.

The River Negro (Rio Negro), the main tributary of the River Uruguay, cuts across the centre of the country, separating the two main ranges of hills, the Cuchilla de Haedo and the Cuchilla Grande. Artificial lakes on the Rio Negro cover 1,199 square km.

Hemisphere

Southern

Climate

The climate is temperate and rainfall is abundant, with an average of about 100 days of rain a year. In January, the hottest summer month, average temperatures range between 21 degrees Celsius (C) on the coast and 26 degrees C inland. In July the average temperatures are between 11 degrees C on the coast and 13 degrees C in the interior, with temperatures occasionally falling to freezing point at night.

Dress codes

Clothing is mostly informal, but jackets and ties or suits for men and skirts for women are usual for business. Uruguayans generally wear more conservative colours than their neighbours in Brazil and Argentina.

Entry requirements

Passports

Required by all except nationals of Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, Guatemala, Honduras, Paraguay, Peru and the US. Nationals from these countries need a national identity card.

Visa

Required by all except nationals of EU, US, Canada, Japan, Norway, Switzerland, most Latin American countries and certain others for visits up to three months. A Tourist Card will be issued when travellers enter the country (usually given to airline passengers before landing), and must be kept until departure.

Business travellers from the countries mentioned above do not require visas. All other business visitors must have a letter of authorisation from their company or organisation.

The visitor is advised to check with the nearest consulate to determine the validity of their status before travelling.

Currency advice/regulations

The import and export of local and foreign currency is unrestricted.

Travellers cheques, in US dollars (US\$50 and US\$100 denominations only) are readily accepted. All other currency cheques have very limited acceptance.

Customs

Personal effects are allowed in duty-free, precious jewels and gold (worth more than US\$500) must be declared.

Prohibited imports

Precious jewels, gold, firearms, pornography, subversive literature, inflammable articles, acids, illegal drugs, plants, seeds, and foodstuffs as well as some antiques and business equipment must be declared.

Health (for visitors)

Mandatory precautions

None

Advisable precautions

A typhoid vaccination may be necessary. Water precautions should be taken outside Montevideo.

Excellent health care is available but foreign visitors must pay the full cost.

Hotels

Graded into four classes by the National Tourism Bureau – de luxe, 1, 2A and 2B. There is a 20 per cent value added tax on hotel bills. Service charge is normally included – if not, usually 10 per cent tip.

Credit cards

Major credit and charge cards are readily accepted. ATMs may not accept foreign cards.

Public holidays (national)

Fixed dates

1 Jan (New Year's Day), 6 Jan (Epiphany), 1 May (Labour Day), 19 Jun (Birth of General Artigas), 18 Jul (Constitution Day), 25 Aug (Independence Day), 12 Oct (Discovery of America Day), 2 Nov (All Souls' Day), 25 Dec (Christmas Day).

Variable dates

Carnival (two days, Feb), Holy Wednesday–Good Friday (Easter–three days, Mar/Apr), Landing of the 33 Patriots (third Mon Apr), Battle of Las Piedras (third Mon May),

Working hours

Banking

Mon–Fri: 1000–1400; summer variations may apply in certain areas.

Business

Mon–Fri: 0830–1200, 1430–1830.

Government

From mid-Mar to mid-Dec: Mon–Fri: 0900–1600. From mid-Dec to mid-Mar: Mon–Fri: 0730–1330.

Shops

Mon–Sat: 0830–1230/1300, 1530/1600–1900/2000; Sun 0830–1200 food shops only.

Telecommunications

Mobile/cell phones

There are 850/1900, 1900 and 1800 GSM services available throughout most of the country.

Electricity supply

220V AC, 50 cycles

Social customs/useful tips

Punctuality is expected and business cards are essential. Uruguay's population is mostly of Italian or Spanish descent, and maintains many European customs, ranging from diet to dress. There is a long tradition of liberal legislation in contrast to many South American countries. Divorce and gambling, for example, are both legal. There is provision in the law for duels in matters of honour, something which much of the population considers an anachronism but which is nevertheless invoked from time to time.

Same sex marriage became legal from 5 August 2013.

Security

Residents consider the capital relatively safe to walk around at night compared with other South American cities.

Getting there**Air**

National airline: Former national airline Pluna was closed down in 2012.

International airport/s: Montevideo-Carrasco International (MVD), 19km from city; duty-free shops, bar, restaurant, bank, post office and car hire.

Airport tax: Departure tax: US\$26; Buenos Aires only US\$14. Not applicable to transit passengers.

Surface

Road: There are a number of border crossings from Brazil, the crossing from Argentina is preferable by car-ferry. A US\$176 million programme to improve primary highways is under way.

Water: There are high-speed ferries and a night-ferry service from Buenos Aires–Montevideo (internet: www.buquebus.com). There are also services from Colonia (160km west of Montevideo) to Buenos Aires by ferry and a hydrofoil service (three times daily). A port departure tax may be levied.

Main port/s: Montevideo River Plate (Rio Plate) harbour includes all the country's main port facilities, served by worldwide cargo lines.

Getting about**National transport**

Air: The only internal destinations currently offered are domestic legs of international flights.

Road: Ninety per cent of roads are paved and while urban roads are good, rural roads are only fair. The highway network radiates from Montevideo towards the borders of Brazil and Argentina.

Buses: ONDA, CITA and COT run fast and frequent lines, connecting most towns across the country (routes include:

Montevideo-Punta del Este and Montevideo-Paysandú).

Rail: The slow rail system only connects a few villages and is under threat of closure.

Water: Scheduled river services do not exist.

City transport

Taxis: Taxis are widely available in towns and from airports. They can be hailed in the street. Fares are metered, with higher charges for extra passengers and between 0000–0600. They can be hired on a time basis, in which case fares should be negotiated in advance. A 10 per cent tip is usual.

Buses, trams & metro: An extensive bus service links all the capital's suburbs. There is an airport bus to the city centre, travelling time 35 minutes.

Car hire

International driving licence must be accompanied by two photographs; traffic conditions within Montevideo can be difficult and chauffeur-driven cars are recommended. A driving permit for 90 days can be obtained from Montevideo town hall.

BUSINESS DIRECTORY

The addresses listed below are a selection only. While World of Information makes every endeavour to check these addresses, we cannot guarantee that changes have not been made, especially to telephone numbers and area codes. We would welcome any corrections.

Telephone area codes

The international dialling code (IDD) for Uruguay is +598 followed by area code and subscriber's number:

Canelones	33	Minas	44
Florida	352	Montevideo	2
Las Piedras	2	Paysandú	72
Maldonado	42	Punta del Este	42
Mercedes	53	San José de Carrasco	2

Useful telephone numbers

Emergency: 911

Emergency, outside Montevideo: 02911

Roadside assistance: 1707

Chambers of Commerce

American-Uruguayan Chamber of Commerce, Plaza Independencia 831, Edificio Plaza Mayor, 11100 Montevideo (tel: 908-9186; fax: 908-9187; email: info@ccuruguayusa.com).

British-Uruguayan Cámara de Comercio, Avenida Libertador Brigadier General Lavalleja 1641, Piso2, Oficina 201, CP 11.100 Montevideo (tel: 908-0349; fax: 908-0936; email: camurbri@netgate.com.uy).

Uruguay Cámara Nacional de Comercio y Servicios, Rincón 454, 11000 Montevideo (tel: 916-1277; fax: 916-1243; email: info@cncs.com.ny).

Banking

Banco de la República Oriental del Uruguay, Cerrito No. 351 Casa Central, Montevideo.

Banco Exterior, Sarandi No. 402, 11000 Montevideo.

Banco Holandés Unido, Sucursal Montevideo, 25 de Mayo No. 501, 11000 Montevideo.

Banco Pan de Azucar, Rincón No. 518/528, 11000 Montevideo.

Banco Santander, Cerrito No. 449, 11000 Montevideo.

Banco Sudameris, Rincón No. 500, Montevideo.

Banco Surinvest, Rincón No. 530, Montevideo.

Banesto-Banco Uruguay, 25 de Mayo No. 401, 11000 Montevideo.

Citibank, Cerrito No. 455, Montevideo.

Discount Bank (Latin America), Rincón No. 390, Montevideo.

The First National Bank of Boston, Zabala No. 1463, 11000 Montevideo.

ING Bank S.A., Misiones No. 352/60, Montevideo.

Lloyds Bank (BOLSA), Zabala No. 1500, Montevideo.

Nuevo Banco Comercial (NBC), Cerrito No. 400, 11100 Montevideo.

Central bank

Banco Central del Uruguay, Diagonal Fabini 777, 11100 Montevideo. (tel/fax: 1967; e-mail: info@bcu.gub.uy).

Stock exchange

Bolsa de Valores de Montevideo (BVM) (Montevideo Stock Exchange), www.bolsademontevideo.com.uy

Bolsa Electronica de Valores de Uruguay (BEVSA), www.bevsa.com.uy

Travel information

Pluna Airlines, Administration Head Offices, Miraflores 1445, Carrasco (tel: 604-2244; fax: 604-2260; email: info@pluna.aero; internet: www.pluna.com.uy).

Ministry of tourism

Ministerio de Turismo del Uruguay (Ministry of Tourism), Rambla 25 de Agosto de 1825 esq, Yacaré, S/N (plano), Montevideo (tel: 188-5100; internet: www.turismo.gub.uy).

Ministries

Ministerio de Defensa Nacional (National Defence), Edificio 'Gral.Artigas', Avda. 8 de Octubre 2628, Montevideo.

Ministerio de Economía y Finanzas (Economy and Finance), Colonia 1089, P3, Montevideo.

Nations of the World: A Political, Economic and Business Handbook

Ministerio de Educación y Cultura (Education and Culture), Reconquista 535, Montevideo.

Ministerio de Ganadería, Agricultura y Pesca (Livestock, Agriculture and Fisheries), Constituyente 1476 Montevideo.

Ministerio de Industria, Energía y Minería (Industry, Energy and Mines), Rincón 747, Montevideo.

Ministerio del Interior (Home Office), Mercedes 993, Montevideo.

Ministerio de Relaciones Exteriores (Foreign Affairs), Av 18 de Julio 1205, Montevideo.

Ministerio de Salud Pública (Public Health), Av 18 De Julio 1892, Montevideo. Ministerio de Trabajo y Seguridad Social (Labour and Social Security), Juncal 1511, Montevideo.

Ministerio de Transporte y Obras Públicas (Transport and Public Works), Rincón 561, Montevideo.

Ministerio de Vivienda, Ordenamiento Territorial y Medio Ambiente (Housing, Territorial Regulation and Environment), Zabala 1427, Montevideo.

Oficina de Planeamiento y Presupuesto (OPP) (Planning and Budget Office), Dr Luis A de Herrera 3350, Montevideo.

Other useful addresses

Aero Consultora Uruguaya, Florida 1280-202, Montevideo.

Asociación de Importadores y Mayoristas de Almacén, Ed de la Bolsa de Comercio, Rincón 454, Montevideo.

British Embassy, Calle Marco Bruto 1073, Montevideo (tel: 622-3630; fax: 622-7815; email: bemonte@internet.com.uy).

Comisión Para el Desarrollo de la Inversión (Committee for Investment Development), Plaza Independencia 776, P1 11100 Montevideo.

Cenci (Centro de Estadísticas Nacionales y Comercio Internacional del Uruguay) Misiones 136, 1 Montevideo.

Comisión Sectorial para el Mercosur, Paysandú esq, Florida, Montevideo.

Compañía Uruguaya de Exportaciones S.A. (Comurex), Misiones 1372 Oficina 303, Montevideo.

Dirección General de Comercio Exterior (Bureau of Foreign Affairs), Cuareim 1384, P2 11100 Montevideo.

Dirección General de Estadísticas y Censos (DGEC), Cuareim 2052, Montevideo.

Dirección Nacional de Aduanas, Rbla. 25 de Agosto esq. Yacaré, Montevideo.

Export Trade Uruguay S.A., Caramurú 6092, Montevideo.

International Trade Consortium SRL, Rio Negro 1394, P.3, Montevideo.

Laboratorio Tecnológico del Uruguay, Av Italia 6201, Montevideo.

Latin American Integration Association, Cebollati 1461, Casilla de Correo 577, Montevideo.

Unidad Asesora de Promoción Industrial, Rincón 723, P.2, Montevideo.

Unión de Exportadores, Rincón 454, P.2, Montevideo.

Uruguayan Embassy (USA), 1913 'I' Street, NW, Washington DC 20006 (tel: (1-202) 331-1313; fax: (1-202) 331-8142; e-mail: uruwashi@uruwashi.org).

Other news agencies: Mercopress (in English): www.mercopress.com

Internet sites

El Observador Económico (Spanish): <http://www.observador.com.uy>

El Pais digital edition (Spanish): <http://www.diarioelpais.com.edicion>

Crónicas Económicas: <http://www.cronicas.com.uy>

Montevideo Free Zone (Zona Franca de Montevideo): <http://www.zfm.com>