Uruguay

Economic Summary

Uruguay is a market-oriented economy in which the State still plays a certain role. The economy performed well during most of the nineties but has been shrinking since late 1998 due to regional instability, the dissemination of foot-and-mouth disease, and poor economic expectations. A steep banking crisis in 2002 aggravated the recession and led to an historic 11% fall in GDP. As a result, per capita GDP fell from $6,800 in late 1998 to $3,700 in 2002. In March 2003, the government signed an agreement with the IMF that is valid until March 2005.

After a ten-year crawling peg regime, in June 2002 the Uruguayan government allowed the peso to float freely against the U.S. dollar. Although the depreciation of the peso should foster exports, it also hurt debtors' ability to honor their obligations and drove up inflation in 2002.

Uruguay's economy is extremely dependent on Argentina and Brazil. Uruguay is a founding member of MERCOSUR (the Southern Cone Common Market) along with Argentina, Brazil and Paraguay). Montevideo is MERCOSUR's Administrative Capital.

Imports from the United States fell 64% from 1998 to 2002, a significant change from the robust 16% annual average growth experienced between 1993 and 1998. The U.S. exports mostly high-technology goods to Uruguay and imports commodities.

Social indicators are still outstanding by Latin American standards, and some are comparable to those of the United States. According to data from the U.N. Economic Commission for Latin America and the Caribbean, in 1999 Uruguay enjoyed the lowest poverty level and the most equitable income distribution in Latin America. However, the ongoing crisis has provoked substantial emigration.

Although Uruguay's sovereign debt was rated Investment Grade between 1997-2001, it was downgraded several notches in 2002-2003 to near default levels. As of May 2003, the government is working with credit holders to restructure the country's debt, an initiative which has been backed by the IMF.

The investment climate is generally positive, and about one hundred American firms operate in Uruguay. A 1999 government study showed the U.S. as the single largest foreign investor, accounting for 33% of total foreign direct investment.

GENERAL INDICATORS

Area (68,036 sq. miles) and population (3.4 million people) are about the same as Oklahoma.

Type of Government:	Representative Democracy
Annual Population Growth Rate:	0.57%
Montevideo (Capital):	43% of total population
Life Expectancy at Birth:	75 years
Home owners:	66%
Literacy Rate:	97%
Households with access to safe water:	98%
Poverty level (% of households):	6% (ECLAC, 1999)

Electricity in 94% of the country
Absence of ethnic problems
High Human Development country according to the U.N.

REAL SECTOR

Gross Domestic Product (GDP): $12.3 bill. (2002), $18.7 bill. (2001)
GDP Real Growth Rate: -10.8% (2002), -3.1% (2001), -1.3% (2000)
GDP Per Capita: $ 3,700 (2002), $ 5,550 (2001), $ 6,000 (2000)
Industrial Production: 16% of GDP. Declined 13.8% in 2002.
Principal sectors: food, beverages & tobacco, chemicals, textiles, leather processing.
Agriculture & Livestock: 9% of GDP. Grew 6.6% in 2002.
Large areas devoted to livestock grazing, rice, wheat, corn, sorghum, soy. Self-sufficient in most basic foodstuffs.
Commerce, Restaurants & Hotels: 12% of GDP. Contracted by 24.7% in 2002.
Other Services: Approximately 50% of GDP.
Budget Deficit (% of GDP): 4.0% (2002), 4.2% (2001), 4.1% (2000)
No Personal Income Tax; 23% VAT; 30% Corporate Tax.

LABOR

Labor Force: 1.3 million
Unemployment Rate: 18.6% (March 2003), 15.9% (Avg. 2002)
Official Minimum Wage Rate: $44 per month (March 2003)
Average Monthly Household Income: $440 (March 2003)
Unionization: 15.0% of the workforce (estimate).

EXTERNAL ACCOUNTS

EXPORTS (F.O.B.): $ 1.9 billion (2002; declined 10% over 2001)
Partners: Brazil, Argentina, E.U., U.S.
Commodities: Processed Meat, Textiles, Leather, Rice, Dairy, Chemicals, Other Agricultural Products.
Exports to U.S.: $135 mill. (7% of 2002 total; 21% decline over 2001)
Commodities to U.S.: Leather, Meat, Shoes, Wool, Fish.
IMPORTS (C.I.F.): $2.0 billion (2002; 36% decline over 2001)
Partners: Brazil, Argentina, E.U., U.S.
Commodities: Industrial Supplies, Mach.& Equipment, Oil & Fuels
Imports from U.S.: $164 mill. (8% of 2002 total; 40% decline over 2001)
Commodities from the U.S.: Computers & Parts, Radio, TV & Telephony Equipment, Medical Equipment, Medicines.
Import Tariffs vary between 0 and 23%. Mean tariff is 12%.
No import quotas apply.
Gross Public External Debt: $11.4 billion (2002), 93% of GDP
Current Account Balance: +1.5% of GDP (2002), -2.8% of GDP (2001)

MONEY & PRICES

Inflation Rate (CPI): 28.0% (April 2003), 25.9% (2002), 3.6% (2001)
Exchange Rate: Uruguayan pesos ($Ur) per $ 1 = 29.0 (April 2003, Avg)
M1: $500 million (March 2003)
Central Bank net international assets: $900 million (April 2003)
Annual interest rates charged on loans (May 2003):

	In pesos	In $
Preferential	70-90	9.0-11.0
Intermediate	72-100	13.0-14.0
Personal	71-110	14.0-15.0

Updated: May 2003