Uruguay is a market-oriented economy in which the State still plays a significant role. The economy grew robustly in the 2000s, registering annual average growth rates of over 5% from 2003 to 2012. Growth was led by private consumption and exports, partially related to strong commodity prices. Domestic investment and foreign direct investment (FDI), which have been traditionally low, also increased significantly to lead by investments in industry, agriculture and construction. In 2005-2011, Uruguay received the second largest FDI/GDP ratio in South America.

The global financial crisis put a temporary brake on growth –mainly through lower foreign trade and investment– but Uruguay managed to avoid a recession and keep a positive growth rate of 2.9% in 2009. Unprecedented growth of 8.9% in 2010 later slowed to 5.7% in 2011 and 3.9% in 2012. Growth of about 3.0%-3.5% is expected for 2013. The global financial crisis has not affected Uruguay’s banking system, which remains sound. In mid-2012 Uruguay regained investment grade status that it lost during its harsh 1999-2002 crisis from Standard & Poor’s and Moody’s.

A left-of-center Frente Amplio (Broad Front) administration headed by President José Mujica will rule until March 2015, and has placed priority on increasing local and foreign investment, investing in infrastructure, and reducing poverty.

Uruguay’s investment climate is generally positive. A decree passed in 2007 and revised in 2011 provides significant incentives to local and foreign investors. Foreign and national investors are treated alike, there is free remittance of capital and profits, and investments are allowed without prior authorization. There are thirteen free trade zones, three of which are free remittance of capital and profits, and investments are allowed without prior authorization. Almost 130 American firms operate in Uruguay and, according to the U.S. Department of Commerce, the total stock of U.S. direct investment amounted to $905 million in 2011.

While Argentina and Brazil remain key partners, Uruguay has gradually reduced its longstanding dependency on the region in recent years. It is a founding member of MERCOSUR, the Southern Cone trading bloc also composed of Argentina, Brazil, Paraguay (suspended since June 2012) and Venezuela. MERCOSUR’s Secretariat and Parliament are located in Montevideo.

Imports from the United States have risen in recent years following robust growth. In 2012, the United States was Uruguay’s 4th largest supplier of goods, mainly fuels, high-tech equipment, and heavy and agricultural machinery. Uruguay offers U.S. firms significant advantages as a regional distribution platform for the MERCOSUR trade bloc. Uruguay sells mostly beef and agricultural products to the United States. Sales to the United States dropped significantly in 2005-09 as principal export products shifted to other markets and have picked up slightly since 2010. In 2012 the United States was Uruguay’s 6th largest export destination.


* More on Uruguay in the region and world in http://geo.gi/ZExSC.
Prepared by U.S. Embassy Montevideo. Updated: June 2013
For further information contact Econ Unit at (5982) 1770259 or pagliamx@state.gov

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## General Indicators

<table>
<thead>
<tr>
<th>Area: 68,036 sq. miles</th>
<th>About the same as Oklahoma or Washington</th>
</tr>
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<tbody>
<tr>
<td>Population: 3.3 million</td>
<td></td>
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</tbody>
</table>

## Economic Activity

- **GDP – Billions of $**: 49.9 (2012), 46.7 (’11), 40.2 (’10)
  - Real Growth Rate: 3.7% (Q1’13/Q1’12), 3.9% (’12), 5.7% (’11), 8.9% (’10)
  - Per Capita (thousands of $): 14.7 (2012), 14.4 (’11), 12.0 (’10)
  - Per Capita (adjusted by PPP, 000 of $): 15.9 (2012), 15.7 (’11), 14.5 (’10)

## Public Accounts & Risk Rating

- **Budget Deficit (% GDP)**: -2.3% (April ’13), -2.8% (’12), -0.8% (’11), -1.0 (’10)
- **Gross Public Debt**: 62% of GDP (2012)
- **Risk Rating**: Investment Grade. &P (BBB-/Stable), Moody’s (Baa3)
- **Country Risk (basis pts, avg)**: 127 (June ’13), 147 (’12), 170 (’11)
- **Main Taxes**: VAT –22%; Corporate Tax –25% (higher if firms distributes earnings); Personal Income Tax with rates ranging from 0% to 25%

## Labor

- **Labor Force**: 1.7 million
- **Unemployment (avg)**: 6.7% (April 2013), 5.5% (’12), 6.0% (’11), 6.7% (’10)
- **Official Monthly Minimum Wage Rate**: $419 (May 2013)
- **Average Monthly Household Income**: $1,913 (April 2013), $1,950 (2012)

## External Accounts

- **Exports of Goods (FOB)**: $9.9 billion (2012). Down 13% in Q1’13/Q1’12
  - **Partners**: Brazil, China, Argentina, Russia. U.S. was #7 in 2012.
  - **Goods**: Beef, Cellulose, Soy, Rice, Wood, Dairy Products, Malt
- **Imports of Goods (CIF)**: $11.6 billion (2012). Up 7.8% in Q1’13/Q1’12
  - **Partners**: Brazil, Argentina, China, U.S., Mexico
  - **Goods**: Crude Oil, Fuels, Telephony and IT Equipment, Vehicles
- **Current Account (of GDP)**: -5.3 (’12), -2.9 (’11), -1.9 (’10)
- **No import quotas apply**.

## Goods Trade with the United States (FOB)

- **Exports to U.S.**: $329 million (2012, 4% of total, up 33% from ’11). Up 39% in Q1’13/Q1’12
  - **Goods**: Beef, Beef Products, Honey, Leather, Fuels
- **Imports from U.S.**: $866 million (2012, 8% of total, down 21% from ’11). Down 23% in Q1’13/Q1’12
  - **Goods**: Fuels (21% of 2012 total imports), Telephony Equip., Computers & IT Equipment, Heavy Machinery and Agricultural Machinery

## Money & Prices

<table>
<thead>
<tr>
<th>In UY pesos</th>
<th>In US dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Inflation (CPI, Dec-Dec)</strong>: 8.1% (Apr. 2013), 7.5% (’12), 8.1% (’11), 6.9% (’10)</td>
<td></td>
</tr>
<tr>
<td><strong>Interest rates (May ’13)</strong>: Paid on Deposits 5.8, Charged on Loans 16.1</td>
<td>0.3, 5.8</td>
</tr>
</tbody>
</table>