



Trade Policy Review Body

TRADE POLICY REVIEW

REPORT BY THE SECRETARIAT

URUGUAY

Revision

This report, prepared for the fifth Trade Policy Review of Uruguay, has been drawn up by the WTO Secretariat on its own responsibility. The Secretariat has, as required by the Agreement establishing the Trade Policy Review Mechanism (Annex 3 of the Marrakesh Agreement Establishing the World Trade Organization), sought clarification from Uruguay on its trade policies and practices.

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SUMMARY

1. During the period under review, Uruguay implemented policies geared towards ensuring macroeconomic stability. Between 2011 and 2017, the country experienced economic growth in keeping with its potential growth, with an average annual increase in real GDP of about 3%. From 2011 to 2014, GDP growth was backed by strong domestic demand as well as a benign external environment, characterized by high international prices for agricultural raw materials. In 2015 and 2016 GDP growth was weak owing to the fall in domestic demand which, in its turn, was partly due to the erosion of the population's purchasing power as a result of the depreciation of the Uruguayan peso. Net exports compensated only partly for the decline in domestic demand. In 2017, GDP growth began to recover, largely thanks to the increase in exports of both goods (soya, meat, rice) and services (tourism).

2. Uruguay's per capita GDP is one of the highest in Latin America: in 2017 it had reached close to US\$17,000, with a relatively equitable distribution of income. The poverty rate has fallen in recent years, from 18.5% in 2010 to 9.4% in 2016. However, though the economy grew during the review period, the unemployment rate increased, from 6.3% in 2011 to 8.1% during the third quarter of 2017. This was partly due to an increase in the activity rate, as well as to the fact that the most dynamic sectors of the economy over the past few years have been the least labour-intensive sectors.

3. During most of the review period, Uruguay's fiscal policy has been expansive. While current expenditure in low priority areas was kept under control, it increased in key areas such as education, health and social security. Although fiscal targets were set with a view to gradually reducing the fiscal deficit, those targets have been breached. In 2016, the consolidated public sector deficit stood at 3.9% of GDP, falling to 3.5% in 2017 with the increase in revenue. The authorities are confident that the further revenue increases resulting from the higher business and personal income taxes introduced in 2016 will help to reduce the fiscal deficit to 2.5% of GDP in 2019. At 31 December 2017, the gross debt of the consolidated public sector stood at 65% of GDP, while the net debt totalled only 28% of GDP owing to the high level of assets held by the public sector.

4. The main objective of Uruguay's monetary policy is to maintain price stability. To that end, Uruguay has adopted an inflation-targeting regime with a range for the consumer price index (CPI) currently set at 3% to 7%. Although inflation spent most of the period slightly above the upper band of the target range, in 2017 it remained within the range at 6.6%. Uruguay operates a floating exchange rate policy, with interventions in the market to moderate volatility. During the period under review, the Uruguayan peso depreciated in both nominal and real effective terms – in the latter case by about 27% from the start of 2011 until end-2016. Nonetheless, in 2017, the domestic currency appreciated by 1.5% relative to its year-earlier level.

5. Uruguay's balance of payments ran a current account deficit until 2015. Surpluses of 0.8% and 1.6% of GDP respectively were recorded in 2016 and 2017 thanks to a greater surplus in the balance of trade in goods. The balance of trade in goods and services was positive throughout the review period.

6. International trade is extremely important for Uruguay, although its overall volume declined relative to GDP during the period under review. The sum of merchandise exports and imports was equivalent to 30.8% of GDP in 2017, compared to 38.9% in 2011. Uruguay's exports continue to consist mainly of commodities, chiefly food, wood and agricultural raw materials. Bovine meat and oilseeds remain the leading export products, accounting for 21.4% and 15.6% of the 2017 total, respectively. Manufacturing saw its share of total exports decline from 31% in 2011 to 27% in 2017. On the import side, the share of manufactures increased over the review period, while imports of mineral products declined. The main import items in 2017 were machinery and electrical appliances (18.9% of the total), chemical products (14.3%), mineral products (13.0%) and transport equipment (10.8%).

7. Uruguay's exports to its partners in the Southern Common Market (MERCUSOR) declined during the review period, although they still accounted for 23.7% of the total in 2017 compared to 30% in 2011. China overtook Brazil to become Uruguay's leading export destination in 2017, absorbing 18.8% of the total compared to Brazil's 16.5%. The European Union's share fell from 15% in 2011 to 11% in 2017, while exports to the United States increased from 3.3% of the total in 2011

to 5.7% in 2017. On the import side, Brazil and Argentina lost market share, accounting for 19.5% and 12.6% of Uruguay's imports in 2017, respectively, compared to 19.4% and 18.7% recorded in 2011. The United States' share of total imports grew slightly, while there was an increase in shipments from Europe and China, which supplied 17.2% and 20.0% of the total in 2017, respectively.

8. Uruguay's trade policy is closely linked to its participation in MERCOSUR. One of the main objectives of its trade policy is to ensure stable and predictable market access. The authorities consider that Uruguay's integration in international markets should be addressed simultaneously through bilateral, regional and multilateral trade negotiations. Uruguay believes that achieving successful integration in international markets calls for increased competitiveness of its economy, which is why it has sought to transform its production system, promoting innovative activities with higher levels of value added and greater domestic technological content.

9. Uruguay is a founding Member of the WTO, and during the period under review it continued to participate actively in the Organization. In July 2014, Uruguay notified the WTO of its acceptance of the Protocol Amending the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS). Likewise, in January 2016, Uruguay notified the WTO Council for Trade in Services that it was granting preferential treatment to services and service suppliers of least developed countries. Uruguay deposited the instrument of ratification of the Trade Facilitation Agreement in August 2016. It is neither a party nor observer to the plurilateral Agreements on Government Procurement and on Trade in Civil Aircraft, nor is it party to the Information Technology Agreement (ITA). During the review period Uruguay was not involved in any dispute as a complainant or as a respondent; it participated as a third party in six disputes.

10. Uruguay, together with other MERCOSUR members, signed several trade agreements which entered into force during the review period: with Chile, with the Arab Republic of Egypt and with the Southern African Customs Union. These agreements were notified to the WTO. In addition, Uruguay signed two other agreements during the review period as a member of MERCOSUR, with Palestine (2011) and with Colombia (2017). These agreements have not entered into force.

11. Uruguay has an open investment regime and provides for national treatment of foreign investment with a few exceptions, such as the provision of radio and broadcasting services, air and maritime cabotage, and fishing within its territorial waters. No prior authorization or registration is required in order to make an investment in Uruguay. Foreign companies may operate in the country, either through a branch, or through incorporation in any form of corporate structure provided for in domestic law. The State guarantees legal stability of exemptions, benefits and rights accorded to the investor and the free transfer of capital, profits and other gains associated with investment. In 2012, the tax concessions granted under the Investment Law (Law No. 16.906 of 1998) were extended to new activities such as construction, renewable energy production, biotechnology and tourism.

12. During the period under review, Uruguay introduced a series of measures to facilitate trade. These include: electronic payment of duties and taxes; use of the digital Single Customs Document (DUA); introduction of the Foreign Trade Single Window (VUCE); automated control of port access to the Port of Montevideo; the sea and air electronic manifest; and the Authorized Economic Operator (AEO) programme.

13. Uruguay's tariff is based on the MERCOSUR common external tariff (CET), with some exceptions. Uruguay only applies *ad valorem* tariffs. Its applied tariffs range from 0% to 30%, while its bound tariffs fluctuate between 6% and 55%. Some 14% of its tariff lines are zero-rated. The simple average of applied MFN duties was 9.4% in 2017, the same as in 2011. Agricultural products (WTO definition) were subject to an average tariff of 9.6% in 2017, only slightly higher than the average tariff for non-agricultural products (9.4%). The products with the highest tariff average are clothing, with a 20% tariff, followed by dairy produce (17.9%), sugars and sugar confectionery (17.2%), textiles (16.1%) and leather, rubber and footwear (15.3%). Uruguay does not use tariff quotas within the WTO framework, but maintains a number of quotas under its preferential trade agreements.

14. Uruguay applies certain duties and charges exclusively to imports: the consular fee, the fees of the customs clearing agents and the port authorities, and the single tax on imports of newsprint. In 2018, Uruguay increased the consular fee from 2% to 5%. Imports, together with goods produced in Uruguay, are also subject to Value Added Tax (VAT), the Specific Internal Tax (IMESI), and the Tax on the Sale of Agricultural Goods (IMEBA).

15. Uruguay imposes import restrictions and prohibitions to protect national security, public health, plant and animal health, and the environment. The number of products subject to prohibition decreased during the review period from 652 in 2012 to 323 in 2017. Uruguay uses both automatic and non-automatic import licences. The automatic licences are used for statistical purposes (textiles, footwear and oils), for granting tariff preferences to third parties (paper for publishing, vehicles) or for monitoring the price of imports. Non-automatic licences are used for granting tariff exemptions to domestic producers (sugar and diesel engines and kits) and for human healthcare (acetic acid). In 2017, 378 ten-digit tariff lines of the HS2017 required import licences, 371 of them automatic licences.

16. Uruguay seldom uses trade defence measures. During the review period, it initiated only two anti-dumping investigations, one of which led to the imposition of measures and the other to the imposition of an *ad valorem* duty. It did not initiate any countervailing or safeguard investigations during the period, nor did it adopt any measures.

17. As in the case of imports, the free export of goods is guaranteed, with the exception of those that might affect public health, national security, preservation of the environment, sanitary conditions or consumer protection. Measures can also be taken to ensure that domestic demand for basic necessities is satisfied and to comply with Uruguay's commitments within the context of the various international agreements to which it is a signatory.

18. Uruguay continues to implement special export promotion procedures. The main procedures operating in Uruguay include temporary admission, stock replacement, drawback and the indirect tax refund procedure that enables the exporter to recover a percentage of customs export value (VAE) established by government decree. This percentage varies according to the difficulties faced by different sectors and the non-tariff restrictions in the export markets. During the review period, the percentage increased from 2% in 2012 to a maximum of 6% in 2017. In 2013, Uruguay notified the WTO of two programmes related with subsidies granted to the automotive and clothing industries. Uruguay also grants other tax concessions for investments in general or to certain specific sectors, such as the forestry sector; parts and components for capital goods; the ship-building industry; the electronics industry; biotechnology; tourism; construction; and renewable energy.

19. Each of the agencies that issue technical regulations in Uruguay follows its own procedures for preparing them. The drawing up of technical regulations may be initiated *ex officio* or at the request of a third party. There is no mandatory procedure for revising technical regulations: they are revised to the extent that there are changes in the circumstances that led to their being issued. Revision may be *ex officio* or at the request of an interested party. A proportion of the technical regulations adopted by Uruguay involve the adoption of regulations issued at the regional level by MERCOSUR. During the period from January 2012 to December 2017, Uruguay submitted 15 technical regulation notifications to the WTO Committee on Technical Barriers to Trade. Most of the notified regulations relate to food, marking and labelling, and to household cleaning products. No questions relating to the measures imposed by Uruguay were raised in the Committee during this period.

20. During the period 2012-2017, Uruguay submitted 13 notifications to the Committee on Sanitary and Phytosanitary Measures. Most of the measures are based on international standards; in two cases only, Uruguay indicates that there is no relevant international standard or that they deviate from international regulations. The measures apply to all of Uruguay's trading partners. Some of the measures notified to the Committee were adopted for the sole purpose of protecting animal health, but most of them have multiple purposes, aiming both to preserve food safety and to protect animal health and Uruguayan territory from harmful pests. No questions relating to the measures imposed by Uruguay were raised in the Committee during the period under review.

21. Under the Law on the Promotion and Protection of Competition, all Uruguayan or foreign public or private natural or legal persons engaged in economic activities on Uruguayan territory must follow

the principles of free competition. The Commission for the Promotion and Protection of Competition applies the Law in all sectors of the economy, except those which have dedicated regulatory bodies that discharge this responsibility, such as the financial sector, communications, and energy and water. In the period 2012-2017, a total of 46 complaints of anti-competitive practices were lodged with the Commission. The complaints related to practices such as collusion, tied sales, predatory pricing and restricting the provision of services. The practices investigated concerned both goods markets (livestock, meat, milk, beer and construction materials) and services markets (financial, port, and distribution services). Of the 40 investigations concluded by March 2018, in 28 cases the alleged anti-competitive conduct was not confirmed; in six cases the Commission issued a recommendation; in five cases it ordered cessation of the practice and sanctioned the offender; and in one case it did not proceed with the investigation.

22. Prices in Uruguay are generally set by the market. However, certain goods and services, for example fuel and specified port services, are subject to ceiling prices. Tariffs are also set for the supply of electricity, water, pipe gas and fixed telephony. Likewise, the Ministry of Economy and Finance has the administrative authority under the law to regulate prices of goods and services produced by private entities, except in the case of prices of agricultural and fishery products marketed in their natural state. During the period under review, administered prices were applied to pasteurized liquid milk packaged for sale to the public without additives. Basic contribution for medical services, public transport and taxi fares, as well as toll fees and airport usage fees were also subject to price control under a price ceiling adjustment policy.

23. Public enterprises continue to play an important role in Uruguay's economy, operating in the financial services, transport, telecommunications and posts, electricity, and water and sanitation subsectors. The number of public enterprises has not changed significantly since 2012, insofar as no new state-owned enterprises have been created and only one, the airline company PLUNA E.A., was liquidated. In 2013, Uruguay notified the WTO that the only state-owned enterprise covered by the provisions of Article XVII of the GATT 1994 was the National Fuel, Alcohol and Portland Cement Authority (ANCAP), which has the exclusive right to import and refine crude petroleum and its by-products and to import and export liquid, semi-liquid and gaseous fuels when state refineries produce at least 50% of the country's gasoline consumption.

24. Uruguay has not signed the WTO Agreement on Government Procurement and does not participate as an observer in the Committee on Government Procurement. Apart from the occasional exception, the government procurement regime is essentially decentralized, although there are some common guidelines set forth in the Harmonized Text of the Law on Accounting and Financial Administration of the State (TOCAF). Foreigners are free to take part in government procurement procedures without any specific requirements. The law grants preference margins of between 4% and 16% to the domestic industry. A minimum of 35% local content is required for goods, services or works to be considered Uruguayan. In the case of goods, it is also required that the end product be classified under a different tariff heading from that assigned to the inputs used to produce them or, if that is not the case, that the local content of the goods be at least 50%. During the review period, Uruguay continued with the reform of the government procurement regime undertaken in 2011, with a view to streamlining procurement procedures and enhancing the transparency of the system in general. While open tendering is the method generally used, the TOCAF provides the administrator with a wide range of exceptions, in terms of both the quantity and the object of the procedure.

25. Uruguay is a member of the World Intellectual Property Organization (WIPO) and is party to a number of international agreements administered by that organization. In 2014, Uruguay ratified the Marrakesh Treaty. The patent and trademark legislation stipulates application of the principle of international exhaustion of rights. Although there has been some improvement in recent years, the average time taken to grant a patent continues to be long (ten years). Uruguay protects geographical indications, indications of source and appellations of origin under various articles of its Trademark Law. In order to enjoy protection for an indefinite term, appellations of origin must be registered, while indications of source are protected indefinitely without having to be registered. In order to secure protection for a period of 20 to 25 years, a plant variety has to be listed in the National Register of Cultivars. Uruguayan law provides for civil and criminal sanctions for infringement of intellectual property rights. Monitoring enforcement of intellectual property law is the responsibility of the National Customs Directorate, which has implemented a new procedure that enables a trademark holder to lodge a preventive complaint with the customs authorities concerning the

potential entry of fraudulent goods into the country and to request suspension of their clearance. The National Customs Directorate keeps a register of seizures of goods.

26. The agricultural sector is of primary importance to Uruguay. Agricultural products (WTO definition) accounted for some two thirds of total exports in 2017, with meat and soya as the main export products, followed by dairy produce and cereals. Uruguay's agricultural policy is seeking to foster competitiveness in order to achieve sustainable development, taking into account social integration and environmental conservation. The idea is to create high-value niche markets, distinct from the traditional commodity markets, and to improve export products through the use of new technology in primary activities. The average tariff applied to agricultural products (WTO definition) was 9.6% in 2017, the same as in 2012. Agricultural products in their natural state are subject to a suspended VAT regime (zero rated). Uruguay notified the WTO that domestic support provided to agriculture during 2012-2015 included: research, extension and advisory services; pest and disease control programmes; marketing and promotion services; and environmental programmes.

27. Uruguay does not currently have any crude petroleum or natural gas reserves, but exploration is under way. Although ANCAP has a monopoly on hydrocarbon exploration and on the importation and refining of crude oil and its products, the private sector may participate in the distribution of fuels. Contracts are awarded to third parties through a tendering process. In 2012 an international tender was held, as a result of which hydrocarbon exploration and exploitation contracts were granted. Another international tender was being held in early 2018. The state continues to play a predominant role in the electricity market. The National Electricity Plants and Transmission Authority (UTE) continues to have a monopoly on the transmission and distribution of electricity in the country. However, private participation in the generation of electricity has increased considerably, particularly when it comes to generation of electricity from renewable sources. Sustained investment in windfarms has contributed towards achieving energy independence, and the generation of surpluses for export could enable Uruguay to establish itself as a net electricity exporter in the medium term.

28. Uruguay has an open financial system: there are no restrictions on capital movements, and banking secrecy is observed, although in a flexible manner. Companies wishing to provide financial intermediation services in Uruguay must obtain prior authorization from the Government as well as the authorization of the Central Bank. No distinction is made between national and foreign banks in terms of treatment with respect to operations or establishment requirements. Banks wishing to become established in Uruguay must be organized as Uruguayan public limited companies with registered shares or as branches of foreign banks. The Uruguayan banking system is made up of 11 banks (nine private and two public), and continues to be well capitalized, with high liquidity and low non-performing loan levels. The solvency of financial institutions based in Uruguay remains at high levels, and the overall level of non-performing loans has remained low. The share of the two public banks in the Uruguayan banking system is substantial, their assets accounting for close to half of the total bank assets. The private banks are wholly or majority owned by foreign banks.

29. Insurance companies must be established in Uruguay as public limited companies with registered shares and an exclusive purpose. They may operate simultaneously in all branches of insurance, life or general, provided they comply with the minimum capital requirements for each branch. There are no restrictions on foreign participation in new or existing companies set up as public limited companies in Uruguay. Once established in Uruguay, foreign-owned companies receive national treatment. They may not establish branches or representative offices for the purpose of carrying out insurance activities in Uruguay. Risks in Uruguayan territory may not be covered with premiums written abroad.

30. Telecommunication services are generally open to private participation, with the exception of the fixed telephony and fixed data (including fibre optic) transmission segments, which continue to be operated by the state-owned company ANTEL in monopoly conditions. Private companies may fix their rates for services offered in markets where there is competition. In the case of transport services, foreign companies may offer domestic air services by obtaining a concession based on reciprocity. For all other air services, operators must apply for authorization. Sixteen airlines are currently operating international services from and to Uruguay. Participation in the maritime transport market from and to Uruguay is generally open. Passenger and cargo cabotage is reserved for Uruguayan-flagged vessels, although the authorities may authorize foreign participation when no Uruguayan vessels are available.

31. Tourism accounted for an annual average of approximately 7% of GDP during the review period, and was dynamic both in generating foreign exchange and in attracting investment. A new legal framework for the sector was introduced in 2014. Tourism services are supplied by the private sector, with the State stepping in only where necessary. In order to provide tourism services, foreign companies must be domiciled in the country and enrolled in the register of the corresponding ministry. The sector has its specific system of tax incentives for both domestic and foreign investors.

1 ECONOMIC ENVIRONMENT

1.1 Main features of the economy

1.1. The sectoral structure of the Uruguayan economy underwent minor changes during the period under review (Table 1.1), including an increase in the share of services in GDP. In 2017, the services sector, as a whole, accounted for 61.3% of GDP (at current prices), compared to 58.3% in 2011. The manufacturing share fluctuated during the period, declining between 2011 and 2013, before rebounding in 2014 and 2015, when it represented 13.2% of GDP, and then shrinking once more in 2016 and 2017. The share of agriculture, livestock, hunting and forestry decreased during the period, from 8.7% of GDP in 2011 to 5.9% in 2016 and 5.1% in 2017. Within the services sector, the largest contributors to GDP were real-estate and business activities (16.8% in 2017), and commerce, repairs, restaurants and hotels (14.1%).

1.2. The fastest growing subsector between 2011 and 2017 was that of communications, mainly owing to the vigorous expansion of telecommunication services. Financial intermediation and commerce, restaurants and hotels also grew strongly. The agricultural sector was less buoyant during the review period; and manufacturing industries performed unevenly: some, such as cellulose and wood products, expanded, while the textile and clothing industry contracted. Air transport was seriously affected by the cessation of operations of the national carrier, PLUNA.

1.3. The services sector maintained its trend as a key employer, providing 72% of all jobs in 2017, compared to 69.3% in 2011 (Table 1.1). Within the services sector, commerce, restaurants and hotels contributed 21.8% of overall employment in 2017, followed by financial intermediation, real-estate and business activities with 10.5%, and social and health-care services, which accounted for 8.3%. Manufacturing industries generated 10.8% of total jobs in 2017, down from 13.3% in 2011. The share of employment in agricultural activities, together with fishing and mining and quarrying, declined during the period under review, representing 8.3% of all jobs in 2017, compared to 10% in 2011.

Table 1.1 Structure of GDP and employment, 2011-2017

	2011	2012	2013	2014	2015	2016	2017
Current GDP (Ur\$ million)	926,356	1,041,211	1,178,332	1,330,508	1,455,848	1,589,195	1,697,075
Current GDP (US\$ million)	47,989	51,238	57,482	57,277	53,273	52,825	59,237
Real GDP (US\$ million at 2005 prices)	30,929	30,420	31,555	28,748	24,527	22,656	24,423
Real GDP growth rate (% , at 2005 prices)	5.2	3.5	4.6	3.2	0.4	1.7	2.7
Per capita GDP (US\$ at current prices)	14,062	14,954	16,709	16,584	15,365	15,179	16,958
Structure of GDP by economic sector (percentage of GDP at current prices)							
Primary activities	9.3	8.6	8.1	7.2	6.6	6.3	5.6
Agriculture, livestock, hunting and forestry	8.7	8.0	7.5	6.7	6.1	5.9	5.1
Fishing	0.1	0.1	0.1	0.1	0.1	0.0	0.1
Mining	0.4	0.4	0.4	0.5	0.4	0.5	0.4
Manufacturing	12.7	12.2	11.3	12.1	13.2	12.8	11.7
Food, beverages and tobacco	5.9	5.7	5.3	6.0	6.0	6.0	6.0
Textiles and clothing, leather products and footwear	0.6	0.5	0.5	0.4	0.4	0.4	0.3
Wood and wood products, paper and paper products and printing	1.9	1.6	1.6	1.7	2.0	1.7	1.6
Coke, refined petroleum products	0.4	0.5	0.4	0.5	1.2	1.4	0.7
Chemicals and chemical products, rubber and plastic products	1.6	1.6	1.3	1.4	1.6	1.6	1.6
Other non-metallic mineral products	0.5	0.5	0.5	0.4	0.4	0.3	0.3

	2011	2012	2013	2014	2015	2016	2017
Basic metal industries, machinery and equipment	1.3	1.3	1.1	1.2	1.1	1.0	0.9
Transport equipment	0.3	0.2	0.2	0.2	0.2	0.0	0.0
Other manufacturing	0.3	0.3	0.4	0.4	0.4	0.4	0.3
Electricity, gas and water	1.9	1.0	2.2	2.3	2.2	2.7	2.7
Construction	7.6	9.2	9.7	9.8	9.6	9.6	9.4
Services	58.3	59.3	59.1	59.1	59.3	59.7	61.2
Commerce, repairs, restaurants and hotels	13.8	13.9	13.7	13.4	13.0	13.0	14.1
Commerce and repairs	10.3	10.4	10.2	9.9	9.4	9.3	10.0
Restaurants and hotels	3.4	3.5	3.5	3.5	3.6	3.7	4.1
Transport, storage and communications	6.7	6.5	6.0	5.7	5.6	5.4	5.4
Other services	37.8	38.9	39.4	40.0	40.7	41.3	41.8
Financial intermediation	4.3	4.4	4.4	4.5	4.6	4.8	4.7
Real-estate, business and rental activities	15.1	15.8	16.1	16.3	16.8	16.7	16.8
Public administration and defence, social security	5.1	5.0	5.0	5.1	5.0	5.1	5.1
Education	4.1	4.2	4.3	4.5	4.5	4.7	4.7
Health	5.5	5.7	5.8	5.9	6.1	6.3	6.5
Personal services and private households with domestic service	3.8	3.7	3.7	3.7	3.7	3.7	3.9
Financial intermediation services indirectly measured, not distributed	-2.6	-2.7	-2.7	-2.7	-2.8	-2.9	-2.8
Taxes net of product subsidies	12.7	12.4	12.3	12.2	11.9	11.8	12.1
Percentage variation in GDP (at constant 2005 prices)							
Primary activities	11.1	-0.9	2.0	-0.2	-1.8	3.1	-1.5
Agriculture, livestock, hunting and forestry	13.5	-0.5	2.5	0.4	-0.9	2.7	-0.8
General crops and related services	34.3	-8.4	8.3	-11.6	-14.9	6.3	-8.2
Animal husbandry; livestock services	5.7	5.3	-1.9	1.8	2.7	1.4	2.6
Forestry, logging and related activities	-6.6	-6.6	12.8	48.1	20.1	1.7	-0.4
Fishing	-1.5	-14.2	-33.5	-13.2	-36.9	-34.0	22.3
Mining	-21.1	-2.3	2.5	-10.8	-15.5	18.2	-21.0
Manufacturing	2.0	-3.9	1.2	4.2	4.9	0.7	-3.5
Food, beverages and tobacco	4.3	1.3	0.9	0.8	1.6	1.9	0.1
Textiles and clothing, leather products and footwear	-8.8	-6.6	-6.3	-9.2	-8.9	-7.8	-8.9
Wood and wood products, paper and paper products and printing	-1.3	-4.2	4.5	23.1	23.6	3.7	0.4
Coke, refined petroleum products	-2.0	-11.8	4.8	-4.6	5.3	6.9	-39.6
Chemicals and chemical products, rubber and plastic products	17.6	-7.2	-6.8	0.3	2.4	-0.7	2.6
Other non-metallic mineral products	5.2	0.0	-0.3	-5.1	-8.8	-8.0	-2.1

	2011	2012	2013	2014	2015	2016	2017
Basic metal industries, machinery and equipment	-7.7	-4.0	-2.7	1.5	-7.1	1.0	-3.0
Transport equipment	22.6	-39.7	51.6	3.0	-22.7	-40.5	-42.7
Other manufacturing	-1.0	8.8	3.6	5.3	-7.8	-18.7	0.0
Electricity, gas and water	-24.2	-21.9	54.7	15.7	-6.7	9.6	1.2
Construction	2.4	16.3	0.9	0.7	-6.1	-2.6	-6.0
Services							
Commerce, repairs, restaurants and hotels	7.0	5.6	8.0	-0.6	-4.0	-2.8	7.5
Commerce and repairs	6.7	6.7	9.6	-0.8	-5.1	-3.4	7.8
Restaurants and hotels	8.9	0.2	-0.4	0.9	2.6	0.5	6.0
Transport, storage and communications	10.7	10.0	6.9	7.4	4.8	8.1	8.5
Other services	4.6	3.5	3.4	3.3	1.5	0.3	-0.8
Financial intermediation	15.1	11.0	8.4	8.3	5.7	1.9	-5.1
Real-estate, business and rental activities	2.7	2.5	1.7	1.1	0.8	0.0	1.4
Public administration and defence, social security	0.6	-0.5	2.8	1.5	-0.7	-0.8	-1.7
Education	5.0	2.6	3.4	3.3	0.1	1.0	-2.0
Health	2.1	4.2	2.5	4.0	1.5	0.6	0.9
Personal services and private households with domestic service	2.7	-0.6	2.2	2.7	-0.7	-2.1	1.1
Structure of employment by economic activity							
Agriculture, livestock, hunting, forestry, fishing and mining and quarrying	10.0	8.8	9.6	9.4	9.0	8.4	8.3
Manufacturing	12.2	11.9	11.9	11.5	11.1	11.3	10.8
Electricity, gas and water supply	1.1	1.3	1.3	1.2	1.1	1.2	1.2
Construction	7.3	7.8	8.1	8.1	8.1	7.5	7.7
Services	69.3	70.3	69.1	69.8	70.7	71.7	72.0
Commerce, restaurants and hotels	21.1	21.8	21.2	21.4	21.8	21.7	21.8
Transport, storage and communications	6.8	6.8	6.8	7.1	7.3	7.2	7.0
Financial intermediation, real-estate, business and rental activities	8.6	8.7	9.1	9.5	9.8	10.0	10.5
Public administration and defence, compulsory social security	6.4	6.6	6.4	6.2	6.2	6.5	6.5
Education	6.0	6.1	6.0	6.3	6.3	6.2	6.4
Social and health-care services	7.1	7.6	7.6	7.7	7.8	8.3	8.3
Other service activities	5.8	4.8	4.7	4.7	4.7	4.9	4.5
Domestic services	7.5	7.9	7.3	7.1	6.8	6.9	7.0

Source: Central Bank of Uruguay (BCU) for GDP and National Institute of Statistics (INE) for employment.

1.4. Uruguay's per capita GDP (US\$16,958 in 2017) is one of the highest in Latin America; and its poverty rate continued to fall during the review period, from 18.5% in 2010 to 9.4% in 2016.¹ The

¹ Online information from the World Bank, Countries and economies: Uruguay, viewed at: <http://datos.bancomundial.org/pais/uruguay>.

Gini index of income inequality is one of Latin America's lowest (0.417 in 2015), which indicates a relatively equitable distribution of income by the standards of the region.²

1.5. Uruguay's macroeconomic policy is geared towards maintaining the macroeconomic equilibria, for which the authorities have been implementing a coordinated policy on three fronts: monetary, fiscal and income. The current monetary policy can be characterized as an inflation-targeting scheme based on monetary aggregates — the main policy variable being the means of payment, defined as the broad M1 aggregate (coins and banknotes held by the public + demand deposits + savings accounts). The country's foreign exchange regime is based on a flexible exchange rate, with the monetary authority making targeted interventions to smooth volatility. Fiscal policy pursues the priority goals set by the Government within a framework of medium and long-term sustainability, while seeking to contribute to economic growth that is sustained over time. In recent years, the Government has focused on controlling non-priority expenditures, coordinating investments and reducing the expenses of state-owned enterprises to underpin the sustainability of the aforementioned policies. The incomes policy seeks to promote employment and consolidate wage increases that reflect the specific situation of the sector in question.³

1.6. The Government has been implementing a Financial Inclusion Programme for low-income households and micro and small enterprises, with a view to universalizing access to the financial system. The programme is based on Law No. 19.210 (the Financial Inclusion Law), of 29 April 2014, which was enacted on 9 May of that year.⁴ Its fundamental pillars are access to and use of electronic payment media, incentives for saving, and access to credit under more favourable conditions.⁵ To implement the programme, measures have been implemented to facilitate and improve small-business access to the financial system, including the following: reduction of the maximum commissions on debit and credit cards; reduction of withholding for some taxpayers and its elimination for others; and subsidies to facilitate the incorporation of billing systems using electronic invoices and point of sale (POS) terminals. The authorities consider that the combination of incentives, promotion of competition and regulation made it possible to consolidate major changes in a short time, which have resulted in greater financial inclusion. Specifically, there was significant growth in the use of debit cards (a fourteen-fold increase in just three years), while over 800,000 e-money accounts and instruments were opened for workers, pensioners and social beneficiaries, at zero user-cost.⁶

1.2 Recent economic developments

1.2.1 Production and employment

1.7. The Uruguayan economy grew by an average of 3% per year over the 2011-2017 period, exactly in line with its long-term trend. Three GDP growth sub-stages can be identified. The first spans 2011 to 2014 and is characterized by a faster output expansion, driven by burgeoning domestic demand (except in 2014) in both consumption and gross capital formation, which more than offset the negative contribution of net exports of goods and services (Table 1.2). The second sub-stage was 2015-2016, in which growth was sharply reduced and barely positive in 2015. That year saw an abrupt fall in domestic demand owing mainly to a substantial reduction in investment, compounded by weaker consumption — partly reflecting the erosion of the population's purchasing power caused by the depreciation of the Uruguayan peso. Net exports could not fully

² Online information from the World Bank, viewed at: <https://data.worldbank.org/indicator/SI.POV.GINI>.

³ Ministry of the Economy and Finance (MEF) (2017), *Rumbo y agenda de la política económica: inclusión, diferenciación y calidad*. Presentation by Danilo Astori, Minister of the Economy and Finance, at SOMOS URUGUAY on 7 September 2017. Viewed at: https://www.mef.gub.uy/innovaportal/file/22563/3/presentacion_astori_1.pdf.

⁴ The text of the Financial Inclusion Law may be viewed at: <https://www.impo.com.uy/bases/leyes/19210-2014>.

⁵ MEF (2017), *Rumbo y agenda de la política económica: inclusión, diferenciación y calidad*. Presentation by Danilo Astori, Minister of the Economy and Finance, at SOMOS URUGUAY on 7 September 2017. Viewed at: https://www.mef.gub.uy/innovaportal/file/22563/3/presentacion_astori_1.pdf.

⁶ MEF and House of Representatives Finance Commission (2017), *Programa de Inclusión Financiera: principales resultados, 31 de mayo de 2017*. Viewed at: <https://www.mef.gub.uy/innovaportal/file/21925/1/comision-de-hacienda-31052017.pdf>.

make up for the slump in domestic demand. In 2016 however, both components of domestic demand staged a tentative recovery.

1.8. In the following year, a third and more expansionary sub-stage began, with GDP growth accelerating to 2.7%, fuelled by a slight pick-up in domestic demand and stronger net external demand than in 2016. According to the Central Bank of Uruguay (BCU), gross capital formation slackened in 2017, following completion of the installation of wind farms, which had generated additional investment in the year-earlier period. The positive effect of external demand reflected the conjunction of reduced imports and increased exports, of both goods (soya, meat, rice) and services (tourism).⁷

1.9. During the first few years of the period under review (up to 2014), Uruguay benefited from a benign external environment, characterized by high international prices for agricultural raw materials, although this was partially offset by the negative impact for Uruguay of high fuel prices. As from 2015, the recession in Argentina and Brazil, compounded by low prices for meat and wheat, undermined merchandise exports; but weak domestic consumption and investment caused an even larger reduction in goods and services imports. On the whole, and although the regional market remains depressed, the International Monetary Fund (IMF) considers that the general conditions of trade performance have been positive, largely due to the fall in oil prices.⁸

1.10. In 2018, the Uruguayan economy is expected to benefit from a more positive external environment, supported by stronger domestic demand. Indicators such as the increase in household purchasing power in 2017 would seem to point in this direction.⁹ The IMF forecasts GDP growth of 3.1% in 2018¹⁰; and it sees the potential GDP growth settling around 3% in the coming years as domestic demand gains strength.¹¹

1.11. After falling to 6.3% in 2011 and then remaining broadly stable until 2014, the unemployment rate rose as from 2015, in tandem with the slowdown in economic growth (Table 1.2). The employment rate has been descending from its 60.7% peak in 2011, and in the third quarter of 2017 it stood at 57.8% (compared to 58.2% a year earlier). Despite a degree of recovery in the economy, unemployment has continued to grow: in the third quarter of 2017 it reached a level of 8.1%, three tenths of a percentage point above the previous year's average. The authorities explain this as a softening of labour demand that was not matched on the supply side. In the same period, the activity rate slipped from 63.2% to 63.0%. In fact, the most dynamic sectors of the economy in the last two years have been those that generate relatively little employment.¹² Despite the deterioration of the employment situation, the authorities are confident that, in the medium term, the economy will continue to maintain low levels of unemployment, high employment rates and a rising trend in real household income.¹³

⁷ BCU (2017), *Informe de Política Monetaria, Tercer Trimestre de 2017*. Viewed at: <http://www.bcu.gub.uy/Politica-Economica-y-Mercados/Reportes%20de%20Politica%20Monetaria/pepmam04i0917.pdf>.

⁸ International Monetary Fund (IMF) (2017), *Uruguay 2016 Article IV Consultation—Press Release and Staff Report, IMF Country Report No. 17/28*, February 2017. Viewed at: <https://www.imf.org/~media/Files/Publications/CR/2017/cr1728.ashx>.

⁹ BCU (2017), *Informe de Política Monetaria, Tercer Trimestre de 2017*. Viewed at: <http://www.bcu.gub.uy/Politica-Economica-y-Mercados/Reportes%20de%20Politica%20Monetaria/pepmam04i0917.pdf>.

¹⁰ Online information from the IMF, viewed at: <http://www.imf.org/en/Countries/URY>.

¹¹ IMF (2017), *Uruguay 2016 Article IV Consultation—Press Release and Staff Report, IMF Country Report No. 17/28*, February 2017. Viewed at: <https://www.imf.org/~media/Files/Publications/CR/2017/cr1728.ashx>.

¹² MEF (2017), *La economía uruguaya: recuperación de crecimiento y perspectivas de futuro*. Presentation by Danilo Astori, Minister of the Economy and Finance, to the Official Spanish Chamber of Commerce, Industry and Navigation of Uruguay, 23 August 2017. Viewed at: <https://www.mef.gub.uy/innovaportal/file/22391/4/camara-espanola---23-agosto-2017.pdf>.

¹³ BCU (2017), *Informe de Política Monetaria, Tercer Trimestre de 2017*. Viewed at: <http://www.bcu.gub.uy/Politica-Economica-y-Mercados/Reportes%20de%20Politica%20Monetaria/pepmam04i0917.pdf>.

Table 1.2 Main macroeconomic indicators, 2011-2017

	2011	2012	2013	2014	2015	2016	2017
National accounts							
Real GDP (Ur\$ million at 2005 prices) ^a	597,050	618,174	646,842	667,792	670,268	681,594	699,702
GDP (growth rate %)	5.2	3.5	4.6	3.2	0.4	1.7	2.7
Domestic demand	7.3	7.0	5.3	2.3	-2.0	-0.4	0.3
Final consumption expenditure	6.7	5.1	5.5	2.9	-0.2	0.4	3.6
Final consumption expenditure of households and private non-profit institutions (NPIs)	7.2	4.9	5.5	3.0	-0.5	0.1	4.4
Government final consumption expenditure	3.7	6.0	4.9	2.5	2.2	2.9	-1.3
Gross capital formation	9.9	14.5	4.8	0.0	-9.0	-3.9	-13.8
Gross fixed capital formation	7.0	18.2	3.8	2.4	-9.2	-1.6	-15.5
Public sector	-9.9	0.5	13.6	28.7	-12.2	10.9	-29.6
Private sector	11.5	21.9	2.1	-2.8	-8.5	-4.8	-11.3
Exports of goods and services	5.8	3.6	-0.1	3.5	-0.6	-0.2	7.6
Imports of goods and services	12.4	13.6	2.8	0.8	-7.3	-6.2	-0.4
GDP (Ur\$ million) ^a	926,356	1,041,211	1,178,332	1,330,508	1,455,848	1,589,195	1,697,075
Domestic demand	930,087	1,074,757	1,213,818	1,357,149	1,461,272	1,564,644	1,643,978
Final consumption expenditure	736,642	836,160	948,877	1,075,044	1,174,391	1,281,794	1,377,267
Final consumption expenditure (private)	618,435	697,951	789,538	892,812	972,963	1,051,066	1,133,799
Final consumption expenditure (government)	118,207	138,209	159,339	182,232	201,428	230,728	243,468
Gross capital formation	193,445	238,597	264,941	282,105	286,881	282,851	266,712
Gross fixed capital formation	177,106	230,663	257,377	285,236	288,058	301,796	282,850
Public sector	33,544	39,990	49,634	64,821	66,426	75,720	65,594
Private sector	143,562	190,673	207,743	220,415	221,631	226,076	217,256
Variation in inventories	16,339	7,934	7,564	-3,131	-1,177	-18,945	-16,138
Exports of goods and services	244,763	269,878	275,177	313,237	327,243	340,526	365,860
Imports of goods and services	-248,494	-303,425	-310,664	-339,878	-332,667	-315,975	-312,763
Net exports of goods and services	-3.731	-33.547	-35.486	-26.641	-5.424	24.551	53.097
Employment							
Unemployment rate (%) ^b	6.3	6.5	6.5	6.6	7.5	7.8	8.1
Employment rate (%) ^b	60.7	59.9	59.5	60.4	59.0	58.4	57.8
Inflation							
Consumer price index (CPI)	105.2	113.7	123.5	134.4	146.1	160.1	169.1
External sector (US\$ million)							
Terms of trade (% variation, annual average)	0.2	-0.8	2.8	1.1	-0.3	5.5	
BCU gross international reserves (US\$ million)	10.302	13.605	16.290	17.555	15.634	13.472	12.689
Gross external debt (US\$ million) ^c	18.345	36.131	37.717	40.807	43.311	40.049	39.112
Gross external debt/GDP (%)	38.2	70.5	65.6	71.3	81.3	76.4	68.0
External debt service/exports of goods and services (%) ^d	20.0	18.3	28.4	29.5	30.9	13.3	
Current account as a percentage of GDP	-2.7	-4.1	-3.4	-3.1	-0.8	0.8	1.6

a Ratio of employed population to the population of 14 years or older (%).

b Ratio of unemployed population to active population (%).

c Excludes deposits by non-residents.

d External debt service includes amortizations and interest.

Source: BCU; INE; IMF, International Financial Statistics (IFS) database.

1.2.2 Fiscal policy

1.12. The Ministry of the Economy and Finance (MEF) is responsible for defining and implementing fiscal policy in Uruguay. This involves the administration of public funds from all sources and the top-level management of the nation's economic, financial and trade policies.¹⁴ The Directorate-General of Taxation, which is part of the ministerial structure and was reorganized by Decree No. 265/016 of 1 October 2016, is in charge of internal tax collection, while the National Customs Directorate collects customs duties and VAT on imports.

1.13. Until 2011, the Uruguayan Government focused on further consolidating the public-sector fiscal balance, with the aim of bringing its debt down to economically healthier levels. Starting in

¹⁴ Online information from the MEF, viewed at: <https://www.mef.gub.uy/10556/1/mef/mision-y-vision.html>.

2011, and having attained the debt reduction target, it then implemented a set of public policies that eroded the fiscal balance. Total public expenditure increased during the period under review, from 26.4% of GDP in 2011 to 30% in 2016 and 2017. This was mainly driven by an increase in current primary expenditure (Central Government and the Social Security Bank (BPS)) of nearly four percentage points of GDP between 2011 and 2016, to represent 27.6% of GDP in the latter year, while investment slipped from 2.7% of GDP in 2011 to 2.1% in 2017. Expenditure policy has focused on controlling current expenses in low-priority areas, while increasing spending in key sectors such as education, health and social security. In addition, following the procedure adopted with the reform of the tax system and promulgation of the Tax Reform Law, the 2010-2014 National Budget, approved by Law No. 18.719 of 2010, set fiscal targets aimed at gradually reducing the consolidated public-sector deficit to below 1% of GDP and bringing the public debt down to the equivalent of 40% of GDP by 2014.¹⁵ Although these targets were met in 2010 and 2011, the deficit target has been breached since 2012, and a shortfall of 3.5% of GDP was recorded in 2014 (Table 1.3). Nonetheless, the authorities note that despite this slippage, the targets for net public borrowing were actually overachieved, since the net debt stood at 33% of GDP, compared to the 40% target set in the National Budget for 2014.

1.14. The 2015-2019 National Budget, approved by Law No. 19.355, published on 30 December 2015, maintained the fiscal responsibility approach defined by the Government and allocated additional resources to areas seen as priorities for attaining the objectives of the government programme, such as education, social security, health, infrastructure and e-government.¹⁶ Fiscal targets for 2015-2019 were defined in the light of these considerations, and a downward course was specified for the fiscal deficit of the consolidated public sector (CPS), from 3.5% of GDP in 2014 to 2.5% in 2019.¹⁷ A path was also defined for the primary balance, seeking to attain a surplus of 1% of GDP by the end of the period (compared to a deficit of 0.5% of GDP in 2014), and thus offset the expected increase in debt service. Moreover, the statement accompanying Law No. 19.355 explained that the projected global funding for education in 2016-2017 represented a budget increase in line with the growth of public spending relative to GDP, as it moves towards the target of 6% of GDP.

Table 1.3 Financial accounts of the consolidated public sector (CPS), 2001-2017

(% of GDP and US\$ million)

	2011	2012	2013	2014	2015	2016	2017
CPS income	28.1	27.7	29.5	29.1	29.0	29.4	29.9
Central Government	20.6	19.9	20.7	20.0	19.7	20.4	21.2
Directorate-General of Taxation (DGI)	17.1	16.8	17.1	16.6	16.6	17.1	17.8
Foreign trade	1.1	1.1	1.1	1.1	1.1	1.0	1.0
Other	2.3	2.0	2.5	2.3	2.0	2.4	2.4
Social Security Bank (BPS)	6.5	7.0	7.3	7.6	7.5	7.5	7.7
Current primary balance, state-owned enterprises	1.1	0.8	1.5	1.5	1.8	1.5	0.7
CPS expenditure	26.4	28.0	29.1	29.5	28.8	30.0	30.0
Current primary expenditures (Central Government and BPS)	23.7	25.2	25.7	26.2	26.5	27.6	27.9
Investment ^a	2.7	2.8	3.4	3.2	2.3	2.4	2.1
Primary balance, administrative entities	0.1	-0.1	-0.1	-0.2	0.1	0.1	0.1
Primary balance, State Insurance Bank (BSE)	0.2	0.2	0.2	-0.0	-0.3	0.0	-0.1
Primary balance of the non-financial public sector (NFPS)	2.0	-0.1	0.5	-0.5	0.1	-0.5	-0.2
Primary balance of the CPS	1.9	-0.2	0.4	-0.6	-0.0	-0.5	-0.2
Interest	2.8	2.5	2.7	2.8	3.6	3.3	3.3

¹⁵ Law No. 18.083 (Tax Reform Law) of 18 January 2007 aimed to simplify, rationalize and modernize the tax system and make revenue collection more efficient. To that end, 14 taxes were eliminated; personal income tax (IRPF) and non-resident income tax (IRNR) were introduced; and the rates of the tax on income from economic activities (IRAE) and value added tax (VAT) were reduced.

¹⁶ Eastern Republic of Uruguay, Senate, Secretariat, *Presupuesto Nacional Periodo 2015-2019: Aprobación - Mensaje del Poder Ejecutivo*, Dossier No. 400 of 2015, November 2015. Viewed at: <https://legislativo.parlamento.gub.uy/temporales/S2015110173-061669051.pdf>.

¹⁷ The CPS encompasses the Central Government, the BPS, state-owned enterprises, the BCU, the departmental governments, and the State Insurance Bank (BSE).

	2011	2012	2013	2014	2015	2016	2017
Overall balance	-0.9	-2.7	-2.3	-3.5	-3.6	-3.9	-3.5
(US\$ million, unless otherwise indicated)							
Total public gross debt	27,040	31,133	33,102	33,525	31,396	33,345	38,721
Central Government	18,584	20,800	21,424	21,682	23,261	25,585	28,182
State-owned enterprises	2,152	2,549	2,276	2,588	2,140	1,927	2,031
Local governments	62	73	76	121	108	126	135
Rest of NFPS	27	42	54	61	65	84	106
Central Bank of Uruguay	6,214	7,669	9,273	9,073	5,822	5,622	8,270
Total gross public debt (% of GDP)	56.3	60.8	57.6	58.5	58.9	63.4	65.0
Total gross external debt (US\$ million) ^b	18,345	36,131	37,717	40,807	43,311	40,049	38,699
General Government	11,454	13,054	14,425	15,074	15,641	15,229	15,799
Other	6,891	23,077	23,292	25,773	27,669	24,820	22,900
Total gross external debt (% of GDP)	38.2	70.5	65.6	71.3	81.3	76.4	65.0

a Includes investments by state-owned enterprises.

b From 2012 onwards, the total external debt figures include the non-bank private sector.

Source: Online information from the MEF, viewed at: <http://www.mef.gub.uy/indicadores.php>; and online information from the BCU, viewed at: <http://www.bcu.gub.uy/Estadisticas-e-Indicadores/Paginas/Default.aspx>.

1.15. Despite the provisions of the 2015-2019 National Budget, the public accounts deteriorated in 2015 and 2016; and in the latter year the CPS primary deficit widened to 0.5% of GDP and the global public-sector balance posted a deficit of 3.9% (Table 1.3). In the same year, the income of the non-financial public sector (NFPS) amounted to 29.4% of GDP, while Central Government revenues totalled 20.4%, of which foreign trade accounted for just 1%. Tax revenue collected by the Directorate-General of Taxation (DGI) was equivalent to 17.1% of GDP. Revenue from consumption taxes levied on the private sector has fallen in the last two years as a share of GDP — VAT represented 8.3% in 2016, while revenue from the specific internal tax (IMESI) was equivalent to 1.0%.¹⁸

1.16. In 2017, the CPS recorded a deficit of 3.5% of GDP, which represented a 0.4 percentage-point improvement on the year-earlier result.¹⁹ This was largely explained by an increase in income received by Central Government and the BPS, which more than offset the growth of current spending, particularly in respect of pensioners and transfers. The revenue measures approved under the budget and accounting mechanism for 2016 took effect in 2017, with the aim of moving towards the target of a fiscal deficit of 2.5% of GDP in 2019, as noted above. The measures in question consisted of a rise in business and personal income taxes, together with a 4 percentage-point cut in the VAT rate for online purchases.

1.17. With regard to borrowing, there was a slight increase in the public debt/GDP ratio during the period under review, although the net debt stock remained at moderate levels, owing to the relatively high level of assets. At 31 December 2017, the gross debt of the CPS, which includes the BCU, stood at US\$38,721 million, equivalent to 65% of GDP. The gross debt of the NFPS, which excludes the Central Bank, accounted for 72.8% of the total debt, while NFPS assets totalled US\$20,033 million (33.6% of GDP) on the same date, bringing the CPS net debt to US\$16,688 million or 28% of GDP. The BCU considers the debt/GDP ratio to be relatively low in historical terms, and at a manageable level that is still far from the solvency thresholds.²⁰ In terms of the composition of the public debt, the foreign-currency share dropped from 54% of the total in September 2016 to 42% at 31 December 2017.²¹ In general, the public sector's financing requirements have been kept at

¹⁸ Directorate-General of Taxation (2017), 2016 statistical bulletin. Viewed at: <http://www.dgi.gub.uy/wdgi/afiledownload?2,4,864,O,S,0,33429%3BS%3B5%3B108>.

¹⁹ Online information from the MEF, viewed at: <https://www.mef.gub.uy/innovaportal/file/23710/1/comunicado---diciembre-2017.pdf>.

²⁰ BCU (2017), *Informe de Política Monetaria, Cuarto Trimestre de 2017*. Viewed at: <http://www.bcu.gub.uy/Politica-Economica-y-Mercados/Reportes%20de%20Politica%20Monetaria/pepmam04i1217.pdf>.

²¹ Online information from the BCU, viewed at: <http://www.bcu.gub.uy/Estadisticas-e-Indicadores/Endeudamiento%20Externo%20Pblico/resdep.pdf>; and BCU (2017), *Informe de Política Monetaria, Cuarto Trimestre de 2017*. Viewed at: <http://www.bcu.gub.uy/Politica-Economica-y-Mercados/Reportes%20de%20Politica%20Monetaria/pepmam04i1217.pdf>.

manageable levels in the period under review, and have been funded by loans from multilateral organizations and by debt issues.

1.2.3 Monetary and exchange-rate policy

1.18. The monetary and foreign-exchange regime in Uruguay is the responsibility of the Macroeconomic Coordination Committee. The BCU, which has technical, administrative and financial autonomy under the Constitution of the Republic and its own Charter, is responsible for managing monetary instruments to keep inflation rates as close as possible to the targets set by the Committee. The Central Bank also regulates the functioning and supervision of the country's payment and financial systems.

1.19. The BCU's key objective is to maintain price stability, for which it has adopted an inflation-targeting regime. The target is defined as a range for the consumer price index (CPI) over an 18-month horizon and is currently set at 3-7%. Uruguay's current monetary policy can thus be described as an inflation-targeting scheme based on monetary aggregates. Since 2013, the main policy variable has been the means of payment, defined as the broad M1 aggregate (banknotes and coins held by the public + demand deposits + savings accounts). Monetary policy aims to keep the growth of this aggregate in line with the inflation target and the demand for money, for which targets are also set.²²

1.20. Prior to June 2013, the Central Bank implemented its monetary policy through the monetary policy rate (*tasa de política monetaria* (TPM)) set by its Monetary Policy Committee (COPOM) on a quarterly basis. The BCU would intervene in the overnight money market to keep the average market rate (*tasa media de mercado* (TMM)) as close as possible to the TPM. In June 2013, in response to a sharp appreciation of the peso fuelled by substantial short-term capital inflows, the BCU announced that it would no longer use the TPM as its monetary policy instrument after 1 July 2013, but would replace it with a monetary aggregate target. It also imposed a 50% reserve requirement on non-resident capital used to purchase government securities, and announced a widening of the target range for inflation from 4-6% to 3-7% as from 1 July 2014.

1.21. In October 2017, the BCU's Board of Directors used the COPOM to announce an indicative year-on-year benchmark growth range for the broad M1 aggregate (M1') of 13% to 15% for the fourth quarter of 2017. Nonetheless, the final results breached the target with year-on-year growth of 18.7%.²³ The BCU has tried to channel this surplus liquidity into domestic-currency savings instruments by buying back peso-denominated government bonds and making direct foreign-currency purchases, to prevent the domestic currency from appreciating. It is estimated that the Central Bank purchased around US\$3.5 billion in 2017 (equivalent to over 6% of GDP), to prevent the portfolio adjustment from exerting undue pressure on the exchange rate, which would pass through to activity levels and employment.²⁴ In view of the ongoing remonetization of the economy and the greater demand for money, the BCU set a range of 14-16% as the indicative target for the year-on-year growth of broad M1 in the first quarter of 2018.²⁵ In December 2017 the 3%-7% target range for inflation over the next 24 months was ratified.

1.22. Although inflation spent most of the period slightly above the upper band of the target range, in 2017 it dropped to just within the band (Table 1.4). In the rolling 12 months ending December 2017, core inflation came in at 6.6%, up from 5.8% in September although within the target range for the tenth consecutive month. The authorities see this process as largely the result of declining inflation expectations.²⁶ They also stated that the BCU would use all available

²² Online information from the BCU, viewed at: <http://www.bcu.gub.uy>.

²³ Online information from the BCU, viewed at: <http://www.bcu.gub.uy/Estadisticas-e-Indicadores/Principales-Agregados-Monetarios/pmam03d.pdf>.

²⁴ BCU (2017), *Informe de Política Monetaria, Cuarto Trimestre de 2017*. Viewed at: <http://www.bcu.gub.uy/Politica-Economica-y-Mercados/Reportes%20de%20Politica%20Monetaria/pepmam04i1217.pdf>.

²⁵ BCU (2017), Briefing from the Monetary Policy Committee, 29 December 2017. Viewed at: <http://www.bcu.gub.uy/Politica-Economica-y-Mercados/Comunicados%20del%20Copom/Comunicado-Copom-Diciembre-2017.pdf>.

²⁶ BCU (2017), *Informe de Política Monetaria, Cuarto Trimestre de 2017*. Viewed at: <http://www.bcu.gub.uy/Politica-Economica-y-Mercados/Reportes%20de%20Politica%20Monetaria/pepmam04i1217.pdf>.

instruments to keep both inflation itself and inflation expectations as close as possible to the centre of the band in the first few months of 2018.

Table 1.4 Main monetary indicators, 2011-2017 Q3

(%)

	2011	2012	2013	2014	2015	2016	2017
Money supply (12-month variation)							
M1	19.2	9.2	13.1	1.0	5.2	6.6	9.2 ^a
Broad M1	20.8	11.2	15.0	3.7	5.6	14.8	11.8 ^a
M2	22.1	10.3	13.7	6.4	9.0	14.4	12.2 ^a
M1/GDP (% of GDP)	10.2	9.9	9.9	8.9	8.5	8.4	8.9
Interest rates^b							
Average lending interest rate, Ur\$ (end of period)	21.9	20.7	22.0	21.5	23.2	24.7	24.6
Average borrowing interest rate, Ur\$ (end of period)	5.5	5.2	5.1	8.5	7.9	6.0	5.3
Interest rate spread, Ur\$ (end of period)	16.4	15.5	16.9	13.1	15.4	18.6	19.3
Average lending interest rate, US\$ (end of period)	5.0	4.9	4.3	4.4	4.4	4.4	4.3
Average borrowing interest rate, US\$ (end of period)	0.3	0.3	0.3	0.3	0.3	0.2	0.3
Margin of interest, US\$ (end of period)	4.7	4.6	4.1	4.1	4.1	4.1	4.0
Inflation (annual percentage variation)							
Consumer price index (CPI), end of period	8.6	7.5	8.5	8.3	9.4	8.1	6.6
Consumer price index (CPI), annual average	8.1	8.1	8.6	8.9	8.7	9.6	6.2
Producer price index, domestic products (IPP), end of period	11.1	5.9	6.3	8.1	9.4	8.1	5.4
Exchange rate							
Exchange rate (period average: Ur\$/US\$)	19.3	20.3	20.5	23.2	27.3	30.2	28.7
Exchange rate variation (December-December)	-1.0	-2.5	10.3	13.8	22.8	-2.1	2.0
Variation in the real effective rate (December-December)	-6.8	-11.3	-3.1	-1.3	-0.6	-7.2	1.5
Variation of the real effective rate with respect to the Arg\$ (December-December)	-6.5	-12.4	-12.9	-4.4	2.5	-12.2	5.4
Variation of the real effective rate with respect to the R\$ (December-December)	-9.8	-15.7	-4.5	-1.4	-14.9	10.0	-1.6

a Period February 2017-February 2018.

b Annual effective interest rates, monthly weighted average of fixed-term deposit operations, excluding, in the cases of the Bank of the Eastern Republic of Uruguay (BROU) and the COFAC savings and loan cooperative, those related to deposits reprogrammed by Law No. 17.523 of 4 August 2002. Average of the banking system.

Source: BCU.

1.23. The de-dollarization process in the Uruguayan economy continued during the period under review. Residents' foreign-currency deposits totalled US\$18,469 million in December 2017 — down by 4% on the year-earlier figure, but still accounting for 69% of total deposits.²⁷

1.24. Interest rates for both lending and borrowing remained relatively stable during the 2011-2017 period. The spread between the lending and deposit interest rates on domestic-currency transactions remained large during the period under review, increasing from 16.4% in 2011 to 19.3% in 2017. The interest-rate spread in foreign currency narrowed slightly during the period, from 4.7% in 2011 to 4% in 2017 (Table 1.4).

1.25. Uruguay has operated a floating exchange-rate policy since June 2002, with interventions in the foreign-exchange market to moderate volatility. During the period under review, the Uruguayan peso depreciated in both nominal and real effective terms — in the latter case by about 27% from the start of 2011 until end-2016. Nonetheless, in 2017, the domestic currency appreciated by 1.5% relative to its year-earlier level.

1.2.4 Balance of payments

1.26. Uruguay's balance of payments ran a current account deficit until 2015, but the following two years saw surpluses of 0.8% and 1.6% of GDP, respectively, owing to a larger surplus on

²⁷ Online information from the BCU, viewed at: <http://www.bcu.gub.uy/Estadisticas-e-Indicadores/Principales-Agregados-Monetarios/pmam03d.pdf>.

merchandise trade.²⁸ This in turn was essentially the result of merchandise imports decreasing by more than exports: while exports in 2017 were down by 13% from their 2012 level (in US dollar terms), imports were nearly 33% lower. The steeper fall in imports partly reflects the depreciation of the peso. Exports and imports of services also declined during the period.

1.27. The balance of trade in goods and services was positive throughout the review period (Table 1.5). Merchandise trade was in surplus every year in 2012-2017, growing significantly in 2017 to represent 4.7% of GDP, while services trade posted increasing surpluses in recent years, following deficits in 2013 and 2014.

Table 1.5 Balance of payments, 2012-2017

(US\$ million)

	2012	2013	2014	2015	2016	2017
1. Current account	-2,107	-1,976	-1,769	-446	417	926
1.A. Goods and services	1,497	811	1,613	1,684	2,828	4,017
1.A.a Goods	298	1,078	1,980	1,268	2,041	2,807
Exports	13,078	13,277	13,763	11,106	10,504	11,414
Imports	12,780	12,200	11,783	9,838	8,463	8,607
1.A.b Services	1,199	-267	-367	416	787	1,210
Credit	5,048	4,822	4,617	4,485	4,145	4,763
Transport	777	738	754	578	444	484
Travel	2,296	2,089	1,917	1,970	2,071	2,539
Other services ¹	1,974	1,995	1,947	1,937	1,630	1,741
Debit	3,848	5,090	4,984	4,069	3,358	3,553
Transport	1,294	1,370	1,487	1,155	817	963
Travel	878	1,312	1,356	1,162	915	1,066
Other services ¹	1,677	2,408	2,140	1,752	1,626	1,524
1.B Primary income	-3,730	-2,967	-3,563	-2,306	-2,594	-3,362
Credit	1,283	1,376	793	715	829	841
By institutional sector						
Public sector	262	222	194	228	224	276
Private sector	1,022	1,154	599	487	605	566
By functional category						
Direct investment	816	994	422	311	437	390
Portfolio investment	116	82	67	73	94	116
Other investment ²	192	173	201	230	202	196
Reserve assets	159	127	102	102	96	140
Debit	5,013	4,343	4,356	3,021	3,424	4,203
By institutional sector						
Public sector	776	878	896	948	859	821
Private sector	4,237	3,464	3,460	2,073	2,564	3,382
By functional category						
Direct investment	4,114	3,391	3,353	1,974	2,402	3,227
Portfolio investment	693	737	751	748	700	688
Other investment ²	206	214	252	299	321	288
1.C Secondary income	125	180	181	176	183	271
Credit	213	251	255	248	250	349
Debit	88	71	74	72	67	78
2. Capital account	49	204	15	175	17	5
Credit	49	204	15	175	17	5
Debit	0	0	0	0	0	0
1. + 2. Net lending (+)/net borrowing (-)	-2,007	-1,727	-1,718	-203	434	931
(balance of current and capital accounts)						
3. Financial account (net lending (+)/net borrowing (-))	-1,492	-1,047	-1,555	-699	-276	644
3.1 Direct investment	-2,175	-2,789	-2,512	-830	828	233
Net acquisition of financial assets	3,869	-2,034	1,319	1,605	449	259
By institutional sector						
Public sector	-51	-9	8	-6	-17	18
Private sector	3,920	-2,025	1,310	1,611	466	241
By instrument						
Equity and investment fund shares	103	512	-291	398	-392	32
Debt instruments	3,765	-2,546	1,609	1,207	840	227
Net acquisition of liabilities	6,044	755	3,831	2,435	-379	27
By institutional sector						

²⁸ BCU (2018), *Informe de Balanza de Pagos y Posición de Inversión Internacional, año 2017*. Viewed at: http://www.bcu.gub.uy/Estadisticas-e-Indicadores/Balanza%20de%20Pagos/informe_m6.pdf.

	2012	2013	2014	2015	2016	2017
Public sector	0	8	15	0	1	0
Private sector	6,044	747	3,816	2,436	-380	26
By instrument						
Equity and investment fund shares	3,570	2,258	2,250	6	543	857
Debt instruments	2,473	-1,503	1,581	2,430	-922	-830
3.2 Portfolio investment	-317	-1,663	-306	1,050	2,016	-2,089
Net acquisition of financial assets	1,340	696	855	1,786	639	-1,362
By institutional sector						
Public sector	230	72	402	502	608	62
Private sector	1,110	624	453	1,284	31	-1,424
By instrument						
Equity and investment fund shares	965	-73	519	-220	-365	-47
Debt securities	375	769	336	2,006	1,004	-1,315
Net acquisition of liabilities	1,657	2,359	1,161	736	-1,377	727
By institutional sector						
Public sector	1,549	2,305	1,154	869	-1,350	705
Private sector	108	53	7	-133	-27	23
By instrument						
Equity and investment fund shares	40	-103	-42	-68	2	1
Debt securities	1,617	2,462	1,203	804	-1,379	727
3.3 Financial derivatives (other than reserves)	185	31	33	-304	44	-65
Public sector (net)	2	2	3	2	26	-12
Private sector (net)	183	29	30	-306	17	-53
3.4 Other investment	-2,472	393	-141	1,061	-975	118
Net acquisition of financial assets	-421	1,265	762	1,200	-2,504	-1,109
By institutional sector						
Public sector	-245	184	-167	583	-48	171
Private sector	-176	1,081	929	617	-2,547	-1,280
By instrument						
Currency and deposits	-761	161	570	1,580	-1,599	-187
Loans	-24	-43	175	-84	-512	-22
Trade credit and advances	382	694	-266	-173	-171	-595
Other accounts receivable	-18	454	284	-123	-222	-304
Net acquisition of liabilities	2,052	873	903	139	-1,529	-1,227
By institutional sector						
Public sector	220	-790	398	-31	86	-188
Private sector	1,832	1,663	505	170	-1,615	-1,039
By instrument						
Currency and deposits	580	415	187	339	-1,017	-811
Loans	1,070	709	471	146	-137	106
Trade credit and advances	392	-343	171	-396	-372	-522
Other accounts payable	11	91	21	51	-3	-1
3.5 BCU reserve assets	3,287	2,981	1,372	-1,677	-2,189	2,448
4. Errors and omissions (4 = -(1 + 2-3))	566	726	198	-429	-1710	-286

Note: The items shown in this table correspond to the standard components shown in Appendix 9 of the sixth edition of the IMF's Balance of Payments and International Investment Position Manual (BPM6).

- 1 Other services include maintenance and repairs, construction, insurance and pension services, financial services, fees for the use of intellectual property, telecommunication services, information technology and information services, other business services, personal, cultural and recreational services, and government goods and services.
- 2 Compensation of employees and other primary income are included in the "Primary income - Other investment" item.

Source: BCU.

1.28. The income account was in deficit every year between 2011 and 2017, mainly owing to debits associated with foreign direct investment (FDI) and portfolio investment. The financial account was in deficit throughout 2011-2016. While net indebtedness increased during this entire period, the financial-account deficit had been declining since 2014, and it turned into a surplus in 2017. This improvement reflects a change in the net balances of FDI and portfolio investment. The current account surpluses recorded in 2016 and 2017 gave rise to net loans on the financial account that mainly reflected the behaviour of the public sector. For example, in the first three quarters of 2017,

there was a capital outflow from the public sector of about US\$1.4 billion (2.4% of GDP).²⁹ This trend reduced Uruguay's negative net international investment position from 30% of GDP in September 2016 to 29% in September 2017.

1.29. Uruguay's gross external debt totalled US\$38,721 million at end-2017; and the public-sector external debt then represented 65% of GDP. Of the total external debt, 44.2% pertained to the non-bank private sector, 40.8% to Central Government, 8% to the private banking sector, 3% to state-owned enterprises, and the rest to local governments, public banks and the BCU. In terms of instruments, 35% of the total external debt consists of commercial loans and 36% is held in the form of bonds, while 20% corresponds to international loans, 9% to deposits and the rest to other instruments.³⁰ Uruguay had US\$50,973 million in external assets at 31 December 2017, making it a net international creditor in the amount of US\$12,274 million. This is explained entirely by assets held by the private sector, since the public sector is a small net debtor (-US\$842 million at 31 December 2017).³¹

1.3 Trade and investment performance

1.3.1 Trends and patterns in trade in goods and services

1.3.1.1 Trade performance

1.30. International trade is extremely important for Uruguay, although its overall volume declined relative to GDP during the period under review. The sum of merchandise exports and imports was equivalent to 28.8% of GDP in 2016 and is estimated at 30.8% in 2017, compared to 38.9% in 2011. Merchandise imports in 2017 totalled US\$8,458 million, while exports amounted to US\$7,885 million.

1.3.1.2 Composition of merchandise trade

1.31. Uruguay's exports continue to consist mainly of commodities — chiefly animal and vegetable products, including food, wood and agricultural raw materials — in which the country has comparative production advantages. The share of these goods in total merchandise exports grew from 64.3% in 2011 to 71.8% in 2017 (Chart 1.1 and Table A1.1). Bovine meat and oilseeds remained the leading export products, accounting for 21.4% and 15.6% of the 2017 total, respectively. Both meat and oilseeds increased their shares of total exports during the period under review.

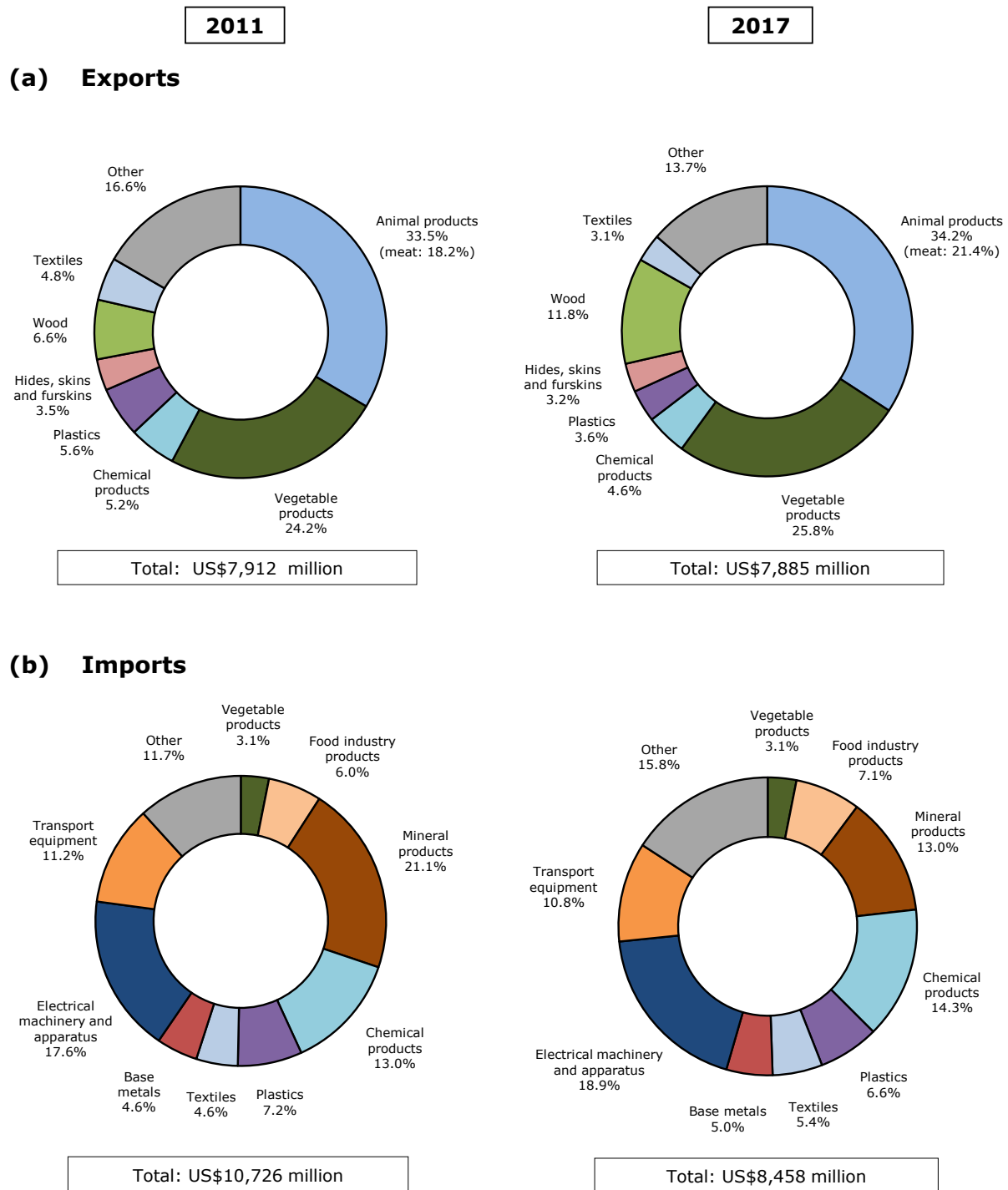
1.32. In contrast, manufacturing saw its share of total exports decline, from 31% in 2011 to 27% in 2017, although the various subsectors performed unevenly. For example, exports of transport equipment, textiles and plastics were relatively more affected than chemical products.

1.33. On the import side, the share of manufactures increased over the review period, while imports of mineral products declined, largely reflecting the lower prices of crude oil (Table A1.2). The main import items in 2017 were machinery and electrical appliances (18.9% of the total), chemicals (14.3%), mineral products (13.0%) and transport equipment (10.8%).

²⁹ BCU (2017), *Informe de Política Monetaria, Cuarto Trimestre de 2017*. Viewed at: <http://www.bcu.gub.uy/Politica-Economica-y-Mercados/Reportes%20de%20Politica%20Monetaria/pepmam04i1217.pdf>.

³⁰ BCU (2018), *Deuda Externa del Uruguay*. Viewed at: <http://www.bcu.gub.uy/Estadisticas-e-Indicadores/Deuda%20Externa/resdeu.pdf>.

³¹ Idem.

Chart 1.1 Merchandise trade by main products, 2011 and 2017

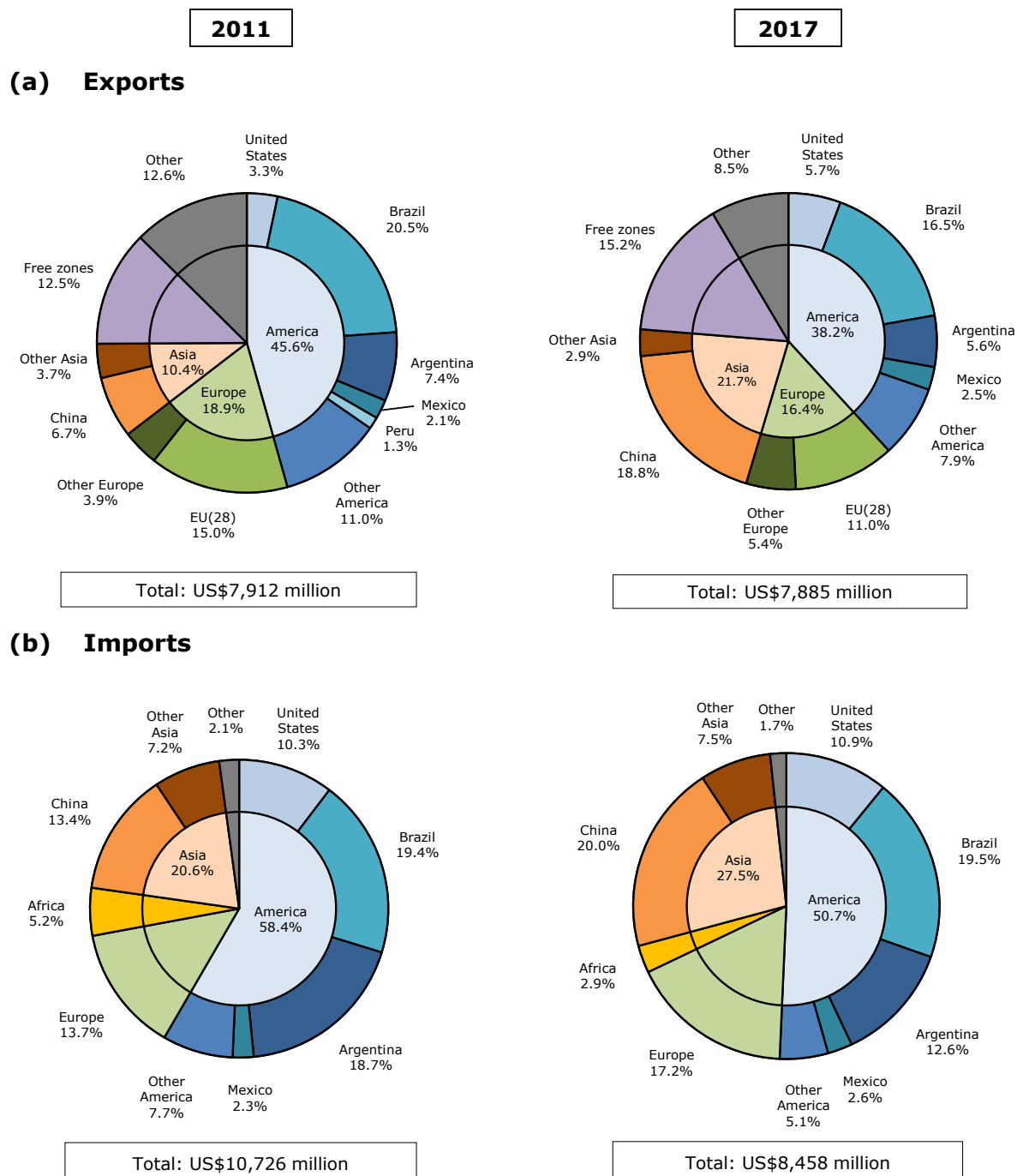
Source: WTO Secretariat estimates based on the Comtrade database and information provided by the BCU.

1.3.1.3 Direction of merchandise trade

1.34. Uruguay's exports to its partners in the Southern Common Market (MERCOSUR) declined relatively during the period under review, but MERCOSUR remained the top export destination, absorbing 23.7% of the total in 2017 compared to 30% in 2011 (Table A1.3 and Chart 1.2). China overtook Brazil to become Uruguay's leading export destination in 2017, absorbing 18.8% of the total, compared to Brazil's 16.5%. The percentage of total exports going to China tripled over the review period. Exports to the United States also gained market share, increasing from 3.3% of the

total in 2011 to 5.7% in 2017. Argentina and Paraguay, on the other hand, both lost share. Within Latin America, Mexico and Peru both increased their market shares, while Chile's fell back. Europe's share of Uruguay's total exports decreased, as the European Union absorbed 11% in 2017, compared to 15% in 2011.

Chart 1.2 Merchandise trade by trading partner, 2011 and 2017



Source: WTO Secretariat estimates based on the Comtrade database and information provided by the BCU.

1.35. On the import side, the countries of the Americas saw their joint share drop sharply during the review period, from 58.4% of the total in 2011 to 50.7% in 2017 (Table A1.4). Brazil and Argentina continued to be important suppliers, although both lost market share, accounting for

19.5% and 12.6% of Uruguay's imports in 2017, respectively, compared to the 19.4% and 18.7% recorded in 2011. The United States' share of total imports grew slightly, while there was a substantial increase in shipments from Europe and China, which supplied 17.2% and 20.0% of the total in 2017, respectively.

1.3.1.4 Trade in services

1.36. The balance of Uruguay's services trade was generally positive throughout the 2011-2017 period, recording a surplus of US\$1.21 billion in 2017 (Table 1.6). Nonetheless, service exports slackened between 2012 and 2016 and only picked up again in 2017, driven by the travel sector. Travel is Uruguay's main service export, accounting for 53.3% of all service exports in 2017. Service imports grew until 2013, before entering a weaker phase, particularly in the case of transport and travel.

Table 1.6 Exports and imports of services by sector, 2011-2017

(US\$ million)

	2011	2012 (1)	2013	2014	2015	2016	2017 Q3
Balance	1,592	1,199	-267	-367	416	787	1,210
Exports	3,642	5,048	4,822	4,617	4,485	4,145	4,763
Transport	651	777	738	754	578	444	484
Travel	2,203	2,296	2,089	1,917	1,970	2,071	2,539
Telecommunication services	36	140	125	142	138	189	201
Insurance and pension services	9	5	5	4	10	3	2
Financial services (except insurance)	138	159	206	194	131	132	130
Information technology and information services	179	101	134	163	171	165	177
Royalties and licence fees	0	48	41	57	38	33	35
Other business services	389	1,342	1,296	1,221	1,262	953	1,032
Personal, cultural and recreational services	2	99	99	95	82	59	53
Government services, n.i.e.	35	82	90	69	77	64	66
Imports	-2,050	-3,848	-5,090	-4,984	-4,069	-3,354	-2,644
Transport	-810	-1,294	-1,370	-1,487	-1,155	-817	-963
Travel	-644	-878	-1,312	-1,356	-1,162	-915	-1,066
Telecommunication services	-42	-156	-159	-168	-168	-111	-111
Insurance and pension services	-61	-69	-44	-93	-57	-42	-54
Financial services (except insurance)	-23	-43	-141	-102	-75	-93	-98
Information technology and information services	-12	-30	-45	-95	-86	-51	-52
Royalties and licence fees	-34	-87	-113	-137	-101	-109	-113
Other business services	-347	-1,116	-1,730	-1,365	-1,074	-1,027	-923
Personal, cultural and recreational services	-18	-117	-113	-118	-107	-87	-89
Government services, n.i.e.	-61	-60	-63	-62	-57	-80	-58

1 Since 2012, services have been compiled according to the BPM6 methodology, which may be viewed at: http://www.bcu.gub.uy/Estadisticas-e-Indicadores/Balanza%20de%20Pagos/metodolog%C3%percentADa_mbp6.pdf.

Source: BCU.

1.3.2 Trends and patterns in foreign direct investment

1.37. Foreign direct investment flows fluctuated widely during the period under review, with significant inward investment between 2012 and 2014, but major capital outflows in 2015 and 2016, as noted above. In the latter year the net FDI flow was also negative (Table 1.7). The sectors receiving the largest inflows between 2012 and 2016 were: manufacturing industries (US\$1,118 million); real-estate activities (US\$1,077 million); agriculture, livestock, forestry and fishing (US\$1,075 million) and the supply of electricity, gas, steam and air conditioning (US\$1,075 million). FDI flows totalled US\$8,159 million in 2012-2016.

Table 1.7 Inflows of foreign direct investment to Uruguay by economic activity, 2012-2016

(US\$ million)

	2012	2013	2014	2015	2016	2012-2016
Agriculture, livestock, forestry and fishing	435	358	53	52	177	1,075
Afforestation and logging	221	5	14	13	216	469
Agricultural production, hunting and related service activities	214	354	38	39	-39	606
Manufacturing industries	566	501	669	159	-777	1,118
Beverages	98	157	83	-62	-479	-203
Food products	55	27	141	-27	-38	158
Leather and related products	-17	11	48	-13	-6	23
Rubber and plastic products	5	34	51	89	18	197
Pharmaceuticals, medicinal chemicals and botanical products	16	19	30	5	9	79
Chemicals and chemical products	47	40	13	16	-16	100
Other manufacturing industries	362	214	303	151	-265	765
Supply of electricity, gas, steam and air conditioning	48	139	537	236	70	1,030
Construction	52	-70	-22	-77	24	-93
Wholesale and retail trade; repair of motor vehicles and motorcycles	230	1,033	-318	-595	-484	-134
Wholesale trade	167	956	-330	-602	-578	-387
Retail trade	64	77	12	8	94	255
Accommodation and food service activities	3	-30	-1	-19	2	-45
Transport and storage	30	46	-3	32	1	106
Warehousing and supporting transport activities	38	50	0	41	0	129
Other transport and storage	-8	-4	-3	-10	1	-24
Information and communications	-29	75	110	-13	133	276
Telecommunications	-51	75	61	10	117	212
Other information and communications	22	-1	49	-24	16	62
Financial and insurance activities	460	1,262	1,090	1,089	-407	3,494
Real-estate activities	248	123	154	34	518	1,077
Administrative and support service activities	142	-3	43	-12	-75	95
Professional, scientific and technical activities	28	4	10	28	10	80
Unclassified	29	23	5	7	18	82
TOTAL	2,242	3,460	2,328	920	-791	8,159

Note: The statistics shown in the table are based on the directional investment principle, which differs from the criteria used to compile the balance of payments according to BPM6.

Source: BCU.

1.38. The main source countries for inward FDI into Uruguay in 2012-2016 were the Cayman Islands, Panama, Spain, Brazil, Switzerland, Chile and Argentina. Net FDI flows were negative in the case of the United States, the Netherlands, Paraguay, Peru and Mexico, among others (Table 1.8).

Table 1.8 Inflows of foreign direct investment to Uruguay by source country, 2012-2016

(US\$ million)

	2012	2013	2014	2015	2016	2012-2016
South America	235	1,379	-297	735	856	2,908
Argentina	243	293	-262	47	202	523
Brazil	331	515	-249	541	788	1,926
Chile	68	335	157	196	135	891
Colombia	30	-153	93	-1	-29	-60
Paraguay	-408	287	178	114	-513	-342
Peru	-13	-24	-119	-99	43	-212
Venezuela (Bolivarian Republic of)	-43	-51	-77	-41	27	-185
Other South America	28	178	-18	-22	204	370
North and Central America	-197	1,214	837	-234	-1,650	-30
Canada	-125	110	149	203	-78	259
Mexico	-219	392	-309	99	-72	-109
Panama	496	397	1,124	1,937	-523	3,431
United States	-363	341	-189	-2,467	-977	-3,655
Other North and Central America	14	-26	63	-5	1	47
North Atlantic and Caribbean	1,957	-777	363	-61	1,183	2,665
Bahamas	67	-138	-25	-246	-23	-365

	2012	2013	2014	2015	2016	2012-2016
Bermuda	-55	-143	-331	-274	232	-571
Cayman Islands	2,017	-685	115	2,139	979	4,565
British Virgin Islands	-167	123	420	69	-13	432
Other North Atlantic and Caribbean	94	66	184	-1,749	7	-1,398
Europe	1,366	906	988	176	-42	3,394
Germany	23	51	-71	169	-94	78
Belgium	23	28	71	14	29	165
Denmark	41	2	14	46	24	127
Spain	204	429	1,042	-30	533	2,178
France	-9	22	19	7	2	41
Netherlands	-112	-156	-1,443	56	38	-1,617
Italy	2	-19	5	232	-68	152
Luxembourg	-752	32	-127	141	280	-426
United Kingdom	63	-3	47	90	-37	160
Switzerland	1,635	321	1,198	-719	-603	1,832
Sweden	24	-22	-28	-24	-21	-71
Other Europe	225	218	262	194	-126	773
Oceania	-3	9	29	-38	-77	-80
New Zealand	6	-13	3	-68	-70	-142
Other	-9	22	26	31	-7	63
Central and South Asia	76	140	-172	279	27	350
Singapore	58	104	-79	240	104	427
Other Central and South Asia	18	36	-93	39	-77	-77
East Asia	80	61	166	74	-278	103
China, People's Republic of	48	27	-36	-10	-116	-87
Japan	15	-33	241	97	-24	296
Other East Asia	18	66	-39	-13	-138	-106
Near and Middle East	0	0	0	-6	0	-6
Israel	0	0	0	-6	0	-6
Other Near and Middle East	-1	2	0	1	1	3
Persian Gulf	1	23	-4	30	58	108
North Africa	-5	3	-4	2	5	1
Sub-Saharan Africa	-55	77	15	42	-83	-4
Unclassified	-1,212	423	406	-80	-792	-1,255
TOTAL	2,242	3,460	2,328	920	-791	8,159

Note: The statistics shown in the table are based on the directional investment principle, which differs from the criteria used to compile the balance of payments according to BPM6.

Source: BCU.

2 TRADE AND INVESTMENT REGIMES

2.1 General legal framework

2.1. Uruguay is a unitary republic which has a presidential system and is governed by three powers independent of each other: the Executive, the Legislature and the Judiciary. The Constitution of the Republic (1967), last revised in 2004, is the supreme law of Uruguay's legal system.

2.2. The President of the Republic is the Head of State. The President and the Vice-President are elected on the same ballot by universal suffrage every five years but may not stand for consecutive re-election.¹ The Cabinet of the Executive is composed of 13 ministries, each headed by a minister chosen by the President. The President is responsible for guiding, formulating and enforcing State policy.²

2.3. Legislative power is vested in the General Assembly (Parliament), which comprises the House of Representatives (99 members) and the Senate (30 members). The members of both houses are elected by universal suffrage for a five-year term.

2.4. The Judiciary comprises, in descending hierarchical order, the Supreme Court of Justice; appeals courts; courts of first instance; magistrates' courts; small claims courts; and misdemeanour courts. The Supreme Court, the highest body in the Judiciary, is made up of five members appointed by the General Assembly, who may remain in office for ten years or up to age 70 and cannot be re-elected. Judges in the other courts are selected by the Supreme Court.

2.5. The Constitution of the Republic is the highest ranking instrument in the Uruguayan legal system, followed in descending order by international treaties, laws, decrees and resolutions. The negotiation and signing of international treaties falls within the exclusive purview of the President of the Republic, together with the competent minister or ministers or the Council of Ministers. Once signed, treaties require approval by the Legislature for ratification.³

2.6. Both the Executive and either of the houses of the parliament are empowered to initiate draft laws, with the exception of motions on tax exemptions or laying down minimum wages or prices, which must be tabled by the Executive.⁴ The procedure for drawing up laws in Uruguay has not been changed since the last review (Box 2.1).

Box 2.1 Procedure for drawing up legislation

The first stage (proposal) consists in the submission of a draft by a member of either of the houses of the General Assembly or by a minister, representing the Executive, to one of the houses of the parliament.

In the second stage (discussion and approval), once the draft is approved in the first house, it is submitted to the other house for endorsement, the introduction of amendments or additions, or rejection. A number of situations may arise:

- a. The receiving house approves the draft unchanged: The submitting house will be notified accordingly and the approved text will be forwarded to the Executive.
- b. The receiving house dismisses the draft law without comment: The text will remain without effect until the next legislature.
- c. The receiving house amends the draft: The amended text is returned to the submitting house, which may in turn: (i) approve the amendments, in which case the draft will be passed on to the Executive, or (ii) reject the amendments, whereby it may request a meeting of both houses to approve the draft in its original form. To be approved, the original draft requires a two-thirds majority of the votes of the members of the Assembly present. Once adopted, it is forwarded to the Executive. If a quorum is not reached, the draft will remain without effect until the next legislature.

¹ Articles 151 and 152 of the Constitution.

² Decree No. 380/997 of 4 November 1997.

³ Article 168, point 20, of the Constitution.

⁴ Article 133 of the Constitution.

In the third stage (enactment), the Executive examines the draft law as already approved by the two houses separately or by the Assembly. Three cases may arise:

- a. The Executive approves the draft submitted without comment: The text is enacted.
- b. The Executive formulates objections or comments in regard to the draft, and returns it to the General Assembly within a mandatory time-limit of ten days. The General Assembly then has a maximum period of 30 days in which to decide by a three-fifths majority of the members present of each house whether: (i) it approves the text as amended by the Executive, or (ii) it rejects the Executive's comments.^a If the houses together do not approve the draft with the Executive's comments, the text will remain without effect, and may not be tabled again until the next legislature.
- c. The Executive does not act within the ten-day time-limit: The text is accepted and enters into law, at the request of the house that submitted it.

- a The Executive's comments shall be considered as accepted in the absence of any objections from the Assembly within the 30-day period.

Source: Section VII, Constitution of the Republic.

2.7. The Administrative Court (TCA) is an independent body outside the Judiciary; it is composed of five members, elected by the General Assembly.⁵ The TCA, at the request of a party, is responsible for verifying the legality of final administrative acts emanating from the government authorities and may annul a decision taken by a public institution.

2.2 Trade policy formulation and objectives

2.8. One of the key objectives of Uruguay's trade policy, which has not substantially changed since the last review in 2012, is to ensure stable and predictable market access. The authorities consider that Uruguay's integration in international markets should be addressed simultaneously through bilateral, regional and multilateral trade negotiations.⁶ Uruguay believes that achieving successful integration in global markets also calls for increased competitiveness of its economy on the domestic front. Its strategy focuses on transformation of Uruguay's production system, promoting innovative activities with higher levels of value added and greater domestic technological content. A new National System for Productive Transformation and Competitiveness was established with this aim in mind.⁷

2.9. Uruguay is a founding member of MERCOSUR. Accordingly, Uruguay's trade policy is determined to a large extent by the common decisions adopted by the bloc. MERCOSUR regulations stipulate that no member may unilaterally apply trade policy measures on goods, apart from specifically agreed exceptions.

2.10. The Ministry of Foreign Affairs is responsible for planning, directing, implementing and coordinating Uruguay's foreign policy and international relations. It falls to the MRREE to deal with international issues in areas assigned to other ministries. International trade negotiations are conducted in coordination with the MEF and with technical support from the relevant State bodies, including notably the Ministry of Industry, Energy and Mining (MIEM), the Ministry of Livestock, Agriculture and Fisheries (MGAP) and the Planning and Budget Office (OPP) within the Office of the President of the Republic.

2.11. The Ministry of the Economy and Finance is responsible for directing the country's economic and financial policy and for formulating and implementing trade policy. The Trade Policy Advisory Office (APC) advises the MEF on trade policy and foreign trade, as well as coordinating and participating in bilateral, regional and multilateral trade negotiations. The MEF works in collaboration with other ministries, as well as the OPP and other inter-institutional bodies, to fulfil its objectives (Table 2.1).

⁵ Articles 307 et seq. of the Constitution.

⁶ Interministerial Commission set up by Resolution No. 615/05 of 24 March 2006, *Informe sobre inserción internacional, promoción de exportaciones y atracción de inversiones*.

⁷ Law No. 19.472 of 23 December 2016.

Table 2.1 Institutions involved in trade policy

Ministries and offices	Main duties
Ministry of Foreign Affairs (MRREE)	Negotiates, signs and ratifies treaties, conventions, contracts and agreements between the Republic and States or foreign or international agencies; and conducts international trade negotiations within the foreign policy framework.
Ministry of the Economy and Finance (MEF)	Directs national economic, financial and trade policy. Coordinates and oversees economic planning and its implementation. Establishes and promotes the domestic and foreign trade regime. Governs the foreign investment regime. Directs the tax regime and fiscal administration. Directs the customs regime. Acts as financial controller for State bodies, enterprises and operations. Governs competition policy. Handles relations with international agencies within its area of responsibility.
Planning and Budget Office (OPP)	Formulates national and departmental-level programmes and policies consistent with the country's economic strategy. Evaluates the budget, investment plans and tariffs of state-owned enterprises. Prepares the draft law on the budget and accounting report.
Ministry of Livestock, Agriculture and Fisheries (MGAP)	Monitors animal and plant health and the hygiene and health condition of agricultural products. Supervises the marketing, composition and destination criteria for agricultural inputs. Promotes the competitiveness and marketing of products in the agro-industrial, agricultural and fisheries sectors, optimizing their integration in international markets.
Ministry of Industry, Energy and Mining (MIEM)	Frames and implements policies relating to the sectors under its jurisdiction. Manages regulated regimes and rules against unfair trade practices, subsidies and safeguards, acting as the technical body for cases involving the industrial sector.
Ministry of Health (MSP)	Promotes harmonization of health-related quality parameters for goods, services and inputs as well as sanitary control mechanisms, within the framework of the regional and global integration processes.

Source: Online information from the MEF, viewed at: <https://www.mef.gub.uy/17250/1/mef/cometidos-del-ministerio-de-economia-y-finanzas.htm>; online information from the OPP, viewed at: <http://www.opp.gub.uy/somos/la-opp>; online information from the MGAP, viewed at: <http://www.mgap.gub.uy/institucional/ministerio/cometidos-del-mgap>; online information from the MIEM, viewed at: <http://www.miem.gub.uy/institucional/organizacion-y-funciones/cometidos>; online information from the MSP, viewed at: <http://www.msp.gub.uy/institucional/cometidos-0>; and Decree No. 197/997 of 11 June 1997.

2.12. In 2016, the functions of the Interministerial Commission for Foreign Trade Affairs (CIACEX), a liaison body between public entities for trade-related matters⁸, were absorbed into the National System for Productive Transformation (*Transforma Uruguay*), with the aim of promoting sustainable economic development.⁹ According to information provided by the authorities, the System's principal missions include proposing to the Government objectives, policies and strategies for sustainable productive economic development, geared towards transforming domestic patterns of production and enhancing competitiveness, including in the area of applied science, technology and innovation for production and international economic integration.

2.13. Uruguay XXI, known prior to 2017 as the Institute for the Promotion of Investment and Exports of Goods and Services and the Country's Image, is the body responsible for promoting foreign investment in Uruguay, as well as exports of goods and services, and their diversification in terms of markets and products. Uruguay XXI advises the public sector on matters concerning the promotion of goods and services exports, and is tasked with providing information to potential investors and to exporters, with particular emphasis on micro, small and medium enterprises (MSMEs), as well as coordinating the work carried out by public and private entities in this area. Within the framework of the National System for Productive Transformation and Competitiveness (*Transforma Uruguay*), in 2017 Uruguay XXI implemented a new programme, Proexport+, the

⁸ Decree No. 101 of 18 April 2006.

⁹ Law No. 19.472 of 23 December 2016.

objective of which is "to support Uruguayan micro, small and medium goods and services enterprises in their internationalization process".¹⁰

2.14. At end-2017, the OPP was drawing up the "National Development Strategy 2050", which will contain an analysis of the country's structural conditions and will set long-term economic and social guidelines and targets for Uruguay to achieve sustainable development.¹¹

2.3 Trade agreements and arrangements

2.3.1 WTO

2.15. The Eastern Republic of Uruguay is a founding member of the WTO. During the period under review, Uruguay continued to participate actively in the Organization.

2.16. In July 2014, Uruguay notified the WTO of its acceptance of the Protocol Amending the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS).¹² Likewise, in January 2016, Uruguay notified the WTO Council for Trade in Services that it was granting preferential treatment to services and service suppliers of least developed countries, in accordance with the decisions on the services waiver adopted at the Eighth and Ninth WTO Ministerial Conferences.¹³ Uruguay deposited the instrument of ratification of the Trade Facilitation Agreement in August 2016. It notified its Category A commitments under the Trade Facilitation Agreement in July 2014.¹⁴ Uruguay is neither party nor observer to the plurilateral Agreements on Government Procurement and on Trade in Civil Aircraft; nor is it party to the Information Technology Agreement (ITA).

2.17. This is the fifth review of Uruguay's trade policies by the Trade Policy Review Body.

2.18. Uruguay grants most-favoured-nation (MFN) treatment to all its trading partners (including non-WTO Members).

2.19. Uruguay submitted several notifications to the WTO during the period under review (Table A2.1). In March 2018, Uruguay had some pending notifications in relation to the Agreement on Agriculture.

2.20. During the review period, Uruguay has not been involved in any dispute as a complainant or as a respondent; it has participated as a third party in six disputes, five of them relating to tobacco plain packaging (DS434, DS435, DS441, DS458 and DS467) and the sixth relating to cellulose pulp (DS483).

2.21. Uruguay participates actively in the work of the WTO, especially as a member of the Cairns Group and the G-20 (Agriculture), both focusing on the negotiations on agricultural trade. Uruguay considers that the multilateral trading system constitutes a fundamental pillar for global governance and has reaffirmed its belief in the WTO's role as the pre-eminent forum for multilateral trade negotiations.

2.22. In its capacity as primarily an agricultural exporter, Uruguay has advocated revival of the Doha Development Agenda (DDA) with a view to achieving broader market access and eliminating export subsidies for agricultural products, among other objectives.¹⁵ During the Nairobi Ministerial Conference, Uruguay reiterated its appeal to progress towards the elimination of domestic support measures and towards improving access to agricultural markets, as well as expressing the need to level the playing field between agricultural trade and trade in manufactured goods.¹⁶ Uruguay stated, in unison with other countries, that the failure to deliver on ambitious reforms to address the

¹⁰ National System for Competitiveness (Law No. 19.472 of 23 December 2016).

¹¹ Online information from the OPP, viewed at:

http://www.opp.gub.uy/images/Hacia_una_Estrategia_Nacional_de Desarrallo_Uruguay_2050.pdf.

¹² Online information viewed at: https://www.wto.org/spanish/tratop_s/trips_s/amendment_s.htm.

¹³ WTO documents WT/L/847 of 17 December 2011, WT/L/918 of 11 December 2013 and S/C/N/857 of 20 January 2016.

¹⁴ WTO document WT/PCTF/N/URY/1 of 31 July 2014.

¹⁵ WTO document WT/MIN(13)/ST/54 of 5 December 2013.

¹⁶ WTO document WT/MIN(15)/ST/27 of 18 December 2015.

imbalances in agriculture has limited the development benefits in terms of employment, revenue generation and poverty alleviation.¹⁷ During the Buenos Aires Ministerial Conference, Uruguay reaffirmed its "deep dedication to multilateralism" and, in particular, its commitment to the rules-based multilateral trading system. On the same occasion, Uruguay stated that it considers the negotiations on agriculture as a central pillar of the negotiations within the WTO. Uruguay thus urged Members to define a work plan that would lead into "serious, balanced and meaningful negotiations" over the following two years on agricultural issues, and in other areas such as e-commerce and investment facilitation¹⁸

2.3.2 Regional and preferential agreements

2.3.2.1 MERCOSUR

2.23. Uruguay is a founding member of the Southern Common Market (MERCOSUR), together with Brazil, Argentina and Paraguay.¹⁹ The ultimate objective of MERCOSUR is to establish a common market providing for the free movement of goods, services, capital and labour among member countries.

2.24. MERCOSUR'S principal decision-making organs are: the Common Market Council (CMC), the Common Market Group (GMC) and the MERCOSUR Trade Commission (CCM). States Parties use a common external tariff (CET), in force since 1 January 1995, to which there are exceptions for each member, laid down in Decisions of the CMC. Furthermore, there is a special regime for capital goods (BK list) and for information technology and telecommunication products (BIT list), under which the States Parties may apply tariffs other than the CET. The sugar and automotive sectors have not yet been incorporated in the Customs Union (Section 3).

2.25. In 2004, the members of the bloc signed an Agreement on the elimination of the double levying of the CET and on the distribution of customs revenue, the aim of which is to achieve the free movement of goods and eliminate the double levying of CET duties, but which it has not yet been possible to implement.²⁰ The Agreement provides for implementation in two stages. The first stage concerns all goods imported from third countries with a zero CET rate in all the States Parties, as well as goods with a tariff preference of 100% under agreements concluded by MERCOSUR with third parties. The second stage is expected to cover all other goods; however, implementation of this stage is contingent on adoption of the MERCOSUR Customs Code, which has not yet entered into force, and would entail the introduction of a mechanism to distribute customs revenue, as well as interconnection of the computerized customs management systems of all the Member States.²¹

2.26. Uruguay, together with the other MERCOSUR members, signed two trade agreements which entered into force during the period under review, with the Arab Republic of Egypt and the Southern African Customs Union (SACU) (Table 2.2).²²

¹⁷ WTO document WT/MIN(15)/W/5 of 10 November 2015 (proposal from Argentina, Australia, Brazil, Canada, Malaysia, New Zealand, Paraguay, Rwanda, Uruguay and Viet Nam).

¹⁸ WTO document WT/MIN(17)/ST/12/Rev.1 of 9 January 2018.

¹⁹ Established by the Treaty of Asunción, 26 March 1991.

²⁰ CMC Decision No. 54 of 16 December 2004.

²¹ As at November 2017, Argentina (2012) was the only member that had approved the MERCOSUR Customs Code.

²² The SACU comprises South Africa, Botswana, Lesotho, Namibia and Swaziland.

Table 2.2 Overview of Uruguay's regional trade agreements that entered into force between 2012 and 2017

MERCOSUR – EGYPT	
Parties	MERCOSUR (Uruguay, Paraguay, Argentina, Brazil) – Arab Republic of Egypt
Date of signature/date of entry into force	2 August 2010/1 September 2017
Time-frame for tariff elimination	10 years (2027)
Tariff elimination schedule ^a	In annual increments: Basket A: immediate Basket B: within 4 years Basket C: within 8 years Basket D: within 10 years Basket E: to be determined
Provisions relating to trade in goods	Market access; rules of origin; safeguard measures; customs cooperation
Provisions relating to trade in services	Investment promotion; inception of a joint committee for negotiations on trade in services
Other provisions	Transparency and dispute settlement procedures
Relevant WTO document	WT/COMTD/N/56 of 19 February 2018
Website	https://www.mef.gub.uy/innovaportal/file/22415/3/tlc_egipto_texto.pdf
MERCOSUR – SACU	
Parties	MERCOSUR (Uruguay, Paraguay, Argentina, Brazil) – SACU (South Africa, Botswana, Lesotho, Namibia, Swaziland)
Date of signature/date of entry into force	15 December 2008 and 3 April 2009/1 April 2016
Deadline for tariff elimination	Upon entry into force of the agreement (2016)
Lines subject to tariff preferences (HS2007)	465 (100%) 53 (50%) 89 (25%) 121 (10%)
Provisions relating to trade in goods	Market access; rules of origin; safeguard measures; customs cooperation; sanitary and phytosanitary measures and technical regulations
Provisions relating to trade in services	None
Other provisions	Dispute settlement
Relevant WTO document	WT/COMTD/N/55 of 20 July 2017
Website	http://apc.mef.gub.uy/innovaportal/file/712/6/acuerdo-mercosur-sacu.pdf (MERCOSUR) http://www.sacu.int/docs/agreements/2016/mercosur-and-sacu-tradeagreement.pdf (SACU)

a Article 11, MERCOSUR-Egypt Free Trade Agreement. The tariff lines subject to the tariff elimination scheme are listed in detail in Annexes I.1 and I.2 to the Agreement.

Source: Texts of the agreements and MRREE Press Release No. 38/16. Viewed at: http://www.sice.oas.org/TPD/MER_SACU/Entryintoforce/MER-SACU_entry_into_force_s.pdf.

2.27. During the review period, Uruguay signed two other agreements as a member of MERCOSUR, with Palestine (20 December 2011) and with Colombia (21 July 2017), which have not yet entered into force.

2.3.3 Other agreements and arrangements

2.28. Uruguay is a member of the Latin American Integration Association (LAIA). During the period under review, Uruguay signed two new agreements as a LAIA member: the Economic Complementarity Agreement between MERCOSUR and Colombia (ACE No. 72) and the Free Trade Agreement with Chile.²³

2.29. In 2016, Uruguay signed a Free Trade Agreement with Chile. The Agreement covers several areas (trade facilitation, e-commerce, protection of free competition), and maintains the tariff preferences contained in ACE No. 35 between MERCOSUR and Chile.²⁴ As at November 2017, the

²³ Online information viewed at: <https://www.mef.gub.uy/23415/3/areas/ace-72-colombia-mercosur.html>.

²⁴ Free Trade Agreement between MERCOSUR and Chile (ACE No. 35) of 25 June 1996.

Agreement had not yet entered into force. In 2009, the two countries had signed an Agreement on Government Procurement.²⁵

2.30. Uruguay continues to be a beneficiary of the Generalized System of Preferences (GSP) schemes of Australia, Belarus, Kazakhstan, New Zealand, Norway, the Russian Federation, Switzerland and Turkey. During the period under review, Uruguay ceased being a beneficiary of the GSP schemes of Canada, the European Union, Japan and the United States.

2.31. Uruguay participates in the Global System of Trade Preferences (GSTP), which currently comprises 42 developing countries. The GSTP provides for exchange of concessions among its beneficiaries (except least developed countries, which are not required to make concessions on a reciprocal basis).²⁶ A protocol building on the GSTP was signed in 2010, but has not yet entered into force.²⁷ If ratified, it would grant, among other benefits, tariff preferences of 20% for 70% of the products exported by Uruguay to Cuba, Egypt, India, Indonesia, Malaysia, Morocco and the Republic of Korea.²⁸

2.4 Investment regime

2.32. Uruguay's investment regime, including foreign investment, continues to be governed by the Investment Law of 1998 and its regulatory decrees, including Decree No. 02/012 of 2012.²⁹

2.33. Uruguay provides for national treatment of foreign investment and guarantees non-discrimination. Foreign investment may not be the subject of unjustified measures.³⁰ The State guarantees legal stability of exemptions, benefits and rights accorded to the investor under the Investment Law. Capital, profits and other gains associated with the investment may be freely transferred.³¹

2.34. No prior authorization or registration is required in order to make an investment in Uruguay.³² Foreign companies may operate in the country, either through a branch, or through incorporation in any form of corporate structure provided for in domestic law.³³

2.35. Foreign investors may engage in any type of economic activity, except: the provision of radio and broadcasting services, cabotage, domestic air, land, maritime, river and lake passenger transport, and fishing within a band of 12 nautical miles.³⁴ These activities were already reserved for Uruguayan nationals in 2012. The hiring of foreign staff is restricted in sectors such as fisheries, cabotage and Uruguayan-owned air, land, maritime, river or lake means of transport, as well as in audiovisual services.³⁵ Also, no more than a quarter of the labour force employed in free zones may be foreign.³⁶

2.36. Uruguay offers incentives for domestic and foreign investment. The Investment Law establishes two regimes: a regime of general incentives (which applies automatically) and a regime

²⁵ Approved by Law No. 18.909 of 23 May 2012.

²⁶ Article 17 of the Global System of Trade Preferences. Viewed at: http://unctad.org/en/Docs/ditcmisc57_en.pdf; and information provided by the authorities.

²⁷ The Sao Paulo Protocol was signed by 11 of the 42 countries in the GSTP. The signatories of the Protocol are Argentina, Brazil, Paraguay, Uruguay, the Republic of Korea, India, Indonesia, Malaysia, Egypt, Morocco and Cuba. GSTP members Press Release of 24 April 2012. Viewed at: <http://unctad.org/en/pages/PressRelease.aspx?OriginalVersionID=65>.

²⁸ Online information from Uruguay XXI, viewed at: <http://www.uruguayxxi.gub.uy/guia/descargas/Acuordos%20Internacionales.pdf>.

²⁹ Law No. 16.906 of 7 January 1998 on investment promotion and protection in the national interest (Investment Law).

³⁰ Articles 2 and 4 of the Investment Law.

³¹ Ibid., Articles 19 and 5.

³² Ibid., Article 3.

³³ The types of company allowed in Uruguay are given in Law No. 16.060 on Commercial Companies of 4 September 1989.

³⁴ Law No. 12.091 of 26 January 1954, Decree No. 230/997 of 9 July 1997, Law No. 14.370 of 13 October 1954 and Law No. 13.833 of 29 December 1969.

³⁵ Law No. 13.833 of 29 December 1969, Decree No. 149/997 of 7 May 1997, Law No. 12.091 of 26 January 1954, Law No. 14.650 of 12 May 1977, Law No. 16.387 of 27 June 1993 and Law No. 16.099 of 4 December 1989.

³⁶ Article 18, Law No. 15.291 on Free Zones.

of incentives for specific investments. The tax concessions granted under the Investment Law are regulated, *inter alia*, by Decree No. 59/998, Decree No. 455/007, which was superseded by Decree No. 02/012, and specific/sectoral decrees.

2.37. The general regime includes exemption from the wealth tax (IP) for fixed assets, exemption from value added tax (VAT) and the specific internal tax (IMESI) for imports of fixed assets and VAT refund for fixed assets purchased in the domestic market. Furthermore, when calculating the tax on income from economic activities (IRAE), deductions of up to 40% may be made on investments for movable property and up to 20% on investments for civil engineering works.³⁷ The general incentives are available to any taxpayer subject to the IRAE and the tax on the sale of agricultural goods (IMEBA).

2.38. Since 2012, the incentives regime for specific investments has provided for exemption from the IRAE of up to a maximum equivalent to 100% of the total amount actually invested.³⁸ Prior to that, the IRAE exemption depended on the size of the investment and ranged from 60% to 100% of the invested capital.³⁹ Specific investments are also exempt from the IP, taxes and duties on the import of property, plant and equipment intended for civil engineering works and from VAT for the purchase in the domestic market of materials and services used for civil engineering works.⁴⁰

2.39. The incentives regime for specific investments is open to: (i) enterprises whose investment projects are declared to be "promoted by the Government", or (ii) are related to a specific sectoral activity. In granting the benefits, the Government takes into account activities that seek to: (i) increase productivity through technological progress; (ii) expand and diversify exports; (iii) create employment and use local labour and inputs; (iv) integrate the country in value-added production chains; (v) foster the development of MSMEs; and (vi) contribute to geographical decentralization.⁴¹ Investors, whether domestic or foreign, who plan to invest in one of these activities must submit an application to the Committee for the Implementation of the Investment Law (COMAP).⁴² The COMAP assesses the projects on the basis of six indicators: (i) employment creation; (ii) contribution to geographical decentralization; (iii) increased exports; (iv) use of clean technologies; (v) increased research, development and innovation; and (vi) sector-specific indicators.⁴³ The weighting of each indicator and the score assigned to a project are determined on the basis of a matrix drawn up by the competent ministry according to the nature of the project.⁴⁴

2.40. Biotechnology, the shipbuilding industry, electronics, construction, tourism and renewable energy are among the sectors that were included in the incentive regime for specific investments during the period under review.⁴⁵

2.41. The industrial estates regime created in 2002 remains in force.⁴⁶ Industrial estates may be state-owned or private. They may be set up by: (i) private entities; (ii) the National Development Corporation (CND) or departmental governments. Estates set up by the CND have to be entirely or partially devoted to micro and small enterprises. To set up an industrial estate, an authorization from the Government is required, following a report from an Interministerial Advisory Committee, which assesses industrial estate projects on the basis of the following indicators: (i) job creation;

³⁷ Decree No. 150/007 of 26 April 2007.

³⁸ Article 16 of Decree No. 02/012 of 9 January 2012.

³⁹ Decree No. 455/007 of 26 November 2007.

⁴⁰ Article 19 of Decree No. 002/012 of 9 January 2012.

⁴¹ Article 11 of the Investment Law.

⁴² The COMAP is made up of representatives of the following Ministries: Economy and Finance; Industry, Energy and Mining; Livestock, Agriculture and Fisheries; and Labour and Social Security; it also includes representatives of the OPP and the Decentralization Committee provided for by the Constitution (Article 12 of the Investment Law).

⁴³ Article 5 of Decree No. 02/012 of 9 January 2012.

⁴⁴ Online information from the MEF and the Private Sector Support Unit (UNASEP), viewed at: <https://www.mef.gub.uy/9828/8/areas/indicadores-y-matrices.html>.

⁴⁵ The full list of new activities eligible for the specific regime is available at: <http://comap.mef.gub.uy/102/7/areas/actividades-promovidas.html>.

⁴⁶ Law No. 17.547 of 21 July 2002 on Industrial Estates, and Decree No. 524/005 (Regulation of the activity of industrial estates) of 19 December 2005.

(ii) geographical decentralization; (iii) import substitution; (iv) technological progress; (v) export growth; and (vi) opening up of new markets.⁴⁷

2.42. Natural or legal persons that set up an industrial estate and those established there as users are eligible for several of the fiscal incentives granted by the Investment Law and the Law on Industrial Estates.⁴⁸ The incentives granted to enterprises setting up an industrial estate vary according to the region where the estate is located. For this purpose, the country has been divided into four zones: north, east and centre; west coast; south; and metropolitan area.⁴⁹ The regime provides for an exemption of between 50% and 75% on the IRAE for reinvested profits, depending on the zone where the estate has been established.⁵⁰ The following tax concessions are also available: (i) exemption from the IP on fixed assets installed or used exclusively in the industrial estate for a period of seven years; (ii) for payment of the IRAE, investments may be amortized according to the location of the estate and the nature of the investment: investments in civil engineering works may be amortized over a period of 9 to 15 years and in equipment over a period of two to five years; (iii) total exemption from import duties on machinery and equipment that do not compete with the domestic industry (i.e. products that are not produced domestically), and on fixed assets to be used for civil engineering works; and (iv) tax credits for VAT paid on purchases of materials, machinery and equipment for the construction of civil engineering works.⁵¹ However, enterprises that set up estates are not eligible for the IRAE exemption set forth in the Investment Law.

2.43. In 2017, Uruguay had nine industrial estates and a further nine industrial park projects were in progress.

2.44. Uruguay has declared promotion and protection of investment to be a matter of national interest. Uruguay XXI is tasked with providing assistance to foreign investors free of charge. It supports foreign investors in setting up in the country, advises them on the procedure for obtaining the incentives, and periodically draws up sectoral studies and macroeconomic analyses.

2.45. The National Economic Development Agency (ANDE) designs and implements programmes, projects and tools to build business capacity (especially for MSMEs) and to foster development nationwide through cooperation between the public and private sectors. The ANDE coordinates its efforts with Uruguay XXI within the framework of the National System for Productive Transformation and Competitiveness (*Transforma Uruguay*) for the implementation of programmes to promote investment by MSMEs and their internationalization.⁵²

2.46. Other institutions involved in promoting and protecting investment are the National Development Corporation (CND) and the Private Sector Support Unit (UNASEP) of the MEF. The overall remit of the CND is to develop infrastructure of public interest and associated services. Since 2011, the CND has also been responsible for promoting the implementation of public-private partnership projects.⁵³ The UNASEP's principal function is to advise investors on the new fiscal exemptions available and to support investors with all the formalities for submitting a project to the COMAP.⁵⁴

2.47. Uruguay has 30 bilateral investment promotion and protection agreements in force. In the review period, one new agreement was signed, with Japan (2015). Uruguay has 19 current agreements to avoid double taxation, 14 of which came into effect during the period under review. The country also has 15 tax information exchange agreements.⁵⁵

⁴⁷ Article 9, Law on Industrial Estates No. 17.547 of 21 July 2002.

⁴⁸ Law No. 17547 of 22 August 2002.

⁴⁹ The incentive percentage increases according to the zone where the enterprise sets up business. It stands at 56.25% for the metropolitan area; 62.5% for the south; 68.75% for the west coast; and 75% for the north, east and centre of the country.

⁵⁰ Article 15 of Decree No. 524/005 (Regulation of the activity of industrial estates).

⁵¹ Decree No. 524/005 (Regulation of the activity of industrial estates).

⁵² Law No. 18.602 on the ANDE of 21 September 2009.

⁵³ Law No. 15.785 of 4 December 1985 and Law No. 18.786 of 19 July 2011.

⁵⁴ Online information from the UNASEP, viewed at: <http://unasep.mef.gub.uy/5316/8/areas/cometidos-e-historia-institucional.html>.

⁵⁵ Online information from the MEF, viewed at: <https://www.mef.gub.uy/10222/8/areas/acuerdos-en-materia-tributaria.html>.

2.48. Uruguay is a member of the International Centre for Settlement of Investment Disputes (ICSID) and the Multilateral Investment Guarantee Agency (MIGA). Uruguay has a pending dispute before the ICSID as a respondent, in a case concerning revocation of a licence in the telecommunication sector.⁵⁶

⁵⁶ Italba Corporation v. Oriental Republic of Uruguay. ICSID Case No. ARB/16/9. Viewed at: <https://icsid.worldbank.org>.

3 TRADE POLICIES AND PRACTICES BY MEASURE

3.1 Measures directly affecting imports

3.1.1 Customs procedures and requirements and customs valuation

3.1. In Uruguay, customs procedures are mainly governed by the Customs Code of the Eastern Republic of Uruguay (CAROU)¹, which repealed the former Customs Code of 1984², as well as by regulatory decrees, orders (O/D) and general resolutions of the National Customs Directorate (DNA), which are used to approve specific procedures such as the implementation of the digital Single Customs Document (DUA) for importation, automated document management, special import procedures and import procedures for specific products (Table 3.1).

Table 3.1 Customs legislation

Legislation	Subject
Decree No. 96/2015	Persons linked to customs activity
Decree No. 97/2015	Selective controls which may be carried out by the DNA in connection with the entry, stay and departure of goods and persons in free zones
Decree No. 98/2015	Special customs procedures concerning the return of goods, shipments on consignment and the replacement of goods
Decree No. 99/2015	Various categories of customs warehouses
Order (O/D) 69/2012	Provides for the entry into force of the digital single customs import document
O/D 3/2012	Approves the electronic payment procedure for all foreign trade operators in import and transit operations
O/D 8/2012	Automated document management
O/D 46/2012	Special import procedures
O/D 96/2012	Provides for the entry into force of the digital single customs export document
O/D 82/2013	Importation of goods under cover of generic exemptions
O/D 76/2014	Control of consolidated cargoes arriving by air
O/D 69/2014	Control of cargoes arriving by sea
O/D 70/2014	Control of cargoes leaving by sea
General Resolution (RG) 69/2015	Control procedure for consolidated cargoes arriving by air
RG 72/2015	Procedure for importing goods under cover of investment projects
RG 73/2015	Lodging of the goods declaration
RG 81/2015	Filing and storage of electronic documents and/or paper media concerning customs operations
RG 90/2015	Communication by the freight agent
RG 87/2016	Pre-arrival goods declaration (urgent DUA)
RG 6/2017	Procedure for the return of goods
O/D 74/2013	Procedure for importing medical equipment of medium and large size
RG 87/2015	Control procedure for the import, export and transit of psychotropic substances
RG 88/2015	Procedure for the import, export and transit of narcotic drugs
RG 89/2015	Control procedure for the import, export and transit of precursors and chemical products
RG 43/2016	Control procedure for the duty-free importation of medicinal foods and the like for human consumption
RG 50/2016	Control procedure for the import of low-voltage electrical products
RG 57/2016	Control procedure for goods covered by Law No. 18.597, energy efficiency and its exceptions
RG 62/2016	Control procedure for the import, export and transit of live hydrobiological species

Source: Information provided by the authorities.

3.2. The National Customs Directorate (DNA) in the Ministry of the Economy and Finance (MEF) is the agency responsible for import procedures. Importers do not have to register with the DNA; they are only required to enrol in the Single Tax Register (RUT) of the Directorate-General of Taxation (DGI) and with the State Insurance Bank (BSE). Nevertheless, special registration is required to import products such as: insecticides, medicines, medical equipment, non-alcoholic beverages, paints and certain packaging (Table A3.1).

¹ Law No. 19.276 of 19 September 2014.

² Decree-Law No. 15.691 of 7 December 1984.

3.3. In Uruguay, it is compulsory to employ a customs clearing agent to handle the clearance of goods.³ However, the services of a customs clearing agent are not required to clear international postal items of a non-commercial nature, travellers' baggage, express international postal items (with a value of not more than US\$200) or those of government agencies, together with goods imported by Uruguayans resident abroad on their return to the country.⁴ The CAROU establishes the requirements for authorization as a customs clearing agent, which include that of being domiciled in the country (Article 16).

3.4. Uruguay has not implemented any new import procedures since 2012. The country has five customs import procedures: outright importation; temporary admission for re-exportation in the same state; temporary admission for inward processing; customs warehousing; and customs transit (Articles 119 to 126) (Table 3.2).⁵

Table 3.2 Import procedures

<p>Outright importation The imported goods may circulate freely within the national customs territory, subject to the payment of import duties and taxes and, where appropriate, non-tariff requirements.</p>
<p>Temporary admission for re-exportation in the same state The goods are imported for a specific purpose and for a specified period, subject to the requirement that they be re-exported in the same state, without payment of the duties and taxes to which they would be liable if imported outright, with the exception of port charges, or payment of the duties and taxes levied on re-exportation.</p>
<p>Temporary admission for inward processing The goods are imported, without payment of duties and taxes, other than port charges, to undergo specified manufacturing, processing or repair or some other authorized operation, followed by re-exportation within a specified period.</p>
<p>Customs warehousing The imported goods enter and remain in a customs warehouse, without payment of duties and taxes, other than charges, in order subsequently to be admitted into the country under some other customs procedure, or to be reloaded or re-exported. The goods may remain under the customs warehousing procedure for a period of up to five years, with the possibility of extension. Decree No. 99/2015 regulating the CAROU does not specify the number of times that an extension may be granted. Each extension is examined on a case-by-case basis. Modes of customs warehousing (may be employed simultaneously):</p> <ul style="list-style-type: none"> (a) storage warehousing: the goods may only undergo operations to enable them to be recognized, preserved, or divided up into batches or volumes or any other operation that does not affect their value or change their nature or state; (b) commercial warehousing: the goods may undergo operations that facilitate their marketing or increase their value, without changing their nature or state; (c) industrial warehousing: the goods may undergo operations intended to change their nature or state, including the processing of raw materials and semi-finished products, assembly, mounting and other similar operations; (d) warehousing for repair and maintenance: the goods may be repaired or maintained, without changing their nature; (e) temporary warehousing for exhibition purposes or the like: the goods admitted may be intended for exhibitions, displays, trade fairs, etc., subject to authorization by the DNA; (f) logistical warehousing: the goods may undergo operations that change their state or nature, provided that they do not change their origin and consist of: assembly or mounting; mixing; the positioning or replacement of components, parts or accessories; the configuration of hardware; the installation of software; and the preparation of containers, packaging, labels and other products, provided that they are used for marketing goods that leave the warehouse.

Source: CAROU (Article 64 of Law No. 19.276 of 19 September 2014).

3.5. Furthermore, the MEF is implementing a temporary admission procedure for importing machinery to be used in particular works for a specified period, as well as for the entry of goods under an investment project approved by the Committee for the Implementation of the Investment Law (COMAP). In the first case, the duration of the temporary admission import authorization depends on the time required to carry out the works or provide the service, while in the second it depends on the duration of the investment project. In the particular case of the entry of agricultural

³ Article 14 of Law No. 19.276 of 19 September 2014 approving the Uruguayan Customs Code (CAROU).

⁴ Article 15 of the CAROU.

⁵ Articles 64 to 96 of the CAROU, Law No. 18.184 of 27 October 2007, and Regulatory Decrees No. 505/2009 of 3 November 2009 and No. 166/2015 of 15 June 2015.

machinery under the temporary admission procedure for the use of rural producers in the frontier zones for up to 120 days, the body responsible for granting the authorization is the DNA.⁶ However, in some cases the Directorate-General of Agricultural Services (DGSA) in the Ministry of Livestock, Agriculture and Fisheries (MGAP) may also have to intervene, to determine the phytosanitary requirements.⁷

3.6. There are also special customs procedures, namely, specific regulations which allow goods, means of transport and unit-load cargoes to enter or leave the customs territory or move through it, without or with only partial payment of duties and taxes and subject to simplified customs clearance, on the basis of the status of the declarant, the nature of the goods, the use made of the goods or their mode of shipment or destination. This treatment is reserved for: baggage; tourists' vehicles and effects; crew members' effects; supplies and provisions for on-board consumption; diplomatic exemptions; international postal items; samples; aid and rescue consignments; border traffic; containers; means of transport for commercial purposes; the return of goods; shipments on consignment; and the replacement of goods (Article 128 of the CAROU).

3.7. The goods declaration is lodged electronically. In April 2012, the DNA began using the digital Single Customs Document (DUA) for customs clearance in some customs offices as a pilot procedure.⁸ By the end of the same year, the DUA was being used in all customs offices and its use for the clearance of imports had been made definitive.⁹ The digital import DUA is handled by a customs clearing agent, who transmits the necessary information to the LUCIA computer system (SIL)). Prior to the numbering and registration of the outright importation or temporary admission DUA, the declarant must complete the required supplementary documentation management process. The documents required are: the bill of lading consigned to the importer or endorsee; the final commercial invoice; the freight and insurance invoice (if not included in the final invoice); the certificate of origin (if it is intended to obtain preferential tariff treatment); the necessary certificate or authorization, depending on the goods concerned; and the customs value declaration.

3.8. Once the application with the goods declaration has been submitted, the DNA subjects it to a preliminary examination, using the LUCIA System, in order to determine whether it contains all the data required and whether the corresponding supplementary documentation has been attached. If so, it will proceed to register the declaration. If the declaration fails to meet the requirements of the customs legislation, the declarant will be informed of the reason(s) for not accepting its registration, so that he may make good the shortcomings.

3.9. The duties and taxes on goods imported outright must be paid before or at the time of registration of the declaration, without prejudice to any adjustments that may subsequently be required. Customs duties and taxes will be refunded if the DNA finds that they were unduly paid. They will also be refunded if the declaration for a customs procedure is cancelled or annulled, with the exception of the fees paid for services rendered or made available. Since 2012, the procedure for the electronic payment of duties and taxes has been in effect as an alternative or supplementary means of payment for import and transit operations.¹⁰

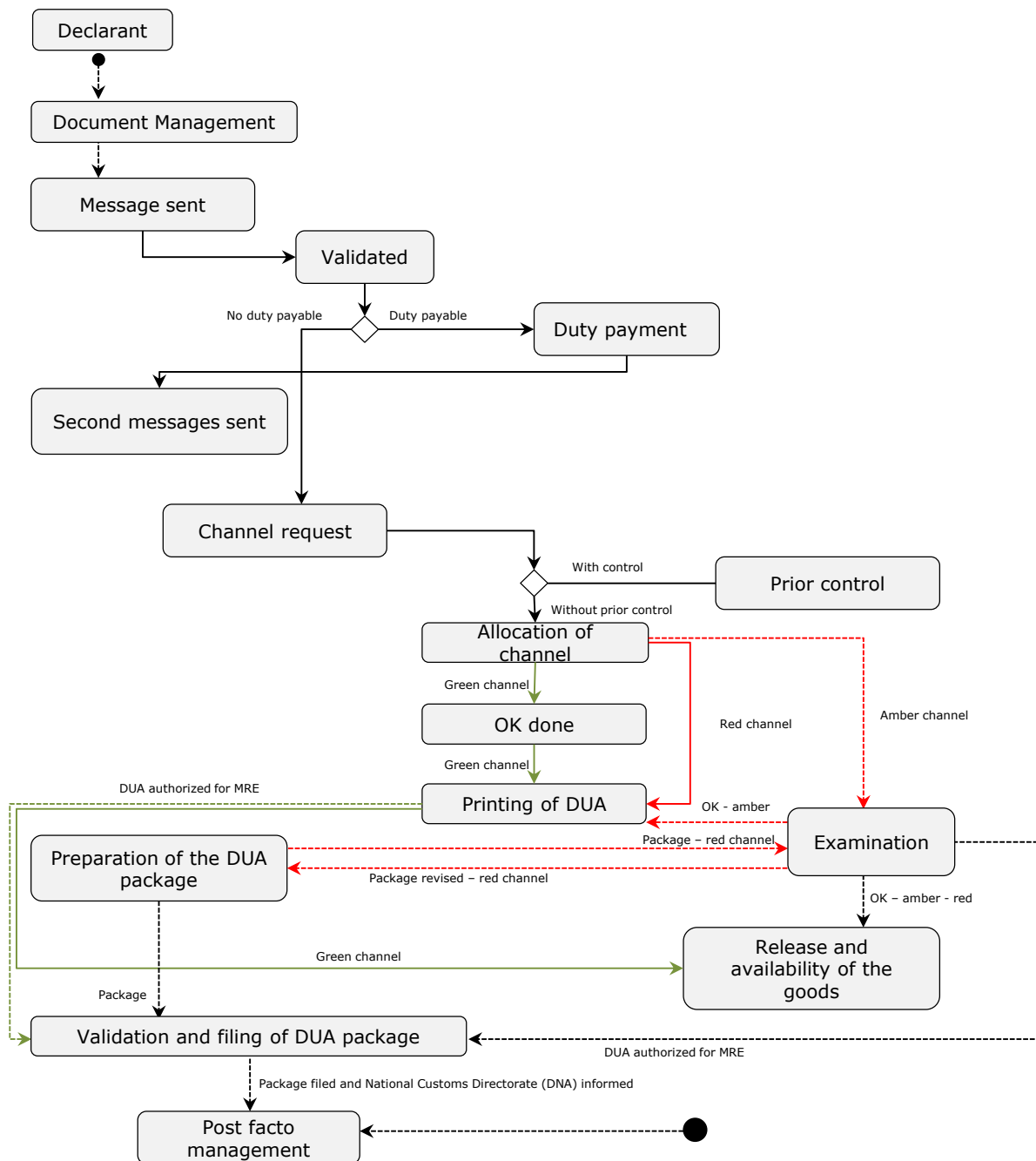
⁶ Decree No. 232/991 of 2 May 1991.

⁷ Phytosanitary requirements for the introduction into the country of used machinery, equipment and implements for agricultural, forestry or garden use (DGSA Resolution No. 98 of 15 November 2016).

⁸ The digital import DUA pilot procedure was implemented by O/D No. 29/2012 of 13 April 2012. By means of O/D No. 69/2012, the DNA extended the digital import DUA pilot procedure for all the country's customs clearing agencies, with an end date of 30 September 2012 for Montevideo and Carrasco and 14 October 2012 for the rest of the country.

⁹ O/D No. 29/2012 of 13 April 2012 and No. 55/2012 of 31 July 2012.

¹⁰ O/D No. 3/2012 of 11 January 2012.

Chart 3.1 Import procedure

Note: DUA (Single Customs Document); MRE (Regulatory Committee); DNA (National Customs Directorate).

Source: *Procedimiento Dirección Nacional de Aduanas* of 13 April 2012. See: https://www.aduanas.gub.uy/innovaportal/file/12336/1/procedimiento_impo_od_69-2012_.pdf.

3.10. At clearance, customs controls are carried out by allocating the goods to one of three channels (green, amber or red). Channels are allocated selectively, in accordance with risk and randomness criteria (Chart 3.1). However, imports of some products such as edible oils, sugar (until 2016), textile products originating (until 2015) in non-MERCOSUR countries, and footwear, must pass through the red channel (Table A3.2). The release of goods that pass through the green channel is authorized immediately. Goods that pass through the amber channel are subject to document checks and, in general, the average clearance time is 0.8 days. Goods that pass through the red channel, which calls for document checks and/or a physical inspection, take an average of 1.7 days to be

cleared. However, once the goods have been released, the DUA may be selected for *post facto* control; otherwise it will be filed, marking the end of the process. *Post facto* control involves an examination of the documents, data and reports submitted under the customs procedure requested, the inspection of the goods and the review of their tariff classification, origin and customs valuation, in order to confirm the accuracy of the declaration, the source of the goods, the duties and taxes collected and the concessions granted. These controls are applied in accordance with the risk profiles (mainly fiscal, but also phytosanitary and animal health) determined at this point.

3.11. Uruguay ratified the WTO Trade Facilitation Agreement on 30 August 2016.¹¹ Before ratifying the Agreement, as part of the DNA Modernization Programme begun in 2007, Uruguay had already taken a series of measures to facilitate trade.¹² These include: electronic payment of duties and taxes¹³; use of the digital DUA; introduction of the Foreign Trade Single Window (VUCE); automated control of port access to the Port of Montevideo; the sea and air electronic manifest, and the Authorized Economic Operator (AEO) programme.

3.12. The VUCE, which began to be implemented as a project in 2012, has been operational since 2013 and has made it possible to concentrate, at a single point, by means of a computer platform, the information and documentation needed to process the importation, exportation and transit of goods.¹⁴ By end-2017, 111 authorizations and certificates issued by 19 government agencies connected to the platform had been processed via the VUCE.¹⁵ Despite the implementation of the VUCE, the formalities calling for the intervention of a customs clearing agent will continue to be required.

3.13. Since 2014, the DNA has been implementing a programme for the certification of AEOs. Natural and legal persons authorized as AEOs can benefit from simplified customs control procedures and other facilities.¹⁶ The DNA is the only government authority competent to deal with customs matters and as such the certifying authority. Any natural or legal person that is enrolled in the DGI's Single Tax Register and forms part of the international supply chain may participate in the AEO Programme. Participation is voluntary and there is no charge for obtaining or holding an AEO certificate. The benefits associated with an AEO certificate may not be transferred or assigned. The certificate is valid for three years, during which the DNA verifies compliance with the requirements imposed.¹⁷ Six months before the certificate expires, the holder must submit a request for its renewal, which will be assessed by the DNA. An AEO certificate may be suspended and/or revoked if some requirement is not met, the benefits are improperly used, audits are obstructed, or if there is an incident relating to security. According to information provided by the authorities, as at March 2018 Uruguay had a total of 50 certified AEOs, including exporters, importers, freight brokers, customs clearing agents, warehouse operators, free zone users, freight terminals, port operators, free zones and carriers.

3.14. Under the provisions of the CAROU, any person who, directly or indirectly, engages in fraudulent acts in order to distort, falsify or conceal the customs value, origin or classification of goods forming the subject of customs operations, with the intention of obtaining, for himself or for a third party, an improper benefit at the expense of the rights of the State to raise tax revenue, shall be punished by a term of imprisonment of between two and 30 years. In the case of AEOs, the CAROU permits the self-review of the acts themselves. AEOs may acknowledge to the DNA that they have engaged in an act that could give rise to a customs offence. In such cases the fine is less than

¹¹ WTO document WT/PCTF/N/URY/1 of 31 July 2017.

¹² DNA Modernization Programme. Online information viewed at: <http://www.aduanas.gub.uy/innovaportal/v/4096/2/innova.front/programa-modernizacion-de-la-direccion-nacional-de-aduanas.html>.

¹³ One of the general objectives and guidelines of the DNA Modernization Programme has been the promotion of the use of technology in customs clearance procedures by introducing electronic means of payment. O/D No. 3/2012 of 11 January 2012.

¹⁴ *Acta de Constitución de Proyecto* of 21 January 2012. Online information viewed at: <http://vuce.gub.uy/wp-content/uploads/2013/04/Acta-Constitución-VUCE-Fase-II.pdf>.

¹⁵ Information provided by the authorities.

¹⁶ Article 148 of Law No. 19.149 of 16 October 2013 and Decree No. 51/2014 of 28 February 2014 regulating the Authorized Economic Operator programme.

¹⁷ The requirements for obtaining AEO certification are specified in Decree No. 210/2015 of 3 August 2015.

that which would have been payable if the DNA itself had detected the offence. Decisions taken by the Customs may be appealed to the Administrative Court.

3.15. Under Uruguayan legislation, the customs value of imported goods is determined in accordance with the provisions of the WTO Customs Valuation Agreement¹⁸, together with the MERCOSUR provisions (Common Market Council Decision No. 13/07, Implementing Regulation for the Customs Valuation of Goods).¹⁹ However, if the goods in question are subject to a suspensive regime, the customs value will be determined by adopting the rules and procedures laid down in the regulations governing that regime.²⁰ However, these rules and procedures have not been adopted.

3.16. The customs value of imported goods constitutes the tax base for the application of *ad valorem* import duties. This value is declared in the DUA and checked by the DNA.

3.17. The checking of the declared value of the imported goods is selective and/or random. The selection process for checking the declared value may be carried out during customs clearance or at a later point. If in determining the customs value of the imports it proves necessary to postpone the final determination of value, the importer of the goods may nevertheless remove them from customs if, when so requested, he provides adequate security, in the form of a bond or deposit or in some other appropriate form, sufficient to cover the payment of the taxes and/or customs duties levied on goods imported for release for consumption. The security will be discharged once the value, classification or origin has been determined or if the customs authority fails to rule within a maximum period of up to 90 days after its being lodged.²¹ Moreover, the Customs is entitled to demand satisfaction of any tax claims that arise as a consequence of the *post facto* verification of the customs value.

3.18. Any decision concerning the customs value may be reviewed by the Customs, which has five years within which to take fiscal action in relation to customs declarations. The documentary evidence and information supporting the customs value declared by the importer, including the commercial correspondence relating to the transaction, must remain available to the customs authority for five years. Every importer has the right to appeal decisions taken by the Customs as a consequence of the value verification process, without incurring any penalty.

3.19. Under the CAROU, any customs declaration that distorts the customs value of goods to the detriment of tax revenue is deemed to be a customs offence of valuation fraud, punishable by a fine equal to twice the amount of the duties and taxes due, without prejudice to the payment of the duties and taxes themselves.

3.1.2 Rules of origin

3.20. Uruguay uses non-preferential rules of origin only if the goods are subject to anti-dumping measures.²²

3.21. In general, the preferential rules of origin in the treaties that have entered into force since 2012 (MERCOSUR – Southern African Customs Union (SACU) and MERCOSUR - Egypt) follow the same lines as the treaties previously signed by Uruguay. The origin-conferring criteria may be general or specific.²³ Under these treaties bilateral cumulation and, in some cases, extended cumulation are permitted (Table 3.3).

¹⁸ Incorporated into Uruguayan legislation by Law No. 16.671 of 13 December 1994.

¹⁹ WTO document G/VAL/N/1/URY/2 of 5 November 2012.

²⁰ Article 26 of CMC Decision No. 13/07 (Implementing Regulation for the Customs Valuation of Goods).

²¹ Decree No. 67/001 of 28 February 2001.

²² Decree No. 51/010 of 5 February 2010.

²³ WTO document G/RO/N/108 of 19 September 2013.

Table 3.3 Preferential origin criteria

(% of f.o.b. value unless otherwise indicated)

Agreement	General criterion				Specific origin	Cumulation of origin
	Third-country inputs in the production process		Maximum value of third-country inputs in assembly/mounting processes (%)	Maximum value of third-country inputs in sets or assortments of goods (%)		
	Change in tariff classification	Maximum value (%)				
LAIA	X	50-60 ^a	50-60 ^a		X	
Regional partial scope economic complementarity agreement (AAP.EC)						
MERCOSUR (AAP.EC No. 18)	X	50-60 ^b	50-60 ^b		X	X
MERCOSUR-Chile (AAP.EC No. 35)	X	40	40		X	X
MERCOSUR-Plurinational State of Bolivia (AAP.EC No. 36)	X	40	40		X	X
MERCOSUR-Mexico (AAP.EC No. 55)	X	40-50 ^c		7	X	X
MERCOSUR-Peru (AAP.EC No. 58)	X	40 ^d	40 ^d	5	X	X
MERCOSUR-Andean Community (AAP.EC No. 59)	X	45-50 ^e	40	6	X	X ^f
MERCOSUR-Cuba (AAP.EC No. 62)	X	50-60 ^g	50	10		X
Bilateral AAP.EC						
Mexico (AAP.EC No. 60) ^h					X	X
Preferential trade agreement						
MERCOSUR-India		40		15		X
MERCOSUR-Southern African Customs Union (SACU)				15	X	X
Free trade agreement						
MERCOSUR-Egypt (% of factory price)	X	45-55 ⁱ		15	X	X
MERCOSUR-Israel (% of factory price)	X	50-60 ^j		15		X

- a The percentage of 60% applies to relatively less developed countries such as Paraguay.
- b Establishes preferential treatment fixing the percentage for Paraguay at 60% (until 2025) and the percentage for Uruguay at 50% (until 2021). Argentina receives treatment equal to that of Uruguay for its exports to the country.
- c The criterion varies with the goods and the country. For coachwork, trailers and semi-trailers and automotive parts a percentage of 50% applies (except for products covered by specific rules). For other automotive products, the percentage and the formula to be used vary with the country of origin.
- d 50% between 2005-2008; 45% between 2008-2011 and 40% as from 2012.
- e 40% in the case of Argentina and Brazil, 45% for Colombia, the Bolivarian Republic of Venezuela and Uruguay, and 50% for Ecuador and Paraguay. With the exception of Argentina and Brazil, for the other countries the agreement set out from higher percentages which were reduced in accordance with schedules which have already expired.
- f For cumulation of origin purposes, materials originating in the Plurinational State of Bolivia and Peru are also considered to originate in the exporting signatory party.
- g The 60% percentage applies to Paraguay.
- h Only specific rules are used.
- i The 60% percentage applies to Paraguay.
- j The 55% percentage applies to Paraguay.

Source: Online information from LAIA, *Consultas de Régimen de Origen por País*, viewed at: <http://www.aladi.org/nsfaladi/r%C3%A9gimtext.nsf/vpaísesR/paraguay>; SICE, *Información sobre Paraguay: Acuerdos comerciales en vigor*, viewed at: http://www.sice.oas.org/ctyindex/PRY/PRYagreements_s.asp; and MERCOSUR Secretariat, *Tratados, Protocolos y Acuerdos*, viewed at: http://www.mercosur.int/t_generic.jsp?contentid=2639&site=1&channel=secretaria.

3.1.3 Tariffs

3.1.3.1 Tariff structure

3.22. Uruguay's tariff is based on the MERCOSUR common external tariff (CET), with some exceptions. In 2018, the Uruguayan tariff contained 11,922 ten-digit tariff lines of the 2017 HS. Uruguay only applies *ad valorem* tariffs.

3.23. Between 2011 and 2018 there was no change in the simple average of MFN duties applied in Uruguay, which remains at 9.4% (Table 3.4). Likewise, in 2018 as in 2011, agricultural products (WTO definition) are subject to an average tariff of 9.6%, only slightly higher than the average tariff for non-agricultural products (9.4%). The products with the highest tariff average are clothing, with a 20% tariff, followed by dairy produce (17.9%), sugars and sugar confectionery (17.2%), textiles (16.1%) and leather, rubber and footwear (15.3%) (Table A3.3).

Table 3.4 MFN tariff structure, 2011 and 2018

(%)

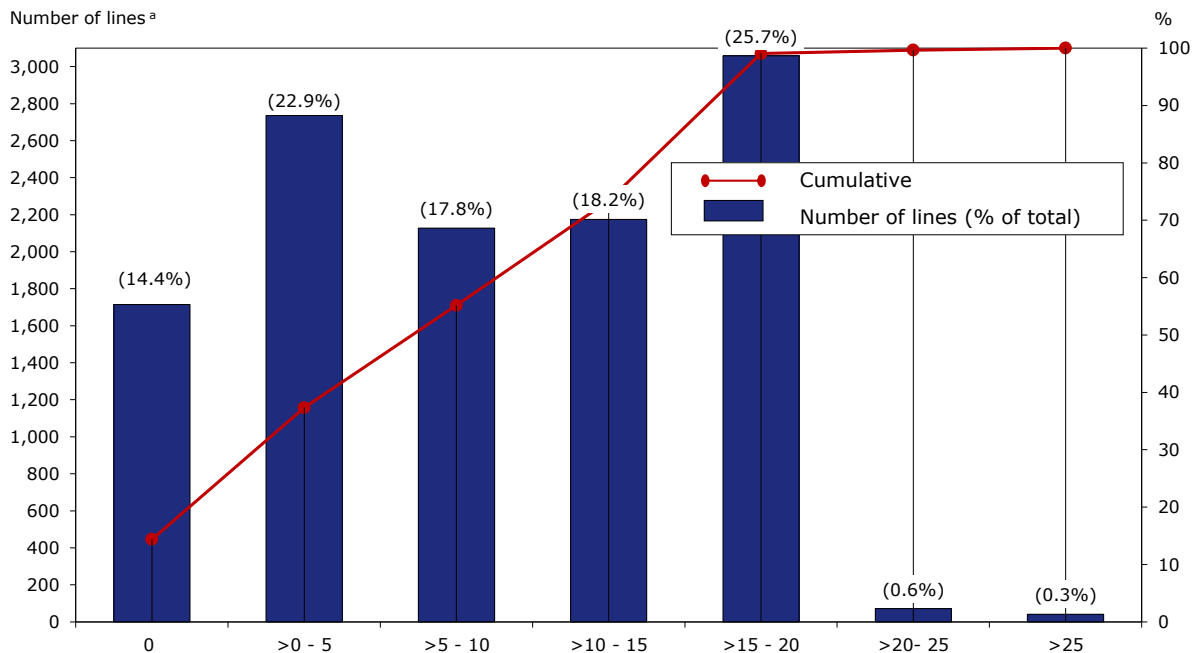
		2011 (HS 2007)	2018 (HS 2017)
1.	Total number of lines	11,345	11,922
2.	Non- <i>ad valorem</i> tariffs (% of tariff lines)	0.0	0.0
3.	Tariff quotas (% of tariff lines)	0.0	0.0
4.	Zero-rated tariff lines (% of tariff lines)	14.8	14.4
5.	Average of lines exceeding zero (%)	11.0	11.0
6.	Simple average	9.4	9.4
7.	Agricultural products (WTO definition)	9.6	9.6
8.	Non-agricultural products (including petroleum, WTO definition)	9.3	9.4
9.	National tariff peaks (% of tariff lines) ^a	0.2	0.3
10.	International tariff peaks (% of tariff lines) ^b	26.8	26.6
11.	Overall standard deviation of applied rates	7.2	7.1
12.	Bound tariff lines (% of tariff lines)	100.0	100.0

a Domestic tariff peaks are defined as rates that exceed three times the overall simple average applied rate.

b International tariff peaks are defined as rates that exceed 15%.

Source: WTO Secretariat estimates based on data provided by the authorities.

3.24. Uruguay's MFN tariff structure comprises 19 rates that range from 0% to 35%. In 2018, the most common tariff rates were those below 20%; some 55.3% of lines were subject to a tariff not exceeding 10% and, as in 2011, only 0.9% of total tariff lines had a tariff of more than 20%. In 2018, as in 2011, the rates most frequently encountered were those between 0% and 5% (23.0% in 2018 and 23.3% in 2011) and between 15% and 20% (25.7% in 2018 and 25.8% in 2011) (Chart 3.2). The 132 HS ten-digit tariff lines subject to an MFN tariff of more than 20% are: sunflower and cardamom oil; soya oil, margarine, and other fixed vegetable fats and oils; milk and cream; mozzarella; cane or beet sugar; fruit and nuts; rubber-soled footwear; and motor vehicles for the transport of passengers and goods. Most of these products are on Uruguay's national list of exceptions to the CET or are products for which the CET has been temporarily modified (see below).

Chart 3.2 Frequency distribution of tariff rates, 2018

a The total number of lines is 11,922.

Source: WTO Secretariat calculations based on data provided by the authorities.

3.25. The MERCOSUR States may maintain a national list of exceptions (LNE) to the CET, which contains a certain number of products temporarily exempted from the general CET regime. In separate decisions, the Common Market Council (CMC) has approved the number of products and the maximum time for maintaining these exceptions.²⁴ Uruguay's current national list of exceptions to the CET contains 256 tariff lines; these exceptions may be maintained until 31 December 2022.²⁵ The criterion used by Uruguay in drawing up this list is that the products must be inputs for a domestic industry whose end product is intended for the domestic market; accordingly, the tariff levels applied to the products on the list are mostly lower than those of the CET.

3.26. There is also a special regime for capital goods from outside the zone (BK) and computer and telecommunication goods (BIT), under which the States Parties may apply tariff rates other than those of the CET.²⁶ CMC Decision No. 25/15 allows Uruguay to apply a 0% tariff up until 31 December 2021 and a 2% tariff up until 31 December 2023 to goods on the BK list. In 2018, the BK list contained 1,297 tariff headings at the eight-digit level, of which Uruguay was using 974. CMC Decision No. 25/15 also permits the application of 2% and 0% tariffs to goods identified as BIT up until 31 December 2022. In 2018, this list contained 260 tariff lines.²⁷

3.27. The sugar and automotive sectors have not yet been incorporated into the MERCOSUR Customs Union, so that in each State Party they remain subject to a specific tariff regime until a corresponding community policy is adopted. Uruguay applies rates which, on average, are higher than the CET for two products related with the sugar sector, while for automotive sector products the average protection is less than that which would be offered by the CET (Table 3.5).

3.28. The States Parties are authorized temporarily to raise the rates of the import tax above the CET for imports originating from outside the zone up to the maximum bound under the WTO, for a maximum of 100 tariff headings of the MERCOSUR Common Nomenclature (NCM) (NCM eight-digit codes), for a limited period.²⁸ During the review period, the products affected by

²⁴ MERCOSUR/CMC/DEC Nos. 68/00, 31/03, 38/05, 59/07, 28/09 and 58/10.

²⁵ MERCOSUR/CMC/DEC No. 26/15 of 16 July 2015.

²⁶ MERCOSUR/CMC/DEC Nos. 33/03, 34/03, 39/05, 40/05, 13/06, 27/06, 61/07, 58/08, 59/08 and 57/10.

²⁷ MERCOSUR/CMC/DEC No. 25/15 of 16 July 2015.

²⁸ CMC Decision No. 27/15 of 16 July 2015.

this measure were peaches in syrup (HS 200870) and dairy produce (HS 0402, 0404 and 0406).²⁹ In both cases, Uruguay increased its tariffs up to the maximum permitted by the Council, namely, 35% for peaches in syrup and 28% for dairy produce.

3.29. The exceptions to the CET maintained by Uruguay in 2017 represented 22.3% of tariff lines. Most of these 2,651 tariff lines (97.43% of the total) have tariffs lower than the CET that range from 0% to 25%. The average tariff for the lines that form exceptions to the CET is much lower (8.5%) than the CET average (19.5%) for the same goods (Table 3.5). Thus, the average tariff applied by Uruguay (9.4%) is lower than the MERCOSUR CET (11.9%).

Table 3.5 Exceptions to the CET applied by Uruguay

		Tariff headings	Tariff headings (%)	Tariff range (%)	National average	CET average
List of exceptions	Total	2,648	22.2	0 - 35	8.5	19,5
	< CET	2,580	21.6	0 - 25	8.1	19,6
	> CET	68	0.6	20 - 35	24.5	17,0
Sectoral list: telecommunications	BIT	260	2.2	0 - 2	1.9	12,0
Sectoral list: capital goods	BK	974	8.2	0 - 10	0.5	13,9
National list of exceptions	LEN	256	2.1	0 - 25	1.2	13,0
Other exceptions		1,081	9.1	12 - 35	18.4	27,8
Footwear		28	0.2	25	25.0	35,0
Peaches – sweetened water		3	0.0	35	35.0	14,0
Dairy produce		12	0.1	20 - 28	27.3	15,5
Textiles		1,038	8.7	12 - 20	18.1	27,8
Non-harmonized sectors	Automotive from outside the zone	72	0.6	0 - 23	15.7	20,1
	Sugar from outside the zone	5	0.0	5 - 35	17.0	16,0
	Automotive from inside the zone	214	1.8	2 - 23	6.9	15,6
	Sugar from inside the zone	2	0.0	35	35.0	16,0

Source: WTO Secretariat estimates based on data provided by the authorities in January 2018.

3.1.3.2 Tariff bindings

3.30. In the Uruguay Round, Uruguay bound all its tariff at rates ranging from 6% to 55%. A majority of tariff lines (6,569) were bound at the rate of 35%; the other most frequent rate is 20% (1,632). Some products were bound at rates lower than 10%, such as, for example, bulbs, tubers and tuberous roots (HS 06.0110.0000 and HS 06.0120.0000); potatoes (HS 07.0110.0000) and seeds of herbaceous plants (HS 12.0930.0000).

3.1.3.3 Tariff quotas

3.31. Uruguay does not maintain tariff quotas under the WTO. Within the context of its trade agreements, preferential quotas are used for the automotive sector in the case of Brazil (ACE No. 2), for products from the country's special customs areas in the case of Argentina (ACE No. 18), for imports of carded alpaca wool in the case of Peru (ACE No. 58), and for powdered milk in the case of Mexico (ACE No. 60).³⁰

3.1.3.4 Preferential tariffs

3.32. Uruguay grants preferential treatment to imports originating in countries with which it maintains preferential agreements. Uruguay grants preferences to the MERCOSUR member countries, and as a member of MERCOSUR to the Plurinational State of Bolivia, Chile, Cuba, Egypt,

²⁹ CMC Decisions No. 28/15 of 16 July 2015, No. 29/15 of 16 July 2015 and No. 30/15 of 16 July 2015.

³⁰ Information provided by the authorities.

India, Israel, Peru and the countries that make up the SACU. It also grants preferences under the bilateral agreements signed with Argentina, Brazil, Colombia, Ecuador, Mexico and the Bolivarian Republic of Venezuela. The tariff applied varies substantially according to the agreement. In the case of the agreements with the Plurinational State of Bolivia and Chile the preferences cover 100% of the tariff universe, whereas in the case of India they cover less than 15% of the tariff universe (Table 3.6). In all cases, except in the agreements with Colombia, Israel, Peru and the Bolivarian Republic of Venezuela, the number of agricultural products that enjoy preferences is less than the number of non-agricultural products.

Table 3.6 Analysis of the tariffs applied with countries with which trade agreements have been negotiated, 2018

	Total		WTO categories			
	Average (%)	Duty-free lines (%) ^a	Agricultural products		Non-agricultural products (petroleum excluded)	
			Average (%)	Duty-free lines (%)	Average (%)	Duty-free lines (%)
MFN	9.4	14.4	9.6	8.7	9.4	15.2
MERCOSUR						
Bolivia, Plurinational State of	0.0	100.0	0.0	100.0	0.0	100.0
Chile	0.0	100.0	0.0	100.0	0.0	100.0
Colombia	0.3	96.0	0.6	96.6	0.2	96.0
Cuba	6.9	35.2	7.6	24.4	6.8	36.8
Ecuador	1.7	84.8	2.7	75.6	1.5	86.1
Egypt	7.8	33.2	8.0	19.5	7.8	35.1
India	9.4	14.4	9.6	8.7	9.3	15.2
Israel	1.0	70.5	0.3	79.6	1.1	69.2
Peru	1.6	90.5	0.7	91.9	1.7	90.3
SACU	9.1	20.0	9.0	13.9	9.2	20.9
MERCOSUR (inside the zone)	0.7	94.5	0.0	99.9	0.8	93.8
Bilateral agreements						
Mexico	0.7	88.0	3.0	44.4	0.3	94.4
Venezuela	0.2	95.1	0.0	100.0	0.3	94.4
Partial agreements						
Argentina ^b	0.0	99.7	0.0	99.9	0.0	99.7
Brazil ^b	0.0	99.8	0.0	99.9	0.0	99.8

a The duty-free lines include: those negotiated in the agreement and those contained in the MFN tariff.

b These estimates take into account the preferences granted to the automotive sector and other products used in vehicles and automotive parts by the partial agreements, while for the rest of the products the preferences granted within the framework of MERCOSUR were used.

Source: WTO Secretariat estimates based on data provided by the authorities.

3.33. The average tariff applied for the trading partners with which Uruguay has negotiated agreements, as indeed the coverage of the preferences in the various agreements, varies substantially. The average tariff applied to these trading partners is relatively low and includes the 0% for trade agreements with greater coverage, while in the case of India and the SACU, agreements with lesser coverage, the average tariff applied is equal or very close to the average MFN tariff. In the cases of Israel and the SACU the average tariff applied to agricultural products, including preferences, is lower than that applied to non-agricultural products, and, in the case of India, the preferential tariff for agricultural products is equal to the MFN and for non-agricultural products is very close to the MFN tariff.

3.34. Uruguay continues to apply a mechanism that makes it possible to modify the tariff preferences granted to the Argentine Republic (Loss of Tariff Preference Mechanism) in certain special situations that result in price distortions due to the use of regional and sectoral support policies, for example, when the goods are produced in industrial promotion zones³¹, or products whose exports, or those of their main inputs, are subject to an export duty greater than or equal to 10%.³² The mechanism makes it possible to apply a tariff equal to or less than the MFN tariff. This modification may be *ex officio* or at the request of domestic producers.

3.1.3.5 Tariff concessions

3.35. Uruguay continues to implement special procedures or regimes that make it possible to grant exemption from or reduce tariffs. The main procedures or regimes operating in Uruguay include temporary admission (see above), stock replacement, industrial estates that enable machinery and equipment to be imported tax free, and free zones which, among other things, permit inputs to be imported duty free (Section 3.2). Moreover, among other benefits, the investment promotion regime also makes it possible to import fixed-asset goods for use in activities declared to be of national interest free of import duties and taxes.³³

3.36. Among other things, such as a subsidy for their services, private educational and cultural institutions may also be allowed to import goods free of import duties.³⁴ Moreover, direct importation for personal use of special motor vehicles, new or used, and systems for adapting them to be driven by disabled persons is exempt from all domestic taxes, including duties, tariffs and other levies on the importation, sale and/or movement of vehicles.³⁵

3.37. Uruguay continues to exempt imports of, among other things, inputs, parts and components, in order to support specific sectors, as for example in the case of the regime for the automotive industry, which has been notified to the WTO (Section 3.3.1).³⁶

3.38. Furthermore, in accordance with Decree No. 487/983 of 9 December 1983, imports of parts, components, spares and accessories of capital goods, including agricultural machinery not produced in the country, are subject to a 10% tariff; in practice, this concession has been eroded by the reduction in the tariffs applied to capital goods and inputs. Under the agricultural inputs import regime, some agricultural inputs may be imported with a zero tariff.³⁷ In 2015, the Common Market Council allowed Uruguay to import agricultural inputs notified to the MERCOSUR Trade Commission (CCM) before 31 December 2016 at a tariff rate of 0% up until 2023.³⁸ In addition, consumer and capital goods imported for use in industrial activities included in the Programme for the Development of the Agricultural Cooperatives of the Vértice Noroeste are exempt from VAT.³⁹

3.39. Since 2016, to promote the use of alternative energies, imports of inputs for manufacturing solar panels for generating photovoltaic energy have been exempt from all taxes and customs surcharges and, in general, from any levy applied in connection with importation, including VAT, provided that they are not produced domestically. To obtain this benefit, manufacturers must possess a certificate of need issued by the National Directorate of Industry in the Ministry of Industry, Energy and Mining. Moreover, solar panel manufacturers are entitled to a credit

³¹ The preference may be eliminated if: the goods are produced in the industrial promotion zones of the Argentine provinces of La Rioja, Catamarca, San Luis and San Juan; the products originating in Argentina account for at least 30% of Uruguayan imports of the product in question; and the imports originating in Argentina are equivalent to 20% of the estimated value of domestic production of a like product, in the course of the previous 12 months (Decree No. 473/2006 of 27 December 2006, Decree No. 643/2006 of 27 November 2006 and amendments thereto, and Decree No. 367/2011 of 14 October 2011, supplementing Decree No. 473/2006).

³² Decree No. 184/017 of 14 July 2017.

³³ The complete list of activities promoted under Law No. 16.906 and/or activities declared to be of national interest may be viewed online at: <https://www.impco.com.uy/bases/decretos-ley/14178-1974?verreferencias=norma>.

³⁴ Article 69 of the Constitution of the Republic, Article 448 of Law No. 16.226 of 29 October 1991 and Decree No. 161/014 of 4 June 2014.

³⁵ Law No. 13.102 of 5 December 1962 and Decree No. 51/017 of 20 February 2017.

³⁶ WTO documents G/SCM/N/253/URY-G/SCM/N/260/URY of 26 July 2013.

³⁷ Decree No. 194/979 of 30 March 1979 and amendments thereto.

³⁸ MERCOSUR/CMC/DEC No. 24/15.

³⁹ Decrees Nos. 144/015 of 26 May 2015, 179/016 of 20 June 2016, 378/016 of 5 December 2016, 62/017 of 10 March 2017, and 37/017 of 13 February 2017.

for the VAT paid on the inputs (goods and services) used in the manufacturing process, provided that they have been declared not to compete with the domestic industry.⁴⁰

3.40. Uruguay continues to grant exemption from all levies, including VAT, on imports of, among other things, materials, raw materials and capital goods necessary for the construction of shipyards and the repair of ships, as well as for the assembly of vessels more than six metres in length whose aggregate domestic value is not less than 50% of the c.i.f. value of the kits.⁴¹ With a view to promoting civil aviation, aircraft and the materials for operating them, including fuel, together with those necessary for building or maintaining airports, have been exempt since 2017 from all taxes and other levies at importation, as well as from all kinds of national or municipal internal taxes to which they might be liable.⁴²

3.1.4 Other charges affecting imports

3.41. The charges that Uruguay applies exclusively to imports are: the consular fee, the fees of customs clearing agents, port charges and the single tax on imports of newsprint. Under the WTO Uruguay has bound the service commissions on import operations at a rate of 3% on the c.i.f. value.⁴³

3.42. The fees charged by customs clearing agents vary with the customs operation and the service performed; according to the authorities, these fees are agreed with the clients. In 2012, minimum *ad valorem* scales were established for clearing agents' fees, by operation (Table 3.7). The customs value of the imported goods is taken as the basis for calculating the fees.

Table 3.7 Fees of Uruguayan customs clearing agents (imports), 2017

Value of the goods/other	Rate (<i>ad valorem</i>)/specific
Introduction of the goods (importation, temporary admission, etc.)	
Up to US\$25,000	1.5%
US\$25,001 - US\$50,000	1.25%
US\$50,001 - US\$100,000	1%
US\$100,001 - US\$250,000	0.75%
US\$250,001 - US\$500,000	0.50%
US\$500,001 or more	0.20%
Minimum fee	US\$100
Clearance of samples with a maximum value of US\$50	US\$35
National transit, free shop operations and other sub-regimes	
Up to US\$100,000	0.50%
US\$100,001 - US\$200,000	0.40%
US\$200,001 or more	0.30%
Minimum fee per DUA for national transit	US\$150
Minimum fee per DUA for free shop operations	US\$50
Minimum fee per DUA for international transit	US\$200
Other professional services (transfer of documents, certifications and other similar services)	
Minimum fee per operation or document: US\$50/hour	
Professional advice, legal or operational reports, statistical analysis, cost studies: US\$50/hour	

Source: Tariffs in force in 2012: Uruguayan Association of Customs Clearing Agents. Online information viewed at: http://www.grupocer.com.uy/site/?page_id=133.

3.43. The newsprint imported by newspaper enterprises of the Department of Montevideo and other similar importers is subject to the payment of a single tax of 16‰ (sixteen per thousand) on the c.i.f. value.⁴⁴ Enterprises in the interior of the country are exempt from this tax.⁴⁵ The proceeds of the single tax are earmarked exclusively for financing the Complementary Fund for the Newspaper Industry of Montevideo.

⁴⁰ Law No. 19.406 of 24 June 2016 and Decree No. 454/016 of 30 December 2016.

⁴¹ Decree-Law No. 15.657 of 25 October 1984.

⁴² Decree No. 196/017 of 24 July 2017.

⁴³ WTO document W/LI/100 of 12 May 2006.

⁴⁴ Law No. 13.641 of 27 December 1967 and Law No. 15.189 of 29 September 1981.

⁴⁵ National Customs Directorate, Regulation No. 47/2015, and online information viewed at: <https://servicios.aduanas.gub.uy/wikiprocdprod/hwiki.aspx?Metodolog%C3%per%20centADa+de+Procesos+-+Procedimiento+de+control+para+la+importaci%C3%B3n+de+papel+de+diario+exceptuada+del+pago+de+la+tasa+establecido+en+la+Ley+13.641>.

3.44. Between 2010 and 2017, Uruguay collected a consular fee of 2% on the customs value of imported goods.⁴⁶ In 2018, this fee increased to 5%; it is applied to all imports except for: imports carried out under ACE No. 18 (MERCOSUR), on which a 3% charge is levied; imports under the temporary admission procedure; and imports of crude petroleum and capital goods for exclusive use in the industrial, agricultural and fishing sectors whose extra-zone tariff rate is 2% or 0%. Law No. 19.535 of 25 September 2017 authorizes the Government to reduce the fee progressively by an annual 0.5% as from 2020, until it reaches 2% for imports from outside the zone and a rate of 0% for those coming from MERCOSUR (within the framework of ACE No. 18).⁴⁷

3.45. Imports, together with goods produced in Uruguay, are also subject to value added tax (VAT), and some goods are also subject to the specific internal tax (IMESI) and the tax on the sale of agricultural goods (IMEBA) (Table 3.8).

Table 3.8 Charges affecting imports, 2012 and 2018

Product	Rate (%)	
	2012 ^a	2018
VAT		
Edible oils; rice; sugar; coffee; meat and offal; fresh, frozen or chilled; edible fats; cereal flour and by-products; bread; pasta and noodles; fish; salt; tea and yerba maté	10	10
Fruit, flowers and vegetables sold to the end consumer	10	10
Medicines	10	10
Diesel	10	10
Hotel services provided for "lodging"	10	10
Local tourism "packages" (content determined by the Government)	10	10
Health services by independent providers	10	10
Electricity supply	10	10
Land passenger transport	10	10
Real estate (first sale)	10	10
Insurance policies for death, old age, disability and injury	22	22
IMEBA		
Wool and hides of sheep and bovine cattle	2.50	2.50
Sheep and bovine cattle	2.00	2.00
Swine	1.50	1.50
Cereals and oilseeds	0.10	0.10
Milk	1.10	1.10 ^b
Poultry farming products	1.50	1.50
Beekeeping products	0.30	0.30
Rabbit breeding products	1.50	1.50
Flowers and seeds	1.50	1.50
Market gardening and fruit-growing products	0.10	0.10
Citrus products	0.80	0.80
Frog breeding, snail breeding, otter breeding and similar products	1.50	1.50
Forest products	0.00	0.00
Sugar cane	0.10	0.10
Psychoactive cannabis	N/A	0.00
Other agricultural products	1.50	1.50

N/A Not applicable.

a Information provided by the authorities.

b 0.1% for milk produced by small-scale producers not subject to the tax on income from economic activities (IRAE) and with an average daily output of less than 500 litres.

Source: Decree No. 14/015 of 13 January 2015, Decree No. 778/008 of 22 December 2008 (Articles 5 and 7), Decree No. 46/015 of 4 February 2015 (Articles 1, 48 and 49), Title 10 of the Harmonized Text of 1996 of the Directorate-General of Taxation, and information provided by the authorities.

3.46. VAT on imports is calculated on the basis of the customs value plus the tariff. There are two rates of VAT: the basic rate of 22%, which is that generally applied, and the minimum rate of 10% applied to essential goods and some services.⁴⁸ Imported crude petroleum and public transport vehicles to be used for providing regular services are exempt from VAT. During the period 2012-2017

⁴⁶ Law No. 17.296 of 21 February 2001 and Decree No. 410/010 of 30 December 2010.

⁴⁷ Article 265 of Law No. 19.535 of 25 September 2017 (Law approving the Accounting Report and Budget Execution Balance Sheet – Financial Year 2016).

⁴⁸ Title 10 of the DGI Harmonized Text of 1996.

certain goods and services such as meat and water supply services were also exempted (Table 3.9). The exemption applies to all goods, whether imported or domestically produced.

Table 3.9 Goods and services exempt from VAT (2012-2017)

Goods and services	2012	2013	2014	2015	2016	2017
Sheep meat and offal	Exempt ^a	Exempt ^b	Exempt ^c	Exempt ^d	Not exempt	Not exempt
Fish	Not exempt					
Poultry meat	Exempt ^a	Exempt ^b	Exempt ^c	Exempt ^d	Not exempt	Not exempt
Pig meat	Exempt ^a	Exempt ^b	Exempt ^c	Exempt ^d	Not exempt	Not exempt
Wool	Exempt					
Water supply for agricultural irrigation	Exempt if certain conditions are met ^e					
Water supply for educational centres	Not exempt	Not exempt	Not exempt	Not exempt	Not exempt	Not exempt
Electricity for residential use	Not exempt		Not exempt		Exempt ^f	

a Decrees Nos. 483/011, 114/012, 231/012, and 327/012.

b Decrees Nos. 21/013 and 126/013.

c Decrees Nos. 126/013 and 98/014.

d Decrees Nos. 98/014 and 114/015 (up until 30 June 2015).

e Article 39 *bis* of Decree No. 220/998.

f Decree No. 70/014 (as of 1 March 2014).

Source: Information provided by the authorities.

3.47. Importers that pay the tax on income from economic activities (IRAE) are also liable to the IMEBA when certain products are imported.⁴⁹ They must pay an advance on the IMEBA when they import. The amount of this advance is determined by applying the rate of the tax and its additions in force at the time of importation to the sum of the customs value and the tariff.⁵⁰ If, when the tax is paid, there turns out to be a surplus as a result of the advance payment, it can be used to meet the taxpayer's other tax obligations or a refund in the form of credit certificates may be requested. The tax base for calculating the IMEBA is the selling price of the taxed goods. The IMEBA rates in force range from 0% to 2.5% depending on the nature of the goods. These rates are the same as in 2012.⁵¹

3.48. The IMESI is levied on the first sale of certain specific products, including alcoholic beverages, some fuels, cosmetics and other beverages, whether domestically produced or imported (Table 3.10).⁵² The tax is not levied on products which on entering Uruguayan territory are placed in customs warehouses or compounds.⁵³ Fuel alcohols used for producing gasoline are exempt from the IMESI.⁵⁴ The IMESI may be specific or *ad valorem* and in some cases is calculated from the invoiced price, on the basis of a notional price (Table 3.10). During the review period, both the notional prices and the IMESI rate varied on several occasions.⁵⁵

⁴⁹ Importers that are exempt from payment of the IRAE must make a sworn declaration before importing the goods.

⁵⁰ The rates of the tax additional to the IMEBA are 0.2% and 0.4%, depending on the nature of the goods and their intended use, and on whether it is a question of purchases on the market or of exports (Article 7 of Decree No. 14/015 of 13 January 2015). This revenue is used to finance the Honorary Commission for the Eradication of Insalubrious Rural Housing (MEVIR) and the National Agricultural Research Institute (INIA) (Articles 8 and 9 of Title 9 of the Harmonized Text of 1996).

⁵¹ Decree No. 14/015 of 13 January 2015.

⁵² Decree No. 96/990, as supplemented and updated by a further 32 decrees (to January 2017) and Title 11, Harmonized Text of 1996.

⁵³ Article 9 of Decree No. 96/990 of 21 February 1990, CAROU, Decree No. 455/994 of 6 October 1994 and Decree No. 412/992 of 1 September 1992.

⁵⁴ Decree No. 52/009 of 14 January 2009.

⁵⁵ Decree No. 96/990, as supplemented and updated by a further 32 decrees (to January 2017).

Table 3.10 Products subject to the IMESI, 2012 and 2018

Products	2012		2018	
	Basis	Rate (ad valorem or specific)	Basis	Rate (ad valorem or specific)
Alcoholic, aerated and other beverages	Notional price (Decree No. 44/012)	Rate (Article 3. Decree No. 520/007)	Notional price	Rate (Decree No. 520/007)
Champagne	Ur\$134.10	30%	Ur\$208.10	30%
Vermouth	Ur\$67.10	30%	Ur\$104.10	30%
Whisky	Ur\$105.60	80%	Ur\$156.10	48%
Grappas, rums and bitters	Ur\$69.40	80%	Ur\$100.00	48%
Beer	Ur\$40.20	22%	Ur\$62.30	22%
Mineral and soda waters	Ur\$10.00	10.5%	Ur\$15.50	8%
Freshly obtained fruit juice, juice reconstituted from concentrates, and nectars with a minimum fruit juice content of 50%	Ur\$15.70	11.0%	Ur\$24.40	18%
Other fruit-juice based beverages	Ur\$17.30	18%	Ur\$26.80	18%
<i>Amargo</i>	Ur\$47.80	20%	Ur\$74.20	20%
Cosmetics and perfumery				
Potable alcohols, including wine alcohols	Selling price	7.5%	Selling price	7.5%
Potable alcohols for medical use; alcohols used for manufacturing proprietary drugs; denatured alcohols for use in manufacturing perfumes and toiletry articles and eucalyptized alcohols	Selling price	7.0%	Selling price	7.0%
Cosmetics, perfumery in general, artificial or natural articles applied to parts of the human body exclusively for its embellishment; shavers and toiletry articles for use in cosmetology	Selling price	11.5%	Selling price	11.5%
Diesel engines		60.0%	US\$2.000 + base that varies with the selling price	60.0%
Greases and lubricants	Notional price		Notional price	
Lubricants (for aviation)	Ur\$61.70/litre	39.0%	Ur\$95.60/litre	39.0%
Greases (for aviation)	Ur\$80.50/kg	39.0%	Ur\$124.90/kg	39.0%
Lubricants	Ur\$61.70/litre	2.5%	Ur\$95.60/litre	2.5%
Greases	Ur\$80.50/kg	2.5%	Ur\$124.90/kg	2.5%
Fuel				
Petrol premium 97	N/A	Ur\$15.21/litre	N/A	Ur\$23.14/litre
Petrol super 95 30-S	N/A	Ur\$14.36/litre	N/A	Ur\$21.84/litre
Kerosene	N/A	Ur\$4.18/litre	N/A	Ur\$6.06/litre
AvGas	N/A	Ur\$17.16/litre	N/A	Ur\$24.91/litre
Jet A 1	N/A	Ur\$0.63/litre	N/A	Ur\$0.00/litre
AvGas for use in domestic or transit air traffic	N/A	Ur\$1.59/litre	N/A	Ur\$2.31/litre
Fuel alcohol ^a	N/A	Ur\$55.00/litre	N/A	Ur\$21.86/litre
Diesel oil	N/A	Ur\$4.96/litre	N/A	N/A
Tobacco and cigarettes	Notional price		Notional price	
Tobacco	Ur\$24.29	70%	Ur\$38.21	70%
Cigarettes	Ur\$54.29	70%	Ur\$85.79	70%

N/A Not applicable.

a Except if used for making gasoline.

Source: Decree No. 368/017 of 28 December 2017, Decree No. 379/017 of 28 December 2017, Decree No. 380/017 of 28 December 2017, Decree No. 417/016 of 26 December 2016, Decree No. 418/016 of 26 December 2016, Decree No. 109/013 of 11 April 2013, Decree No. 96/990 of 21 February 1990, and information provided by the authorities.

3.49. The IMESI also applies to the sale of motorized vehicles (or importation in the case of non-taxpayers) (Table 3.11). Decree No. 246/012 of the Ministry of the Economy and Finance and the Ministry of Industry, Energy and Mining of 2 August 2012 increased the maximum IMESI rates applicable to motor vehicles, motorcycles, motor scooters, mopeds and any other kind of motorized vehicle, as provided for in Article 10 of Law No. 18.860 of 23 December 2011.

Table 3.11 IMESI applied to motorized vehicles, 2018

(%)

	Vehicles with an internal combustion engine		Electric vehicles	Hybrid vehicles	Other vehicles
	Diesel engine	Petrol engine			
Trucks, tractor units	0	0	0	0	0
Freight transport vehicles (between 1,600 cc and 3,500 cc)	34.7	6	2.3	1.15	6 – 8.6
Freight transport vehicles (over 3,500 cc)	80.5%	11.5%	N/A	N/A	11.5
Machinery specially designed for use in industrial activities (activities included in the IRAE); locomotives, self-propelled railway or tramway coaches, vans and trucks	0	0	0	0	0
Passenger motor vehicles and their derivatives (with cylinder capacities between 1,000 cc and 3,000 cc)	115	23 – 40.25	N/A	3.45 – 34.5	26.45 – 40.25
Passenger motor vehicles and their derivatives (over 3,000 cc)	115	46	N/A	34.5	46
Motorcycles, motor scooters and the like	4.6 – 22.5	1.6 – 6.45	N/A	0	1.6 – 16.45

N/A Not applicable.

Source: Decree No. 246/012 of 2 August 2012.

3.1.5 Import prohibitions, restrictions and licensing

3.50. Uruguay imposes non-tariff measures to protect national security, public health, plant and animal health, and the environment. These measures include restrictions, prohibitions and import licences and are imposed by means of laws, decrees and resolutions.

3.51. In 2014 and 2016, Uruguay submitted notifications with respect to the quantitative restrictions it maintains.⁵⁶ The restrictions notified, all of which relate to import prohibitions, were grouped in 20 categories, corresponding to: asbestos; wine; electronic devices for smoking; vaccines (rabbit haemorrhagic disease); medicines containing triazolam; aerosol containers, foams, refrigerated cabinets, solvents and sterilizers and air-conditioning units containing prohibited ozone-depleting substances; leaded gasoline; insecticides; phytosanitary products; potassium bromate; medicines containing furazolidone, nitrofurazone, etc.; growth promoters for bovine species, sheep, pigs, horses and poultry containing arsenic or antimony substances; veterinary medicines containing substances with oestrogenic hormonal effect; protein concentrates and bone meal from mammals; chloramphenicol base and its salts; hazardous waste; used vehicles; paints and varnishes; and persistent organic pollutants (2). In most cases, the products are defined by NCM (four-digit) heading or part heading. Some products are defined at six-digit or eight-digit tariff subheading level. The number of ten-digit lines affected is not specified.

3.52. The justifications for the use of these measures include: Article XX(b) of the GATT; International Labour Convention No. 162; Article XX(d) of the GATT; the MERCOSUR Grape-Growing and Wine Production Regulations; the Vienna Convention for the Protection of the Ozone Layer (1985); the Montreal Protocol on Substances that Deplete the Ozone Layer (1987); the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal (1989); and the Stockholm Convention on Persistent Organic Pollutants (2003).⁵⁷

3.53. According to the information received from the authorities in connection with this review, the number of Harmonized System (HS) ten-digit lines subject to a prohibition fell from 652 in 2012 (HS 2012) to 331 in 2017 (HS 2017). The products in question included: food preparations (wines from fresh grapes) (nine ten-digit lines of the HS 2017); products of the chemical industry (44 ten-digit lines of the HS 2017); plastics and rubber (161 ten-digit lines of the HS 2017); and machinery and appliances (117 ten-digit lines of the HS 2017). Some of these products are prohibited by international conventions, such as the Basel Convention, while others relate to

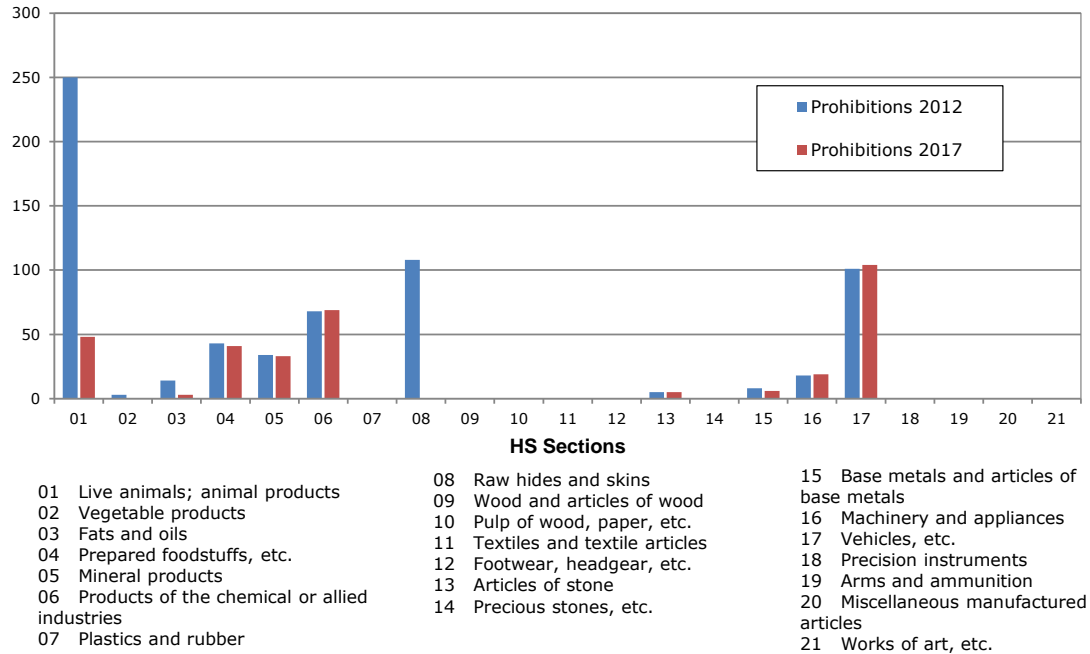
⁵⁶ WTO documents G/MA/QR/N/URY/1 of 15 July 2014 and G/MA/QR/N/URY/2 of 11 November 2016.

⁵⁷ WTO documents G/MA/QR/N/URY/1 of 15 July 2014 and G/MA/QR/N/URY/2 of 11 November 2016.

measures to protect human, animal or plant health. The most notable changes during the period were: the reduction in the prohibitions that were affecting live animals and animal products and the elimination of those affecting hides and skins (Chart 3.3).

Chart 3.3 Prohibition of imports, by HS Section, 2012 and 2017

Number of tariff lines (ten digits)



Source: WTO Secretariat, on the basis of information provided by the authorities.

3.54. Uruguay uses both automatic and non-automatic import licences. The automatic licences are used for statistical purposes (textiles and footwear and oils), for granting tariff preferences to third parties (paper for publishing, vehicles) or for monitoring the price of imports. Non-automatic licences are used for granting tariff exemptions to domestic producers (sugar and diesel engines and kits) and for human health care (acetic acid).⁵⁸ The products subject to import licensing have not changed since the last review. In 2017, 378 ten-digit tariff lines of the HS 2017 required import licences. The majority of the products (371 ten-digit lines of the HS 2017) required automatic licences. In most cases (278 ten-digit lines of the HS 2017) the licences apply to imports of any origin, including MERCOSUR member countries (Table 3.12).

Table 3.12 Import licences, 2017

HS Chapter	Description	No. of lines (ten-digit)	Origin		Minimum/maximum processing time (working days)
			Any origin	Third countries (extra-MERCOSUR)	
15	Animal or vegetable fats and oils	10	10		2 days/10 days
48	Paper and paperboard	13	13		2 days/10 days
52	Cotton	10		10	Immediate/10 days
54	Man-made filaments	8		8	Immediate/10 days
55	Man-made staple fibres	17		17	Immediate/10 days
60	Knitted or crocheted fabrics	3		3	Immediate/10 days
61	Articles of apparel and clothing accessories, knitted or crocheted	18		18	Immediate/10 days
62	Articles of apparel and clothing accessories, not knitted or crocheted	37		37	Immediate/10 days
63	Other made-up textile articles	3		3	Immediate/10 days

⁵⁸ This section is based on WTO documents G/LIC/N/3/URY/6 of 14 September 2012, G/LIC/N/3/URY/7 of 30 September 2013 and G/LIC/N/3/URY/9 of 30 March 2016.

HS Chapter	Description	No. of lines (ten-digit)	Origin		Minimum/maximum processing time (working days)
			Any origin	Third countries (extra-MER COSUR)	
64	Footwear, gaiters and the like	67	67		2 days/10 days
87	Motor vehicles, tractors, bicycles and other land vehicles	185	185		2 days/10 days
Total automatic licences		371	275	96	
17	Sugars and sugar confectionery	4			2 days/10 days
29	Organic chemicals	2	2		2 days/10 days
84	Nuclear reactors, boilers, machinery and mechanical appliances ^a	1	1		Up to 15 days
Total non-automatic licences		7	3		

a These are engines for the propulsion of vehicles of Chapter 87 of the NCM with a cylinder capacity of more than 3,500 cm³ (HS 8408.20.90.00).

Source: WTO documents G/LIC/N/3/URY/6 of 14 September 2012, G/LIC/N/3/URY/7 of 30 September 2013, G/LIC/N/3/URY/8 of 29 March 2016 and G/LIC/N/3/URY/9 of 30 March 2016.

3.55. Licences are introduced by means of a government decree, so that the Government can abolish the regime without requiring the agreement of the legislative branch. In general, the importer or body authorized to import is entitled to apply for an import licence, subject to registration. However, in the case of sugar, where the licence is used to obtain a tariff preference, only industrial enterprises which can show that the product is to be used for industrial purposes may apply for a licence (Section 4.1). Likewise, in the case of paper, only publishing enterprises which can show that the paper will be used for publishing purposes may apply for a licence.

3.56. Licences are processed in the order in which the applications are received. Processing may be immediate or take up to 15 days, depending on the product. However, thanks to the use of computers, processing has been speeded up considerably. Uruguay does not provide for the processing of urgent licence applications. The majority of licences are valid for 60 days, except for those granted for the purpose of importing goods related with the automotive sector or sugar, which are valid for 90 days. If a longer period is required, the necessary steps must be taken to obtain a new licence. Licences, apart from that for sugar, are not transferable. In the case of sugar, the licence may be transferred subject to the agreement of the National Directorate of Industry (DNI) and provided that there is no change in the volume authorized or the industrial enterprise that is to use the input.

3.1.6 Anti-dumping, countervailing and safeguard measures

3.1.6.1 Anti-dumping measures

3.57. The application of anti-dumping measures continues to be governed by Law No. 16.671 of 13 December 1994 and Decree No. 142/996 of 23 April 1996.

3.58. The entities responsible for carrying out investigations to determine the existence of injury to the domestic industry attributable to dumped imports and adopting, where appropriate, corrective measures to counteract that injury, are, depending on the nature of the product under investigation, the National Directorate of Industry in the Ministry of Industry, Energy and Mining or the Agricultural Planning and Policy Office (OPYPA) in the Ministry of Livestock, Agriculture and Fisheries (MGAP). Other institutions such as the Ministries of the Economy and Finance and Foreign Affairs and the Planning and Budget Office (OPP) may also be involved in the investigations.

3.59. Investigations to determine the existence, the degree and the effects of alleged dumping are initiated upon a written application by or on behalf of the domestic industry, addressed to one of the above-mentioned entities, depending on the nature of the product under investigation. In exceptional circumstances, an investigation may be initiated *ex officio*, where there is sufficient

evidence of dumping, injury and causal link to justify the investigation.⁵⁹ According to the authorities, no *ex officio* investigations have been initiated.

3.60. The application for the initiation of an investigation may only be made in person by the accredited legal representatives or through third parties (with notarized power of attorney) or online. The application must include evidence of dumping, injury and a causal link between the dumped imports and the alleged injury. Investigations must be concluded within one year of their initiation, other than in exceptional circumstances when this period may be extended to 18 months. The law does not specify what these exceptional circumstances might be. According to the authorities, the procedures for carrying out an investigation have not changed since 2012.⁶⁰

3.61. Anti-dumping duties and price undertakings are to remain in force only as long as and to the extent necessary to counteract dumping which is causing injury. Definitive anti-dumping duties must be terminated on a date not later than five years from their imposition or the date set for their review. The maximum period of applicability of an anti-dumping measure may be extended *ex officio* or upon a duly substantiated request by the domestic industry concerned, if it is concluded that termination of the duty would give rise to the continuation of injury and dumping.

3.62. Decisions relating to the application of an anti-dumping duty may be subjected to a total or partial review, at the request of the interested parties or on the initiative of the authorities, a minimum of one year after the imposition of the definitive anti-dumping duty, provided that there is sufficient evidence that: (a) the imposition of the measure is no longer necessary to offset dumping; (b) the injury would be unlikely to continue or recur if the measure were removed or altered; or (c) the existing measure is not or is no longer sufficient to counteract the dumping causing the injury. Exceptionally, where there have been substantial changes in the circumstances or for reasons of national interest, a measure may be reviewed within less than a year of its being imposed.

3.63. During the review period, Uruguay initiated two anti-dumping investigations: one relating to polyethylene film from Brazil (5 January 2015) and the other to electric water heaters of Chinese origin (20 June 2010). The polyethylene film investigation did not give rise to the application of any measure, whereas in the case of the heaters an *ad valorem* duty was imposed in 2012 (Table 3.13). During the periods 2012-2014 and 2016-2017, Uruguay did not initiate any anti-dumping investigations.

Table 3.13 Anti-dumping measures, 2012-2017

Country or customs territory	Product	Initiation	Provisional measures and preliminary determinations	Definitive measures	No final measures/ termination
2012 -2014		N/A	N/A	N/A	N/A
2015					
Brazil	Transparent heat-shrinkable polyethylene film of a thickness exceeding 30 micrometres, in rolls (HS 3920.10.99.12 and HS 3920.10.99.19)	5 January 2015	No measures of any kind applied	No duties applied	N/A
People's Republic of China	Electric water heaters, with steel tanks, of a kind used for domestic purposes, with a capacity of 110 litres or less (HS 8516.10.00.10)	20 June 2010	2010-2011 No provisional measures applied	2012-2015 <i>Ad valorem</i> duty	This measure was terminated on 15 January 2016
		15 January 2015 ^a	Not yet determined	29 December 2015 According to the preliminary report of the implementing authority, an extension of duties is not appropriate	

⁵⁹ Article 40 of Decree No. 142/1996.

⁶⁰ The procedures for carrying out an investigation may be viewed online at: <https://tramites.gub.uy/ampliados?id=163>.

Country or customs territory	Product	Initiation	Provisional measures and preliminary determinations	Definitive measures	No final measures/ termination
2016-2017		N/A	N/A	N/A	N/A

a Sunset review.

N/A Not applicable.

Source: WTO documents G/ADP/N/280/URY and G/ADP/N/280/URY of 11 September 2012 and 22 February 2016, respectively.

3.1.6.2 Countervailing measures

3.64. The legislation governing the imposition of countervailing measures has not changed since 2012.⁶¹ The DNI in the MIEM and the OPYPA in the MGAP are the authorities responsible for the corresponding investigations. Domestic producers who consider themselves to have been injured or threatened by imports of like products may apply to these bodies for an investigation to determine the existence of a subsidy, as well as injury to the domestic industry as a consequence of the imports, and to impose the appropriate countervailing duties. During the review period, Uruguay did not initiate any investigation or adopt any countervailing measures.

3.1.6.3 Safeguard measures

3.65. Law No. 16.671 of 13 December 1994 and Decree No. 2/999 of 8 January 1999 establish the rules for the imposition of the safeguard measures envisaged in Article XIX of the GATT 1994 (Emergency action on imports of particular products), in accordance with the WTO Agreement on Safeguards.

3.66. In Uruguay, the Implementation Committee, composed of representatives of the Ministries of the Economy and Finance; Foreign Affairs; Livestock, Agriculture and Fisheries; and Industry, Energy and Mining, together with the Planning and Budget Office, is responsible for administering the safeguard regime. The responsibilities of the Committee include initiating the investigation, rejecting applications, closing the investigation, initiating the review and/or extension procedure and terminating measures.

3.67. The request for the initiation of an investigation with a view to the imposition of a safeguard measure must be lodged, in writing, by the interested parties with the Implementation Committee, which will designate the investigating body. In general, the DNI and the OPYPA will be entrusted with the investigation. As technical agencies, these entities are responsible for recommending whether an investigation should be initiated and whether a safeguard measure should be imposed once the investigation is completed or whether provisional measures should be applied, and are required to rule on the application, revocation or extension of definitive measures.

3.68. It is for the Ministry of Foreign Affairs to notify the WTO Committee on Safeguards of the initiation of an investigation and its outcome. During the review period, Uruguay did not initiate any investigation or adopt any safeguard measures.

3.69. Uruguay reserved the right to apply special safeguards for seed wheat (HS 2007 subheadings 1001.10.00.90 and 1001.90.10.90). However, Uruguay has notified the Committee on Agriculture that during the period 2012-2015 the special safeguard was not used.⁶²

3.2 Measures directly affecting exports

3.2.1 Customs procedures and requirements

3.70. The National Customs Directorate in the Ministry of the Economy and Finance, is responsible for export procedures, which are mainly governed by the Uruguayan Customs Code.⁶³ Exporters do

⁶¹ Law No. 16.671 of 13 December 1994 and Decree No. 395/008 of 18 August 2008.

⁶² WTO documents G/AG/N/URY/51 of 17 May 2013, G/AG/N/URY/54 of 20 June 2014, G/AG/N/URY/58 of 27 April 2015 and G/AG/N/URY/60 of 2 May 2016.

⁶³ Law No. 19.276 of 19 September 2014.

not need to be registered with the DNA, only to be enrolled in the RUT (Directorate-General of Taxation and Social Security Bank (BPS)) and with the State Insurance Bank (BSE).

3.71. Uruguay operates three customs export procedures: outright exportation; temporary exportation for re-importation in the same state or for outward processing; and customs transit, which is common to both imports and exports (Table 3.14).

Table 3.14 Export procedures

Outright exportation
Outright exportation is the customs procedure that allows goods in free circulation to leave the customs territory definitively, subject to the payment of export duties and taxes, where appropriate, and compliance with all the mandatory customs formalities.
Temporary exportation for re-importation in the same state
Goods in free circulation are exported for a specific purpose and period of time, with the requirement that they be re-imported in the same state, without payment of the duties and taxes levied on outright exportation, with the exception of the 0.05% BROU charge on the export value. Goods which return to the country after leaving the customs territory under this procedure are not subject to the payment of the duties and taxes levied on outright importation, with the exception of the 0.05% BROU charge on the export value.
Temporary exportation for outward processing
The goods are exported without payment of the duties and taxes levied on outright exportation, with the exception of the 0.05% BROU charge on the export value, so that they may undergo processing, manufacturing or repair and be subsequently re-imported within a specified period, subject to the duties and taxes levied on outright importation exclusively with respect to the value added abroad.

Source: Uruguayan Customs Code (Law No. 19.276 of 19 September 2014).

3.72. To export it is necessary to use the services of a customs clearing agent, who must be provided with the *pro forma* or final commercial invoice and the packing list (if any). The clearing agent fills out the Single Customs Document on his computer system and sends the information to the DNA. The DUA must be accompanied by the commercial or *pro forma* invoice, a copy of the bill of lading, a sworn declaration signed by the clearing agent and the exporter, and by all the documentation required in connection with the product in question, such as certificates of origin and phytosanitary or animal health certificates and those of the National Meat Institute (INAC) and the National Directorate of Aquatic Resources (DINARA).

3.73. Once the DNA has validated the DUA, the DNA's computer system randomly designates the control channel, which may be: red (examination of the goods and documents), amber (examination of the documents) or green (no examination).

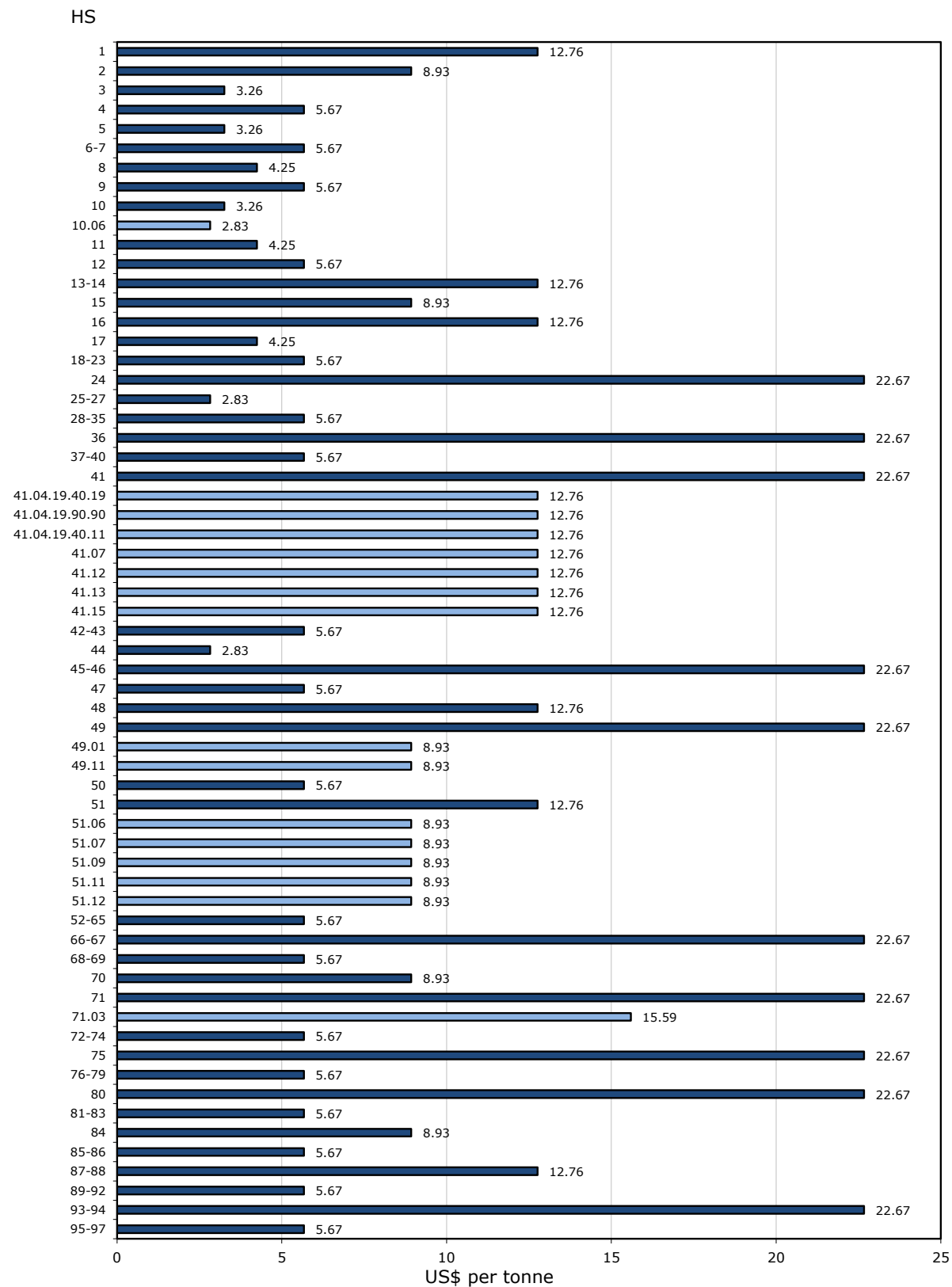
3.74. If a port managed by the National Ports Authority (ANP) is used for exporting the goods, then before the goods are loaded the port dues for loading and transshipment must be paid. These tariffs were determined in 1993 on the basis of an econometric model that took into account the investment and the maintenance cost.⁶⁴ The tariffs are specific and vary with the product from US\$2.83 per tonne to US\$22.67 per tonne (Chart 3.4). Once the goods have been loaded, the export duties and taxes are paid into the BROU. Once the duties and taxes have been paid and it is in possession of all the final documentation, the DNA registers the export operation in its LUCIA computer system (SIL). After that, the exporter may apply to the DGI for the corresponding drawback. The basis for calculating drawback is the export customs value (VAE), determined in accordance with the Agreement on Implementation of Article VII of the GATT 1994 (Section 3.2.4).⁶⁵

⁶⁴ Decree No. 533/993 of 25 November 1993.

⁶⁵ Decree No. 32/014 of 11 December 2014.

Chart 3.4 Port dues, by HS Chapter

(US\$ per tonne)



Source: Online information from the National Ports Authority (ANP), viewed at:

http://www.anp.com.uy/inicio/institucional/cifras/montevideo/tarifas/montevideo_tarifas_despacho_exportacion.

3.2.2 Taxes, charges and levies

3.75. In Uruguay, duties and taxes on exports are prohibited by Law No. 17.780 of 27 May 2004, which annulled the Government's right to establish such taxes, other than that on exports of raw, salted, pickled or wet-blue hides. Decree No. 639/006 of 27 December 2006 states that the export tax rate applicable to these products, included in the tariff lines of HS heading 4101 and its subheadings HSA 4104.11 and 4104.19, will correspond to that specified in Decree No. 456/984 of 22 October 1984 (5%).

3.76. The fees charged by customs clearing agents vary with the customs operation and the service provided. In 2012, minimum *ad valorem* scales were established for clearing agent fees, by operation (Table 3.15). However, according to the authorities, these fees are agreed with the clients. The customs value of the imported goods was taken as the basis for calculating the fee.

Table 3.15 Fees charged by Uruguayan customs clearing agents (exports), 2017

Value of the goods/other At exit (exportation, return, etc.)	Rate (<i>ad valorem</i>)/specific
General goods	0.50%
For traditional exports and high-value or high-volume goods	0.30%
Minimum fee	US\$50

Source: 2012 tariffs: Uruguayan Association of Customs Clearing Agents. Online information viewed at: http://www.grupocer.com.uy/site/?page_id=133.

3.2.3 Export prohibitions, restrictions and licensing

3.77. In general, in Uruguay the free export of goods is guaranteed, with the exception of those that might affect public health, national security, preservation of the environment, sanitary conditions or consumer protection and those needed to satisfy the domestic demand for basic necessities. Exports may also be restricted to comply with the commitments undertaken by Uruguay within the context of the various international agreements to which it is a signatory.

3.78. The Government may take the measures necessary to ensure adequate supplies and in times of scarcity or excessive increases in prices may, among other measures, reduce or temporarily abolish customs duties on staple goods or prohibit the export of such goods where there are market shortages for domestic consumption or when prices on the domestic market are higher or lower than those prevailing abroad.⁶⁶ When exports are prohibited, the measure may be general or directed at a particular market. Under these powers, and owing to the supply difficulties facing the Uruguayan iron and steel industry, the export of steel and cast iron scrap is prohibited. This prohibition dates from 2001 and has been extended, since the authorities consider that the conditions leading to the decision to prohibit these exports have not changed.⁶⁷

3.79. During the period 2012–2017, in addition to continuing to prohibit the export of ferrous scrap, Uruguay also prohibited the export of certain moulds and bovine fat destined for China (Table 3.16).

Table 3.16 Prohibited exports, 2018

HS code	Description	Destination	Legal basis
15.02	Fats of bovine animals, sheep or goats		
15.0210.1900	Other bovine fats, rendered	China	MGAP Resolution No. 136/2015 Decree No. 29.233 of 22 June 2015
38.24	Prepared binders for foundry moulds or cores		
38.2472.0000	Prepared binders for foundry moulds or cores containing bromochlorodifluoromethane, bromotrifluoromethane or dibromotetrafluoroethanes	Any country	Decree No. 308/994
72.04	Ferrous waste and scrap		
72.0410.0000	Waste and scrap of cast iron	Any country	Decree No. 209/002
72.0429.0000	Other waste of stainless steel	Any country	Decree No. 209/002
72.0430.0000	Waste and scrap of tinned iron or steel	Any country	Decree No. 209/002

⁶⁶ Law No. 10.940 of 19 September 1947.

⁶⁷ Decree No. 209/002 of 12 June 2002.

HS code	Description	Destination	Legal basis
72.0441.0000	Waste – Turnings, shavings, chips, filings, trimmings and stampings, whether or not in bundles	Any country	Decree No. 209/002
72.0449.0000	Other – Turning waste	Any country	Decree No. 209/002
72.0450.0000	Scrap ingots	Any country	Decree No. 209/002

Source: Information provided by the authorities.

3.80. Moreover, as from 2011, any exporter of rice (HS 10.06, HS 11.02, HS 15.1590) will have to submit certain information relating to the area sown (by variety of rice and department), production at harvest time and monthly stocks to the Sectoral Committee for Rice, in order to obtain a "rice export authorization".⁶⁸

3.2.4 Support for exports and export promotion

3.81. Uruguay XXI is the Uruguayan Investment and Export Promotion Institute. One of the main objectives of Uruguay XXI is to contribute to the consolidation, expansion and diversification of exports of goods and services. Within this framework, it also seeks to include more businesses, especially micro and small and medium enterprises (MSMEs), in the export process and to promote an export culture throughout the country.

3.82. Since 2012, Uruguay XXI has implemented various programmes designed to promote exports: Proexport (co-financing of trade promotion programmes); FODIME (co-financing of internationalization plans and/or market studies); ProTIC (co-financing of trade action plans with a maximum duration of two years, for enterprises in the ICT sector); *Finishing Schools* (co-financing of training programmes for enterprises in various sectors: pharmaceuticals and health; information and communication technologies (ICT); architecture and engineering; and corporate services). In 2016, Proexport and FODIME were discontinued and integrated into a single programme Proexport+, which began to be implemented in July 2017.

3.83. The objective of Proexport, closed down in 2016, was to help to improve the competitiveness of the MSMEs, thereby facilitating their integration into the international market. Proexport provided enterprises with financial support to carry out activities such as: visits to fairs, trade missions, reverse missions (invitations to possible buyers), and technological missions. The contributions, which did not have to be reimbursed, could be used to finance, among other things: travel outside and inside the country (in the case of travel abroad, financing was provided for a single trip per enterprise); stands for exhibiting at foreign fairs; shipments of samples abroad; and technical assistance and training in connection with export-related activities. The programme was open to MSMEs with an "SME Certificate" issued by the MIEM's National Directorate of Crafts and Small and Medium Enterprises (DINAPYME).⁶⁹ The non-reimbursable grants from Proexport could be used to finance up to 70% of the cost of export promotion with a ceiling of US\$5,000 per enterprise, for individual proposals. For associative proposals, the maximum support depended on the cost of the proposal and the number of participating beneficiary enterprises.

3.84. In 2012, the Market Diversification Fund (FODIME) was established to carry out market studies in order to facilitate market access for MSMEs whose exports had been affected by restrictive measures imposed in the markets of destination. The FODIME was set up by the MIEM and managed by Uruguay XXI. Altogether, during the period 2012-2016 the FODIME supported 80 enterprises at a cost of US\$875,484; the private sector contribution amounted to US\$285,291.⁷⁰

3.85. The promotion of services exports forms part of Uruguay's development strategy. To this end, Uruguay XXI implements various programmes for promoting the country as a strategic provider of services. Steps have been taken to increase the participation of small and medium enterprises (SMEs) in the information and communication technology (ICT) industry, which has been identified

⁶⁸ Decree No. 439/011 of 12 December 2011.

⁶⁹ A micro-enterprise employs from one to four people and has annual sales of 2 million indexed units (UI); a small enterprise employs from 5 to 19 people and has annual sales of 10 million UI; and a medium enterprise employs from 20 to 99 people and has annual sales of 75 UI (online information from DINAPYME, viewed at: http://www.dinapyme.gub.uy/web/mipymes/-/per_centC2_per_centBFes-mi-empresa-una-mipyme-).

⁷⁰ Online information from Uruguay XXI, viewed at: <http://www.uruguayxxi.gub.uy/exportaciones/fodime>.

as one of the areas of the services sector with a significant export potential. Thus, the year 2015 marked the emergence of ProTIC, a programme for supporting exporting SMEs and those with an export potential in the ICT sector. Through ProTIC, beneficiary enterprises are granted non-reimbursable funds ranging from US\$5,000 to US\$20,000. These funds can be used to finance trade visits or participation in international events or reverse missions, as well as to pay for consultancy services and database purchases. They can cover a maximum of 70% of the total cost of an enterprise's trade promotion programme.⁷¹

3.86. The *Finishing Schools* programme, implemented since 2012, is directed towards supporting services-exporting enterprises. This programme can be used to finance, with non-reimbursable funds, up to 70% of a training plan proposed by the enterprise.⁷² At end-2017, some 52% of the disbursements made under the programme had gone to enterprises in the corporate services segment, 33% to ICT enterprises, 14% to life-sciences enterprises and 1% to architecture and civil engineering enterprises.

3.87. The objective of the Proexport+ programme, initiated in 2017, is to provide exporting MSMEs with support for their internationalization process.⁷³ Proexport+ is managed by Uruguay XXI, within the framework of the National System for Productive Transformation and Competitiveness.⁷⁴ Through this mechanism, enterprises can obtain co-financing for capacity building or boosting their marketing and sales strategy, within the framework of an internationalization project. Beneficiaries of the programme can obtain co-financing in the form of a non-reimbursable contribution of up to US\$40,000 per project. The activities that can be co-financed are: training, certification, product development and improvement, design and packaging, professional development or the creation of a foreign trade area. The internationalization plan may also involve business missions, market studies, legal advice, exploratory visits, participation in trade fairs, visits to customers, negotiating rounds, reverse or technological missions, and registration and protection of trademarks and patents in the markets of destination.

3.88. Uruguay continues to implement special export promotion procedures.⁷⁵ The main procedures operating in Uruguay include temporary admission, stock replacement and drawback. These three procedures have not undergone any substantial changes since 2012 and the MIEM, with the technical assistance of the Uruguayan Technological Laboratory (LATU), continues to be the supervisory body.⁷⁶

3.89. Temporary admission provides for the importation, free of all duties and taxes, of raw materials, inputs, parts, components, equipment or materials (including those needed for software media or information relating to information technology) used for manufacturing products which are subsequently exported, whether in the state in which they were imported or after having undergone specific transformation, processing, repair or value adding, with the actual employment of labour. The procedure also covers machinery and equipment temporarily imported for repair, maintenance or upgrading and products consumed in the production process without being incorporated into the finished product exported, as well as containers and packaging material. To operate under this procedure it is necessary to obtain prior authorization from LATU, and the end products must be exported within a period of 18 months from the date of authorization.

3.90. The stock replacement procedure allows the exporter to import inputs free of duties and taxes to replace similar goods imported and used as inputs for manufacturing an exported product. To obtain authorization to operate under this procedure, the exporter must provide LATU with a list of the goods to be exported. The replacement goods must be imported within a period of 18 months from the date of authorization, in a single operation.

⁷¹ Online information from Uruguay XXI, viewed at: <http://www.uruguayxxi.gub.uy/es/uruguay-xxi-lanza-protic-programa-que-apoyara-a-los-exportadores-de-tics>.

⁷² Online information viewed at: <http://www.smartservices.uy/innovaportal/v/255/6/innova.front/que-son.html>.

⁷³ Online information from Uruguay XXI, viewed at: <http://www.uruguayxxi.gub.uy/exportaciones/presentacion-programa-de-apoyo-a-mipymes-en-el-proceso-de-internacionalizacion>.

⁷⁴ Law No. 19.472 of 23 December 2016.

⁷⁵ Export incentives. Online information viewed at: <http://www.uruguayxxi.gub.uy/exportaciones/incentivos-a-la-exportacion>.

⁷⁶ Decree No. 505/009 of 3 November 2009, implementing Law No. 18.184 of 27 October 2007.

3.91. Under the drawback procedure, the exporter may claim the refunding of the duties and taxes paid to import inputs that can be imported under the temporary admission procedure and have been used as inputs in the production of the goods, after the end product has been exported. In addition to the drawback system, there is an indirect tax refund procedure that enables the exporter to recover internal taxes that form part of the cost of the product exported, provided that the product contains a minimum of 20% of domestic inputs. The amount refunded to the exporter is a percentage of the customs export value (VAE)⁷⁷, established by Government decree. The refund percentage is determined on the basis of studies of the indirect taxes not refunded to the export sectors; the refund rates are updated on the basis of these studies. The tax refund certificate, issued by the DGI, can be used to pay taxes and/or contributions to the Social Security Bank (BPS) or be endorsed to a financial institution.

3.92. The list of products and the refund percentage under the indirect tax refund procedure varied during the review period. The refund percentage increased from 2% in 2012, to 3% in 2014 and to 6% in 2017.⁷⁸ The number of tariff lines (HS ten-digit) eligible for the refund increased from 217 in 2012 to 1,531 in 2017 (Table 3.17).⁷⁹

Table 3.17 Indirect tax refund procedure, 2012, 2014 and 2017

(Number of lines and rates (%))

HS Section	2012	2014	2017
1 – Live animals and animal products	6	487	194
2 – Vegetable products	2	66	50
3 – Animal or vegetable fats and oils		23	12
4 – Prepared food stuffs, beverages, tobacco	10	154	77
5 – Mineral products		8	8
6 – Products of the chemical or allied industries	24	271	220
7 – Plastics and articles thereof	4	136	95
8 – Raw hides and skins, furskins and articles thereof	8	97	62
9 – Wood and articles of wood	14	54	61
10 – Wood pulp; paper, paperboard and articles thereof	3	112	48
11 – Textiles and textile articles	135	711	425
12 – Footwear, headgear, etc.		33	24
13 – Articles of stone; ceramic products	2	33	28
14 – Precious metals, pearls and precious stones		7	7
15 – Base metals		74	47
16 – Machinery and appliances, electrical equipment	6	96	79
17 – Vehicles, etc.		72	31
18 – Instruments and apparatus	2	29	23
19 – Arms and ammunition			
20 – Miscellaneous manufactured articles	1	44	40
Total	217	2,507	1,531

Source: Information provided by the authorities.

3.93. Enterprises which export completed or part completed vehicles assembled in the country or auto parts of national origin and benefit from a customs concession applicable to the importation of motor vehicles assembled in the country of origin and destined for the domestic market may not additionally benefit from the refund of indirect taxes.⁸⁰

3.94. The objective of the free zone regime established in 1987 is to promote investment, exports, employment and international economic integration.⁸¹ The Ministry of the Economy and Finance authorizes the creation of free zones and then supervises them; the free zones may be public or private. At present, there are free zones in: Colonia, Canelones, Florida, Fray Bentos, Libertad, Montevideo, Nueva Helvecia and Nueva Palmira. In these zones it is possible to engage in activities such as: the marketing, storage, handling and packing, grading, splitting, mixing, assembly or disassembly of goods or raw materials of domestic or foreign origin, as well as manufacturing activities and the provision of any type of services.

⁷⁷ Decree No. 32/014 of 11 December 2014.

⁷⁸ Decree No. 147/014 of 23 May 2014.

⁷⁹ Decree No. 183/017 of 14 July 2017.

⁸⁰ Decree No. 147/14 of 23 May 2014, Decree No. 316/992 of 7 July 1992 and WTO documents G/SCM/N/253/URY-G/SCM/N/260/URY of 26 July 2013.

⁸¹ Law No. 15.921 of 17 December 1987 and Decree No. 454/988 of 8 July 1988.

3.95. The users of free zones enjoy the following tax concessions (provided that 75% of their personnel are Uruguayan citizens): exemption from all domestic taxes, including the tax on the income from economic activities; entry and exit of goods and services free of all duties and taxes and the payment of dividends to shareholders domiciled abroad with exemption from withholding tax in Uruguay.

3.96. From the customs viewpoint, goods introduced into free zones from non-free national territory are considered to be exports, and the departure of goods from the free zones for foreign destinations is totally exempt from tax. The introduction of goods from the free zone into non-free national territory is regarded as importation and is therefore subject to the corresponding tariffs. Likewise, goods from Uruguayan free zones that enter MERCOSUR member countries are subject to the common external tariff.

3.97. In the free zones there is no state monopoly of industrial or commercial services.

3.2.5 Export financing, insurance and guarantees

3.98. The export financing regime continued to exist up until 2014. Since 1 June 2014 no operations have been instituted under the financing regime, except in the case of certain goods for which the deadline for setting up such operations was 31 December 2014.⁸²

3.3 Measures affecting production and trade

3.3.1 Incentives

3.99. In 2013 Uruguay notified the WTO of two programmes related with subsidies granted to the automotive and clothing industries.⁸³ According to information provided by the authorities, these programmes have not undergone any substantive changes since 2012.⁸⁴ According to the notification made to the WTO, the programme for the automotive industry would not be prolonged beyond 31 December 2015 and it would begin to be dismantled in 2013. According to information provided by the authorities, the programme for the clothing industry will continue in force until 2018 inclusive.

3.100. Uruguay continues to implement a subsidy programme for the restructuring of the automotive sector and the promotion of its exports. The subsidy is granted to enterprises which export completed or part completed vehicles assembled in the country or auto parts of Uruguayan origin. These enterprises may benefit from customs relief on the importation of motor vehicles destined for the domestic market or use the relief to avoid paying other taxes.⁸⁵

3.101. In the case of the programme for the clothing and leather industry, the subsidy is granted to strengthen and promote its development. The principal objectives of the measure are: to ensure the sustainability of the sector; to improve quality and working conditions; to increase the sector's productivity; and to promote the employment of skilled labour and reduce the amount of casual labour.⁸⁶ The benefits of the programme are available to enterprises devoted to manufacturing, among other things: knitted articles of apparel and clothing accessories (HS 61); clothing accessories other than knitted (HS 62); clothing accessories of leather (HS 4203.10); bed linen of cotton and non-woven fabric (HS 6302.21, HS 6302.22, HS 6302.31 and HS 6302.32); hats and other headgear and hair-nets (HS 6505.00); and padded quilts and similar articles of natural or man-made fibres (HS 9404.90.00.20). The subsidy is granted to enterprises and workers that request it and is divided into three parts: (i) 33% for enterprises, (ii) 33% for workers and (iii) 34% for co-financing projects. In 2012, it was decided that the total amount of the subsidy for the period

⁸² Decree No. 147/014 of 23 May 2014.

⁸³ The programme for the automotive industry was notified under the provisions of Article 27.4 of the Agreement on Subsidies and Countervailing Measures and has therefore been subject to extensions in accordance with the procedures in General Council Decision WT/L/691 (WTO document G/SCM/N/253/URY - G/SCM/N/260/URY of 26 July 2013).

⁸⁴ Decree No. 316/92 of 7 July 1992, Decree No. 583/94 of 30 December 1994, Decree No. 340/96 of 23 August 1996, Decree No. 60/99 of 3 March 1999 and Decree No. 273/99 of 10 September 1999.

⁸⁵ Decree No. 60/999 of 3 March 1999 and Decree No. 273/999 of 10 September 1999, which amended Decree No. 316/992 of 7 July 1992.

⁸⁶ Law No. 18.846 of 25 November 2011, Decree No. 179/012 of 1 June 2012 and Law No. 19.355 of 19 December 2015.

2012-2018 would be US\$27.5 million, to be distributed in annual amounts.⁸⁷ This programme will continue in force until 2018 inclusive.

3.102. In addition to these programmes, Uruguay grants other fiscal incentives for investment in general (Section 2) and for specific sectors (Table 3.18). These programmes were already in force in 2012 and according to information provided by the authorities have not undergone any major changes.

Table 3.18 Incentives, 2018

Beneficiaries	Incentives		Legal framework
	Tax exemption	Other	
Agriculture	Exempts imported agricultural inputs from specified levies		Decree No. 194/1979 of 3 March 1979 Decree No. 71/016 of 9 March 2016
Agriculture		Promotion fund Farming insurance	Decree No. 267/012 of 16 August 2012
Forestry sector	IRAE		Law No. 17.905 of 15 September 2005
Automotive sector	Tariffs		Decree No. 316/92 of 7 July 1992 and amendments thereto
Parts and components for capital goods	Preferential tariff rate		Decree No. 487/983 of 9 December 1983
Clothing		Grant	Law No. 18.846 of 25 November 2011 Decree No. 179/021 of 1 June 2012
Dockyards, dry docks and jetties	Tariffs, VAT		Decree-Law No. 15.675 of 25 October 1984
Biotechnology	IRAE		Law on the Protection and Promotion of Investment No. 16.906 of 7 January 1998 Decree No. 011/013 of 15 January 2013
Shipbuilding industry and electronics	IRAE		Law on the Protection and Promotion of Investment No. 16.906 of 7 January 1998 Decree No. 58/009 of 26 January 2009 Amending Decree No. 532/009 of 23 November 2009 Amending Decree No. 127/011 of 1 April 2011
Construction of housing and offices of major economic importance	IRAE		Law on the Protection and Promotion of Investment No. 16.906 of 7 January 1998 Decree No. 329/016 of 13 October 2016 Amending decrees: Decree No. 007/017 of 10 January 2017, Decree No. 194/017 of 24 July 2017 and Decree No. 26/017 of 20 November 2017
Construction, expansion and operation of car parks	IRAE Import duties and taxes VAT in the domestic market Wealth tax (IP)		Law on the Protection and Promotion of Investment No. 16.906 of 7 January 1998 Decree No. 110/016 of 18 April 2016
Tourism	Import duties and taxes VAT in the domestic market IP		Law on the Protection and Promotion of Investment No. 16.906 of 7 January 1998 Decree No. 175/003 of 7 May 2003
	IRAE Import duties and taxes VAT in the domestic market IP		Law on the Protection and Promotion of Investment No. 16.906 of 7 January 1998 Decree No. 404/010 of 29 December 2010 Amending Decree No. 59/012 of 28 February 2012
Renewable energy	IRAE		Law on the Protection and Promotion of Investment No. 16.906 of 7 January 1998 Decree No. 354/009 of 3 August 2009

Source: Information provided by the authorities.

3.103. The National Economic Development Agency (ANDE) is responsible for designing and implementing programmes and tools for improving business skills with an emphasis on MSMEs. The

⁸⁷ Decree No. 179/012 of 1 June 2012.

ANDE helps MSMEs to obtain financing. It accordingly develops and implements programmes and tools such as the Financing Programme (PFA), which offers financing and technical support to institutions that grant credit directly to MSMEs and provides guarantees for MSMEs through the National Guarantee System (SiGa).⁸⁸

3.104. The Fund for Development (FONDES) provides enterprises with various forms of support: loans and guarantees; seed capital and venture capital; non-reimbursable contributions to finance technical assistance with the finalization of plans and feasibility and development studies for projects and programmes; and non-reimbursable contributions for the purpose of financing staff training and improving management and certification processes.⁸⁹

3.105. FONDES ANDE was established in 2016, specifically for the purpose of financing the development of MSMEs.⁹⁰ The objective is to extend financing to MSMEs via financial institutions that operate throughout Uruguayan territory. Funds from FONDES ANDE were used to create the "First ANDE-SiGa Guarantee Trust Fund" (FGAS), which has been operational since November 2016 and has at its disposal approximately Ur\$370 million with a maximum leverage of 1.5. According to information provided by the authorities, by October 2017 altogether 15 guarantees had been granted for a total amount of approximately Ur\$20 million (some 3.6% of the funds available). The funds guaranteed corresponded to activities in the agricultural (5.6%), industrial (24.7%) and trade and services (69.7%) sectors. Since the creation of FONDES ANDE up to October 2017, non-reimbursable contributions from its funds totalling Ur\$215 million had been granted. During the same period, Seed ANDE was used to provide a total of Ur\$46 million for financing 72 projects, with a contribution of Ur\$11.5 million from the private counterparty (Seed ANDE finances 80% of each project). Seed ANDE has mainly been used as a tool in the services sector (58.3%), followed by the industrial sector (33.3%) and agriculture (8.3%).

3.106. Since 2016, Uruguayan legislation has stipulated that all the new support that FONDES grants to the undertakings or projects of one and the same economic group may never exceed 10% of the assets managed in the current year. If loans are granted, up to two loans may be granted to one and the same project or enterprise, over a period of five years, and the total amount of the loan may not exceed 15% of the annual average value of the assets managed in the previous five years.⁹¹

3.107. ANDE coordinates its efforts with Uruguay XXI within the framework of the National System for Productive Transformation and Competitiveness (*Transforma Uruguay*) for the implementation of MSME internationalization programmes.⁹²

3.3.2 Standards and other technical requirements

3.108. The Uruguayan Standardization, Accreditation, Metrology and Conformity Assessment System (SUNAMEC)⁹³ established in 2010, to which the Uruguayan Technical Standards Institute (UNIT) belongs, is an integral part of the framework for developing standardization procedures and assessing the conformity of products and services (calibration, testing, inspection, certification and accreditation) in accordance with international practice.⁹⁴ Uruguay, through the UNIT, has accepted the Code of Good Practice for the Preparation, Adoption and Application of Standards set out in Annex 3 to the WTO Agreement on Technical Barriers to Trade.

3.109. The UNIT is Uruguay's national standardization body. It issues standards through various specialized committees composed of representatives of all the sectors involved, which follow a common procedure (Chart 3.5).

⁸⁸ Online information from the ANDE Fund for Development, viewed at: <https://www.ande.org.uy>.

⁸⁹ Article 7 of Decree No. 159/016 of 30 May 2016. In accordance with the Decree, the Fund for Development is divided into two parts: one managed by the National Cooperativism Institute (INACOOP) and the other managed by the National Economic Development Agency (ANDE). The former will be called FONDES INACOOP and the latter FONDES ANDE.

⁹⁰ Law No. 19.337 of 20 August 2015.

⁹¹ Decree No. 159/016 of 30 of May 2016.

⁹² Law No. 18.602 on the ANDE of 21 September 2009.

⁹³ The SUNAMEC replaced the Uruguay Accreditation, Standardization, Certification, Calibration and Testing Scheme (SUANCCE) established in 1997.

⁹⁴ Decree No. 89/010 of 26 February 2010.

Chart 3.5 Standardization

Source: Online information from UNIT, viewed at: <http://www.unit.org.uy/normalizacion/que>.

3.110. Standards are issued and revised at the request of an interested party or when it is recognized that, in the public interest, there is a need to develop a standard in a specific field. Once the request has been accepted, a specialized technical committee is set up to prepare, examine and approve drafts of new standards and/or amendments to existing ones. Consumers and producers of both the sector that will be affected and other sectors participate in these technical committees. Once the specialized committee has completed its study and has approved the preliminary draft, the latter becomes a draft. If there is a relevant international standard, it is used as a reference. If the committee considers it expedient, it may submit the draft standard to a public inquiry. Once the draft has been studied and there is a consensus (absence of reasoned objections), it is approved. All drafts approved by the committee are submitted for examination by the General Committee on Standards (CGN). If approved by the CGN, the standard is published and registered in the UNIT Standards Catalogue. There is a charge for access to the Catalogue.⁹⁵

3.111. There is no mandatory procedure for revising standards. They are revised to the extent that there are changes in the circumstances that led to their being approved. Standards may be revised *ex officio* or at the request of an interested party.

3.112. In Uruguay there are several agencies that issue technical regulations, including the Ministries of: Industry, Energy and Mining; Public Health; Livestock, Agriculture and Fisheries; and Housing, Land Management and the Environment. Technical regulations are also issued by the Energy and Water Services Regulatory Authority (URSEA) and the Communications Services Regulatory Authority (URSEC). Each follows its own procedures for drawing up technical regulations. The preparation of technical regulations may be initiated *ex officio* or at the request of a third party. As with standards, there is no mandatory procedure for revising technical regulations. They are revised to the extent that there are changes in the circumstances that led to their being issued. Revision may be *ex officio* or at the request of an interested party.

3.113. A proportion of the technical regulations adopted by Uruguay involve the adoption of regulations issued at the regional level by the Common Market Group (GMC), MERCOSUR's principal executive body.

3.114. In the period between January 2012 and December 2017, Uruguay submitted 15 technical regulation notifications (21 since 1995) to the WTO Committee on Technical Barriers to Trade. Six of these notifications referred to technical regulations issued by MERCOSUR's GMC. A majority of the regulations related to foods (five notifications), followed by those relating to packaging, marking and labelling (four) and those relating to household cleaning products (three).⁹⁶ No questions relating to the measures imposed by Uruguay were raised in the WTO Committee on Technical Barriers to Trade during the period 2012-2017. Uruguay's TBT enquiry points are by the Ministry of Foreign Affairs (for notifications) and the Ministry of the Economy and Finance (for receiving comments).

3.115. The National Quality Institute (INACAL), established in 2005, is the organization responsible for quality control. INACAL communicates with the Government through the Ministry of Industry, Energy and Mining. In addition, INACAL, as part of SUNAMEC, guides and coordinates the work of the National Quality System.⁹⁷

3.116. The UNIT is responsible for certification in Uruguay. It certifies management systems and certain products and services. For certifying products and services, the UNIT has an Independent Quality Certification System for granting the right to use the "UNIT Mark of Conformity with a UNIT Standard" (*Marca UNIT de Conformidad con Norma UNIT*) to products and services for which UNIT standards have previously been established and which meet the requisite level of quality or

⁹⁵ Online information from the UNIT, viewed at: <http://www.unit.org.uy/normalizacion/norma/175>.

⁹⁶ WTO documents in the series G/TBT/N/URY/7-21.

⁹⁷ Law No. 17.930 of 19 December 2005.

specifications. The UNIT grants this mark after assessing the conformity of the product or production process with the specifications of the standard. Since 2010, the UNIT has also been responsible for HACCP certification in Uruguay.

3.117. The Uruguayan Accreditation Agency (OUA), set up in 1998, is tasked with accrediting conformity assessment bodies. The authorities consider that in this way it is helping to facilitate trade in Uruguayan goods and services, since they believe that accreditation increases confidence in goods and services produced in Uruguay.⁹⁸

3.118. The OUA follows the international standards developed for the accreditation bodies to ensure the impartiality and transparency necessary to generate reliable products and services, with a view to promoting the sale of products and services on the international markets. The OUA is a member of Inter-American Accreditation Cooperation (IAAC). It is also a signatory to mutual recognition agreements with IAAC and International Laboratory Accreditation Cooperation (ILAC), as a testing and calibration laboratory accreditation agency, and with IAAC and the International Accreditation Forum (IAF), as an agency for the accreditation of bodies certifying quality and environmental management systems and bodies responsible for product certification.

3.119. As regards conformity assessment entities in Uruguay, at November 2017 there were: four management system certification bodies (OCS), including the UNIT; four product certification bodies (OCP), including the National Meat Institute (INAC), the Uruguayan Technological Laboratory (LATU) and the UNIT; 21 accredited testing laboratories, some for specific products such as the National Fuel, Alcohol and Portland Cement Authority (ANCAP) for alcohol, fuel and Portland cement, and others such as LATU, with a more general scope; eight calibration laboratories (LC); one clinical analysis laboratory; and two aptitude testing facilities (PEA), one of them being LATU.

3.120. LATU certifies various products such as: foods, water heaters, helmets, toys, and digital television, following the guidelines of Standard UNIT-ISO/IEC 17065. LATU gives a written guarantee and establishes that a product, process or service is in conformity with the requirements laid down in the technical regulations.

3.121. LATU also participates in legal metrology activities and may propose draft technical regulations for regulated measuring instruments to the MIEM. The laboratory is also responsible for the metrological control of all regulated measuring instruments. LATU must approve the design of the instrument, carry out initial and regular (annual) checks and, where appropriate, oversee its use. The regulated measuring instruments include scales, taximeters, fuel pumps, meters for commercial use, and tanks for transporting fuel. Checks are also carried out on instruments used in the field of public health, such as clinical thermometers and mechanical and digital sphygmomanometers. In addition, LATU is responsible for maintaining the register of manufacturers, importers and repairers of regulated measuring instruments and is authorized to admit them to and suspend them or exclude them from the register. Since 2012, LATU has also been responsible for checking pre-measured products.⁹⁹ In Uruguay, the packaging of goods marketed according to their weight or size must always indicate the net quantity in the corresponding legal units in order to comply with the labelling and tolerance standards laid down in the technical regulations issued by the MIEM.¹⁰⁰

3.122. Some products require a marketing or conformity certificate to be distributed in Uruguay. For example, imported food products and beverages must comply with the domestic bromatological provisions for LATU to grant them a marketing certificate. For this purpose, the importing company must be registered with LATU.¹⁰¹ Moreover, to be imported a food product must be included in the bromatological register.¹⁰² Apart from food products, steel, toys and tyres require certification. When these products are imported, an import licence is generally required (Table 3.19). Likewise, LATU certifies the quality of various export products; those that require an export certificate include: dairy

⁹⁸ Online information from the OUA, viewed at: http://www.organismouruguayodeacreditacion.org/Pagina_Principal.htm.

⁹⁹ Decree No. 75/2012 of 13 March 2012.

¹⁰⁰ Decree No. 249/003 of 18 June 2012, Decree No. 300/010 of 7 October 2010 Decree No. 129/009 of 16 March 2009 and Decree No. 387/008 of 11 August 2008.

¹⁰¹ Decree No. 338/982 of 22 September 1982.

¹⁰² Decree No. 315/994 of 5 July 1994, and online information from LATU, viewed at: <http://www.latu.org.uy/wp-content/uploads/2016/06/Procedimiento-para-la-Gestión-del-Certificado-de-Comercialización-de-Alimentos.pdf>.

produce; meat products; fruit and vegetables sold commercially; beekeeping products; bakery products; fermented beverages; suintina (the fatty product obtained by centrifuging the effluents from washing dirty wool); and eggs in the shell. The export certificate is free of charge for products for which it is compulsory, but not for products for which certification is voluntary.¹⁰³

Table 3.19 Some products requiring a mandatory certificate for marketing or importation, 2018

Product	Marketing requirement	Import requirement	Issuing/inspecting body	Legal instrument
Oil	Bromatological certificate	Import licence	National Directorate of Industry	Decree No. 275/001
Structural steel	Marketing certificate	Import licence	National Directorate of Industry	Decree No. 217/014
Acetic acid	No domestic production	Prior import licence	National Directorate of Industry	Decree No. 75/009
Footwear	Labelling requirement	Prior import licence	National Directorate of Industry Market control, consumer protection	Decree No. 251/005
Toys	Marketing certificate issued on the basis of a certificate of conformity issued by accredited or designated certification bodies	Marketing certificate issued on the basis of a certificate of conformity issued by accredited or designated certification bodies	National Directorate of Industry	Decrees No. 88/005, No. 89/007 and No. 468/006
Tyres	Certificate of conformity	Certificate of conformity	National Directorate of Industry	Decree No. 349/998 GMC Resolution No. 65/92
Diesel engines	No domestic production	Import licence	National Directorate of Industry	Decree No. 290/008
Child restraint systems for vehicles (CRS)	No domestic production	Import licence issued on the basis of a certificate issued by the national certification body accredited with the OUA	National Directorate of Industry	Law No. 19.061 Decree No. 81/014
Textiles	Labelling requirement	Prior import licence	National Directorate of Industry Market control, consumer protection	Decree No. No. 394/000
Motor vehicles 0 km	Approved assembly project	Prior import licence	National Directorate of Industry	Decree No. 254/011
Vehicles (approval)	Certificate indicating compliance with the technical regulations	Prior authorization	National Directorate of Industry	Law No. 19.061 Decree No. 81/014

Source: Information provided by the authorities.

3.123. Uruguay accepts as equivalent the technical regulations adopted and the tests carried out by trading partners with which it has concluded mutual recognition agreements.

3.3.3 Sanitary and phytosanitary requirements

3.124. Uruguay has a range of laws, decrees and regulations governing phytosanitary and animal health policies and measures (Table A3.4). The basic law on animal health dates back to 1910 and on plant health to 1911. These two laws have been amended and updated by means of further laws

¹⁰³ *Guía para la Certificación de Exportaciones*. Viewed at: http://www.latu.org.uy/wp/wp-content/uploads/2016/06/Manual_para_gestionar_certificado_de_exportacion.pdf.

and decrees on sanitary programmes for the prevention, monitoring, control and eradication of animal and plant diseases and on the control of imports and exports of animal and plant products.¹⁰⁴

3.125. The Ministry of Livestock, Agriculture and Fisheries (MGAP), through its various directorates, is responsible for drawing up phytosanitary and animal health policy and implementing animal, plant and human health protection programmes in the agricultural, agro-industry and fisheries sectors, as well as monitoring and overseeing compliance with sanitary and phytosanitary standards. The main institutional change made since the last review in 2012 is the establishment within the MGAP of the Directorate-General of Food Safety Control (DIGECIA) (Table 3.20).

3.126. The MGAP is tasked with monitoring agricultural products placed on the market to verify their terms of sale, composition and end use. In 2010, the MGAP's remit was extended and it was given the power to authorize or require prior registration for the use, processing, entry, exit or marketing of materials or products for agricultural or livestock use. Facilities in which agricultural or livestock materials or products are prepared, formulated and processed have to be approved by the MGAP. The MGAP also controls and regulates the technical requirements to be met by tools for agricultural use.

Table 3.20 Responsibilities of the MGAP's directorates, 2017

Institution	Responsibility
Directorate-General of Livestock Services (DGSG)	Responsible for designing, managing and implementing policy on animal health and on the protection of food and products of animal origin. Checks residues of veterinary medicines and environmental pollutants in agricultural facilities (food intake, forage, veterinary products) and in industrial plants processing products of animal origin. Responsible for activities relating to the monitoring, prevention, control and eradication of diseases relevant to animal health. Checks the quality and composition of food and products of animal origin. Formulates and updates the legal framework for the regulation of animal health, veterinary public health, food safety and products of animal origin. Checks and certifies the health and hygiene conditions under which animals, genetic material, products of animal origin and inputs for use in animal health and production are imported and exported. Carries out laboratory analysis to diagnose, prevent and combat animal diseases and zoonoses. Checks and registers inputs for use in animal health and production. Approves, registers and monitors diagnosis and clinical analysis laboratories. Supervises the importation of animals and products of animal origin, through: <ul style="list-style-type: none"> inspection of animals and products of animal origin entering Uruguay through ports and border posts authorized for the purpose; compulsory quarantine (in a quarantine station) for animals from overseas; an import ban when goods of animal origin come from a country where there are contagious diseases or where the necessary precautionary measures are not taken.
Directorate-General of Agricultural Services (DGSA)	Responsible for phytosanitary protection. Organizes, develops and implements phytosanitary policies concerning the quality and safety of plant foods and the quality and control of agricultural inputs, animal feed and plant products. Facilitates and organizes the marketing of grains. Checks the quality and composition of animal feed. Controls the import, export and registration of agricultural inputs.
Directorate-General of Food Safety Control (DIGECIA)	Advises on the formulation and planning of policies concerning the safety of food for human and animal consumption. Coordinates and implements policies in the area of biosecurity, animal health control and phytosanitary control of persons, baggage, packages and vehicles entering the country by any means of transport.
National Directorate of Aquatic Resources (DINARA)	Sets standards for the fisheries sector and fishery products.

Source: Annex to Decree No. 290/013 of 9 September 2013. Viewed at: <http://www.imo.com.uy/diariooficial/2013/11/01/111>.

¹⁰⁴ Law No. 3.606 of 13 April 1910 and Law No. 3.921 of 28 October 1911.

3.127. The National Directorate of Aquatic Resources (DINARA), through the Fisheries Industry Department (DIP), is the authority responsible for health and food safety in respect of fishery and aquaculture products, issuing the relevant certificates at the national and international level. The DIP's core mission is to ensure the safety of fishery products, guaranteeing compliance with the regulations issued by the international reference organizations for sanitary standards. The DIP carries out inspections and grants sanitary certificates for the approval of facilities used in the production process and for the performance and/or certification of the analyses required for exports and imports of live fishery products and aquaculture resources. It also handles the design and management of programmes for the prevention, monitoring and control of diseases affecting aquatic animals.

3.128. The fundamental purpose of the Directorate-General of Food Safety Control (DIGECIA), set up in 2015, is to coordinate and implement policies on biodiversity and on animal health and phytosanitary control, and to advise the minister on formulating and planning policies concerning the safety of food for human and animal consumption. The DIGECIA is also charged with incorporating risk analysis in biosecurity, animal and plant health and food safety decision-making within the scope of the MGAP, in order to prevent live animals or plants or products, by-products and derivatives of animal or plant origin that do not meet the prevailing sanitary and phytosanitary requirements from entering the national territory. The DIGECIA is responsible for coordination with other entities on sanitary barriers, food safety and living genetically modified organisms.¹⁰⁵

3.129. In the area of food safety, the DIGECIA is tasked with formulating cross-cutting policies in order to update and reinforce controls guaranteeing the safety of the agri-food system and to bring them into line with the latest international standards. For food of animal or plant origin and for the primary production stage and some processing stages (depending on the chain), responsibility for formulating and implementing safety policies reverts to the DINARA, the DGSG, the DGSA or the Directorate-General of Farms (DIGEGRA), as appropriate.

3.130. The National Biosafety Board (GNBio) is responsible for regulating genetically modified plant organisms (GMPOs) and coordinates risk assessment.¹⁰⁶ Genetically modified plants and parts thereof, in whatever form, may only be introduced, used or handled with prior authorization, granted by the Board on a case-by-case basis, taking into account the results of the corresponding stages of risk assessment and risk management in respect of the environment, biodiversity, human health, animal and plant health and socio-economic aspects. The procedure for requesting authorization to introduce, use or handle genetically modified plant organisms and a list of GMPO applications currently being examined in Uruguay can be viewed online.¹⁰⁷

3.131. The DGSA is the MGAP service that acts as the National Plant Protection Organization (ONPF) in Uruguay. The ONPF is responsible for proposing the phytosanitary regulations to govern agricultural production and the export and import of plants and plant products. Phytosanitary measures are determined on the basis of pest risk analysis in accordance with the international regulations under the International Plant Protection Convention (IPPC).

3.132. The DGSG is responsible for ensuring the hygiene and health condition of food and products of animal origin for human consumption, both at the national level and internationally. The DGSG follows the guidelines of the World Organisation for Animal Health (OIE) as a basis for formulating and updating the legal and regulatory framework for activities associated with animal health, veterinary public health and the protection of food and products of animal origin, as well as for checking and certifying the health and hygiene conditions under which animals, genetic material, products of animal origin and inputs for use in animal health and production are imported and exported.

3.133. Setting standards for the fisheries sector and fishery products is the responsibility of the DINARA. These standards apply to fishery products for human or animal consumption, as well as

¹⁰⁵ Article 273 of Law No. 19.355 of 19 December 2015.

¹⁰⁶ Decree No. 353 of 21 July 2008, and its amending texts in Decrees No. 535 and No. 280 of 3 November 2008 and 8 June 2009, respectively.

¹⁰⁷ Request for authorization. Online information viewed at: <http://www2.mgap.gub.uy/portal/page.aspx?2.gnbio.gnbio-procedimientos-de-solicitud-de-autorizacion,O.es,0>. List of applications currently under examination. Online information viewed at: <http://www2.mgap.gub.uy/portal/page.aspx?2.gnbio.gnbio-ogms-autorizados-en-uruguay,O.es,0>.

their processing, storage, transport and marketing. The regulations and controls applied by the DINARA follow the guidelines laid down, *inter alia*, by the FAO/WHO and the Codex Alimentarius.

3.134. The Ministry of Foreign Affairs (MRREE) is responsible for notifying phytosanitary and animal health measures to the WTO Committee on Sanitary and Phytosanitary Measures. During the period 2012-2017, Uruguay submitted 13 notifications to the Committee (excluding addenda).¹⁰⁸ These measures apply to all of Uruguay's trading partners. Most of them are based on international standards; in two cases only, Uruguay indicates that there is no relevant international standard or that they deviate from international regulations.¹⁰⁹ Some of the measures notified to the Committee were adopted for the sole purpose of protecting animal health, but most of them have multiple purposes, aiming both to preserve food safety and to protect animal health and Uruguayan territory from harmful pests.

3.135. The DGSA, in collaboration with the DGSG, supervises the entry of products within its jurisdiction at the borders. Since its establishment in 2015, the DIGECIA has been in charge of border control of passengers, baggage and vehicles. The entry into Uruguay of products of animal or plant origin or animal feed containing levels of biological residues or other environmental pollutants exceeding those prescribed in the national regulations or in the Codex Alimentarius, as appropriate, may be prohibited.¹¹⁰ Exports of such products may also be controlled and prohibited for the same reasons, or if they do not comply with the standards required by the countries of destination.

3.3.4 Competition policy and price controls

3.3.4.1 Competition policy

3.136. There have been no major changes in terms of the legislation governing competition policy in Uruguay since its last trade policy review in 2012. The competition legislation in force is still the Law on the Protection of Free Competition in Trade (Law No. 18.159 of 20 July 2007) and its implementing regulations (Decree No. 404/007 of 29 October 2007).

3.137. The law provides that all Uruguayan or foreign public or private natural or legal persons engaged in economic activities, whether or not for profit, on Uruguayan territory must follow the principles of free competition. Anyone engaging in economic activities abroad is subject to the same requirements, insofar as the activities in question have total or partial effect in Uruguay.

3.138. The Commission for the Promotion and Protection of Competition (CPDC), set up in 2009 within the Ministry of the Economy and Finance (MEF), is the authority responsible for applying the Law on the Protection of Free Competition in Trade.¹¹¹ The Commission performs two types of functions: promoting competition, and curbing anti-competitive practices. To fulfil these functions, the Commission is vested with several powers under the law (Box 3.1).

¹⁰⁸ WTO documents G/SPS/N/URY/17-29, from 4 April 2012 to 5 September 2017.

¹⁰⁹ WTO documents G/SPS/N/URY/29 and G/SPS/N/URY/17 of 5 September 2017 and 4 April 2012, respectively.

¹¹⁰ Law No. 18.719 of 27 December 2010.

¹¹¹ Government Resolution No. 690/09.

Box 3.1 Functions of the Commission for the Promotion and Protection of Competition

The functions of the CPDC are as follows:

- to investigate the operation of markets and possible anti-competitive practices (reported instances or *ex officio*);
- to require any person to collaborate with investigations by supplying all the relevant information at their disposal.
- to receive information on economic concentration and, where appropriate, authorize an investigation where the former gives rise to a monopoly. As at March 2018, no case of economic concentration creating a monopoly had arisen;
- to promote competition values, through information and training;
- to advise individuals and public agencies on competition rules and their application in specific cases;
- to issue general and specific instructions to organize competition;
- to sanction anti-competitive practices;
- to maintain relations with other domestic or international competition protection bodies, and participate in international forums where competition issues are discussed.

Source: Online information from the CPDC, viewed at: <http://competencia.mef.gub.uy/578/5/areas/defensa-de-la-competencia---uruguay.html>.

3.139. The CPDC applies the Law on the Promotion and Protection of Competition in all sectors of the economy, except those which have dedicated regulatory bodies that discharge this responsibility. These bodies are: the Central Bank of Uruguay (BCU), the Energy and Water Services Regulatory Authority (URSEA), and the Communications Services Regulatory Unit (URSEC).¹¹² The scope of these regulatory bodies as regards protection of competition covers activities that take place in markets vertically or horizontally connected with the markets under their control and regulation. These bodies conduct non-binding consultations with the CPDC. During the period 2012-2017, seven cases relating to competition were brought before the URSEA; in one of them, it was determined that the competent authority was the CPDC rather than the URSEA. In the same period, five cases were submitted to the BCU (Table 3.21).

Table 3.21 Cases relating to competition brought before the various regulatory bodies, 2012–2017

Product	Complaint	Outcome
URSEA		
Liquefied petroleum gas	Contractual clauses potentially affecting competition.	Clauses in question to be revised.
Liquid fuels	Discounts potentially affecting competition.	Complaint not deemed material.
Liquid fuels	Notification of concentration.	Analysed without comment.
Natural gas	Notification of concentration.	Case still under study in March 2018.
Liquefied petroleum gas	Possible discriminatory treatment of a competitor in packaging.	Case still under study in March 2018.
Electricity	Verification by the regulator of electricity contracts in the wholesale market prior to their registration.	Comment formulated on some of the contracts to be acted upon prior to their approval.
Drinking water	Alleged anti-competitive practices in a bidding process for the State Sanitary Works (OSE) provider.	Ruling that the competent authority for the case was the CPDC, rather than the URSEA.
BCU		
Credit cards	Sanctions on trading with a discount for cash purchases.	Complaint dismissed.
Credit cards	Hotels against credit cards on account of level of fees.	Ruling that this was not a prohibited practice. Complaint dismissed.
Credit cards	Impeded access to the network of sales terminals (machine needed to process payment).	Case set aside on account of withdrawal of the complainant. The relevant regulatory body for this is now the URSEC.

¹¹² The URSEA regulates the following: electricity and solar thermal power, fuels, natural gas, agrofuels, drinking water and sanitation. The URSEC regulates the following services: posts, fixed telecommunications, mobile telecommunications, international telephony, broadcasting, pay-TV, satellite facilities, wireless alarms, radio taxi, wireless messaging and community repeaters, and maintains the register of re-sellers.

Product	Complaint	Outcome
Banks	Anti-competitive practices in the bill payment market.	Preventive measures adopted; case not yet completed as at March 2018.
Foreign-exchange market	Anti-competitive practices.	Case still under study in March 2018.

Source: Information provided by the authorities.

3.140. Uruguayan law prohibits abuse of a dominant position as well as all practices, conduct or recommendations, whether individual or concerted, whose effect or purpose is to restrict, limit, impede, distort or prevent current or future competition in the relevant market. The Commission may initiate an investigation of its own accord when it considers that anti-competitive practices might be taking place or emerging in a market (Box 3.2). Any national or foreign public or private natural or legal person may report the existence of such practices, without prejudice to the *ex officio* investigation. The complaint must be filed with the Commission in writing, describing in precise terms the alleged anti-competitive conduct known to the complainant, identifying the responsible parties and providing all evidence for the case.

Box 3.2 Expressly prohibited anti-competitive practices

Pursuant to the Law on the Promotion and Protection of Competition, the following anti-competitive practices are expressly prohibited:

- Directly or indirectly setting or imposing purchase or sale prices or other transaction conditions in an abusive manner.
- Unjustifiably limiting, restricting or agreeing on the production, distribution or technological development of goods, services or factors of production to the detriment of competitors or consumers.
- Unjustifiably applying unequal conditions to third parties for equivalent services, thereby placing them at a serious disadvantage in relation to the competition.
- Making contracts subject to the acceptance of complementary or supplementary obligations which, by their nature or in terms of commercial usage, do not bear any relation to the purpose of the contracts.
- Colluding to participate in or abstain from public or private tenders or competitive bidding processes.
- Impeding competitors' access to essential infrastructure for the production, distribution or marketing of goods, services or factors of production.
- Unjustifiably impeding market access for potential new entrants.
- Unjustifiably establishing areas or activities where one or more economic agents operate with exclusivity, such that others refrain from operating therein.
- Unjustifiably refusing the sale of goods or provision of services.
- Any of the aforementioned practices, where they are carried out through business associations of economic agents.

Source: Decree No. 404/007 of 29 October 2007.

3.141. When the Commission receives a complaint, or when it undertakes an investigation on its own initiative, and before taking decisions and handing down any sanctions, it must gather information and analyse various aspects of the case. Although the points analysed are not the same in all cases, the main items to be investigated are: (a) whether the complaint falls within the scope of protection of competition; (b) definition of the relevant market; (c) the market power effectively enjoyed by the company under investigation; (d) the existence of the alleged anti-competitive practice; and (e) the real or potential positive or negative impact of an anti-competitive practice for society.

3.142. In the period 2012-2017, a total of 46 complaints of anti-competitive practices were lodged with the Commission; no cases were initiated *ex officio*. The complaints related to practices such as collusion, tied sales, predatory pricing and restricting the provision of services. The practices investigated concerned both goods markets (livestock, meat, milk, beer and construction materials) and services markets (financial, port and distribution services). Of the 40 investigations concluded by March 2018, in 28 cases the alleged anti-competitive conduct was not confirmed; in six cases the Commission issued a recommendation; in four cases it ordered cessation of the practice and

sanctioned the offender; and in one case it did not proceed with the investigation, deeming that the competent body was the URSEC (Table A3.5).

3.143. Uruguayan law allows sanctions to be reduced when enterprises cooperate in cases of cartel arrangements. Enterprises which have participated in an illegal agreement may benefit from a leniency programme. When an illegal agreement is reported, the Commission has the power to reduce sanctions or exonerate the reporting party. In 2014, a cartel was sanctioned in the market for tomato-based processed products, which consisted in carving up the market and sharing production among five companies. One of the enterprises requested to benefit from the leniency programme and was exonerated from the penalties.

3.144. Pursuant to the legislation in force, any act of economic concentration must be notified, by means of a note addressed to the Commission, ten days prior to conclusion of the contract, when the operation would result in a market share of 50% or more in the relevant market or when the combined annual gross turnover of the parties in Uruguay in any of the past three financial years has been equal to or greater than 750 million UI (around Ur\$2,888 million or US\$100 million as at April 2018).¹¹³ Notification of concentration is not required in the following cases: the acquisition of companies in which the buyer already held at least 50% of the shares; the purchase of bonds, debentures or any other debt security of the company, or shares without voting rights; the acquisition of a single company by a single foreign company that did not previously own assets or shares in other companies in the country; or the acquisition of companies that are bankrupt or have not recorded any activity in the country in the past year. A total of 38 concentrations were notified during the period 2012-2017.

3.145. Failure to notify a concentration is considered under the law as an offence liable to monetary sanctions. The punishment for omitting to notify may be up to 1% of the companies' annual gross turnover for each of the offenders.¹¹⁴ In addition, offenders may receive fines of up to 20 million UI.

3.146. While the regulations governing protection of competition and those governing consumer protection both serve to support consumers, consumer protection in Uruguay is handled by the Consumer Protection Section of the Directorate-General of Trade. The Section ensures that companies provide the consumer with proper information, that contracts are fulfilled and do not entail any abuse of the consumer, and in general that consumer rights are respected. It normally intervenes in conflicts between specific companies and consumers.

3.3.4.2 Price controls

3.147. In general, prices in Uruguay are set by the market. Nevertheless, the Ministry of the Economy and Finance (MEF) has the administrative authority to regulate prices of goods and services produced by private entities, except in the case of prices of agricultural and fishery products marketed in their natural state. Likewise, the MEF sets the tariffs for the supply of electricity, water, piped gas and fixed telephony, at the initiative of the responsible State enterprise concerned. Some goods and services are subject to ceiling prices, for example fuel and specified port services; in other cases prices are fixed, as is the case for airport usage fees.

3.148. Uruguayan law does not allow price regulation for property or for exported products. Nor may prices be regulated for transactions involving securities listed on the stock exchange or goods or services put out to public tender.¹¹⁵

3.149. During the period under review, administered prices were applied to pasteurized liquid milk packaged for sale to the public without additives. Basic contribution for medical services, public transport and taxi fares, as well as toll fees were also subject to price control under a price ceiling adjustment policy.

¹¹³ Acts of economic concentration include operations involving a change in the control structure of the participating companies through: company mergers; the acquisition of corporate equities, equity interest or shares; the acquisition of commercial, industrial or civil establishments; the total or partial acquisition of business assets; and any other kind of legal transactions that involve the full or partial transfer of control of economic units or companies.

¹¹⁴ Article 39 of Decree No. 404/007 of 29 October 2007.

¹¹⁵ Decree-Law No. 14.791 of 21 June 1978.

3.3.5 State trading, state-owned enterprises and privatization

3.150. Public enterprises continue to play a leading role in Uruguay's economy, chiefly in the services sector (Table A3.6). They generated some 7.1% of GDP in 2016 (latest available figure) and operate in the financial services, transport, telecommunications and posts, electricity, and water and sanitation subsectors. These enterprises belong entirely to the State. Their number has not changed significantly since 2012, insofar as no new state-owned enterprises (SOEs) have been created and only one, the airline company PLUNA E.A., was liquidated in 2017.¹¹⁶ According to information provided by the authorities, the functions of the other SOEs have not undergone any substantial changes. SOEs are entitled to own subsidiaries in which the private sector also has a stake (Table A3.7).

3.151. Pursuant to the provisions of Article 221 of the Constitution of the Republic, State industrial or commercial entities must draft their own budgets and submit them to the Government and the Court of Auditors. The Court gives an opinion and the Government, with the advice of the Planning and Budget Office (OPP), may make comments. If the enterprise accepts the comments, its budget is transmitted to the Government for approval and inclusion in the national budget. If the enterprise does not accept the OPP's comments, the proposal must be discussed and approved in the General Assembly, in joint session of both its houses, ruling by a two-thirds majority of its full membership. In the absence of a decision by the General Assembly within 40 days, the budget is considered adopted, with the Government's comments. In general, SOEs do not enjoy any tax exemptions, except in regard to investment in water and sanitation infrastructure financed with loans from international agencies.¹¹⁷

3.152. In 2013, Uruguay notified the WTO that the only SOE covered by the provisions of Article XVII of the GATT 1994 is the National Fuel, Alcohol and Portland Cement Authority (ANCAP).¹¹⁸ The ANCAP enjoys exclusive right to import and refine crude petroleum and its by-products. It also has the right to import and export liquid, semi-liquid and gaseous fuels when State refineries produce at least 50% of the country's gasoline consumption.¹¹⁹ The quantities of imports of crude petroleum and by-products are determined by domestic demand. The volume of exports of petroleum by-products depends on the competitiveness of the enterprise and stocks available. The prices of products produced by the enterprise are fixed by the Government upon the ANCAP's recommendation. The private sector may participate in the distribution of fuel.

3.153. A further objective of the ANCAP is to manufacture and import low-priced fuels for motor vehicles and agricultural machinery. Such fuels are not subject to import duties or internal taxes. The ANCAP must take the necessary measures to ensure that only farmers benefit from the lower price.

3.154. As far as cement production is concerned, the ANCAP's Portland Cement division has two plants (Portland CPN-40 and Ancaplast) and a distribution and logistics hub. The ANCAP markets Portland cement through Cementos del Plata, a company belonging to the ANCAP Group.

3.3.6 Government procurement

3.155. Uruguay has not signed the WTO Agreement on Government Procurement and does not participate as an observer in the WTO Committee on Government Procurement.

3.156. Government procurement in Uruguay is regulated to a large extent by the Harmonized Text of the Law on Accounting and Financial Administration of the State (TOCAF), which is a compilation of the relevant domestic regulations.¹²⁰ There are also several laws and decrees that periodically

¹¹⁶ Law No. 19.572 of 15 December 2017.

¹¹⁷ Information provided by the authorities.

¹¹⁸ WTO documents G/STR/N/4/URY, G/STR/N/7/URY, G/STR/N/10/URY, G/STR/N/11/URY, G/STR/N/12/URY and G/STR/N/13/URY, of 12 July 2013.

¹¹⁹ Products classified under codes HS 27.09, HS 27.10 and HS 27.11 (Law No. 8.764 of 15 October 1931).

¹²⁰ The most recent version of the Harmonized Text of the Law on Accounting and Financial Administration (TOCAF) was approved by Decree No. 50/012 of 11 May 2012, superseding the Harmonized Text on Accounting and Financial Administration with Relevant and Supplementary Provisions, approved by Decree No. 194/997 of 10 June 1997.

update and regulate the various provisions of the TOCAF. Since it was last amended in 2012, the TOCAF has been updated annually by means of the Law on the Budget and Accounting Report.¹²¹ The TOCAF governs the purchase of goods, the procurement of services and the execution of works by all centralized and decentralized State institutions, with the sole exception of state-owned enterprises (SOEs) whose statutes provide for a special procurement regime.¹²² All SOEs except the National Electricity Plants and Transmission Authority (UTE) are subject to the TOCAF. The UTE, in accordance with its charter, is authorized to procure directly or with prior authorization from the Government.

3.157. In Uruguay, government procurement processes are open to all domestic or foreign natural and legal persons. Foreigners may take part in government procurement procedures without any restriction or specific requirements.¹²³

3.158. During the period under review, Uruguay pursued the reform of government procurement launched in 2011, aimed at streamlining procedures, making them more efficient and reducing the costs involved. Consequently, Uruguay began using some procurement methods that had not previously been provided for in the regulations, such as auctions, reverse auctions, downward bidding (*pregón*) and framework agreements.¹²⁴

3.159. Within the parameters set by the TOCAF, the government procurement regime in Uruguay is essentially decentralized as far as the procurement process is concerned, although an effort has been made to harmonize procedures. In 2012, functions were assigned to the Government Purchasing and Procurement Agency (ACCE), set up by Law No. 18.362 of 6 October 2008.¹²⁵ Its responsibilities include: (i) advising the Government and its subsidiary bodies on government procurement and, through agreements, the other State entities; (ii) compiling and managing the Single Register of State Suppliers (RUPE); (iii) training public entities in government procurement regulations, the use of simple and uniform criteria and good practices applicable to procurement; (iv) developing and managing the State purchasing and procurement website; (v) drawing up procedural manuals and suggesting activities to help make procurement processes more efficient; and (vi) imposing sanctions and fines in the event of infringement of the regulations.¹²⁶ In 2016, the ACCE drew up a Government Procurement Manual as an online tool available to bidders and buyers.¹²⁷

3.160. During the review period, changes were also introduced concerning use of the RUPE and the Government Purchasing and Procurement System (SICE), a computerized platform for managing government procurement set up in 2002, which handles, among other things, calls or invitations to tender, the receipt of bids, and the award of contracts.¹²⁸ Since 2013, any party interested in selling to or contracting with the State must be registered in the RUPE.¹²⁹ Similarly, since 2012, all invitations to tender for works, goods or services for all public entities (both Central Government and autonomous entities and decentralized services) have to be published on the ACCE website.¹³⁰

3.161. To initiate a government procurement procedure, authorization must be obtained from the official responsible for procurement in the contracting entity, called the "authorizing officer". The law further requires that an advisory commission on procurement be established within each contracting

¹²¹ During the period under review, the TOCAF was amended by the following laws: Law No. 18.996 (Budget and Accounting Report for 2011) of 7 November 2012, Law No. 19.149 (Budget and Accounting Report for 2012) of 24 October 2013, Law No. 19.355 (Budget and Accounting Report for 2014) of 19 December 2015 and Law No. 19.438 (Budget and Accounting Report for 2015) of 14 October 2016.

¹²² The State entities governed by the TOCAF are: the three branches of government, the Court of Auditors, the Administrative Court, the Electoral Court, departmental governments, autonomous entities, decentralized services and all government administrations in general.

¹²³ Article 46 of the TOCAF.

¹²⁴ Decree No. 42/015 of 27 January 2015 and Decree No. 196/015 of 20 July 2015.

¹²⁵ Law No. 18.834 of 4 November 2011.

¹²⁶ Article 150 of the TOCAF, as amended by Law No. 19.355 of 19 December 2015.

¹²⁷ The Government Procurement Manual may be viewed online at: <https://www.comprasestatales.gub.uy/ManualesDeUsuarios/manual-procedimiento-compras/Manual.html>.

¹²⁸ Decree No. 275/013 of 3 September 2013 (Regulations governing the introduction of electronic methods) and Decree No. 155/013 of 21 May 2013 (Regulations governing the RUPE).

¹²⁹ Article 76 of the TOCAF.

¹³⁰ They are published on the following website: www.comprasestatales.gub.uy. Article 50 of the TOCAF (as amended by Article 29 of Law No. 19.355 of 19 December 2015).

entity to assess the bids submitted for any contracts involving amounts above a threshold of Ur\$1.5 million, except in cases of direct or exceptional procurement.¹³¹

3.162. As a general rule, government procurement in Uruguay is conducted by means of an open tendering procedure or other competitive process, unless the amount involved is below a specified threshold or certain exceptions apply.¹³² The abridged tendering procedure is employed when the value of the contract does not exceed Ur\$5 million, or Ur\$30 million for autonomous or state-owned industrial and commercial decentralized services (expanded abridged tendering procedure) (TOCAF, Article 44).¹³³ The direct procurement method is used when the amount involved does not exceed Ur\$250,000, or Ur\$750,000 for autonomous entities or state-owned industrial and commercial decentralized services (expanded direct procurement) (TOCAF, Article 44).¹³⁴ Moreover, the law allows the use of other methods, such as direct procurement as an exception; since 2015, the downward bidding or *pregón* and auction procedures, framework agreements and special procedures have also been used. The criterion for awarding the contract is, in all cases, the bid that best matches the Government's interests (TOCAF, Article 68).

3.163. In specific "exceptional" cases, direct procurement or some other method may be used. The relevant body exercises its discretion in selecting what it considers to be the most suitable mechanism. It is considered to be an "exceptional case" when an open tender, an abridged tender or an auction is declared void, or when the bids submitted are inadmissible or patently unsuitable. The TOCAF lists 37 exceptional cases, such as: purchase of goods or services exclusively manufactured or supplied by a single entity for which there are no substitutes; purchase of crude petroleum and its derivatives; or contracting of goods or services for scientific research. "Exceptional cases" are also deemed to include situations of scarcity and emergencies of any kind.¹³⁵

3.164. In 2015, Uruguay began using the downward bidding or *pregón* procedure, a type of e-auction where bidders compete by offering decreasing prices during a set period determined in advance and known to all.¹³⁶ Downward bidding may be used when the contract has a precise, tangible and easily identifiable purpose. The law requires that the call for tenders be published in the SICE at least ten days before the date set for the bidding.¹³⁷ The criterion for awarding the contract is the lowest price. By employing this procedure, the ACCE is seeking to increase transparency (bidders can see the other bids in real time), enhance competition (bidders may improve their bids in real time), and save time and resources in organizing the process.¹³⁸ According to the authorities, the downward bidding procedure has not been used very often, namely 18 times between 2015 and March 2018, for a narrow range of standard products.

3.165. The auction procedure may be used when it saves resources for the contracting entity and if the contract is for a precise, tangible and easily identifiable purpose.¹³⁹ The auction may be conventional or electronic, and the invitation must be published on the SICE website and in a national newspaper at least 15 days before the date on which it is scheduled to be held.¹⁴⁰

3.166. Since 2015, public entities may use the framework agreement procedure for contracts relating to goods, works or services commonly used in government departments.¹⁴¹ Framework agreements serve to optimize the use of resources, since publication of the tender and its

¹³¹ This threshold is updated in line with the consumer price index (CPI). The up-to-date thresholds may be viewed online at: <https://www.comprasestatales.gub.uy/inicio/normativa/montos-adquisiciones/montos-adquisiciones>.

¹³² Article 33, first clause, of the TOCAF.

¹³³ The autonomous and state-owned industrial and commercial decentralized services are: ANTEL, ANP, ANC, OSE, ANV, ANCAP, UTE, AFE, INC, BCU, BROU, BSE, BHU and BPS.

¹³⁴ The thresholds used to determine which of the different methods is to be used are updated in line with the consumer price index (CPI) (TOCAF, Article 156).

¹³⁵ Article 33 of the TOCAF.

¹³⁶ Decree No. 196/015 of 20 July 2015 (Regulations governing the downward bidding (*pregón*) procedure).

¹³⁷ Article 54 of the TOCAF.

¹³⁸ ACCE, *Memoria Anual*, p. 3. Viewed at: <http://www.comprasestatales.gub.uy/inicio/institucional/memoria-anual>.

¹³⁹ Article 35 of the TOCAF.

¹⁴⁰ *Ibid.*, Article 53.

¹⁴¹ *Ibid.*, Article 36 and Decree No. 42/015 of 27 January 2015 (Regulations governing the framework agreement procedure).

specifications, evaluation of the bids submitted and award of the contract have to be done once only, but may benefit all public entities that are party to the agreement.¹⁴²

3.167. The law empowers the Government, with prior authorization from the Court of Auditors, to institute special procurement procedures when it deems appropriate, according to the characteristics of the market or of the goods or services in question.¹⁴³ In 2017, special regimes were adopted for the procurement of goods and services for comprehensive medical assistance for a public health entity and for the procurement of suppliers of staff transport, materials, equipment and other services for a public sanitary works entity.¹⁴⁴

3.168. Uruguayan law allows a bidder to file an administrative appeal to challenge the award of a government procurement contract. The filing of an appeal suspends execution of the contract awarded, save in exceptional cases.

3.169. Government procurement has been on the increase since 2014 (Table 3.22). The big jump in the amount of government contracts in 2017 is attributable to the fact that purchases of petroleum began to be published in the SICE as from that year. In general, open tendering (including abridged open tendering) has been the most widely used procurement method and that which has to be employed as a general rule, followed by exceptional procurement and direct procurement. In terms of contracts, the largest number of contracts were concluded by the Central Government (which includes ministries, offices of the President and all bodies reporting to the Government); in cost terms, however, its share was only 11.6% in 2017. This is because most of the contracts in question are for small amounts.

Table 3.22 Government procurement, 2012-2017

	2012	2013	2014	2015	2016	2017
Total government procurement (US\$ million)	2,432.5	2,457.2	1,626.7	1,844.1	1,988.6	2,870.6
Central Government (%)	23.2	21.8	28.1	27.1	18.5	11.6
Total number of contracts	42,374	42,736	44,871	52,614	60,103	66,275
Central Government (%)	71.3	67.8	62.3	54.1	51.1	48.5
By category^a	(% of total procurement)					
Goods	6.5	15.4	10.1	15.7	10.0	8.6
Works	6.5	15.5	21.0	25.8	18.8	17.0
Services	18.6	14.5	26.7	23.3	27.9	27.1
By method	(US\$ million)					
Open tendering ^b	958.3	929.8	727.2	799.9	518.3	784.2
Abridged open tendering	338.0	625.8	403.1	432.0	347.9	381.8
Direct procurement	107.0	129.3	109.8	223.8	143.5	204.5
Exceptional procurement	1,029.0	772.2	386.4	387.7	976.5	1,498.0
Framework agreements	N/A	N/A	N/A	0.5	0.9	1.1
Special procedures ^c	N/A	N/A	N/A	N/A	1.2	0.05
Downward bidding (<i>pregón</i>)	N/A	N/A	N/A	N/A	0.1	0.88

N/A Not applicable.

a The percentages do not add up to 100% due to the fact that some bodies do not provide a breakdown of procurement by category, and also on account of adjustments and/or corrections to the data which had not yet been reflected in the SICE at the time of writing.

b Includes domestic and international tenders.

c Prior to 2016, special procedures were classified under exceptional procurement.

Note: The figure for total procurement takes into account procurement and contracts by all government entities, including departmental governments, autonomous entities and decentralized services.

Source: Information provided by the authorities.

3.170. Uruguay continues to use government procurement as a policy tool for promoting domestic industry, in particular micro, small and medium enterprises (MSMEs) and enterprises devoted to technological and scientific innovation. Accordingly, in contracting and procurement by State

¹⁴² ACCE, *Memoria Anual*, p. 3. Viewed at: <http://www.comprasestatales.gub.uy/inicio/institucional/memoria-anual>.

¹⁴³ Article 37 of the TOCAF.

¹⁴⁴ Resolution No. 2.333/017 of the State Health Services Authority (ASSE) of 13 June 2017 and Resolution No. 895/017 of the State Sanitary Works Authority (OSE) of 25 July 2017.

authorities, autonomous entities, decentralized services, departmental governments and other public bodies, priority is given to goods, services and civil engineering works produced or supplied by MSMEs, except in those areas of the public sector which operate in direct competition. The percentage of priority given is 20% on the local content share, applicable to an MSME bid when there is at least one bid that does not qualify as domestic; and 10% on the local content share, applicable to an MSME bid when all the other bids qualify as domestic. The priority in question applies when the goods supplied by the MSME have at least 30% local content and there is a change in tariff heading.¹⁴⁵

3.171. In addition, Uruguay implements three preferential regimes: the Domestic Preference for Domestic Industry (PIN) regime, the Government Procurement Programme for Development (PCPD) and a new Preferential Regime for Small-Scale Agricultural and Fisheries Production, instituted in 2015. These preferential regimes are not available for procurement of goods and services by autonomous entities and decentralized services operating in the industrial, commercial or financial domain that compete with private-sector enterprises.

3.172. The PIN regime grants a preference margin of 8% on the price of goods, services and works that qualify as domestic, when direct negotiation or exceptional procedures are used.¹⁴⁶ To be considered as "domestic", goods, services or works must have at least 35% local content. In the case of goods, it is also required that the end product be classified under a different tariff heading from that assigned to the imported inputs used to produce it. Since 2013, however, the preference margin is also granted, even if they do not meet the tariff heading change requirement, to products that have the requisite local content (35%) and no more than 10% of imported inputs, and to those which have at least 50% local content.¹⁴⁷

3.173. Within the framework of the PCPD, set up in 2008, special procurement regimes and procedures may be used that are geared to the objectives of developing domestic suppliers, in particular MSMEs and small-scale agricultural producers, and stimulating scientific and technological development and innovation. Under the rules of this scheme, up to 10% of total government contracting and procurement for goods, services and public works undertaken in the previous financial year by public and para-public bodies are to be executed under the terms established in the PCPD. Procurement and contracting under this programme by any one body may not exceed 20% of the latter's total procurement and contracting in any given financial year.¹⁴⁸

3.174. To be eligible for the preferences under the PCPD, beneficiaries are required to contribute to the development of domestic suppliers, in particular the development of MSMEs and enterprises devoted to innovation and to science and technology. In 2017, the PCPD included two regulated subprogrammes: the subprogramme for MSMEs and the subprogramme for the pharmaceutical industry. Pursuant to the law, the PCPD grants a quota for implementation of the programme, which is a maximum of 10% of the value of procurement in the previous year.¹⁴⁹ Preference margins for participating enterprises may be set within the PCPD subprogrammes.¹⁵⁰

3.175. The Government Procurement Subprogramme for the Development of MSMEs grants a preference of between 8% and 16% (if in addition the PIN regime preference applies) to micro and small enterprises and of 4% or 12% to medium enterprises, on the price of goods, services and works for contracts relating to supplies, non-personal services and public works. The local content and processing requirements to determine the eligibility of enterprises are the same as those applied under the PIN regime.¹⁵¹

3.176. When participating in a tender, MSMEs may also opt to explicitly invoke a reserve mechanism.¹⁵² In this case, the enterprise must bid for at least 10% of the total value of the tender

¹⁴⁵ Article 46 of Law No. 18.362 of 6 October 2008.

¹⁴⁶ The preference margin is applied: on the price of the goods placed in the buyer's warehouses; on the price of the service provided by domestic suppliers; or on the cost of domestic labour and materials (Article 58 of the TOCAF).

¹⁴⁷ Decrees No. 13/009 of 13 January 2009 and No. 164/013 of 28 May 2013.

¹⁴⁸ Article 43 of Law No. 18.362 of 6 October 2008.

¹⁴⁹ Law No. 18.362 of 6 October 2008.

¹⁵⁰ Article 59 of the TOCAF.

¹⁵¹ Decree No. 371/010 (Regulations governing the Government Procurement Subprogramme for the Development of MSMEs) of 14 December 2010.

¹⁵² Article 43 of Law No. 18.362 of 6 October 2008.

concerned. The 10% reserve is awarded to the best bid from among the MSMEs which invoked the mechanism, except where the best bid is at least 16% higher in terms of unit price than the best of the bids for the total tender amount (including those benefiting from the PIN regime).

3.177. The Government Procurement Subprogramme for the Pharmaceutical Industry was instituted in 2014. It prescribes a 10% market reserve for procurement whose value per item, in each call, does not exceed the maximum value set for the abridged tender, and as long as, at a comparable level, the bid is not 16% or more above the best bid. This scheme is open to domestic industries in the pharmaceutical sector which produce medicines or medical diagnosis instruments or supply services related to the sector.¹⁵³ The local content and processing requirements to determine the eligibility of enterprises are the same as those applied under the other preferential regimes.

3.178. Two other government procurement subprogrammes are planned under the PCPD: the Subprogramme for the Development of Small-Scale Agricultural Producers and the Subprogramme for Scientific and Technological Development and Innovation, whose regulation and implementation are still pending.

3.179. The new Preferential Regime for Small-Scale Agricultural and Fisheries Production was introduced in 2015.¹⁵⁴ This regime is open to small-scale producers that belong to an approved organization.¹⁵⁵ It provides for a 30% market reserve for centralized procurement and 100% for decentralized procurement.¹⁵⁶ The regime is applicable to small-scale fishery products in their natural state and to processed foods which have been produced with raw materials from approved organizations. The selling price of goods put up for tender may not exceed certain limits: in general, they may not be more than 40% higher than the prices recorded by the Farming Observatory (Model Market Administration Commission, Directorate-General of Farms). If the products are not recorded by the Observatory, the food products put up for tender may not be sold at a price exceeding the INE's average CPI price for the previous month. For goods outside the remit of the aforementioned institutions, the ceiling price is determined by the Ministry of Livestock, Agriculture and Fisheries.¹⁵⁷

3.3.7 Intellectual property rights

3.180. Protection of intellectual property rights (IPRs) in Uruguay is chiefly governed by the Copyright Law of 1937 and amendments thereto; the Trademark Law of 1998; and the Patent Law of 1999.¹⁵⁸ The Trademark Law and the Patent Law underwent some minor adjustments during the period under review.¹⁵⁹

3.181. Uruguay is a member of the World Intellectual Property Organization (WIPO) and is party to several WIPO-administered international agreements.¹⁶⁰ On 1 December 2014, Uruguay ratified the Marrakesh Treaty to Facilitate Access to Published Works by Visually Impaired Persons and Persons with Print Disabilities.¹⁶¹

¹⁵³ Decree No. 13/009 of 13 January 2009, Decree No. 164/013 of 28 May 2013 and Decree No. 194/014 of 11 July 2014.

¹⁵⁴ Law No. 19.292 of 16 December 2014.

¹⁵⁵ An approved organization is any organization comprising at least five agricultural producers, of which at least 70% must be family farmers and/or small-scale fishermen. Family farmers must have enterprises registered with the Directorate-General of Rural Development in the Ministry of Livestock, Agriculture and Fisheries (Article 5 of Law No. 19.292 of 16 December 2014).

¹⁵⁶ Centralized procurement refers to purchases where one body contracts on behalf and at the behest of other bodies, the latter being those that require the products or services. Decentralized procurement refers to purchases that a body makes for its own sourcing.

¹⁵⁷ Article 4 of Decree No. 86/015 of 27 February 2015.

¹⁵⁸ Copyright Law No. 9.739 of 17 December 1937 (as amended by Law No. 17.616 of 10 January 2003), Trademark Law No. 17.011 of 25 September 1998 and Law on Patents, Utility Models and Industrial Designs of 2 September 1999.

¹⁵⁹ The amendments were made by Law No. 19.149 of 24 October 2013 and Law No. 19.355 of 19 December 2015.

¹⁶⁰ A full list of the agreements can be viewed in WTO document WT/TPR/S/263/Rev.1 of 9 May 2012.

¹⁶¹ Treaty to Facilitate Access to Published Works by Visually Impaired Persons and Persons with Print Disabilities, adopted in Marrakesh on 27 June 2013.

3.3.7.1 Industrial property

3.182. The National Directorate of Industrial Property (DNPI), which comes under the Ministry of Industry, Energy and Mining (MIEM), has exclusive responsibility for the management, protection and design of government policy on industrial property in Uruguay. The DNPI keeps the registers of patents, trademarks and appellations of origin, and rules on annulment, administrative appeals and objections in relation to those registers.

3.183. Table 3.23 summarizes registration activity for the principal categories of industrial property during the period 2012-2017. In the case of patents, the difference between the numbers of patent applications and patents granted is explained in part by the length of time required to examine patent applications.

Table 3.23 Industrial property indicators, 2012-2017

	Residents	Non-residents	Total
Patents			
Applications	175	3,520	3,695
Granted	19	111	130
Utility models			
Applications	189	65	254
Granted	64	22	86
Industrial designs			
Applications	96	386	482
Granted	66	295	361
Layout-designs of integrated circuits			
Applications	0	0	0
Granted	0	0	0
Trademarks			
Applications	13,311	20,801	39,112
Granted	12,867	20,928	33,795
Appellations of origin			
Applications	0	13	13
Granted	0	1	1

Source: Information provided by the authorities.

3.3.7.1.1 Patents and utility models

3.184. Patents, utility models and industrial designs are regulated by the Patent Law and its implementing regulations (Decree No. 11/000).¹⁶² Patents may be held by domestic or foreign natural or legal persons. The law guarantees national treatment and right of priority under international patent treaties that Uruguay has ratified. Where there is no treaty, foreigners enjoy the same rights as nationals, although national treatment may be confined to countries that grant Uruguay reciprocity in this regard.

3.185. Patents confer on holders the right to prevent third parties from manufacturing a product or using a process protected by the patent without their prior consent (Table A3.8). Part or all of the economic rights given by a patent or patent application may be transferred. The economic rights stemming from an invention made within the framework of an employment, works or service contract for research belong to the employer, unless otherwise stipulated by the employer and the employee.¹⁶³

3.186. To obtain a patent, it has to be recorded in the relevant register by means of an application to the DNPI.¹⁶⁴ Once the application has been filed and the formal review of the patent application has been completed, it is published in the Industrial Property Bulletin (BPI), 18 months after the date of filing. At the applicant's request, the application may be published earlier. As from the publication, a period of 60 days is allowed for objections from third parties. After expiry of this period, the DNPI carries out a substantive examination and gives the applicant its comments or requests additional documentation. The applicant has 90 days in which to comply. This deadline may be extended at the applicant's request or if new elements arise. Once all the formalities and

¹⁶² Law No. 17.164 (Patent Law) of 29 September 1999 and Decree No. 11/000 of 13 January 2000.

¹⁶³ Article 18 of the Patent Law.

¹⁶⁴ Article 22 of the Patent Law contains the list of documents required to file an application.

requirements have been completed, the DNPI grants or denies the patent. The procedure is similar for granting protection for utility models and industrial designs, except that the time-frame for publication in the Bulletin for industrial designs is 12 months. As at the beginning of 2015, the average time taken to grant a patent was 14 years; by 2017, it was down to ten years.

3.187. There are some restrictions on exercise of the rights conferred by the granting of a patent. Patent holders may not invoke their rights, *inter alia*, when the protected invention is used for teaching or research, to carry out experiments or to prepare prescription drugs for individual use.¹⁶⁵ The Patent Law stipulates application of the principle of international exhaustion of rights.¹⁶⁶ Parallel imports are allowed in Uruguay.

3.188. The patent holder may grant (contractual) licences to exploit the protected item or process. Such a licence is not necessarily exclusive, and the patent holder may grant several licences for the same patent to different parties. The licences are non-transferrable and the licence holder may not in turn grant licences. The law prohibits the patent holder from imposing terms or conditions on the licence holder that distort or have an adverse impact on competition.¹⁶⁷

3.189. The Patent Law provides for the possibility of granting compulsory licences without the need for the patent holder's consent in certain specific cases (Table 3.24). Compulsory licences are granted by resolution of the DNPI; their scope and term are determined according to the purposes for which they are granted. All (contractual) licences, offers of licences, compulsory licences and other uses without the consent of the patent holder must be duly recorded in the DNPI register.¹⁶⁸ No compulsory licences were granted during the period under review.

Table 3.24 Compulsory licences

Grounds	Specific causes	Special conditions
Failure to work the patent (Article 54)	Invention not worked; no preparations made for its working; working discontinued for more than one year	Invention not worked for three years after the granting of the patent or four years after filing of the application (whichever deadline expires the latest)
Public interest (Articles 55-59)	General interest; national defence or national security; promotion of economic, social and technological development; health emergency; lack or insufficiency of commercial supplies to cover domestic market needs	Requires a Government resolution declaring the existence of public interest
Anti-competitive practices (Articles 60-63)	Setting of comparatively excessive prices in relation to the international market average; offer to supply the market with the same product at prices significantly lower than those offered by the patent holder, as determined by the competition authority; refusal to properly supply the local market on reasonable commercial terms	Requires a declaration of anti-competitive conduct issued by the competent administrative or judicial authority
Other	Impossible to obtain a licence on reasonable and appropriate commercial terms within 90 days following application	Must possess a business structure that is capable of suitably contributing to development of the local market
Dependent patents (Articles 69-70)	Protected invention or utility model cannot be worked without infringing an earlier patent	The new invention must represent a significant technological advance in relation to the previously patented invention

Source: Law on Patents, Utility Models and Industrial Designs.

3.3.7.1.2 Layout-designs of integrated circuits

3.190. Uruguay does not have any specific domestic regulations governing the protection of layout-designs of integrated circuits. These can be protected through patents or industrial designs.

¹⁶⁵ Article 39 of the Patent Law.

¹⁶⁶ Ibid., Article 40.

¹⁶⁷ Ibid., Article 52.

¹⁶⁸ Ibid., Article 110.

They may also be protected under the WTO TRIPS Agreement, which is an integral part of Uruguayan legislation.¹⁶⁹

3.3.7.1.3 Trademarks

3.191. The Trademark Law and its implementing regulations (Decree No. 34/999) regulate the procedure for registering trademarks, collective marks and geographical indications and the rights conferred by such registration.¹⁷⁰

3.192. In principle, registration in the DNPI's Trademark Register confers the right to a trademark in Uruguay, although well-known and reputed trademarks and those in use which have not yet been registered are protected. To register a trademark, an application has to be filed together with the requisite supporting documentation and payment of the corresponding fee.¹⁷¹ Once the application has been submitted, the DNPI publishes an extract in the Industrial Property Bulletin, and third parties are given 30 days to object. After the publication, the DNPI carries out a formal review and a substantive examination.¹⁷² If there are no objections from third parties or of its own accord, the DNPI decides whether to grant or deny the trademark, and issues the ownership certificate upon payment of the fees. The Trademark Law stipulates the principle of international exhaustion of rights.¹⁷³

3.193. Since 2013, trademarks have to be put to use in order to retain the rights conferred by their registration. Previously, use was optional; this was the main change made during the period under review.¹⁷⁴ A trademark registration may be cancelled at the request of a third party (having a direct, personal and legitimate interest) when the trademark has not been put to use for more than five consecutive years. It is up to the trademark holder to prove that they are using the trademark.

3.3.7.1.4 Geographical indications

3.194. Uruguay protects geographical indications, indications of source and appellations of origin (AO). Indications of source are protected indefinitely without having to be registered. The use of indications of source is reserved for producers and service providers established in the area or place covered by the protection.¹⁷⁵ Geographical indications (GI) and appellations of origin protect the use of the geographical name of a country, city, region or place to designate goods or services whose qualities or characteristics are exclusively or fundamentally attributable to the geographical environment, including human or natural factors.¹⁷⁶ In order to enjoy protection, appellations of origin have to be listed in the DNPI's Register of Appellations of Origin. Registration confers protection for an indefinite term. Applications may be made individually or collectively by a group of interested parties. Use of a GI or AO is contingent on compliance with specific quality requirements. Foreigners, whether public or private entities, may register foreign appellations of origin with the DNPI pursuant to domestic regulations and the agreements which Uruguay has signed. For grape-growing and wine production, the application to be entered in the Register of Appellations of Origin requires prior certification by the National Grape-Growing and Wine Production Institute (INAVI).¹⁷⁷

3.3.7.1.5 Plant varieties

3.195. The 1997 Law on Seeds governs the protection of plant varieties and further regulates the breeding, production, marketing and export of seeds and phytogenetic creations.¹⁷⁸ It has not

¹⁶⁹ WTO document WT/TPR/S/263/Rev.1 of 9 May 2012.

¹⁷⁰ Regulations implementing the Trademark Law, Decree No. 34/999 of 3 February 1999.

¹⁷¹ Article 2 of the Regulations implementing the Trademark Law.

¹⁷² Ibid., Articles 6 et seq.

¹⁷³ Article 12 of the Trademark Law.

¹⁷⁴ Ibid., Article 19, as amended by Article 187 of Law No. 19.149 (Budget and Accounting Report for 2012) of 24 October 2013.

¹⁷⁵ Articles 73 et seq. of the Trademark Law.

¹⁷⁶ Ibid., Article 75.

¹⁷⁷ Article 67 of the Regulations implementing the Trademark Law.

¹⁷⁸ Law No. 16.811 on Seeds of 21 February 1997 and amendments thereto (Law No. 18.467 of 27 February 2009).

changed since the last review. Uruguay is a signatory to the International Convention for the Protection of New Varieties of Plants (UPOV Convention).

3.196. To secure protection, a plant variety has to be listed in the National Register of Cultivars, which is managed by the National Seed Institute (INASE). The variety claiming protection must be new and must be clearly distinguishable from already known or listed varieties and cultivars. The INASE carries out scientific evaluations as a basis for deciding whether the variety may be registered. Registration confers ownership of new plant varieties for a period of between 20 and 25 years.¹⁷⁹ The processing time for applications to enter new plant varieties in the Register of Cultivars ranges from one to two years, given that it depends on the biological processes involved in planting, monitoring growth and gathering data. Registration gives the owner exclusive rights to produce the protected variety for commercial purposes and to market it domestically and abroad. It also confers the right to give it away and to engage in any type of business with the plant variety.

3.3.7.2 Copyright and related rights

3.197. Copyright and related rights are regulated by Law No. 9.739 and amendments thereto.¹⁸⁰

3.198. The Copyright Council (CDA) of the Ministry of Education and Culture is responsible for protecting copyright and related rights and oversees due application of the legislation in force. The CDA also serves as the archive for literary and artistic works in the public domain and represents the State in court cases concerning intellectual property. It may act as arbitrator in disputes involving unions or associations of authors or producers as well as in arbitration procedures to settle disputes between collecting societies and broadcasting companies relating to fees.¹⁸¹ Disputes arising with regard to registration in the Register are resolved by the CDA. The Copyright Register is managed by the National Library (BIBNA).

3.199. Literary and artistic works and related rights are automatically protected, even when they have not been registered. The term of the protection is the author's lifetime plus 50 years. Entry in the Copyright Register is optional and is purely declaratory. Registration does not attest to authorship of the registered work, but merely to the existence of the declaration made. It may serve to bring legal certainty and probative value in the event of a dispute.

3.200. The Copyright Law gives the owner exclusive right to sell, reproduce, distribute, publish, translate, adapt, transform or communicate the content of the work or make it available to the public. Copyright does not depend on ownership of the physical medium in which the work has been incorporated (Table A3.8).

3.201. When a work is created in the context of an agreed contractual relationship for that purpose, the associated rights belong to the employer, except in the event of an agreement to the contrary.¹⁸² Use of an artistic or literary work without the author's consent for research, education and other non-profit purposes does not constitute an infringement of copyright.¹⁸³

3.202. The law protects related rights, provided that performers of literary or musical works have rights in their performance; producers of phonograms in their phonograms; and broadcasting organizations in their broadcasts. There is no specific provision in Uruguayan law regarding application of the principle of national exhaustion of copyright.

3.3.7.3 Provisions for enforcement of IPRs

3.203. The Patent Law, the Trademark Law and the Copyright Law all contain provisions on enforcement of IPRs and provide for civil and criminal sanctions for infringement. There is no body specifically tasked with monitoring enforcement of intellectual property law. Supervision is ensured through the customs authorities.

¹⁷⁹ Articles 66 et seq. of the Law on Seeds.

¹⁸⁰ Law No. 17.616 of 10 January 2003.

¹⁸¹ Article 61 of the Copyright Law.

¹⁸² Ibid., Article 29.

¹⁸³ Ibid., Article 45.

3.204. In the event of infringement, the patent holder is entitled to bring civil action against the offender for damages. Patent holders have four years from the time they become aware of the violation to claim compensation. In respect of criminal proceedings, the Patent Law provides for sentences of between six months' and three years' imprisonment for offenders.¹⁸⁴

3.205. The Trademark Law provides for civil or criminal action to safeguard IPRs in the case of unauthorized use, counterfeiting, forgery or imitation of a trademark. Fraudulent goods are confiscated and destroyed, except where they are of a kind that can be given over to charities. Knowingly manufacturing, storing, distributing and marketing fraudulent goods is also punishable by a prison sentence of three months to six years. The trademark holder may bring a civil claim for damages. In respect of criminal proceedings, the law provides for sentences of between three months' and six years' imprisonment for offenders.¹⁸⁵

3.206. In 2014, the National Customs Directorate (DNA) introduced a new procedure to prevent the import of counterfeit goods. The procedure allows a trademark holder to lodge a preventive complaint with the customs authorities concerning the potential entry of fraudulent goods into the country and to request suspension of their clearance. The complaint must be filed with the DNA's Intellectual Property, Asset Laundering and Drug Trafficking Division. Upon receipt of the complaint, the DNA is entitled to proceed to open containers and inspect the goods. If the DNA discovers counterfeit merchandise, it informs the competent judge in the Criminal Court for Montevideo and the Interior, who summons the trademark holder to notify them of the time-limit and conditions for prosecuting the offender.¹⁸⁶ If the trademark holder decides to prosecute, the judge may order the destruction of the merchandise seized, otherwise it is released.

3.207. The DNA keeps a register of seizures of goods, which is public and is updated monthly.¹⁸⁷ Another register of seizures of counterfeit goods is kept by the DNA's Intellectual Property, Asset Laundering and Drug Trafficking Division.

3.208. The Copyright Law provides for terms of imprisonment ranging from three months to three years for anyone that publishes, sells, reproduces or distributes to the public for profit an unpublished or published work, a performance, a phonogram or a broadcast without prior consent from the copyright holder. The copyright holder may demand cessation of the unlawful activity and claim compensation for damages, including a fine of up to ten times the value of the infringing product. The courts may order a search of the premises where the offence is committed, as well as confiscation and destruction of infringing copies.¹⁸⁸ Reproduction of protected works for non-profit purposes without written consent from the copyright holder may be punished with fines ranging from US\$300 up to a maximum of US\$50,000.

¹⁸⁴ Articles 99 et seq. of the Patent Law.

¹⁸⁵ Articles 81 et seq. of the Trademark Law.

¹⁸⁶ DNA Resolution No. 36/2014 of 6 May 2014.

¹⁸⁷ Online information from the DNA, viewed at:

<http://www.aduanas.gub.uy/innovaportal/v/10500/4/innova.front/incautacion-de-mercaderias.html>.

¹⁸⁸ Articles 46 et seq. of the Copyright Law.

4 TRADE POLICIES BY SECTOR

4.1 Agriculture, forestry and fisheries

4.1.1 Features, objectives and institutional framework

4.1. The contribution of the agricultural sector (including livestock, forestry and hunting) to GDP was 5.1% in 2017, lower than the 8.7% recorded in 2011. Agro-industry, included in the WTO definition of agriculture, represented 6% of GDP in 2017. The sector's growth rate was erratic during the review period, owing to the variations in the cultivated areas and unstable weather conditions, which directly affected yields. Livestock farming is the most important activity in the sector. The main agricultural products are: bovine cattle, oilseeds (soya); milk; forestry products; and cereals (chiefly wheat and rice).

4.2. Uruguay is a net exporter of agricultural products (WTO definition), which accounted for 65% of total exports in 2016, with meat and oilseeds (soya) representing the main export products, followed by dairy produce and cereals, as in 2011 (Table 4.1). The main markets for certain Uruguayan agricultural exports have varied since 2011. In the case of meat, in 2011 the Russian Federation was the largest market (24%), whereas in 2016 China (35%) and the United States (13%) became the leading markets. In the case of dairy produce, exports to Brazil were already the main destination in 2011 (28% of the total), and became even more important by 2016 (60%).

Table 4.1 Main agricultural sector indicators, 2011-2017

	2011	2012	2013	2014	2015	2016	2017 ^a
Agriculture, forestry and hunting							
Share of GDP (% at current prices)	8.7	8.0	7.5	6.7	6.1	5.9	5.1
Real growth rate (% at 2005 prices)	13.5	-0.5	2.5	0.4	-0.9	2.7	-0.8
Structure by subsector (% of agricultural sector)							
Crops in general; agricultural services applied to those crops	45.2	45.4	45.9	38.4	30.7	35.6	31.1
Livestock breeding; livestock services	50.4	51.3	50.0	56.1	61.1	56.3	60.4
Forestry, extraction of timber and activities of allied services	4.4	3.4	4.1	5.4	8.2	8.1	8.5
Agricultural sector by WTO definition							
Exports							
Value (US\$ million)	4,824	5,707	6,084	6,028	4,776	4,500	n.a.
% of total exports	61.0	65.5	67.1	65.8	62.3	64.6	n.a.
Most important products by HS Chapter (% of total agricultural exports)							
02. Meat and edible meat offal	30.5	27.8	24.6	27.8	33.2	35.4	n.a.
12. Oilseeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal plants	16.8	24.3	30.9	27.0	23.6	19.3	n.a.
04. Dairy produce; birds' eggs; natural honey; edible products of animal origin	15.2	14.0	15.0	13.7	13.6	12.8	n.a.
10. Cereals	16.2	17.7	14.7	14.4	10.6	12.1	n.a.
01. Live animals	3.4	1.5	0.6	2.4	3.1	4.5	n.a.
11. Products of the milling industry; malt; starches; inulin; wheat gluten	4.6	3.8	3.8	3.4	2.8	3.6	n.a.
15. Animal or vegetable fats and oils	2.6	2.1	1.8	2.1	2.8	2.6	n.a.
08. Edible fruit and nuts; peel of citrus fruits or melons	2.0	1.4	1.6	1.9	1.9	2.1	n.a.
51. Wool, fine or coarse animal hair; horse hair yarn and woven fabric	1.9	1.5	1.9	1.9	2.3	1.9	n.a.
05. Other products of animal origin	1.3	1.2	1.2	1.3	1.5	1.4	n.a.
Imports							
Value (US\$ million)	1,250	1,161	1,395	1,245	1,287	1,144	n.a.
% of total imports	11.7	10.0	12.0	11.6	13.6	14.1	n.a.
Most important products by HS Chapter (% of total agricultural imports)							
23. Residues and waste from the food industries	12.6	12.1	11.4	10.6	10.3	9.6	n.a.
15. Animal or vegetable fats and oils	8.5	8.4	8.1	9.1	9.0	8.7	n.a.
02. Meat and edible meat offal	4.6	5.8	6.2	7.6	6.8	8.3	n.a.
20. Preparations of vegetables, fruit, nuts or other parts of plants	5.9	6.8	6.4	6.4	6.6	7.3	n.a.
09. Coffee, tea, maté and spices	5.3	6.0	6.9	8.9	7.7	7.1	n.a.
21. Miscellaneous food preparations	6.6	7.8	7.3	7.7	7.4	7.0	n.a.
17. Sugars and sugar confectionery	8.0	8.2	6.7	6.4	6.1	6.8	n.a.

	2011	2012	2013	2014	2015	2016	2017 ^a
19. Preparations of cereals, flour, starch or milk	4.7	5.5	5.0	5.5	5.6	6.0	n.a.
22. Beverages, spirits and vinegar	4.3	5.6	4.9	5.2	5.7	5.7	n.a.
10. Cereals	8.6	5.4	12.7	7.6	8.1	5.6	n.a.
Agricultural trade balance (US\$ million)	3,574	4,546	4,690	4,783	3,489	3,356	n.a.

n.a. Not available.

a Preliminary figures.

Source: WTO Secretariat estimates based on data provided by the authorities and on the Comtrade database.

4.3. The Ministry of Livestock, Agriculture and Fisheries (MGAP) is responsible for drawing up and implementing policies for the development of the agricultural, agro-industrial and fisheries sectors in order to: ensure the supply of the domestic market; promote exports to new markets; improve the country's sanitary situation; promote the sustainable use and management of natural resources; and enhance the quality of life, in particular for the rural population. The MGAP also formulates and implements forestry policy, where the prime objective is sustainable forestry management through the improvement, extension and creation of forestry resources and the development of forest industries.¹

4.4. The MGAP carries out its policies through its directorates ("executing units"), which are responsible for the various agricultural policy areas, as well as through other specialized entities in different sectors of agricultural activity (Table 4.2).

4.5. The MGAP's Agricultural Planning and Policy Office (OPYPA) advises the authorities in the framing of government policy for the agricultural, agro-industrial and fisheries sectors, supports the executing units and coordinates the implementation of agricultural policy with other ministries. It also assesses government policies and generates and systematizes the statistical data needed by the various bodies of the agro-industrial chains in order to be able to take appropriate decisions.

Table 4.2 Institutions responsible for formulating and implementing agricultural policy

Institution	Function
Ministry of Livestock, Agriculture and Fisheries (MGAP)	
Directorate-General of Agricultural Services (DGSA)	Draws up and implements policies relating to phytosanitary matters, plant quality, plant food quality and safety, agricultural input quality and control, animal feeds and plant products, and cereal marketing facilitation and organization.
Directorate-General of Rural Development (DGDR)	Designs and implements agricultural development policies, including those for the inclusion of family farming into production chains.
Directorate-General of Livestock Services (DGSG)	Manages and implements animal health policy; ensures the hygiene and health condition of foods and products of animal origin; controls and certifies the hygiene and health conditions of imports and exports of animals, genetic material, products of animal origin and inputs used for animal production and health.
Directorate-General of Food Safety Control (DIGECIA)	Ensures food safety.
Directorate-General of Farms (DIGEGRA)	Contributes to the development of farms as a means of curbing rural migration and promoting the production of healthy and safe food for the population; implements policies to improve living conditions on farms through training and utilization of production methods and care for the conservation of natural resources.
Directorate-General of Rural Development (DGDR)	Draws up integrated rural development policies based on a sustainable and inclusive production model.
Directorate-General of Forestry	Promotes the development of forestry industry and sustainable forestry management.
National Directorate of Aquatic Resources (DINARA)	Manages and regulates fishing and aquaculture; promotes the development of fisheries and aquaculture activities and evaluates fisheries resource stocks; conducts research on hydrobiological resources and the aquatic ecosystem; monitors compliance with hygiene, health and quality standards.

¹ Forestry Law No. 15.939 of 28 December 1987.

Institution	Function
Unit for International Affairs	Represents the MGAP in the specialized committees of e.g. the WTO, OIE, IPPC Secretariat and Codex Alimentarius; coordinates work with other Uruguayan public and private bodies for activities at the international level.
Specialized institutions	
National Meat Institute (INAC)	Draws up policies/activities for the sustainable development of the meat complex; implements traceability, quality control, verification and certification programmes.
National Milk Institute (INALE)	Advises the Government on milk policy.
National Grape-Growing and Wine Production Institute (INAVI)	Formulates and implements grape-growing and wine production policy; controls the production process by regulating volume and quality; monitors compliance with technical regulations relating to grape-growing and wine production.
Uruguayan Wool Secretariat (SUL)	Technical institution of reference in the sheep sector at national and regional level; promotes the sustainable development of the sheep sector, research, use of technology in the sector and training; identifies opportunities for generating new sources of income.
Sectoral Commission for Rice	Advises the Government on production, supply, processing, marketing, export, land tenure, irrigation, reservoirs and all other matters concerning rice; draws up guidelines for the promotion of technological improvement and expansion of rice production through the integrated use of irrigation, fertilization and appropriate rotation practices; makes recommendations on land and water policy for the expansion and cultivation of rice.

Source: WTO Secretariat, on the basis of information provided by the authorities.

4.6. The Policy Guidelines of the Institutional Framework for Agriculture 2015-2019, prepared by the MGAP, establish agricultural policy in Uruguay. In general, the MGAP's strategy is aimed at improving agricultural and agro-industrial competitiveness in order to achieve sustainable development, taking into account social integration and environmental conservation. The MGAP seeks to create high-value niche markets, distinct from the traditional commodity markets. The strategy involves improving export products through the use of new technology in primary activities. It also aims to implement practices that ensure sustainability in soil use and management in production chains, as well as to improve water management and increase the agricultural area under irrigation.²

4.1.2 Policy instruments

4.1.2.1 Border measures

4.7. The average tariff applied to agricultural products (WTO definition) was 9.6% in 2017, the same as in 2012. Protection was higher than the sectoral average for dairy produce (17.9%), sugar and sugar confectionery (17.2%) and beverages and spirits (16.1%) (Table A3.3). Uruguay does not use tariff quotas within the WTO framework; however, it has negotiated preferential quotas under trade agreements with Peru (carded alpaca wool) and Mexico (powdered milk).

4.8. Agricultural inputs which are deemed necessary and for which there is no domestic supply may be imported duty free.³ This exemption applies to products such as fertilizers, seeds, wire, and irrigation and fumigation equipment; the list varies according to needs, which are identified through technical reports by a number of ministries.⁴ Inputs imported duty free are for the exclusive use of the agricultural sector.

² Information provided by the authorities.

³ Decree No. 194/979 of 30 March 1979 and WTO documents G/AG/N/URY/49 of 17 May 2013, G/AG/N/URY/53 of 20 June 2014, G/AG/N/URY/56 of 27 April 2015 and G/AG/N/URY/61 of 4 May 2016.

⁴ Decree No. 71/016 of 9 March 2016.

4.9. Uruguay imposes non-tariff measures in the agricultural sector for the protection of human, plant and animal health, among other objectives.⁵ The most significant changes during the review period were the reduction in the number of tariff lines corresponding to live animals and animal products subject to an import prohibition, from 250 in 2012 to 50 in 2017, and the elimination of the prohibitions concerning skins and hides (Chart 3.3). Apart from these products, imports of food preparations (wines of fresh grapes) are prohibited (nine HS 2012 ten-digit lines).⁶

4.10. Uruguay uses automatic licensing for statistical purposes in the case of certain agricultural products (animal or vegetable fats and oils). It also uses non-automatic licensing for sugar and sugar confectionery for the purpose of granting tariff exemptions for domestic producers. Imports of acetic acid are also subject to a non-automatic licensing requirement for the purpose of protecting human health.

4.11. Under the WTO Agreement on Agriculture, Uruguay reserved the right to have recourse to special safeguards for wheat for sowing (HS 1001.10.00.90 and HS 1001.90.10.90 of the HS 2007). However, Uruguay notified the Committee on Agriculture that it did not use this special safeguard during 2012-2015.⁷

4.12. Export duties or taxes are prohibited in Uruguay, with the exception of exports of raw hides, salted, pickled or wet-blue, which are subject to an export tax of 5% in order to promote processing within the country.⁸

4.13. Uruguay notified the WTO Committee on Agriculture that in 2012-2015 it did not subsidize exports of rice, butter and oilseed cake.⁹

4.1.2.2 Domestic support measures

4.14. Agricultural products (WTO definition) are subject to the tax on the sale of agricultural goods (IMEBA), value added tax (VAT) and the specific internal tax (IMESI).

4.15. The IMEBA is applied to the first sale made by producers and processors of agricultural products liable for the tax on income from economic activities (IRAE). Since 2012, only one product, psychoactive cannabis, has been added to the list of products subject to the IMEBA. The current rates of the IMEBA range from 0% to 2.5% according to the product; these rates have not changed since 2012 (Table 3.9).¹⁰ The highest rates apply to wool and sheep and cattle hides (2.5%) and live animals (2%).

4.16. Agricultural products in their natural state are subject to a suspended VAT regime (zero-rated). Once the agricultural product has been processed, it becomes liable to VAT at the basic rate of 22%. However, some products are taxed at a minimum rate of 10%, namely: edible fats and oils; rice; sugar; meat and fish; flour, beans and ordinary white bread; coffee and yerba maté. Fruit, vegetables and flowers in their natural state are taxed at 10% when sold to or imported by a consumer through an intermediary, and at 22% when imported by an IRAE taxpayer. Some agricultural inputs and products are exempt from VAT (Table 3.10).¹¹ The list of inputs is updated according to needs, and to be eligible it is necessary to show that the input is for exclusive use in the agricultural sector and cannot be used elsewhere.¹² In addition, a credit for VAT paid on purchases of goods and services used in the production process is available if imported products are

⁵ WTO documents G/MA/QR/N/URY/1 and G/MA/QR/N/URY/2 of 15 July 2014 and 11 November 2016, respectively.

⁶ Idem.

⁷ WTO documents G/AG/N/URY/51 of 17 May 2013, G/AG/N/URY/54 of 20 June 2014, G/AG/N/URY/58 of 27 April 2015 and G/AG/N/URY/60 of 2 May 2016.

⁸ Law No. 17.780 of 27 May 2004 and information provided by the authorities.

⁹ WTO documents G/AG/N/URY/50 of 17 May 2013, G/AG/N/URY/55 of 16 July 2014, G/AG/N/URY/57 of 27 April 2015 and G/AG/N/URY/59 of 2 May 2016.

¹⁰ Decree No. 14/015 of 13 January 2015.

¹¹ Decree No. 220/998 of 12 August 1998.

¹² Decree No. 39/017 of 13 February 2017, Decree No. 62/017 of 11 March 2017, Decree No. 179/016 of 20 June 2016, Decree No. 378/017 of 5 December 2016, Decree No. 114/015 of 27 April 2015 and Decree No. 144/015 of 26 May 2015.

used to manufacture agricultural machinery or accessories and/or for production of agricultural products or raw materials.

4.17. Some agro-industrial products, such as alcoholic beverages, fruit juices, and cigarettes and tobacco, are subject to the IMESI (Table 3.11).

4.18. In general, the agricultural sector can also benefit from the refund of indirect taxes and charges on exports as well as from the free zone regime (Section 3). Uruguay also grants tax exemptions for certain specific activities. Thus, the exploitation of forests classed as protective (aimed at protecting the soil, water and other renewable natural resources) under the Forestry Law may be eligible for exemptions from national taxes such as the IRAE and departmental taxes such as the rural housing contribution. In the case of production woodlands (plantations for wood pulp or sawn wood), exemption from the IRAE is available only for the production of quality wood.¹³

4.19. Uruguay notified the WTO that domestic support provided to agriculture during 2012-2015 included: research, extension and advisory services; pest and disease control programmes; marketing and promotion services; and environmental programmes.¹⁴ It also notified subsidies for investment in agriculture, the value of which declined from US\$2,236,692 in 2012 to US\$232,696 in 2015 (the year of the latest notification), including the disbursements under the Rural Uruguay Project. Uruguay also notified the WTO that during 2012-2015 its aggregate measure of support for the agricultural sector was below the *de minimis* level. This support consisted of exemption from customs duties for agricultural inputs from non-MERCOSUR countries.

4.20. The Rural Uruguay Project implemented between 2001 and 2011 was designed to act on the causes that generate rural poverty by improving the distribution of wealth generated in the countryside. The project had two strategic themes. Firstly, the organization of rural wage-earners and their families to enable them to participate in decision-making and have access to markets; and secondly, support for farmers through more traditional measures such as, for example, rural financing at "low" interest rates and training. The project had a total budget of US\$23 million and benefited 10,214 families, more than originally planned.¹⁵

4.21. In addition to these general support programmes for agriculture, Uruguay also uses mechanisms to target specific areas, such as the Fund for the Financing and Restructuring of the Rice Sector (FFRAA) and the Fund for the Financing and Sustainable Development of the Dairy Industry (FFDSAL).

4.22. The FFRAA is a private trust fund administered by the MGAP, set up in 2003 to pay off the debts of rice producers, processors and/or exporters, as well as those of the Fund itself. It is financed by retaining up to 5% of the f.o.b. value of rice exports.¹⁶ The Fund was set up on a provisional basis but has been renewed three times. A fourth stage was launched (FFRAA IV) in 2016 with the issuance of debt certificates for a total of US\$40 million.¹⁷ The amounts payable to the individual beneficiaries are calculated on the basis of their share of production.¹⁸ The retention applied since 1 March 2017 is 3%, paid in full into a special account in the Bank of the Eastern Republic of Uruguay (BROU) held by the MGAP/FFRAA.

4.23. The FFDSAL was established in 2007 to promote the development of the dairy industry through funding to increase production and employment in the sector.¹⁹ It is financed by issuing debt securities, and investors receive a monthly amount depending on the quantity of milk delivered to plants. However, milk producers must also contribute to the FFDSAL. The Fund collects an amount (adjusted every six months by the MGAP in line with the US\$ exchange rate) per litre of milk

¹³ Law No. 18.245 of 19 December 2007.

¹⁴ WTO documents G/AG/N/URY/49 of 17 March 2013, G/AG/N/URY/53 of 20 June 2014, G/AG/N/URY/56 of 27 April 2015 and G/AG/N/URY/61 of 4 May 2016.

¹⁵ OPYPA (2012), Chapter 40, OPYPA 2011 Yearbook. Viewed at: <http://www.mgap.gub.uy/unidad-ejecutora/oficina-de-programacion-y-politicas-agropecuarias/publicaciones/anuarios-opypa/2011>.

¹⁶ Law No. 17.663 of 11 July 2003.

¹⁷ Online information from the FFRAA, viewed at: <http://www.aca.com.uy/fondo-arrocero-ffraa-iv>.

¹⁸ Information on the FFRAA IV, Communiqué No. 19/2016, Montevideo, 26 October 2016. Online information viewed at: http://www.aca.com.uy/wp-content/uploads/2017/09/Comunicado-19_2016-Fondo-Arrocero.pdf; Ministry of Livestock, Agriculture and Fisheries and Ministry of the Economy and Finance. Online information viewed at: <http://extwprlegs1.fao.org/docs/pdf/uru160945.pdf>.

¹⁹ Law No. 18.100 of 23 February 2007.

delivered to the plant, as well as for imports and exports of dairy produce. This contribution may not exceed 3.5% of the average price of milk.²⁰

4.24. The Farm Reconstruction and Promotion Fund (FRFG) was originally established in 2002 with the following objectives, among others: (i) to deal with the losses incurred by producers affected by weather conditions; (ii) to promote the use of agricultural insurance in the farming sector; (iii) to encourage the integration of the agro-industrial chain for fruit and vegetables; and (iv) to write off farmers' debt.²¹ However, in 2011 its objectives were redefined and the Farm Promotion Fund (FFG) was set up primarily in order to promote farming activity.²² The FRFG and FFG were financed until 2015 through the collection of VAT paid on fruit, vegetables and flowers.²³ Since 2016 the FFG has been financed from the National Budget, since from that date fruit and vegetables were eligible for suspended VAT, together with all other products in their natural state.²⁴

4.25. FFG resources are also used to promote the use of agricultural insurance in the farming sector. The resources may be used to pay both agricultural insurance premiums as well as reinsurance taken out with insurance institutions that have agreed with the MGAP to participate in this type of activity.²⁵ Only the State Insurance Bank (BSE) participates in this programme, which has significantly increased the use of insurance, for example against hail and wind damage. Currently, 75% of fruit orchards, 40% of greenhouses and 30% of vegetable crops are insured, compared with only 15%, 20% and 7%, respectively, in 2002. For the purpose of determining the percentage and the amount of support granted by the Fund, the MGAP may take into account: (a) the maximum area per producer according to the type of activity; (b) loss ratios; and (c) level of use considered desirable for each type of insurance. The MGAP will also allocate resources to the Fund to promote a guarantee system for the farming sector, thus increasing the possibilities of access to credit. FFG resources may also be used to repay or write off debts contracted to finance primary production activities of family farmers.²⁶

4.26. Generally speaking, the prices of agricultural products are not fixed in Uruguay. The exception is the retail price of pasteurized milk with a fat content of not less than 2.6%, which is fixed country-wide by the Government.²⁷ The purpose of this price control is to limit the marketing margins (distribution, wholesale and retail), so as to ensure a low price for consumers. The retail price of milk is fixed on the basis of the price of the raw material (farm-gate price), processing cost (pasteurization), and the wholesale and retail distribution mark-ups. In addition to pasteurized milk, there is a fixed price for a variety of grape (merlot) used for winemaking when produced by small producers (1-5 hectares). The purpose of this price control is to protect the more vulnerable growers.²⁸

4.27. The BROU offers some credit programmes designed specifically for agriculture (Table 4.3). According to Uruguay's notifications to the WTO, during the period under review there were no subsidized interest rates for agriculture. According to the authorities, the BROU sets interest rates on a case-by-case basis taking into account the Bank's financial rate and the expected risk of the operation.

Table 4.3 Financial products for the agricultural sector

Product/description
Crop financing
Seasonal working capital
Aimed at financing farmers' running costs, such as payment of wages and fees, freight charges, shearing costs, animal health and purchase of inputs.

²⁰ Idem.

²¹ Law No. 17.503 of 30 May 2002 and Law No. 17.844 of 21 October 2004.

²² Law No. 18.827 of 21 October 2011.

²³ Law No. 17.503 of 5 June 2002.

²⁴ Law No. 19.407 of 24 June 2016.

²⁵ Decree No. 267/012 of 16 August 2012.

²⁶ Family farm producers are those who work on their farms, obtain most of their income from farming, employ a maximum of two permanent labourers and up to 1,250 day-labourer working days per year, live within 50 km of the farm, and are enrolled in the Register of Family Producers.

²⁷ Ministry of the Economy, unnumbered resolution of 26 October 2016. Online information viewed at: <http://www.impo.com.uy/diariooficial/2016/10/28/um.pdf>.

²⁸ Law No. 18.462 of 8 January 2009.

Product/description
Crops
Aimed at financing costs of planting, maintaining and harvesting rice, winter crops, summer crops, vegetables and fruit.
Marketing advances
Loan enabling farmers to choose the best time to market agricultural products such as cereals, meat, wool and honey.
Animal feeds
Financing for purchases of feeds and supplements, as well as the costs involved in planting of meadows, fodder crops, land improvement and creation of reserves.
Agrocredit
Product intended to meet the financial and investment requirements of category one agricultural customers.
Livestock financing
Animal fattening and finishing
Product to finance the purchase of animals for fattening and/or finishing, regardless of the species involved (beef cattle, dairy cattle, sheep, pigs and poultry).
Animals for breeding
Finances the purchase of breeding animals for the various types of animal farming.

Source: Online information from the BROU, viewed at: <https://www.portal.brou.com.uy/web/guest/clientes-empresa/agro>.

4.2 Mining and energy

4.2.1 General features

4.28. The Ministry of Industry, Energy and Mining (MIEM) is responsible for framing, implementing and evaluating policy in the electricity, hydrocarbons and mining sectors. Among other things it is tasked with: (i) diversifying energy sources and suppliers; (ii) promoting universal access to energy; (iii) regulating and supervising mining activities; and (iv) granting mining concessions.²⁹

4.29. The objectives of sectoral policy, as set out in the Energy Policy 2005-2030, include: meeting the domestic demand for power at suitable costs for all social sectors; achieving energy independence; and using these policies as an instrument for developing the country's production capacities and competitiveness.³⁰

4.30. The share of mining within GDP remained stable during the review period, at 0.4% in 2017, while the energy sector represented 2.7% of GDP in that year. Gold is the sector's main export product; Uruguay is a net importer of mining and hydrocarbon products (Table 4.4).

Table 4.4 Main mining and energy sector indicators, 2011-2017

	2011	2012	2013	2014	2015	2016 ^a	2017 ^a
GDP share (% at current prices)							
Supply of electricity, gas, steam and hot water; collection, purification and distribution of water	1.9	1.0	2.2	2.3	2.2	2.7	2.7
Mining	0.4	0.4	0.5	0.5	0.4	0.5	0.4
Main exports							
Chief products (% of total exports)							
7108 – Gold (including gold plated with platinum) unwrought or in semi-manufactured or in powder form	1.1	1.2	1.0	0.8	0.7	0.6	n.a.
2710 – Petroleum or bituminous mineral oils, other than crude oils	0.7	1.0	0.3	0.7	0.3	0.5	n.a.
25. Salt; sulphur; earth and stone; plastering materials, lime and cement	0.4	0.1	0.1	0.2	0.3	0.2	n.a.
26. Ores, slag and ash	0.0	0.0	0.0	0.0	0.0	0.0	n.a.
2709 – Crude petroleum and bituminous mineral oils	0.0	0.0	0.0	0.0	0.0	0.0	n.a.
2711 – Petroleum gases and other gaseous hydrocarbons	0.0	0.0	0.0	0.0	0.0	0.0	n.a.

²⁹ Online information from the MIEM, viewed at: <http://www.miem.gub.uy/web/energia/institucional/organizacion-y-funciones/facultades>.

³⁰ MIEM (2005), *Política Energética 2005-2030*, p. 3. Viewed at: <http://www.miem.gub.uy/documents/49872/0/Política%20Energética%202030>.

	2011	2012	2013	2014	2015	2016 ^a	2017 ^a
2716 – Electrical energy	0.0	0.1	0.2	0.5	0.0	0.0	n.a.
Main imports							
Chief products (% of total imports)							
2709 – Crude petroleum and bituminous mineral oils	8.8	14.5	13.4	12.5	8.6	8.3	n.a.
2710 – Petroleum or bituminous mineral oils, other than crude oils	9.7	10.1	4.3	3.3	2.5	1.0	n.a.
2711 – Petroleum gases and other gaseous hydrocarbons	1.0	0.6	0.7	0.4	0.5	0.6	n.a.
25. Salt; sulphur; earth and stone; plastering materials, lime and cement	0.5	0.5	0.3	0.3	0.4	0.4	n.a.
26. Ores, slag and ash	0.0	0.0	0.0	0.0	0.0	0.0	n.a.
2716 – Electrical energy	0.8	1.7	0.0	0.0	0.0	0.0	n.a.

n.a. Not available.

a Preliminary figures.

Source: WTO Secretariat estimates based on data provided by the authorities and on the Comtrade database.

4.31. The Mining Code regulates mining in Uruguay, and establishes the conditions for the grant of mining titles and rights as well as the regimes governing mining in the country.³¹

4.2.2 Hydrocarbons

4.32. Uruguay does not currently have any crude petroleum or natural gas reserves, but according to the authorities exploration is under way. During the review period, activities such as refining of crude oil and fuels have increased.

4.33. The National Fuel, Alcohol and Portland Cement Authority (ANCAP), a state-owned company, has a monopoly on the importation and refining of crude oil and its products. The private sector may participate in the distribution of fuels. The ANCAP is also responsible for hydrocarbons exploration in Uruguay, either on its own account or through third parties. Contracts are awarded to third parties through a tendering process. In 2012 an international tender was held, as a result of which hydrocarbon exploration and exploitation contracts were granted on a production-sharing basis. Another international tender was being held in early 2018.

4.34. The Government sets maximum prices for liquid fuels and liquefied petroleum gas on the basis of proposals by the ANCAP. It also fixes maximum prices for natural gas.³²

4.35. With a view to diversifying energy sources, during the review period some additional activities were included in the regime of specific tax incentives (Section 2). Thus, in 2013, the construction and operation of liquefied natural gas (LNG) regasification plants was included in the regime. These incentives include: (i) exemption from all import taxes in the case of capital goods; (ii) accelerated five-year amortization regime for the IRAE; and (iii) exemption from the wealth tax (IP).³³ Hydrocarbon exploration in certain areas of the country was also included in the special incentives regime. The tax concessions for these activities include a VAT tax credit and exemption from the IRAE.³⁴

4.2.3 Electricity

4.36. In 2016 (latest data), hydraulic power continued to be the main source of electricity generation in the country, accounting for 39% of the total, followed by wind (31%), thermal (17%), biomass (11%) and solar energy (2%).³⁵ During the review period, diversification of energy sources

³¹ Mining Code, Law No. 15.242 of 8 January 1982.

³² Online information from the Energy and Water Services Regulatory Authority (URSEA), viewed at: http://www.ursea.gub.uy/Inicio/Combustibles/Tarifas_Precios_Combustibles.

³³ Decree No. 118/013 of 15 April 2013.

³⁴ Decree No. 68/013 of 28 February 2013.

³⁵ Online information from the MIEM, viewed at: <http://www.dinamige.gub.uy/web/energia/-/series-estadisticas-de-energia-electrica->.

began in an attempt to generate more renewable energy (wind and solar); electricity generation from solar energy began in 2014.

4.37. Historically, Uruguay has been a net importer of electricity. However, in recent years domestic production has posted surpluses, partly thanks to investment in wind farms. Despite the rise in domestic demand, Uruguay is in the process of establishing itself as a net electricity exporter.³⁶ The first electricity exports were made in 2016.³⁷

4.38. The electricity sector is regulated by the National Electricity Law, the Framework Law Regulating the Electricity Sector, and various decrees.³⁸ During the review period, a number of decrees and resolutions were issued concerning the sector, including in particular a decree promoting government procurement of electricity generated from solar energy by means of direct negotiation³⁹; a decree creating new rules for the sale of electricity generated from wind and solar energy⁴⁰; and four decrees relating to the creation of a new regime for industrial consumers of electricity that also produce electricity from wind energy.⁴¹

4.39. The National Electricity Plants and Transmission Authority (UTE), a state-owned company, continues to participate in the generation, transmission and distribution of electricity and is the country's only power transmission company. It has hydraulic, thermal and wind generation plants. The private sector can participate in the power generation market, and its participation increased considerably during the review period, particularly in the generation of electricity from wind, solar and biomass resources. In 2016, 33% of Uruguay's total installed capacity was in the hands of private companies.⁴²

4.40. The Energy and Water Services Regulatory Authority (URSEA) is responsible for regulating the electricity sector. It issues regulations governing the industry and supervises compliance with them. It also advises the Government on establishing tariffs, together with the Planning and Budget Office (OPP) and the MIEM, as the Government is legally authorized to fix maximum tariffs for each type of activity in the electricity industry.⁴³ In 2015, regulations were issued updating the charges for the use of the transmission interconnection network, applicable among others to power generation companies, self-producers and exporters.⁴⁴

4.41. Users with connections of 500 kW or more may opt for the regime of free users or "major consumers", which allows them to directly negotiate the price with the power generation companies. Other users are regulated users and their electricity tariffs are fixed by the Government.

4.42. The Electricity Market Authority (ADME) manages the Wholesale Electricity Market (MMEE), which includes the generation, transmission, distribution and marketing companies and free users. In 2017, the MMEE included 62 private generation companies, one transmission company (UTE), one distributor (UTE) and two private marketing companies.⁴⁵ The MMEE allows private generation companies to supply both free users and the UTE as the sole transmission and distribution company for regulated users.⁴⁶ In addition to obtaining their supplies from private generation companies, free users may opt to receive electricity from abroad.⁴⁷

³⁶ Electricity Market Authority (2016), *Informe Anual 2016*, pp. 21 et seq. Viewed at: <http://latorre.adme.com.uy/mmee/pdf/informes/anual/InformeAnual2016.pdf>.

³⁷ Online information from the Office of the President of the Republic, viewed at: <https://www.presidencia.gub.uy/comunicacion/comunicacionnoticias/cosse-autorizacion-exportacion-energia-argentina-togely>.

³⁸ Law No. 14.694 (National Electricity Law) of 1 September 1977 and Law No. 16.832 (Framework Law Regulating the Electricity Sector) of 17 June 1997.

³⁹ Decree No. 133/013 of 2 May 2013.

⁴⁰ Decree No. 59/015 of 17 February 2015.

⁴¹ Decrees No. 158/012 of 17 May 2012, No. 433/012 of 28 December 2012, No. 361/015 of 29 December 2015 and No. 203/017 of 31 July 2017.

⁴² Deloitte Global (2017), *Presente y desafíos del mercado eléctrico en Uruguay*. Viewed at: <http://www.mvdpanel.net/adjuntosTextos/cz47hroew7iqkp/1100/Deloitte%20mercado%20electrico%20UY.pdf>

⁴³ Article 15 of Law No. 16.832.

⁴⁴ Decree No. 277/015 of 13 October 2015.

⁴⁵ Online information from the ADME, viewed at: http://adme.com.uy/mme_admin/participantes/comercializadores.php.

⁴⁶ Article 11 of Law No. 16.832.

⁴⁷ WTO document WT/TPR/S/263/Rev.1 of 9 May 2012.

4.3 Manufacturing

4.3.1 Features and policy objectives

4.43. The share of manufacturing (including the processing of foods and hydrocarbons) in GDP declined in current terms during the review period, from 12.7% in 2011 to 11.7% in 2017. The sector's growth over the period fluctuated in the case of certain industries, such as paper and plastics, while in others, such as clothing, textiles and transport equipment, it followed a downwards or erratic trend (Section 1, Table 1.1). The percentage of the labour force employed was 12.2% in 2011 and 10.8% in 2016.

4.44. The principal industries that make up the Uruguayan manufacturing sector are: food, beverages and tobacco; wood and paper products; and the chemical industries. Refining of petroleum and other fuels has grown in importance since 2011, accounting for 11.2% of manufacturing value added in 2017 compared with 3.2% in 2011 (Table 4.5).

Table 4.5 Main manufacturing sector indicators, 2011-2017

	2011	2012	2013	2014	2015	2016 ^a	2017 ^a
Manufacturing industries							
Share of GDP (% at current prices)	12.7	12.2	11.3	12.1	13.2	12.8	11.7
Real growth rate (% at 2005 prices)	2.0	-3.9	1.2	4.2	4.9	0.7	-3.5
Structure by sector (% of manufacturing)							
Food products, beverages and tobacco	46.0	47.0	47.3	49.6	45.3	46.9	51.4
Wood and wood products, paper and paper products	14.8	13.0	14.3	14.1	15.2	13.1	13.3
Chemicals and chemical products (including rubber)	12.6	13.3	11.9	11.2	12.2	12.5	13.6
Coke, refined petroleum products and nuclear fuel	3.2	4.3	3.8	4.1	9.3	11.1	5.8
Basic metal products, machinery and equipment	10.5	10.3	9.8	9.5	7.9	7.9	7.4
Textiles and clothing; leather products and footwear	4.6	4.4	4.0	3.5	2.8	2.8	2.6
Other non-metallic mineral products	3.9	4.0	4.1	3.6	3.0	2.6	2.8
Transport equipment	2.1	1.3	1.6	1.3	1.2	0.3	0.3
Other manufacturing industries	2.4	2.3	3.2	3.2	3.1	2.8	2.8
Exports (WTO definition)							
Value (US\$ million)	3,032	2,856	2,958	3,078	2,872	2,430	n.a.
% of total exports	38.3	32.8	32.6	33.6	37.4	34.9	n.a.
Most important products by HS Chapter (% of total manufacturing exports)							
44. Wood, charcoal and articles of wood	17.2	16.5	17.8	21.7	26.7	32.0	n.a.
41. Raw hides and skins (other than furskins) and leather	7.5	8.5	9.0	10.2	10.2	11.3	n.a.
39. Plastics and articles thereof	10.0	10.7	10.0	9.2	8.4	8.1	n.a.
30. Pharmaceutical products	3.9	4.4	4.4	4.6	5.0	6.1	n.a.
51. Wool, fine or coarse animal hair; horse hair yarn and woven fabric	6.2	5.5	5.0	4.6	4.8	4.7	n.a.
03. Fish and crustaceans, molluscs and other aquatic invertebrates	7.2	6.2	4.5	4.7	3.8	3.6	n.a.
Imports (WTO definition)							
Value (US\$ million)	7,489	7,634	8,189	7,822	7,143	6,231	n.a.
% of total imports	69.8	65.5	70.3	72.7	75.3	76.6	n.a.
Most important products by HS Chapter (% of total manufacturing imports)							
85. Electrical machinery and equipment	10.4	10.3	11.5	16.4	18.4	19.0	n.a.
84. Nuclear reactors, boilers, machinery and mechanical appliances	14.8	14.7	15.6	15.9	13.3	13.5	n.a.
87. Vehicles, tractors, etc. and parts and accessories thereof	15.8	14.6	15.6	13.9	12.6	10.7	n.a.
39. Plastics and articles thereof	7.5	7.4	7.3	6.7	6.7	6.7	n.a.
30. Pharmaceutical products	2.7	2.9	3.0	3.0	3.4	4.0	n.a.
38. Products of the chemical industries	3.8	4.1	4.2	4.2	3.6	3.9	n.a.
Trade balance (US\$ million)	-4,457	-4,778	-5,231	-4,744	-4,271	-3,801	n.a.

n.a. Not available.

a Preliminary figures.

Source: WTO Secretariat estimates based on data provided by the authorities and on the Comtrade database.

4.45. Uruguay is a net importer of manufactured products. Its exports of manufactures consist primarily of wood products and hides and skins (excluding furskins) and leather, which account for 43% of the total. On the import side, the main products are electrical machinery and equipment (19%); nuclear reactors and boilers (13.5%); and vehicles, tractors and their parts and accessories (10.7%).

4.46. The MIEM is responsible for formulating and implementing industrial policy, and its National Directorate of Industry (DNI) is tasked with proposing industrial development policy within the Government's macroeconomic policy framework. The aim is to promote industrial conversion and improve competitiveness in the sector. Sectoral policy is aimed at improving production system efficiency and product quality, and increasing national value added in a context of sustainable industrial production.

4.3.2 Policy instruments

4.47. The simple average of MFN tariffs for non-agricultural products (including petroleum, WTO definition) has remained virtually the same since the previous review, moving from 9.3% in 2012 to 9.4% in 2017. Products that received higher than average protection in 2017 included: clothing (20%); textiles (16.1%); and leather, rubber, footwear and travel goods (15.3%). Petroleum was the product that received the least protection in 2017 (0.4%).

4.48. Uruguay has a National List of Exceptions (LNE) to the MERCOSUR common external tariff (CET). The products included in the list are mostly inputs used by domestic industry whose final products are destined for the domestic market, and therefore the tariffs applied to these products are generally lower than those of the CET. MERCOSUR has also established special temporary regimes for non-MERCOSUR capital goods (BK) and for information technology and telecommunication products (BIT), under which tariffs lower than the CET can be applied to the listed goods. Uruguay currently applies tariffs of 0% and 2% to these products. The sugar and automotive sectors have not been incorporated in the MERCOSUR Customs Union, and each State can apply its own tariff regime. Uruguay applies tariff protection that is higher than that of the CET to sugar products, and lower protection to the automotive sector. In addition, the Common Market Council allows tariffs other than the CET for the purpose of promoting competitiveness. Internal taxes are also levied on manufactures (both domestic and imported) (Section 3.1.4).

4.49. In general, Uruguay does not provide specific fiscal incentives for manufacturing other than the regime for the automotive industry, which has been notified to the WTO (Section 3.3.1). However, like all other economic sectors, manufacturing can benefit from the incentives provided under various procedures. Most of these are aimed at promoting exports and investment; they include in particular the temporary admission procedure, the stock replacement procedure, industrial estates and free zones (Section 3.2.4), as well as the benefits provided by the general framework of investment promotion incentives (Section 2.4).

4.50. Imports of various manufactures that are not produced in Uruguay, such as capital goods, agricultural machinery and solar panels, are entirely exempted from customs duties and charges, and in some cases internal taxes (VAT and IMESI) (Section 3.1.4).⁴⁸

4.51. In 2017, there was a ban on imports of some products of the chemicals industry, plastics and transport equipment (diesel engines and kits and used vehicles). In the case of transport equipment, the purpose of the ban is to reduce diesel consumption for environmental and road safety reasons (Section 3.1.5). In addition, other products are subject to import licensing. The automatic licensing for textiles and footwear is intended for statistical purposes or to grant tariff preferences (vehicles and paper for publications). The list of products subject to import licensing has not changed since the previous review (Table 3.13). Exports of steel and cast iron scrap are prohibited (Section 3.2.3).

4.52. Uruguay continues to apply the drawback procedure and another scheme for the refund of indirect taxes, under which exporters may recover the internal taxes included in the cost of their exports. The percentage of the drawback in the case of the indirect tax scheme varies according to the product exported. Compared with 2012, the number of eligible products has increased, as has the percentage of the tax drawback for some products. The manufactured products that did not

⁴⁸ Decree No. 59 of 1998 (Imports of capital goods) and Decree No. 487 of 1983 (Imports of capital goods).

benefit from the indirect tax scheme in 2012 but do so now include footwear, hats and other headgear, base metals, transport equipment and arms and ammunition (Section 3.2.4).

4.53. Until 2014, direct and indirect exporters had access to financing for the purchase or production of traditional and non-traditional export goods, as well as for their foreign sale until the time of settlement. This type of financing was changed in 2014, when it was restricted to a number of products until 31 December 2014.⁴⁹ Export financing was abolished by Circular No. 2.278 of 13 March 2017 of the Central Bank of Uruguay (BCU).

4.54. Micro, small and medium enterprises (MSMEs) receive technical assistance and training through the MIEM's National Directorate of Crafts and Small and Medium Enterprises (DINAPYME). Since 2016 the DINAPYME, together with the Uruguayan Chamber of Industry (CIU) and the National Association of Micro and Small Enterprises, has implemented a programme to boost the competitiveness of MSMEs. This programme consists in subsidizing/partially financing the cost of implementing the process of certification and/or accreditation required by technical standards in order to improve quality and access foreign markets. The programme is open to MSMEs operating in the industrial and agro-industrial sectors and/or providing services to industrial companies (such as maintenance, installation, logistics, testing, calibration, analysis).⁵⁰

4.55. The manufacturing sector can also benefit from financial support under specific funds and subsidized credit programmes offered by the BROU. The MIEM's Industrial Fund, set up in 2011, provides non-reimbursable financing of up to US\$100,000 to domestic industry for the purpose of diversifying the national production structure and developing support industries to boost the competitiveness of existing value chains. The Industrial Fund covers sectors geared towards: (a) strengthening the production system, *inter alia* through: biotechnology, nanotechnology, chemical industry and software used in production processes; (b) innovation-intensive value chains, such as: electrical-electronic goods, pharmaceuticals, design, and the audiovisual sector; (c) value chains that generate employment and develop local production, such as: the motor vehicle and parts sector, mining, plastics, footwear, and leather goods; and (d) value chains that drive growth, such as: wood manufactures, metal manufactures, and value-added foods. Financing from the Fund is available for individual or partnership projects of companies producing goods and services in the sectors concerned, including public-private partnerships or institutions or trade associations that provide support services for enterprises in those sectors.

4.56. The percentage of co-financing for each product depends on the type of project (structuring, open, closed) and the composition of the eligible investment (research, training, certification, machinery and/or equipment, etc.). A structuring project is one that is representative of a sector and extends the scope of the benefits to the entire sector. Such projects receive non-reimbursable funds for up to 80% of the eligible investment (100% in exceptional cases), with a ceiling of US\$100,000. For the acquisition of machinery, the portion concerned will receive non-reimbursable funds according to the origin of the goods: 70% of the eligible investment and associated costs in the case of domestically produced machinery; 40% in the case of foreign machinery that does not compete with the domestic industry; and 30% in the case of other foreign machinery. An open project (one that generates benefits for all the participating enterprises/organizations) receives non-reimbursable funds for up to 70% of the eligible investment, with a ceiling of US\$80,000. For the acquisition of machinery, the portion concerned will receive non-reimbursable funds for 60% of the eligible investment in the case of domestically produced machinery, 35% in the case of non-competing foreign machinery, and 25% in the case of other foreign machinery. A closed project (one that generates benefits for a single enterprise) receives non-reimbursable funds for up to 60% of the eligible investment, with a ceiling of US\$70,000. For the acquisition of machinery, the portion concerned will receive non-reimbursable funds for 50% of the eligible investment in the case of

⁴⁹ Decree No. 147/014 of 23 May 2014.

⁵⁰ Online information from the MIEM, viewed at: http://www.dinapyme.gub.uy/programas-y-proyectos/-/asset_publisher/i3my7LYOrV6m/content/miem-dinapyme-ciu-y-anmye-promueven-programa-para-el-apoyo-a-la-competitividad-de-mipymes-industriales-y-de-servicios-a-empresas-industriales?redirect=http%3A%2F%2Fwww.dinapyme.gub.uy%2Fprogramas-y-proyectos%3Fp_p_id%3D101_INSTANCE_i3my7LYOrV6m%26p_p_lifecycle%3D0%26p_p_state%3Dnormal%26p_p_mode%3Dview%26p_p_col_id%3Dcolumn-1%26p_p_col_count%3D1.

domestically produced machinery, 30% in the case of non-competing foreign machinery, and 20% in the case of other foreign machinery.⁵¹

4.57. In the case of the Industrial Fund's 2017 call for applications, 68 projects were submitted of which 34 were approved.⁵² The subsectors that have made the greatest use of this kind of support have been the plastics, metalworking and pharmaceutical industries.

4.58. The manufacturing sector can also benefit from various credit lines offered by the BROU that are specifically aimed at promoting industrial development in Uruguay. The interest rate offered by the BROU for this kind of financing is the base rate, which in March 2018 was 15.19% in Uruguayan pesos and 4.15% in US dollars, plus the client risk premium and term premium. The credit may be used to finance both short-term and long-term needs, to support a project from the start and/or develop new activities.⁵³ The loans are granted to finance working capital as well as investment in capital goods, construction, acquisition and rehabilitation of business premises and infrastructure work (Table 4.6). In the case of long-term loans, the BROU periodically invites enterprises to submit proposals for investment projects, which are analysed according to economic, financial and development criteria. The selected firms obtain financing at subsidized rates and on extended terms. Long-term loans are used to finance infrastructure, renewable energy, irrigation and other agricultural projects. The BROU subsidy consists of a reduction in the base rate, which may be 40%, 30%, 20% and 10%, depending on the type of client; clients are classified in four groups. The BROU also has a comprehensive programme for aid to micro enterprises. Companies which have been engaged in activities relating to trade, industry and/or services for at least one year, with sales amounting to US\$250,000 or more, are eligible for the various products offered by the BROU.⁵⁴

Table 4.6 BROU credits for industry

BROU credits for industry	
Cash flow support or current account credit	Credit aimed at meeting short-term working capital needs of companies facing temporary cash flow problems through a loan of up to 30 days. The financing may be used for: the purchase of raw materials, financing of receivables, payment of suppliers, payment of taxes and payroll payments.
Working capital	Credit for a firm's current expenditure. The financing may be used for: the purchase of raw materials or inputs (containers, fuels, electricity, etc.), or goods, payment of wages and bonuses, expenses relating to maintenance of equipment and installations, administration and sales, and payment of taxes.
Sales financing	Loans to realize the credit granted by a firm to its clients in one of the following forms: (a) discounting of deferred payment cheques; or (b) advances on works contracts or completion certificates.
Long-term credit	The financing may be used for: investment in capital goods, construction, acquisition and rehabilitation of business premises and infrastructure work. Applications may be submitted for the financing of investment projects in industry, trade and provision of services. Proposals are assessed according to their economic and financial viability and other criteria aimed at promoting the country's economic development and competitiveness, such as: type of activity, location, employment generation, quality certification, traceability, clean production, value-added exports, and investment in research and development.

⁵¹ MIEM (2017), Industrial Fund: Rules of Operation, 18 May 2017. Viewed at: <http://www.dni.gub.uy/documents/4694435/9885036/20170518%20Reglamento%20Operativo.pdf>.

⁵² Online information from the MIEM's National Directorate of Industry, viewed at: <http://www.dni.gub.uy/documents/4694435/9884117/Acta%20Proyectos%20SI%20apoyo.PDF>.

⁵³ Online information from the BROU, viewed at: <https://www.portal.brou.com.uy/web/guest/clientes-empresa/empresas>.

⁵⁴ Ibid. Viewed at: <https://www.portal.brou.com.uy/web/guest/clientes-empresa/beneficios-para-microempresas-asistencia-integral>.

BROU credits for industry**Leasing**

Financial instruments with more advantages than traditional loans: exemption from VAT for the investment, longer financing terms and higher percentage of aid.

Leasing enables the enterprise to have access to machinery and equipment, and transport equipment: buses, trucks and utility vehicles, including chassis, bodies and other accessories, sheds.

The beneficiaries may be: freight transport companies, collective passenger transport companies, goods distribution companies.

Financing of up to 100% of the insurance value of the transport equipment and for up to the same period of time as the insurance.

Source: Online information viewed at: <https://www.portal.brou.com.uy/web/guest/clientes-empresa/empresas>.

4.4 Services**4.4.1 Financial services****4.4.1.1 Overview**

4.59. Financial intermediation services represented 4.7% of total GDP in 2017 (Table 1.1). The financial system in Uruguay is supervised by the BCU's Financial Services Supervisory Authority (SFF), and consists of financial intermediation institutions, credit management companies, financial service companies, fund transfer companies, foreign exchange houses, representative offices of foreign financial entities, insurance companies and securities market firms. The financial intermediation institutions include banks, financial intermediation cooperatives, finance houses, offshore financial institutions (IFEs) and pension fund managers. The IFEs operate exclusively with persons not resident in Uruguay.

4.60. In 2016, the financial intermediation institutions had assets totalling US\$37,622 million, 99.2% of which held by the banks.

4.4.1.2 Banks and other financial intermediation institutions**4.4.1.2.1 General features**

4.61. Some consolidation of financial intermediation institutions took place during the review period, with the result that 16 institutions were operating at 30 September 2017, 12 fewer than in December 2010. In 2017 the financial management institutions comprised: 11 banks (two public, nine private), one financial intermediation cooperative, two finance houses, one IFE and one pension fund manager. Altogether the financial intermediation institutions had assets totalling US\$38,892 million, of which the banks held 99.7%. The net worth of the financial system totalled US\$3,993 million at that date (Table 4.7).

Table 4.7 Assets, liabilities and net worth of financial intermediation institutions, 30 September 2017

(US\$ million)

Type of institution	Number of institutions	Assets	Liabilities	Net worth
Public banks	2	18,750	16,328	2,422
Private banks	9	19,968	18,430	1,537
Subtotal: Banking system	11	38,718	34,758	3,960
Cooperatives	1	23	18	5
Finance houses	2	68	55	13
Offshore financial institutions	1	56	44	12
Pension fund managers	1	27	24	3
Subtotal: Other financial intermediaries	5	175	141	33
Total	16	38,892	34,889	3,993

Source: BCU (2017), *Reporte del Sistema Financiero* - 2016. Viewed at: http://www.bcu.gub.uy/Servicios-FinancierosSSF/Reportes%20del%20Sistema%20Financiero/rsf_iv-16.pdf.

4.62. The share of the two public banks in the Uruguayan banking system is substantial, as mentioned in the previous report, and increased during the review period.⁵⁵ At 30 September 2017 they accounted for 48.4% of total bank assets, more than the 46% recorded at end-2010, while the nine private banks operating at that time held the remaining 51.6%. The assets of the BROU, the larger of the two, represented 43.3% of total bank assets in September 2017. Among the private banks, the largest bank accounted for 27.4% of total private bank assets (equivalent to 14.1% of total bank assets). The private banks are owned by foreign banks.⁵⁶ The importance of the public banks is even greater from the standpoint of net worth: in September 2016, they accounted for 61.2% of the net worth of the banking system, and the BROU alone for 38.8%.

4.63. The Uruguayan banking system continues to be well capitalized, with high liquidity and low non-performing loan levels. The solvency of the financial institutions based in Uruguay remains at high levels: in September 2017, the banks had an average capital adequacy ratio (CAR) of 18.6%, which is 85% above the required regulatory minimum of 8% that includes credit, market, operating and systemic risk requirements.⁵⁷ The overall level of non-performing loans (ratio of loans in arrears to total gross loans) has remained low, although it rose in 2015, 2016 and 2017 to reach 3.7% at 30 September 2017. The percentage of non-performing consumer loans was 5% and that of business loans was 3.7% at end-2016, while the figure for mortgage loans remained stable at 1.6%.⁵⁸

4.64. While capitalization levels are high, the average profitability of Uruguayan banks remains low, with an average rate of return on assets (ROA) of 1.1% in September 2017. The rate of return on equity (ROE), on the other hand, which was 2.7% at end-2016⁵⁹, rose to 11.8% in 2017 as a result of the elimination of the adjustment for inflation, the lower tax burden on banking institutions and the reduction in losses for exchange-rate differences in the valuation of assets and liabilities. However, this indicator varies considerably from bank to bank. For example, whereas the average ROE for the system's main institution, the BROU State bank, was 11.4% in 2017 (September), the average ROE for private banks was 13.8%, ranging between 38.8% and -22.8%. The low profitability of some banks continues to be related with the high levels of liquidity that they maintain unplaced, as well as exchange-rate trends in a context of dollarization of deposits. The liquidity of the banking system remained high during the review period: at 30 September 2017, 30-day and 91-day liquidity ratios were 62.1% and 63%, respectively. The percentage of deposits denominated in foreign currency in relation to total deposits in the banking system also remained high, and was estimated at 75.4% in September 2017.⁶⁰

4.65. In 2016, loans to the resident private sector in the national currency increased by 7.5%, while those in foreign currency grew by only 0.5%; in the 12 months to 30 September 2017, credit in the national currency grew by 3.1%, while credit in foreign currency fell by 2.6%. Lending to households represented 36.8% of the total in 2016 (39.8% of the total over the moving year to 30 September 2017); this consisted of 55% consumer credit and 45% housing loans. The indebtedness of Uruguayan households as a proportion of annual income remained stable at 26% in 2016. Agriculture received 16.7% of loans granted in 2016, followed by manufacturing with 15.1%, commerce with 14.8%, and services with 13.5%. In the 12 months to 30 September 2017, these percentages were 16.2%, 14.1%, 13% and 14.2%, respectively.⁶¹

⁵⁵ The two public banks are the BROU and the BHU.

⁵⁶ These banks are, by order of volume of assets held: Banco Santander, Banco Itaú, Banco Bilbao Vizcaya Argentaria (BBVA), Scotiabank, HSBC, Citibank, Heritage, Banes Uruguay, and Banco de la Nación Argentina.

⁵⁷ At 30 September 2017, the capital adequacy ratio of the banking system was 1.85, in other words the banks as a whole held capital that was 85% above the required minimum. This indicator measures the relationship between net worth (*responsabilidad patrimonial neta* (RPN)) and minimum net worth (RPNM). The net worth (RPN) of each bank and of the system as a whole corresponds to the net worth computable for the purposes of compliance with minimum capital requirements, and consists of the book net worth plus subordinated debt. The minimum net worth (RPNM) is the capital requirement, which is the sum of the credit, interest-rate, exchange-rate, operating and systemic risk requirements.

⁵⁸ BCU (2017), *Reporte del Sistema Financiero* – Third Quarter 2017. Viewed at: http://www.bcu.gub.uy/Servicios-Financieros-SF/Reportes%20del%20Sistema%20Financiero/RSF_III_17.pdf.

⁵⁹ BCU (2017), *Reporte del Sistema Financiero* – 2016. Viewed at: http://www.bcu.gub.uy/Servicios-Financieros-SF/Reportes%20del%20Sistema%20Financiero/rsf_iv-16.pdf.

⁶⁰ BCU (2017), *Reporte del Sistema Financiero* – Third Quarter 2017. Viewed at: http://www.bcu.gub.uy/Servicios-Financieros-SF/Reportes%20del%20Sistema%20Financiero/RSF_III_17.pdf.

⁶¹ Idem.

4.66. The lending of the Uruguayan banking system continues to be characterized by a high degree of dollarization. At 30 September 2017, 52.2% of loans were granted in foreign currency. Whereas only 4.1% of loans to households were denominated in foreign currency (US\$), these represented 98.4% of the total in the case of the agricultural sector and 89.7% in the case of industry.

4.67. The average interest rate on US dollar loans fell between 2010 and 2015 and then stabilized, reaching 4.44% at end-September 2017, while the average rate on fixed-term deposits in US dollars was 0.20%. In the case of operations in the national currency, the average interest rate on loans to businesses was 15.1%, and that on fixed-term deposits was 5.1% at 30 September 2017.

4.4.1.2.2 Regulatory framework

4.68. Financial intermediation activities are mainly governed by Decree-Law No. 15.322 (Financial Intermediation Law) of 17 September 1982 and amendments thereto (Law No. 16.327 of 11 November 1992, Law No. 17.523 of 4 August 2002, and Law No. 17.613 of 27 December 2002 on the reorganization of the financial system), Law No. 18.212 of 5 December 2007 (interest rates and usury); Law No. 18.718 of 3 November 2011 (banking secrecy); Law No. 19.210 of 29 April 2014; Decree No. 614/992 of 11 December 1992 (Regulations implementing Law No. 15.322); Decree No. 263/015 of 28 September 2015 (Regulations implementing Law No. 19.210); and the resolutions issued by the regulatory authority (Compilation of Rules on the Regulation and Control of the Financial System and Implementing Communications).

4.69. Among the most important legal reforms concerning the financial sector during the review period are the introduction of Law No. 19.210 of 29 April 2014 (Financial Inclusion Law) and its implementing regulations contained in Decree No. 263/015 of 28 September 2015. The new legislation regulates all matters relating to payments by electronic means.⁶²

4.70. The Financial Services Supervisory Authority (SSF), which started functioning in March 2009, is responsible for supervising banks and other financial institutions. Law No. 18.401 of 24 October 2008 modified the structure of the Central Bank (BCU) and established the SSF within the BCU as the sole entity responsible for regulating and supervising the activities of the sector, comprising the financial intermediation institutions (public banks included), insurance companies, pension fund managers and securities market firms, which were previously supervised by different bodies.⁶³ The Law empowered the SSF to regulate and inspect financial service companies and the activities of natural and legal persons that provide, in Uruguay, management, accountancy or data processing services relating to the management of business operations carried out by natural or legal persons engaged in financial activities abroad.

4.71. Law No. 18.401 of 24 October 2008 also set up the Bank Savings Protection Corporation (COPAB) as a non-government legal person under public law acting as guarantor of deposits that had previously been the responsibility of the Supervisory Authority for the Protection of Bank Savings, a decentralized agency of the BCU. It also made the COPAB responsible for managing the bank resolution process for failing financial intermediation institutions (intervention, design and implementation of settlement and liquidation procedures). The COPAB is part of the financial system safety net, together with the lender of last resort (BCU) and the system supervisor and regulator (SSF).⁶⁴

4.72. Under the Uruguayan financial system, transactions can be carried out in Uruguayan or foreign currency, there are no restrictions on capital movements, and banking secrecy is observed, in a flexible manner following the implementation of Law No. 18.718 of 24 December 2010. This law authorized the Directorate-General of Taxation (DGI) in the Ministry of the Economy and Finance to investigate bank accounts of natural or legal persons, pursuant to a court decision, in the case of suspected tax evasion and to provide financial information in response to legitimate requests from

⁶² The Financial Inclusion Law may be viewed at: <https://www.impo.com.uy/bases/leyes/19210-2014>, and its implementing regulations at: <https://www.impo.com.uy/bases/decretos/263-2015>.

⁶³ The SSF merged the activities previously carried out by the Financial Intermediation Institutions Supervisory Authority (SIIF), the Insurance and Reinsurance Supervisory Authority (SSR) and the Securities Market and Pension Fund Managers Oversight Division (DMCVA).

⁶⁴ Online information from the COPAB, viewed at: <http://www.copab.org.uy/innovaportal/v/39/1/innova.front/quienes-somos.html>.

the authorities of other countries under bilateral agreements on information exchange or the avoidance of double taxation.

4.73. Companies wishing to provide financial intermediation services in Uruguay must obtain prior authorization from the Government, acting on the favourable opinion of the BCU, as well as the authorization of the BCU itself. Mergers, acquisitions and conversions of financial intermediation companies also require prior authorization from the Government, as well as the prior and express consent of the BCU. No distinction whatsoever is made between national and foreign banks in terms of treatment with respect to operations or establishment requirements. Banks wishing to become established in Uruguay must be organized as Uruguayan public limited companies with registered shares or as branches of foreign banks, provided that their articles of incorporation do not prohibit Uruguayan citizens from being members of the management board or from holding any other senior post in the institution within the territory of Uruguay. Only banks and financial intermediation cooperatives may: (a) receive current account deposits and authorize payments by cheque against them; (b) receive demand deposits; and (c) receive time deposits from residents. The minimum capital requirement or "basic regulatory net worth" for the establishment of a bank is 130 million UI, equivalent to US\$15.5 million. To be able to commence operations, banks must first pay up the whole of the basic regulatory capital, which must be maintained in assets located in Uruguay.

4.74. Offshore financial institutions (IFEs) are governed by Decree-Law No. 15.322 and amendments thereto, Decree No. 381/989 of 16 August 1989 and amendments thereto⁶⁵, Decree No. 614/992 and Book VI of the Compilation of Rules on the Regulation and Control of the Financial System. Their head office must be in Uruguay but they must operate exclusively with non-residents, to whom they may offer any kind of financial intermediation activity. To set up in the country, they must obtain the prior authorization of the Government and the approval of the BCU. IFEs may be branches of foreign banks or be incorporated in Uruguay as public limited companies with registered shares. To commence operations, they must pay up the whole of the basic regulatory capital required, namely US\$4.5 million, while maintaining a US\$500,000 deposit in the BCU, or its equivalent in national government securities denominated in foreign currency and tradable on stock exchanges. As offshore companies, IFEs are exempt from all taxes. During the review period, three IFEs ceased operations, leaving only two operating at the end of 2016.

4.75. Bank deposits are guaranteed up to a limit. The Deposit Guarantee Fund (FGDB), created by Law No. 17.613 of 27 December 2002 and primarily funded by contributions from banks and financial intermediation cooperatives, guarantees deposits of all kinds made by natural or legal persons in financial intermediation institutions. Since 2008, the COPAB has been responsible for administering the FGDB.⁶⁶ The Fund guarantees up to the equivalent of US\$10,000 on total deposits in foreign currency and up to the equivalent of 250,000 UI (some US\$32,000 at December 2017) on total deposits in Uruguayan pesos, per person (whether natural or legal) and per institution.⁶⁷

4.76. Under the GATS, with respect to banking and other financial services Uruguay undertook commitments on the provision of wholesale deposit services, other bank deposit services, financial leasing services with purchase option, personal instalment loan services and credit card services. No limitations were imposed with respect to market access via modes 1 (cross-border supply) and 2 (consumption abroad), while the establishment of banks is subject to the requirement of commercial presence (mode 3) in the form of a public limited company with registered shares or a branch of a foreign bank.⁶⁸

⁶⁵ Decree No. 540/90 of 30 November 1990, Decree No. 266/91 of 22 May 1991 and Decree No. 189/994 of 3 May 1994.

⁶⁶ For further details, consult the COPAB website at: <http://www.copab.org.uy>.

⁶⁷ Online information from the COPAB, viewed at: <http://www.copab.org.uy/innovaportal/v/308/2/innova.front/cobertura.html>.

⁶⁸ WTO document GATS/SC/91/Suppl.1 of 26 February 1998.

4.4.1.3 Insurance

4.4.1.3.1 General features

4.77. At December 2016, the Uruguayan insurance market consisted of the state-owned State Insurance Bank (BSE) and 14 private companies, mostly subsidiaries of foreign companies, operating in different branches of insurance. There was no reinsurance company established in Uruguay.

4.78. In 2016, net premiums totalled Ur\$35,145 million, or the equivalent of about 2.2% of GDP.⁶⁹ Vehicle insurance accounted for 26% of premiums in 2016. Social security-related life insurance was the branch that recorded the highest growth during the review period and represented 25% of premiums at 31 December 2016, followed by occupational accident insurance (19%), non-social security-related life insurance (14%), fire (5%), transport (2%) and other insurance (10%). Estimated net premiums at 30 September 2017 totalled US\$1,497 million, or 2.6% of GDP, headed by social security-related insurance (29% of the total), followed by vehicle insurance (24%), occupational accident insurance (20%), non-social security-related life insurance (13%), fire (4%), transport (2%) and other insurance (8%).⁷⁰

4.79. The Uruguayan insurance market generated Ur\$763 million (US\$26 million) in 2016. Total assets of insurance companies amounted to Ur\$115,866 million (US\$3,960 million), of which 86% consisted of financial assets, primarily Uruguayan government securities (73%). The total net worth of the direct insurance market at 31 December 2016 totalled Ur\$15,752 million (about US\$538 million). With regard to solvency, in 2016 insurance companies as a whole had capital resources equal to 1.88 times the minimum capital required by the prudential regulations⁷¹, with a solvency ratio of 1.8% at 30 September 2017.

4.80. As in the case of banking, there is high State participation in the insurance market through the BSE, which accounted for approximately 84.2% of assets, 87.6% of liabilities and 63.4% of the net worth of insurance companies in 2016. At branch level, the BSE still has a statutory monopoly in the occupational accident segment (compulsory insurance). It is also the sole provider of export credit insurance and social security-related life insurance, although there are no legal restrictions preventing other companies from offering such insurance. At end-2016, the BSE reported assets of US\$3,338 million.⁷²

4.4.1.3.2 Regulatory framework

4.81. The insurance sector is regulated primarily by Law No. 16.426 (ending the insurance monopoly) of 14 October 1993 and amendments thereto (Law No. 16.851 of 15 July 1997 and Law No. 17.296 of 21 February 2001), Decree No. 530/93 of 25 November 1993 and Decree No. 354/994 of 17 August 1994, which implements Law No. 16.426 (as amended by Decree No. 108/008 of 25 February 2008), as well as by the resolutions and circulars issued by the regulatory authority (Compilation of Insurance and Reinsurance Regulations and Implementing Communications).

4.82. The SSF is responsible for supervising and monitoring the insurance industry. Any insurance or reinsurance activity requires the prior authorization of the Government, following advice from the BCU, together with approval from the SSF. To carry on an insurance activity, a company must be established in Uruguay as a public limited company with registered shares and an exclusive purpose. The transfer of shares between companies also requires the authorization of the SSF. Under Uruguayan law, insurance companies may operate simultaneously in all branches of insurance, life or general, provided that they comply with the minimum capital requirements for each branch. However, to operate in the social security-related life insurance branch they must previously have been authorized to operate in the non-social security-related life branch. There are no restrictions

⁶⁹ BCU (2017), *Reporte del Sistema Financiero – 2016*. Viewed at: http://www.bcu.gub.uy/Servicios-Financieros-SSF/Reportes%20del%20Sistema%20Financiero/rsf_iv-16.pdf.

⁷⁰ BCU (2017), *Reporte del Sistema Financiero – Third Quarter 2017*. Viewed at: http://www.bcu.gub.uy/Servicios-Financieros-SSF/Reportes%20del%20Sistema%20Financiero/RSF_III_17.pdf.

⁷¹ BCU (2017), *Reporte del Sistema Financiero – 2016*. Viewed at: http://www.bcu.gub.uy/Servicios-Financieros-SSF/Reportes%20del%20Sistema%20Financiero/rsf_iv-16.pdf.

⁷² Idem.

on foreign participation in new or existing companies set up as Uruguayan public limited companies. Once established in Uruguay, foreign-owned companies receive national treatment. Foreign insurance companies may not establish branches or representative offices for the purpose of carrying out insurance activities in Uruguay.

4.83. Risks in Uruguayan territory may not be covered with premiums written abroad. Law No. 16.426 provides that insurance policies covering risks that may arise in the Uruguayan territory may only be written by insurance companies established and duly authorized in Uruguay. There is an exception in the case of insurance for international transport and trade, but only in connection with the goods carried.⁷³ Under Law No. 16.426 (as amended by Article 269 of Law No. 17.296 of 21 February 2001), vehicles or means used for the transport of persons or goods and registered in or flying the flag of Uruguay may only be insured with companies established and authorized in Uruguay, with the exception of merchant vessels and floating structures.

4.84. The SSF verifies the solvency of insurance companies and specifies the minimum capital requirements that they must meet in order to operate in Uruguay, on the basis of two parameters: basic capital and solvency margin.⁷⁴ The basic capital is the equivalent in the national currency of 10 million UI (roughly the equivalent of Ur\$37 million in December 2017); this amount is updated quarterly and required whatever the branch in which the insurance company operates. If the company proposes to operate in more than one branch, additional capital equal to one sixth of the above-mentioned amount is required. In addition, insurers selling social security-related insurance must provide proof of basic capital additional to that already proven in order to operate in the life insurance branch, which is similarly adjusted and equal to 6.4 million UI (about Ur\$24 million in December 2017). The SSF also regulates the constitution of technical reserves and the investments which insurance companies are allowed to make.

4.85. Reinsurance companies are subject to the same regulations as those applied to insurance companies, except with regard to the basic capital requirement, which is ten times higher than that required of insurers for a single branch, irrespective of the number of branches in which they operate. In the case of reinsurance taken out abroad, reinsurance companies must have an international risk rating of at least "A-" or the equivalent.

4.86. Premiums and rates are freely determined by the insurance companies, with the exception of social security pensions and annuities, for which there are maximum premiums. Insurance companies must notify the SSF of the texts of policies, covenants and other riders before they are used in the market.

4.87. Insurance premiums written in Uruguay are subject to a tax of up to 2% in order to finance the National Blood Service.⁷⁵ Insurance and reinsurance policies covering death, retirement, disability, sickness and personal injury are exempt from VAT under Decree No. 354/994.

4.88. Under the GATS Uruguay undertook commitments solely with respect to motor vehicle insurance; marine, aviation and other transport insurance; freight insurance and some auxiliary services (insurance and pension consultancy services and actuarial services). It bound only commercial presence (mode 3) subject to the requirement of being organized as a Uruguayan public limited company. Uruguay assumed national treatment obligations without limitations for the supply of insurance services included in its schedule of commitments under modes 1, 2 and 3.

4.4.1.4 Securities market

4.89. Law No. 18.627 of 2 December 2009 regulates the securities market, which consists of the stock exchanges, securities intermediaries (securities dealers and stockbrokers), issuers of securities to the public and investment fund management companies. The BCU is responsible for the

⁷³ Law No. 16.851 of 15 July 1997.

⁷⁴ Minimum capital means the basic capital (an amount which depends on the type and number of the branches in which they operate) or the solvency margin (the larger of an amount determined according to the premiums and an amount determined according to the losses involved in an activity calculated according to formulae specified for each type of insurance), whichever is greater. The methodology used for these calculations may be viewed at: <http://www.bcu.gub.uy/Acerca-de-BCU/Normativa/Documents/Reordenamiento%20de%20la%20Recopilación/Seguros/Libro%20II.pdf>.

⁷⁵ Article 361 of Law No. 17.296 of 21 February 2001.

transparency, competitiveness and orderly operation of the securities market by ensuring proper information for investors and the reduction of systemic risk, while the SSF is the regulatory authority. The Securities Market Promotion Commission is tasked with promoting development of the securities market.

4.90. At 31 December 2017, three securities markets were operating in Uruguay: the Montevideo Stock Exchange S.A. (BVM), the Electronic Securities Exchange of Uruguay S.A. (BEVSA), and the Rofex Uruguay Securities and Futures Exchange S.A. Stock exchanges must be authorized by the SSF. Supervision focuses primarily on their stability and solvency through the systematic and regular application of a number of early-warning supervisory mechanisms aimed at identifying incipient problems.⁷⁶

4.91. The volume of transactions on the securities market totalled US\$27,090 million in 2016, 13% less than in 2015, mainly owing to a reduction in the issuance of monetary regulation instruments by the BCU and of certificates of deposit by private institutions. Out of this total, the stock exchanges accounted for US\$19,633 million, of which the BEVSA represented US\$18,381 million and the BVM US\$1,251 million. The secondary market accounted for a little over 50% of stock market trading.

4.92. Under Uruguayan law, securities intermediaries are legal persons who professionally and regularly carry out broking, commission or other operations for the purpose of putting into contact suppliers and purchasers of publicly or privately offered securities. Stockbrokers are intermediaries who act as members of a stock exchange, while securities dealers are not members of a stock exchange. Securities intermediaries must be authorized to operate. There are no nationality limitations for obtaining authorization, but the intermediary must register as a commercial company in Uruguay. At the end of 2016, 32 securities dealers and 50 stockbrokers were operating in Uruguay.

4.93. Investment advisers, defined as physical or legal persons who professionally and regularly advise third parties on investments, the purchase or sale of currencies, precious metals or securities that are publicly or privately offered, or channel requests from their clients to intermediaries based in Uruguay or abroad, do not require prior authorization to operate but must be enrolled in the SSF's Securities Market Register. Such entities are not supervised on a continuous and systematic basis, but supervisory procedures are set in motion when warnings have been received through complaints or on the basis of information obtained.

4.94. Issuers of publicly offered securities are entities that design and sell financial instruments (securities) to finance their operations. They consist of the Central Government, the BCU, commercial or financial state-owned and private enterprises, and investment fund and trust fund management companies. Entities other than the Central Government, the BCU or a supervised enterprise must apply for listing in the SSF's Securities Market Register; there is no nationality requirement, but the entity must be domiciled in Uruguay. In addition, it must be registered for the security it intends to offer for sale before placing it on the market. The supervision of issuers is aimed at ensuring compliance with the provision of the information required by the registry and for the information of investors. At 31 December 2016, 37 issuers of publicly offered securities were listed in the Securities Market Register.

4.95. Investment fund management companies must be authorized by the BCU. Pursuant to Law No. 16.774, they must be set up as limited companies for the sole purpose of administering investment funds, although Law No. 17.703 of 27 October 2003 also allows them to act as fiduciaries. The SSF supervises such entities on a systematic and regular basis, requiring them to submit financial reports and monitoring in particular risks related to money laundering or the financing of terrorism.

4.96. Fiduciaries are governed by Law No. 17.703 of 2003 and may act as general or financial fiduciaries. General fiduciaries may be individuals or legal persons who are considered professional fiduciaries when they participate in five or more trust operations per year. In that case, they must be listed in the Professional Fiduciaries Register. Only financial intermediation institutions or investment fund management companies may be fiduciaries of a financial trust. Financial fiduciaries as such do not require prior authorization to operate but do have to be registered and lodge security with the BCU. At 31 December 2016 there were 14 financial fiduciaries and 16 general fiduciaries listed in the SSF Registers. There are no requirements of nationality or domiciliation. Foreign financial

⁷⁶ SSF Circular No. 2.290 of 30 October 2017, Book I.

fiduciaries (foreign banks) must also specify the required net worth they have constituted in Uruguay.

4.4.1.5 Social security system

4.97. Uruguay has a mixed pension system, in which workers' pensions are the result of the amount received from an inter-generational distribution pillar and from compulsory personal pension savings. Funds accumulated by the compulsory personal pension savings scheme totalled Ur\$452,814 million (US\$15,641 million) at 30 September 2017, representing roughly 27% of GDP. These funds consisted of an accumulation sub-fund (81%) and a retirement sub-fund (19%), the latter being invested in less volatile instruments as it accumulates the funds of affiliates aged over 55 and thus nearing the end of their working life. The total number of affiliates in the compulsory personal pension savings scheme was 1.37 million at 30 September 2017.

4.98. Four competing companies are responsible for administering the funds: República, which manages the most assets and the largest number of accounts (57% and 39%, respectively), is state-owned. The other companies are AFAP Sura, with 17.7% of the funds at 30 September 2017, Unión-Capital, with 16.2%, and Integración, with 9.1%. The net average return was 3.22% for the accumulation sub-fund and 3.95% for the retirement sub-fund.

4.4.2 Telecommunications

4.99. In terms of GDP share, telecommunication services declined from 2.5% in 2011 to 1.5% in 2017. According to the authorities, this decline occurred despite the fact that the physical volume of telecommunications doubled over the period, and was above all the result of a major reduction in tariffs in real terms, as they remained unchanged between 2005 and 2015.

4.100. Uruguay does not have a single law regulating the sector.⁷⁷ Fixed and mobile telephony and data transmission services are governed by a multiplicity of laws and decrees. Radio and television broadcasting services, as well as pay-TV services, are regulated by the Law on Audiovisual Communication Services of 2014 and other related laws.⁷⁸

4.101. The guiding principles governing telecommunications in Uruguay are: (i) extension and universalization of access to telecommunication services; (ii) promotion of free competition without prejudice to the statutory monopolies; (iii) the supply of continuous, regular and high-quality services; (iv) freedom of choice between various service providers; (v) application of cost-based tariffs; and; (vi) protection of users' rights.

4.102. In the framework of the Digital Agenda 2020 established by the Office of the President of the Republic, Uruguay has set the following objectives for 2020: (i) 65% coverage for fibre optic Internet connection (FTTH); (ii) 90% residential coverage for broadband Internet connection; and (iii) 65% national coverage for 4G mobile telephony.⁷⁹

4.103. The MIEM is responsible for formulating and implementing sectoral policy, through its National Directorate of Telecommunications (DINATEL). DINATEL advises the Government on telecommunication policy design and the drafting of the laws and decrees for regulating the sector. It is also responsible for: (i) implementing sectoral policy; (ii) determining with the Government the requirements for granting licences and authorizations to operate in the sector in accordance with the law and the Licensing Regulations⁸⁰; (iii) granting licences and authorizations; and (iv) together with the Communications Services Regulatory Unit (URSEC), advising the Government on the negotiation and signing of telecommunications-related international agreements and treaties.⁸¹

⁷⁷ Uruguayan law defines telecommunication as "any transmission, broadcasting or reception of signs, signals, writings, images, sounds or information of any nature by wire, radio, optical or other electro-magnetic systems". Article 12 of National Public Service Law No. 16.211 of 7 October 1991.

⁷⁸ Law No. 19.307 of 29 December 2014.

⁷⁹ Office of the President of the Eastern Republic of Uruguay (2017), *Agenda Uruguay Digital 2020*, p. 13. Viewed at: <http://uruguaydigital.gub.uy/agenda-digital/agenda-2020>.

⁸⁰ Decree No. 115/003 of 25 March 2003 and Law on Audiovisual Communication Services.

⁸¹ Online information from the National Directorate of Telecommunications, viewed at: <http://www.dinatel.gub.uy/institucional/organizacion-y-funciones>.

4.104. The URSEC, the government agency in charge of competition policy and consumer protection, is responsible for regulating and supervising the sector. In addition to monitoring competition in the sector, it is responsible for: (i) controlling the quality, regularity and scope of telecommunication services; (ii) issuing technical standards; (iii) establishing the conditions for approval of the provision of telecommunication services; (iv) ensuring that operators comply with the legal and technical requirements; (v) fixing the prices and tariffs of regulated telecommunication services; (vi) administering and controlling the radio-frequency spectrum; and (vii) allocating radio frequencies where there is no competitive procedure.⁸²

4.105. Telecommunication services grew slowly but steadily during the period under review, both in telephony and in data transmission. Fixed and mobile broadband data transmission subscriptions have increased substantially (Table 4.8).

Table 4.8 Telecommunication services indicators, 2012-2017

	2012	2013	2014	2015	2016	2017
Fixed telecommunication services						
Number of fixed lines (million)	1.0	1.0	1.1	1.1	1.1	1.1
Penetration (subscriptions per 100 inhabitants)	29.78	30.77	31.68	32.26	32.36	n.a.
Number of fixed broadband Internet subscriptions	580,669	737,078	840,261	900,933	921,772	933,462
Penetration (subscriptions per 100 inhabitants)	17.10	21.63	24.58	26.27	26.79	n.a.
Mobile telecommunication services						
Number of mobile lines (million)	4.9	5.3	5.5	5.5	5.4	5.5
Penetration (subscriptions per 100 inhabitants)	147.13	154.62	160.80	160.80	157.38	n.a.
Number of mobile broadband Internet subscriptions (million)	1.1	1.6	2.1	2.6	3.5	3.7
Penetration (subscriptions per 100 inhabitants)	31.98	45.53	59.82	76.86	101.88	n.a.
Mobile telephony traffic (millions of minutes)	5,885	6,180	6,183	6,280	5,845	n.a.
Mobile broadband traffic (millions of megabytes)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Percentage of individual Internet users	54.5	57.7	61.5	64.6	66.4	n.a.

n.a. Not available.

Source: International Telecommunication Union (ITU) and URSEC.

4.106. The law establishes a State monopoly in the local fixed telephony and fixed data (including fibre optic) transmission segments.⁸³ These services are supplied by the National Telecommunications Authority (ANTEL), a state-owned company. Private companies can participate in the provision of international long-distance fixed and mobile telephony services. Even so, ANTEL is the main provider of both services.

4.107. At end-2016, the international long-distance fixed telephony market consisted of six companies, with a high degree of concentration: the two main companies accounted for 84% of the market. ANTEL, the main operator, controlled 58% of the market.⁸⁴ Three enterprises operated in the mobile telephony sector, two of them private. At end-2016, the main operator was ANTEL, with 54% of the market, followed by Movistar (32%) and Claro (14%).⁸⁵ All operators offer 4G technology services.

4.108. A licence granted by the MIEM or URSEC, as the case may be, is required in order to provide public telecommunication services. There are four categories of licence depending on the type of service offered: Class A, which authorizes the holder to operate a public telecommunication network and provide services of all kinds except for pay-TV services; Class B, for the provision of all data transmission services, using the holder's own or third-party networks, media or links; Class C, for

⁸² Article 86 of Law No. 17.296 of 21 February 2001 (National Budget exercise 2000-2004).

⁸³ Articles 3 et seq. of Decree-Law No. 15.738 of 3 August 1974 and amendments thereto.

⁸⁴ URSEC (2016), *Evolución del sector Telecomunicaciones en Uruguay: datos estadísticos*, p. 34.

Viewed at: <https://www.ursec.gub.uy/inicio/transparencia/informacion-estadistica-y-de-mercado/telecomunicaciones>.

⁸⁵ Ibid., p. 14.

the installation of telecommunication links, media and systems for own use or leasing to telecommunication service licensees; and Class D, for the provision of pay-TV services.⁸⁶

4.109. All applicants for telecommunication licences, including foreign applicants, must be domiciled in Uruguay and enrolled in the Commercial Register and the Single Taxpayers Register (RUC).⁸⁷ Foreign companies must also show that they are duly constituted abroad.⁸⁸ Apart from this requirement, foreign companies are granted national treatment. The Government evaluates the desirability of granting a licence "in accordance with telecommunication policy".⁸⁹ During the review period there were no disputes concerning the granting of licences. A licence holder may transfer or assign it with the authorization of the Government.⁹⁰

4.110. Licence holders may not restrict or hinder competition in the sector or establish discriminatory conditions between different licensees.⁹¹ Any fixed or mobile telephony services operator that requires access to interconnection may request it. The operator to whom the request is addressed has the obligation to grant access on conditions that are "reasonable equivalent" to those granted to third parties, to the operator itself or to its related companies. Interconnection prices are freely agreed, but operators must notify the agreement to the URSEC. If agreement cannot be reached, the URSEC may intervene and fix provisional interconnection prices if so requested (pending mutual agreement) on the basis of a technical analysis.⁹²

4.111. Telecommunication services operators freely fix the tariffs for the services they provide under competitive conditions. They are not obliged to notify the final tariffs, although, as mentioned above, they must notify their interconnection agreements, in which the termination rates appear.⁹³ Given its position as the dominant supplier, the Government determines the fixed telephony tariffs for ANTEL; these are the only regulated tariffs in the sector.⁹⁴

4.112. Decree No. 114/003 contains the Regulations on the administration and control of the radio-frequency spectrum. Pursuant to this decree, the URSEC is responsible for the preparation and approval of spectrum use plans, with the exception of those for broadcasting, which are forwarded to the Government for approval. The URSEC is responsible for approving the National Frequency Allocation Table, which establishes the allocation of frequency bands, sub-bands and channels applicable to the classes and categories of radiocommunication services involved, as appropriate, and for maintaining the Frequency Register. There are four types of frequency: (a) free use, for which authorization is not required; (b) common use, for which authorization is required without allocation of a frequency; (c) specific use, associated with specified radiocommunication services or systems for which authorization is required, with the allocation of specified frequencies on a shared or exclusive basis; and (d) general use, not associated *a priori* with specific radiocommunication services or systems, for which authorization is required, with the allocation of frequencies on an exclusive or shared basis.

4.113. Authorizations for spectrum use, for the frequencies that require them, are granted by the Government or the URSEC, as the case may be, and are limited solely to use of the spectrum for the service that was authorized. The authorizations are granted through public tender. Where more than one authorization is granted, as in the case of mobile services, the spectrum allocation takes place through competitive procedures (spectrum auctions).

4.114. All providers of commercial telecommunication services, with the exception of broadcasting, must pay the monthly control fee specified in the Regulatory Framework for Communications.⁹⁵ The

⁸⁶ Article 9 of the Regulations on Telecommunication Licences (as amended by Decree No. 085/009 of 17 February 2009).

⁸⁷ The Regulations on Telecommunication Licences contain the technical and legal requirements for obtaining a licence.

⁸⁸ Article 193 of Law No. 16.060 on Commercial Companies of 4 September 1989.

⁸⁹ Information provided by the authorities.

⁹⁰ Article 15, point 11, of the Regulations on Telecommunication Licences.

⁹¹ *Ibid.*, Article 4.

⁹² Decree No. 442/001 (Interconnection regulations) of 13 November 2001 and amendments thereto.

⁹³ *Idem.*

⁹⁴ Fixed telephony rates are approved by the Government pursuant to Decree-Law No. 14.235 of 25 July 1974.

⁹⁵ Law No. 17.930 of 19 December 2005.

fee corresponds to 0.3% of total gross income earned from the activity and is used to finance the URSEC's supervisory activities.⁹⁶

4.4.3 Transport

4.115. The GDP share of transport and storage services (including pipeline transport and complementary and auxiliary services) fell from 5.2% in 2012 to 3.8% in 2017. This decline could partly be explained by the closure of the main national airline during the review period. Transport services (together with storage services and communications services) accounted for 7.2% of the labour force in 2016 (6.8% in 2012).

4.116. The National Transport Directorate (DNT), a division of the Ministry of Transport and Public Works (MTO), is the government authority in charge of the sector, while the different types of transport are regulated by a specialized government authority. Uruguay does not have a law governing the transport sector as a whole.

4.4.3.1 Air transport

4.117. The legal framework for air transport services consists primarily of the Aeronautical Code of 1974 and the Law on Operational Safety in Civil Aviation of 2009, together with the decrees and resolutions concerning the subsector.⁹⁷

4.118. The National Directorate of Civil Aviation and Aeronautical Infrastructure (DINACIA), within the Ministry of National Defence, is responsible for implementing aeronautical policy and supervising and controlling civil aviation activity. It is also responsible for civil aviation safety, inspecting aeronautical infrastructure and equipment and issuing the various certificates, permits and technical licences required by aeronautical operators and personnel.⁹⁸

4.119. In 2014, the National Civil Aviation Board (JNAC) issued the guidelines of an air transport policy.⁹⁹ The main objectives include: (i) promotion and development of air transport; (ii) free access to the air transport market for national and foreign companies, based on reciprocity, competition and equal treatment; (iii) creation of incentives to promote investment, technology transfer and development of the aeronautical industry; and (iv) negotiation of international agreements that facilitate regional integration and cooperation in air services.

4.120. In line with these policy objectives, Uruguay has signed many international agreements (Table A4.1). During the review period, transport agreements with Mexico, Paraguay, and the Netherlands were signed and ratified, as well as the CLAC (Latin American Civil Aviation Commission) Multilateral Open Skies Agreement, and other agreements were negotiated and are awaiting signature.

4.121. A concession is required for domestic air transport services, while international services need an authorization or permit. In order to obtain a concession or authorization from the JNAC to provide air services, foreign companies must establish domicile and have an agent in Uruguay, and be subject to Uruguayan jurisdiction. The authorization requirements for are set out in Decree No. 39/977 and in the Uruguayan Aeronautical Regulations (RAU/LAR). In the case of a concession, companies must also comply with the requirements of Decree No. 39/977 and the corresponding RAU/LAR and sign a concession contract with the State. In addition, the tariffs to be applied must be approved by Government decree. According to the authorities, various authorizations and permits were granted in the period 2012-2017.

4.122. Domestic air services are reserved for national companies, although the Government may authorize foreign enterprises to provide such services where reciprocal treatment exists.¹⁰⁰ Foreign enterprises must comply with the same requirements as Uruguayan enterprises. Domestic air

⁹⁶ URSEC Resolution No. 194/012 of 27 December 2012.

⁹⁷ Aeronautical Code (Decree-Law No. 14.305 of 29 November 1974) and Law No. 18.619 on Operational Safety in Civil Aviation of 23 October 2009.

⁹⁸ Article 4 of the Law on Operational Safety in Civil Aviation, and online institutional information from the DINACIA, viewed at: <http://www.dinacia.gub.uy/institucional/mision-y-vision.html>.

⁹⁹ Decree No. 287 of 9 October 2014 establishing the guidelines of aeronautical policy.

¹⁰⁰ Article 113 of the Aeronautical Code.

services are provided under a concession granted by the DINACIA, for a period that varies according to the amount of the investment, the economic importance of the service and the ensuing benefits in the national interest.¹⁰¹ During the review period, there were no requests from foreign companies to provide domestic air transport services. Uruguayan enterprises may provide cabotage air services only with Uruguayan registered aircraft, save in exceptional cases.¹⁰² Aircraft acquire Uruguayan nationality by being entered in the National Register of Aircraft.¹⁰³ In order to register an aircraft, the owner, or the holder of a majority share, must be domiciled in the country.¹⁰⁴ Uruguayan aircraft must be crewed by Uruguayan nationals.¹⁰⁵

4.123. There are no limitations on foreign participation in ground handling services, for which only approval is required.¹⁰⁶ Applications for approval are addressed to the DINACIA.

4.124. Uruguayan airports are the property of the State. The management of airports is the responsibility of DINACIA's Directorate-General of Aeronautical Infrastructure, which may, however, grant a concession to private companies by auction or tender. Uruguay has two international airports: Carrasco International Airport (Montevideo), the country's main airport, and Laguna del Sauce International Airport (Punta del Este).¹⁰⁷ They are both currently managed by private companies.

4.125. In 2017, total air passenger traffic in Uruguay was 2,239,439 passengers, of whom 2,093,573 (93.5%) passed through Carrasco International Airport and 145,866 (6.5%) used Laguna del Sauce International Airport (Punta del Este). International air freight traffic fell from about 32,200 tonnes in 2012 to some 25,837 tonnes in 2017, of which 60% were imports. This lower traffic largely reflects the general decline in imports (Section 1.3). Carrasco Airport handles all the country's international air freight and has a terminal that provides logistical services to commercial operators.¹⁰⁸

4.126. Sixteen airlines operated from and to Uruguay in 2018.¹⁰⁹ The main domestic airline, PLUNA (Líneas Aéreas Uruguayas S.A.) ceased operations in 2012. A new domestic airline (Alas Uruguay S.A) operated between 2015 and 2016.

4.127. Inputs and manufactures not produced in the country and imported for use in the air transport industry are exempt from tariffs and other import charges. This exemption applies to imports of aircraft, engines, instruments, fuels, lubricants and all tools used in the aviation industry as well as any materials, machinery or inputs needed for the construction, installation and infrastructure maintenance of airfields, airports and other air service bases.¹¹⁰

4.128. According to the authorities, the prices of air transport services are freely determined. The charges for airport services and auxiliary services are determined in accordance with the parameters set out in the concession contract, and must be approved by the Government.

4.4.3.2 Maritime transport

4.129. Maritime transport is chiefly governed by the Ports Law, the Law on Cabotage Navigation and Trade and the Law on the Merchant Navy.¹¹¹

4.130. The Directorate-General of River and Maritime Transport (DGMT), within the Ministry of Transport and Public Works (MTO), is the authority in charge of maritime transport in Uruguay. The

¹⁰¹ Ibid., Article 119.

¹⁰² Ibid., Article 33.

¹⁰³ Ibid., Article 29.

¹⁰⁴ Ibid., Article 32.

¹⁰⁵ Ibid., Article 33.

¹⁰⁶ Decree No. 280/002 of 22 July 2002.

¹⁰⁷ Uruguay XXI (2014), *Sector Aeronáutico – Oportunidades de inversión en Uruguay*, p. 14. Viewed at: <http://www.uruguayxxi.gub.uy/informacion/wp-content/uploads/sites/9/2015/05/Sector-Aeronautico-Marzo-2014-Uruguay-XXI.pdf>.

¹⁰⁸ Ibid., p. 7.

¹⁰⁹ Online information from the DINACIA, viewed at: <http://www.dinacia.gub.uy/ciudadania/estadisticas.html>.

¹¹⁰ Article 1 of Law No. 9.977 on the Promotion of National Aviation of 5 December 1940.

¹¹¹ Ports Law No. 16.246 of 8 April 1992, Law No. 12.091 on National Cabotage Navigation and Trade of 5 January 1954 and Law No. 14.650 on the Merchant Navy of 23 May 1977.

DGMT makes policy proposals to the MTOP for the development of maritime, river and lake transport; it also manages the Company and Ship Register for entities offering cargo and passenger transport services, and compiles statistics and data on maritime and river operations in the country.¹¹²

4.131. International maritime transport in Uruguay is based on the principle of freedom of navigation. Those wishing to provide maritime transport services must enrol in the Company and Ship Register.¹¹³ In general terms, there are no limitations on the provision of maritime transport services from and to Uruguay, other than those stipulated in bilateral agreements on maritime cargo and/or passenger transport.¹¹⁴

4.132. Passenger and cargo cabotage is reserved for Uruguayan-flag vessels; however, the Government may authorize the use of foreign vessels to provide cabotage services when no Uruguayan vessels are available.¹¹⁵ The Government has delegated the power to grant such exceptions to the National Naval Prefect.¹¹⁶ Since 2013, foreign vessels have been allowed to participate in the embarkation and disembarkation of passengers arriving in Uruguay on international cruises, provided that they do not exceed 50% of the vessels used for the same transport operation.¹¹⁷

4.133. National vessels must be registered in the country. By law, 90% of the crew and officers on board a national merchant vessel (and specifically the captain, chief engineer and radio operator) must be Uruguayan.¹¹⁸

4.134. Uruguay has tax incentives for the development of its merchant navy. The importation of vessels that cannot be built in the country (or any vessel of over 1,000 tonnes), as well as imports of parts, equipment, fuels and lubricants needed for use in vessels flying the national flag are exempt from VAT, tariffs and other customs charges, and the wealth tax.¹¹⁹ These concessions are granted to vessels of which a majority of the owners are Uruguayan citizens or companies controlled and managed by Uruguayan citizens.¹²⁰

4.135. The National Ports Authority (ANP), an autonomous State agency, is responsible for the administration and development of the country's port infrastructure and can provide port services. It advises the Government on matters relating to infrastructure and makes proposals for port development.¹²¹

4.136. Uruguay has eight commercial ports, all state-owned and run by the ANP.¹²² Traffic in the port of Montevideo, the country's main commercial port, represented 77% of the total in 2017, followed by the port of Nueva Palmira, which serves as the exit point for the Paraguay-Paraná waterway, with 20%.¹²³ Port container traffic rose from some 753,000 TEU in 2012 to 888,000 TEU in 2016.¹²⁴

¹¹² Online information from the MTOP, viewed at: <http://www.mtop.gub.uy/transporte/fluvial-y-maritimo>.

¹¹³ Article 487 of Law No. 18.719 (National Budget Law 2010-2014) of 27 December 2010.

¹¹⁴ Agreement on Maritime Cargo Transport with Brazil (Law No. 14.452 of 14 October 1975); Agreement on River and Lake Transport on the Uruguay-Brazil waterway (cargo and passengers) (Law No. 18.811 of 23 September 2011); Agreement on Transport by Water between Uruguay and Argentina (passengers) (Law No. 18.891 of 20 April 2012); and Agreement on River Transport on the Paraguay-Paraná waterway (cargo and passengers).

¹¹⁵ Article 1 of Law No. 12.091 of 5 January 1954.

¹¹⁶ Decree No. 751/06 of 6 November 2006.

¹¹⁷ Law No. 19.096 of 21 June 2013, amending the Law on National Cabotage Navigation and Trade, and Decree No. 58/014 of 13 March 2014.

¹¹⁸ Law No. 18.498 on the Crewing of National Merchant Vessels of 12 June 2009.

¹¹⁹ Article 15 of the Law on the Merchant Navy.

¹²⁰ Ibid., Article 9.

¹²¹ Article 10 of the Ports Law.

¹²² The ports of Montevideo, Nueva Palmira, Colonia, Fray Bentos, Paysandú, Juan Lacaze, La Paloma and Salto.

¹²³ Online information from the National Logistics Institute of Uruguay, viewed at: <http://www.inalog.org.uy/es/infraestructura-puertos-libres>.

¹²⁴ UNCTAD statistical database. Viewed at: <http://unctadstat.unctad.org/wds/TableView/tableView.aspx>.

4.137. Decree No. 413/992 establishes the Regulations on the authorization of companies providing port services. In order to provide port services, individuals or private companies must enrol in the ANP's General Register of Port Services Providers and apply for a concession or authorization, as appropriate.¹²⁵ Individuals must be registered with the Social Security Bank (BPS) and the Directorate-General of Taxation as sole proprietorships for the purpose of providing the services for which they are seeking authorization; they must be natural or legal Uruguayan citizens. The services that private companies may provide include ship services (towing, assistance and dredging) and cargo services (e.g. loading, unloading, reloading and transshipment).¹²⁶ However, some port services (allocation of wharfs and mooring and anchoring areas, wharfside supply of electricity and water) are provided exclusively by the ANP. Authorization for the provision of port services is granted for five years and is renewable as long as the company is up to date in the fulfilment of the corresponding requirements.

4.138. The maximum charges for port services provided by the ANP must be approved by the Government. Private companies are free to set their charges within the limits fixed by the Government. The maximum rates fixed by the Government vary according to the company.¹²⁷

4.4.4 Tourism

4.139. The tourism sector continues to play an important part in the Uruguayan economy. Its share of GDP rose from 6.8% in 2012 to 7.2% in 2017. It is one of the main sources of foreign exchange earnings, and employed about 6.5% of the labour force in 2017. Some 4 million tourists visited the country in 2017.¹²⁸

4.140. The Tourism Law was enacted in 2014, replacing earlier legislation that dated from 1974.¹²⁹ The legal framework for the sector also includes a number of regulations governing the various types of activity.¹³⁰

4.141. Pursuant to the Tourism Law, the Ministry of Tourism (MINTUR) has various responsibilities in the sector, including: (i) establishing and directing national tourism policy; (ii) promoting the development of tourism at the regional, national and international levels; (iii) concluding national and international agreements relating to tourism; (iv) designing mechanisms to promote investment in the sector; and (v) granting concessions of public goods for tourism purposes.¹³¹

4.142. The Tourism Law also specifies the functions of the authority in charge of the sector, MINTUR, whose main responsibilities are to: (i) define the requirements for operating in the sector; (ii) supervise compliance with the regulations; (iii) prepare studies and strategic plans for the development of tourism; (iv) administer the Register of Tourism Service Providers; and (v) inspect tourism services and infrastructure.¹³² The Law also created the National Tourism Board (CONATUR), an advisory body comprising public and private entities, whose function is to advise MINTUR in drawing up strategic guidelines.¹³³

4.143. Private enterprises are the main providers of tourism services; the State steps in when private companies are unable or unwilling to provide a specific service.¹³⁴ In order to operate in the sector, companies must be domiciled in Uruguay and enrolled with the MINTUR Register of Tourism Service Providers.¹³⁵ Foreigners that have established domicile in Uruguay receive national

¹²⁵ Article 10 of the Regulations implementing the Ports Law (Decree No. 412/992).

¹²⁶ Decree No. 57/994 of 8 February 1994 (General Regime governing port services).

¹²⁷ The maximum rates set by the Government may be viewed at:

http://www.anp.com.uy/inicio/institucional/cifras/montevideo/precios_maximos_concesionarios.

¹²⁸ Information provided by the authorities.

¹²⁹ Tourism Law No. 19.253 (Regulation of Tourism Activity) of 28 August 2014.

¹³⁰ Decree No. 267/015 (Tourist Accommodation) of 5 October 2015; Decree No. 268/015 (Travel Agencies) of 5 October 2015, as amended by Decree No. 89/017 of 27 March 2017; and Decree No. 278/015 (Tourist Transport Companies) of 13 October 2015.

¹³¹ Articles 6 and 7 of the Tourism Law.

¹³² Ibid., Articles 8 and 9.

¹³³ Ibid., Article 17.

¹³⁴ Ibid., Article 3(g).

¹³⁵ Decree No. 267/015 (Tourist Accommodation) of 5 October 2015, Decree No. 268/015 (Travel Agencies) of 5 October 2015, as amended by Decree No. 89/017 of 27 March 2017, and Decree No. 278/015 (Tourist Transport Companies) of 13 October 2015.

treatment. For example, foreign travel agencies may operate in Uruguay by establishing branch offices domiciled in the country. Foreigners may provide accommodation services, tourist transport services and tourist guide services if they are domiciled in Uruguay.

4.144. There is a specific investment promotion regime for the sector, whose incentives are granted to both foreign and domestic investors. The regime distinguishes between tourism projects (accommodation, cultural or recreational services, or services for events and congresses) and hotel infrastructure projects (hotels, inns, motels, ranches). The benefits for tourism projects include: (i) exemption from VAT on imports of goods used for the construction of infrastructure and civil engineering works; (ii) exemption for 11 years from the wealth tax (IP) for infrastructure and civil engineering works; (iii) 50% exemption from tariffs on goods used for equipment; and (iv) 15-year amortization period for investment in infrastructure and civil engineering works for the purposes of the IRAE. The same benefits apply to purchases of equipment, but the IP exemption is only for five years and the investment must be amortized over five years for IRAE purposes. Tax concessions for the construction of hotels include: (i) exemption from VAT for imported goods for fixtures and fittings; (ii) exemption from the IP for five years; and (iii) 50% exemption from import taxes for imports of fixtures and fittings.¹³⁶

4.145. There is also an investment incentive regime for a specific type of hotel infrastructure (condominium hotels) (Table 4.9).¹³⁷ In addition, investment in the tourism sector is eligible for the incentives under the Law on the Protection and Promotion of Investment (Section 2.4).

Table 4.9 Benefits granted to the hotel sector

Benefit
Credit for VAT included in goods and services purchased by the construction company.
Exemption from VAT on goods imported by the construction company for use in the construction.
The construction company must opt for a specific exemption regime when importing materials and goods as well as the capital goods needed for the construction project. The benefits are either:
(a) 100% exemption from taxes on goods declared not to compete with the domestic industry, but maintaining the obligation to pay the taxes on goods that do compete with the domestic industry; or
(b) 50% exemption from taxes on goods declared not to compete with the domestic industry.
Goods used in the civil engineering works for the investment project are computed as IP-exempt assets for up to 11 years from their incorporation into the building.
This exemption also applies to the sites on which the building is constructed.
Fixed assets intended to equip the tourism project are considered IP-exempt for the period of their working life.
The use and/or enjoyment of the units transferred by the owners to the operator are considered IP-exempt assets for a period of 11 years.
The economic activities generated by the activity of the operating company are exempt from income tax, subject to a maximum amount and duration.
With regard to civil engineering works, the investment made by the developer is computed by the operating company at cost, without considering the value of the land.
This exemption does not apply to the IRAE generated by sale of the units by the developer.

Source: Decree No. 404/010 of 29 December 2010.

4.146. The tourism industry and authorities have adopted various measures aimed at exploiting the country's potential as a tourism destination, diversifying its supply of tourism products, and developing products aimed at specific niches. By way of example, the development of convention tourism was promoted during the review period. A new convention centre was opened in Punta del Este in 2016 and another centre is scheduled to be opened in Montevideo in 2018. As part of this strategy, services for the organization of international events and the rental of convention halls are exempt from VAT.¹³⁸

¹³⁶ Decree No. 175/003 of 7 May 2003.

¹³⁷ Decree No. 404/010 of 29 December 2010.

¹³⁸ Uruguay XXI (2017), *Oportunidades de inversión: Turismo*, p. 7. Viewed at: <http://www.uruguayxxi.gub.uy/inversiones/oportunidades-de-inversion>; and Decrees No. 220/998 of 12 August 1998 and No. 106/000 of 27 April 2000.

5 APPENDIX TABLES

Table A1. 1 Total merchandise exports by HS Section, 2011-2017

Description	2011	2012	2013	2014	2015	2016	2017
Total exports	7,912	8,709	9,067	9,132	7,678	6,997	7,885
	(US\$ million)						
	(% of exports)						
1 - Live animals; animal products	33.5	31.3	29.3	31.4	33.4	36.0	34.2
02. Meat and edible meat offal	18.6	18.2	16.5	18.3	20.6	22.7	21.4
04. Dairy produce; birds' eggs; natural honey; edible products of animal origin	9.3	9.2	10.1	9.1	8.5	8.3	7.9
01. Live animals	2.1	1.0	0.4	1.6	2.0	2.8	2.8
03. Fish and crustaceans, molluscs and other aquatic invertebrates	2.8	2.1	1.5	1.6	1.4	1.3	1.2
05. Products of animal origin n.e.s.i.	0.8	0.8	0.8	0.9	0.9	0.9	0.8
2 - Vegetable products	24.2	31.6	34.1	30.5	24.2	23.5	25.8
12. Oil seeds and oleaginous fruits; miscellaneous seeds and fruits; industrial or medicinal plants	10.3	15.9	20.7	17.6	14.7	11.9	15.6
10. Cereals	9.9	12.2	9.8	9.4	6.6	7.8	6.7
11. Products of the milling industry; malt; starches; inulin; wheat gluten	2.8	2.5	2.5	2.2	1.7	2.3	2.4
08. Edible fruit and nuts; peel of citrus fruit or melons	1.2	0.9	1.1	1.2	1.2	1.3	1.2
3 - Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal or vegetable waxes	1.6	1.4	1.2	1.4	1.7	1.7	1.8
4 - Prepared foodstuffs; beverages, spirits and vinegar; tobacco and manufactured tobacco substitutes	3.2	2.5	2.2	2.3	2.7	2.7	2.4
16. Preparations of meat, of fish or of crustaceans	0.9	0.6	0.5	0.5	0.6	0.6	0.6
24. Tobacco and manufactured tobacco substitutes	0.7	0.6	0.5	0.6	0.6	0.6	0.5
23. Residues and waste from the food industries	0.4	0.4	0.4	0.4	0.6	0.6	0.5
5 - Mineral products	1.1	1.2	0.6	1.3	0.7	1.6	2.4
27. Mineral fuels, mineral oils and products of their distillation	0.7	1.1	0.5	1.1	0.4	1.4	2.0
25. Salt; sulphur; earths and stone; plastering materials, lime and cement	0.4	0.1	0.1	0.2	0.3	0.2	0.4
6 - Products of the chemical or allied industries	5.2	5.6	5.2	5.1	5.6	5.5	4.6
30. Pharmaceutical products	1.5	1.5	1.4	1.6	1.9	2.1	1.5
34. Soap, organic surface-active agents, washing preparations, lubricating preparations	1.0	0.9	0.8	0.9	0.8	0.9	0.9
38. Miscellaneous chemical products	0.9	1.4	1.2	1.0	1.3	0.8	0.7
7 - Plastics and articles thereof	5.6	5.1	4.8	4.6	4.4	3.6	3.6
39. Plastics and articles thereof	3.8	3.5	3.3	3.1	3.1	2.8	2.9
8 - Raw hides and skins, leather, furskins and articles thereof; saddlery and harness	3.5	3.3	3.4	3.8	4.1	4.1	3.2
41. Raw hides and skins (other than furskins) and leather	3.1	3.0	3.2	3.6	3.9	4.0	3.1
9 - Wood and articles of wood; wood charcoal	6.6	5.4	5.9	7.3	10.0	11.1	11.8
10 - Pulp of wood or of other fibrous cellulosic material; recovered (waste and scrap) paper or paperboard; paper and paperboard and articles thereof	1.5	1.2	1.0	1.0	1.1	0.8	0.5
48. Paper and paperboard; articles of paper pulp, of paper or of paperboard	1.3	1.0	0.9	0.9	1.0	0.7	0.4
11 - Textiles and textile articles	4.8	3.7	3.5	3.3	3.6	3.3	3.1
51. Wool, fine or coarse animal hair; horsehair yarn and woven fabric	3.5	2.8	2.9	2.7	3.2	2.8	2.7
12 - Footwear, headgear, umbrellas, sun umbrellas, walking-sticks, seat-sticks, whips, riding-crops and parts thereof; prepared feathers and articles made therewith	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Description	2011	2012	2013	2014	2015	2016	2017
13 - Articles of stone, plaster, cement, asbestos, mica or similar materials; ceramic products; glass and glassware	0.2	0.1	0.1	0.1	0.1	0.1	0.1
14 - Natural or cultured pearls, precious or semi-precious stones, precious metals	1.4	1.5	1.3	1.0	1.0	0.8	0.8
15 - Base metals and articles of base metal	1.1	1.3	1.1	1.0	1.0	1.1	1.2
73. Articles of iron or steel	0.7	0.9	0.8	0.7	0.7	0.7	0.7
76. Aluminium and articles thereof	0.2	0.1	0.1	0.1	0.1	0.1	0.1
16 - Machinery and mechanical appliances; electrical equipment; parts thereof	1.2	1.5	1.2	1.1	1.4	1.4	1.3
85. Electrical machinery and equipment and parts thereof; sound recorders and reproducers	0.9	1.1	0.9	0.8	1.0	0.9	0.9
17 - Transport equipment	3.9	1.6	3.2	3.1	3.2	1.2	1.6
87. Motor vehicles, tractors, bicycles and other vehicles; parts and accessories thereof	3.8	1.4	3.1	3.0	2.0	0.9	1.4
18 - Optical, photographic or cinematographic measuring, checking or precision instruments and apparatus	0.2	0.2	0.2	0.2	0.6	0.8	0.7
19 - Arms and ammunition; parts and accessories thereof	0.0	0.0	0.0	0.0	0.0	0.0	0.0
20 - Miscellaneous manufactured articles	1.4	1.5	1.5	1.4	1.1	0.9	0.8
94. Furniture; medical, surgical furniture; articles of bedding and the like; lighting fittings	1.4	1.4	1.4	1.3	0.9	0.8	0.8
21 - Works of art, collectors' pieces and antiques	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: Comtrade database and BCU (2017).

Table A1. 2 Total merchandise imports by HS Section, 2011-2017

	2011	2012	2013	2014	2015	2016	2017
	(US\$ million)						
Total imports	10,726	11,652	11,642	11,485	9,489	8,137	8,458
	(% of imports)						
1 - Live animals; animal products	1.2	1.2	1.4	1.6	1.5	1.8	2.2
02. Meat and edible meat offal	0.5	0.6	0.7	0.9	0.9	1.2	1.5
03. Fish and crustaceans, molluscs and other aquatic invertebrates	0.4	0.3	0.3	0.4	0.3	0.3	0.3
04. Dairy produce; birds' eggs; natural honey; edible products of animal origin	0.2	0.2	0.2	0.2	0.2	0.2	0.3
05. Products of animal origin n.e.s.i.	0.1	0.1	0.1	0.1	0.1	0.1	0.1
01. Live animals	0.0	0.0	0.0	0.0	0.0	0.1	0.1
2 - Vegetable products	3.1	2.2	3.5	3.2	3.7	3.6	3.1
09. Coffee, tea, maté and spices	0.6	0.6	0.8	1.0	1.0	1.0	0.9
10. Cereals	1.0	0.5	1.5	1.0	1.1	0.8	0.8
08. Edible fruit and nuts; peel of citrus fruit or melons	0.3	0.3	0.3	0.4	0.4	0.6	0.6
12. Oil seeds and oleaginous fruits; miscellaneous seeds and fruit; industrial or medicinal plants	0.4	0.3	0.3	0.3	0.3	0.5	0.3
3 - Animal or vegetable fats and oils	1.0	0.8	1.0	1.1	1.2	1.2	1.4
4 - Prepared foodstuffs; beverages, spirits and vinegar; tobacco and manufactured tobacco substitutes	6.0	5.6	5.9	6.0	6.9	7.2	7.1
23. Residues and waste from the food industries	1.5	1.2	1.4	1.3	1.4	1.4	1.3
20. Preparations of vegetables, fruit, nuts or other parts of plants	0.7	0.7	0.8	0.8	0.9	1.0	1.1
21. Miscellaneous edible preparations	0.8	0.8	0.9	0.9	1.0	1.0	1.0
17. Sugars and sugar confectionery	0.9	0.8	0.8	0.8	0.8	1.0	0.9
5 - Mineral products	21.1	27.4	18.8	16.2	12.4	10.7	13.0
27. Mineral fuels, mineral oils and products of their distillation	20.6	27.0	18.4	15.8	12.0	10.3	12.6
6 - Products of the chemical or allied industries	13.0	12.9	13.5	13.1	13.7	14.1	14.3
30. Pharmaceutical products	1.9	1.9	2.1	2.2	2.5	3.0	3.0
38. Miscellaneous chemical products	2.6	2.7	3.0	3.1	2.7	3.0	3.1
31. Fertilisers	3.3	3.0	2.8	2.6	2.2	2.4	2.3
29. Organic chemicals	2.0	2.2	2.3	2.0	2.5	1.8	1.9
33. Essential oils and resinoids; perfumery, cosmetic or toilet preparations	0.8	0.8	0.9	0.9	1.1	1.3	1.3
34. Soap, organic surface-active agents, washing preparations, lubricating preparations	0.8	0.8	0.8	0.8	1.0	1.0	1.1
32. Tanning or dyeing extracts; tannins and their derivatives; pigments and other colouring matter	0.7	0.6	0.7	0.7	0.7	0.7	0.7
7 - Plastics and articles thereof	7.2	6.6	7.2	6.4	6.6	6.6	6.7
39. Plastics and articles thereof	5.2	4.8	5.1	4.8	5.0	5.1	5.1
40. Rubber and articles thereof	1.9	1.7	2.0	1.6	1.6	1.4	1.5
8 - Raw hides and skins, leather, furskins and articles thereof; saddlery and harness	1.1	1.0	1.1	1.2	1.1	1.2	1.1
41. Raw hides and skins (other than furskins) and leather	0.9	0.8	0.8	1.0	0.8	0.9	0.8
9 - Wood and articles of wood; wood charcoal	0.5	0.5	0.5	0.5	0.5	0.5	0.6
10 - Pulp of wood or of other fibrous cellulosic material; paper and paperboard and articles thereof	2.0	1.6	1.7	1.8	2.1	2.4	2.3
48. Paper and paperboard; articles of paper pulp, of paper or of paperboard	1.7	1.3	1.4	1.5	1.6	1.7	1.9
11 - Textiles and textile articles	4.6	4.0	4.3	4.2	4.7	5.0	5.4
61. Articles of apparel and clothing accessories, knitted or crocheted	1.1	1.1	1.1	1.2	1.4	1.5	1.6
62. Articles of apparel and clothing accessories, not knitted or crocheted	0.9	0.9	1.0	1.0	1.2	1.2	1.5

	2011	2012	2013	2014	2015	2016	2017
51. Wool, fine or coarse animal hair; horsehair yarn and woven fabric	0.7	0.4	0.5	0.5	0.6	0.6	0.6
12 - Footwear, headgear, umbrellas, sun umbrellas, walking-sticks, seat-sticks, whips, riding-crops and parts thereof; prepared feathers and articles made therewith	1.1	1.0	1.1	1.1	1.2	1.4	1.4
64. Footwear, gaiters and the like; parts of such articles	1.0	0.9	1.0	1.0	1.1	1.3	1.3
65. Headgear and parts thereof	0.1	0.1	0.1	0.1	0.1	0.1	0.1
13 - Articles of stone, plaster, cement, asbestos, mica or similar materials; ceramic products; glass and glassware	1.2	1.1	1.2	1.2	1.3	1.4	1.5
69. Ceramic products	0.5	0.5	0.5	0.4	0.5	0.5	0.6
14 - Natural or cultured pearls, precious or semi-precious stones, precious metals	0.1	0.1	0.1	0.1	0.1	0.1	0.1
15 - Base metals and articles of base metal	4.6	4.2	4.5	4.4	4.8	4.6	5.0
73. Articles of iron or steel	1.5	1.4	1.7	1.7	2.0	2.0	1.8
72. Iron and steel	1.8	1.5	1.5	1.4	1.4	1.2	1.6
76. Aluminium and articles thereof	0.5	0.4	0.5	0.5	0.5	0.5	0.6
16 - Machinery and mechanical appliances; electrical equipment; parts thereof	17.6	16.3	19.1	23.3	23.9	24.9	18.9
85. Electrical machinery and equipment and parts thereof; sound recorders and reproducers	7.3	6.7	8.1	11.9	13.9	14.6	9.8
84. Nuclear reactors, boilers, machinery and mechanical appliances	10.3	9.6	10.9	11.4	9.9	10.4	9.2
17 - Transport equipment	11.2	9.7	11.4	10.2	9.7	8.4	10.8
87. Motor vehicles, tractors, bicycles and other vehicles; parts and accessories thereof	11.0	9.6	11.0	10.0	9.5	8.2	10.6
18 - Optical, photographic or cinematographic measuring, checking or precision instruments and apparatus	1.3	1.3	1.4	1.6	1.7	1.8	1.8
19 - Arms and ammunition; parts and accessories thereof	0.0	0.0	0.0	0.0	0.0	0.0	0.0
20 - Miscellaneous manufactured articles	2.2	2.4	2.5	2.7	2.9	3.2	3.4
94. Furniture; medical, surgical furniture; articles of bedding and the like; lighting fittings	1.3	1.3	1.5	1.6	1.7	1.9	2.0
21 - Works of art, collectors' pieces and antiques	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: Comtrade database and BCU (2017).

Table A1. 3 Total merchandise exports by trading partner, 2011-2017

	2011	2012	2013	2014	2015	2016	2017
	(US\$ million)						
Total exports	7,912	8,709	9,067	9,132	7,678	6,997	7,885
	(% of exports)						
America	45.3	43.4	41.1	41.0	40.1	41.4	37.8
United States	3.1	3.7	3.9	4.6	6.8	6.4	5.7
<i>Other America</i>	42.2	39.7	37.2	36.4	33.3	35.1	32.0
Brazil	20.5	19.4	18.9	17.6	14.8	17.2	16.5
Argentina	7.4	5.8	5.4	4.8	5.1	6.1	5.6
Mexico	2.1	1.7	1.6	2.6	2.9	2.4	2.5
Peru	1.3	1.6	1.3	1.2	1.6	2.0	1.8
Paraguay	2.4	1.7	1.7	1.5	1.5	1.7	1.5
Chile	1.8	2.4	1.6	1.2	1.5	1.4	1.1
Canada	0.5	0.8	0.6	1.3	1.5	1.1	0.6
Colombia	0.4	0.4	0.2	0.3	0.3	0.7	0.3
Venezuela, Bolivarian Republic of	4.0	4.8	4.9	4.5	2.7	0.7	0.3
Bolivia, Plurinational State of	0.3	0.2	0.3	0.5	0.5	0.6	0.5
Europe	18.9	14.0	13.9	12.5	14.3	17.0	14.9
EU(28)	15.0	11.3	11.9	11.0	11.4	12.9	11.0
Netherlands	1.9	1.5	2.2	2.0	2.4	3.4	3.1
Germany	3.8	2.9	3.4	3.2	3.3	3.1	2.5
Portugal	1.2	0.7	0.8	0.8	0.9	1.4	1.0
Italy	2.0	1.5	1.6	1.4	1.1	1.1	1.1
Spain	2.5	1.5	1.2	1.1	1.1	1.1	1.0
EFTA	2.0	1.9	1.5	1.2	1.2	1.1	0.9
Switzerland	1.4	1.6	1.4	1.0	1.1	0.9	0.8
Norway	0.6	0.3	0.2	0.1	0.1	0.2	0.1
<i>Other Europe</i>	2.0	0.8	0.5	0.3	1.7	3.0	3.1
Turkey	1.9	0.7	0.5	0.3	1.7	3.0	3.0
Commonwealth of Independent States (CIS)	5.2	4.8	3.2	3.3	1.4	1.5	1.5
Russian Federation	5.0	4.5	3.1	3.2	1.3	1.4	1.4
Africa	3.6	3.8	3.2	2.4	2.6	1.9	3.5
Algeria	0.5	0.5	0.6	0.6	1.0	0.6	1.6
South Africa	0.4	0.7	0.6	0.3	0.4	0.4	0.4
Egypt	0.1	0.1	0.9	1.5	0.9	0.2	0.4
Sierra Leone	0.0	0.0	0.2	0.2	0.3	0.2	0.3
Middle East	3.8	4.4	4.7	5.7	4.4	3.1	3.5
Israel	1.5	2.0	1.6	1.5	1.7	1.8	1.6
Iraq	0.9	1.4	1.2	2.2	1.0	0.4	0.6
Saudi Arabia, Kingdom of	0.1	0.1	0.1	0.1	0.1	0.2	0.1
Asia	10.4	13.1	17.5	16.9	17.4	16.0	21.7
China	6.7	9.1	14.2	13.3	13.9	12.4	18.8
Japan	0.1	0.1	0.1	0.1	0.1	0.1	0.1
<i>Other Asia</i>	3.6	3.8	3.1	3.5	3.4	3.4	2.8
Hong Kong, China	0.9	0.8	0.7	0.7	0.6	0.7	0.7
Thailand	0.6	0.5	0.4	0.4	0.6	0.6	0.4
Viet Nam	0.4	0.5	0.5	0.9	0.7	0.6	0.4
Korea, Republic of	0.4	0.2	0.3	0.3	0.3	0.4	0.2
Other	12.8	16.5	16.4	18.1	19.9	19.1	17.1
Free zones	12.3	16.2	16.1	17.6	19.4	18.6	16.5

Source: Comtrade database and BCU.

Table A1. 4 Total merchandise imports by trading partner, 2011-2017

	2011	2012	2013	2014	2015	2016	2017
	(US\$ million)						
Total imports	10,726	11,652	11,642	11,485	9,489	8,137	8,458
	(% of imports)						
America	58.1	54.8	49.2	49.7	47.4	46.3	50.6
United States	10.3	8.9	8.7	9.4	9.0	6.9	10.9
<i>Other America</i>	47.8	45.9	40.5	40.2	38.4	39.4	39.7
Brazil	19.4	18.0	15.8	17.0	17.1	18.0	19.5
Argentina	18.7	14.9	14.2	12.7	13.0	13.3	12.6
Mexico	2.3	2.5	2.6	2.4	2.4	2.5	2.6
Chile	1.3	1.2	1.3	1.4	1.5	1.5	1.4
Paraguay	0.8	0.7	1.1	1.4	1.2	1.2	1.3
Canada	0.4	0.4	0.4	0.4	0.5	1.0	0.6
Colombia	0.1	0.3	0.1	0.2	0.2	0.5	0.4
Ecuador	0.6	0.2	0.2	0.2	0.2	0.3	0.4
Peru	0.4	0.2	0.2	0.3	0.3	0.3	0.4
Uruguay	0.1	0.2	0.2	0.3	0.3	0.3	0.2
Venezuela, Bolivarian Republic of	3.7	7.1	4.2	3.9	1.3	0.0	0.1
Europe	13.7	13.3	14.4	15.6	17.9	19.3	16.7
<i>EU (28)</i>	12.9	11.7	13.5	14.8	16.9	18.0	15.5
Germany	2.4	2.1	2.5	4.1	4.3	4.7	2.4
Spain	1.4	1.3	1.7	2.7	2.4	3.1	2.5
Denmark	1.1	0.8	1.3	1.1	2.3	2.0	0.8
United Kingdom	1.2	0.8	1.4	0.7	1.9	1.8	1.1
Italy	1.4	1.3	1.7	1.6	1.7	1.6	1.7
EFTA	0.5	1.1	0.5	0.4	0.5	0.5	0.5
Switzerland	0.4	0.3	0.4	0.3	0.4	0.4	0.4
Norway	0.1	0.8	0.0	0.0	0.1	0.1	0.0
<i>Other Europe</i>	0.4	0.5	0.4	0.5	0.6	0.9	0.7
Turkey	0.4	0.4	0.4	0.4	0.6	0.9	0.7
Commonwealth of Independent States (CIS)	1.4	5.1	1.3	0.6	0.8	0.4	0.5
Russian Federation	1.3	5.1	1.2	0.5	0.7	0.4	0.5
Africa	5.0	3.4	8.2	6.7	5.0	6.5	2.9
Nigeria	1.2	2.9	5.0	4.4	4.5	2.9	2.2
Angola	0.0	0.0	2.7	1.9	0.0	2.8	0.0
Egypt	0.1	0.2	0.1	0.1	0.1	0.4	0.2
Middle East	0.6	0.9	1.9	1.0	1.1	1.1	1.3
Saudi Arabia, Kingdom of	0.0	0.0	0.2	0.3	0.3	0.2	0.2
Oman	0.0	0.0	0.0	0.1	0.2	0.2	0.1
Israel	0.1	0.1	0.1	0.1	0.2	0.2	0.2
Asia	20.5	21.2	24.5	25.8	27.3	25.7	27.5
China	13.4	14.3	16.9	18.5	18.4	18.8	20.0
Japan	0.9	0.9	0.8	0.7	0.9	0.7	0.8
<i>Other Asia</i>	6.2	6.0	6.8	6.6	7.9	6.1	6.7
India	1.1	1.3	1.4	1.6	2.8	1.9	2.2
Korea, Republic of	1.9	1.5	1.9	2.0	2.2	1.3	1.3
Viet Nam	0.3	0.2	0.2	0.4	0.5	0.7	0.7
Chinese Taipei	1.0	1.1	1.2	0.8	0.7	0.5	0.5
Indonesia	0.5	0.4	0.2	0.6	0.4	0.4	0.4
Thailand	0.3	0.3	0.3	0.3	0.4	0.4	0.3
Other	0.7	1.4	0.6	0.6	0.6	0.6	0.5
Free zones	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Other	0.5	1.3	0.5	0.5	0.5	0.5	0.4

Source: Comtrade database and BCU.

Table A2. 1 Notifications submitted to the WTO, 1 January 2012 to March 2018

Agreements and Articles	Description	Frequency	WTO document (latest if periodic)	Date
Agreement on Agriculture				
Articles 18.2 (ES:1 and ES:2)	Export subsidies	Annual	G/AG/N/URY/59	02/05/2016
Article 18.2 (DS:1)	Domestic support	Annual	G/AG/N/URY/61	04/05/2016
Article 18.3 (DS:2)	Domestic support	Annual	G/AG/N/URY/52	10/06/2013
Articles 5.7 and 18.2 (MA:5)	Special safeguard	Annual	G/AG/N/URY/62	04/05/2018
Agreement on Rules of Origin				
Article 5 and Annex II.4	Modifications of preferential rules of origin; new preferential rules of origin	Ad hoc	G/RO/N/108	19/09/2013
Agreement on Import Licensing Procedures				
	Replies to the questionnaire on import licensing procedures	Annual	G/LIC/N/3/URY/9	30/03/2016
Quantitative restrictions				
G/L/59/Rev.1	List of restrictions	Biennial	G/MA/QR/N/URY/2	11/11/2016
Agreement on Implementation of Article VI of the GATT (anti-dumping)				
Article 16.4	Anti-dumping actions (preliminary and definitive)	Ad hoc	G/ADP/N/232	10/08/2012
Article 16.4	Anti-dumping actions (taken in the preceding six months)	Semi-annual	G/ADP/N/272	25/02/2016
Agreement on Subsidies and Countervailing Measures				
Article 25.11	Countervailing duty actions (taken in the preceding six months)	Semi-annual	G/SCM/N/281 G/SCM/N/281/Add.1	12/12/2014 24/04/2015
Article 25.1 and Article 16.1	Subsidies	Annual	G/SCM/N/253/URY G/SCM/N/260/URY	26/07/2013 26/07/2013
Article 27.4	Extension of the transition period for the elimination of export subsidies	Annual	G/SCM/N/275/URY	20/08/2014
Agreement on the Application of Sanitary and Phytosanitary Measures				
Article 7, Annex B	Sanitary and phytosanitary regulations	Ad hoc	G/SPS/N/URY/17 G/SPS/N/URY/32	04/04/2012 16/03/2018
Agreement on Technical Barriers to Trade				
Article 2.9	Technical regulations	Ad hoc	G/TBT/N/URY/7 G/TBT/N/URY/21	27/01/2015 23/10/2017
Article 2.10	Technical regulations (urgent)	Ad hoc	G/TBT/N/URY/16	21/07/2017
GATT 1994				
Article XVII:4(a)	Activities of State trading enterprises	Annual (on a three-year basis for complete notifications and annual in the case of changes)	G/STR/N/4/URY G/STR/N/7/URY G/STR/N/10/URY G/STR/N/11/URY G/STR/N/12/URY G/STR/N/13/URY	12/07/2013
Article XXVIII:5	Modification of schedules (reservation of the right to modify the schedules during a three-year period)	On a three-year basis	G/MA/335	24/05/2017
Article VII 22.2	Valuation for customs purposes Domestic legal system	Ad hoc	G/VAL/N/1/URY/2	05/11/2012
Article VII Decision A.3	Notification on the treatment of interest charges	Ad hoc	G/VAL/N/3/URY/2	05/11/2012
Article VII Decision A.4	Notification on the valuation of computer software	Ad hoc	G/VAL/N/3/URY/1	05/11/2012
General Agreement on Trade in Services				
Article V.7(a)	Economic integration agreement	Ad hoc	S/C/N/701	02/07/2013
Exemption for LDCs in the services sector (WT/L/847)		Once	S/C/N/857	20/01/2016

Agreements and Articles	Description	Frequency	WTO document (latest if periodic)	Date
Agreement on Trade-Related Aspects of Intellectual Property Rights				
TRIPS Article 63.2	Laws and regulations	Once/ Ad hoc	IP/N/1/URY/E/1; IP/N/1/URY/P/5; IP/N/1/URY/T/2	06/01/2012
			IP/N/1/URY/E/2; IP/N/1/URY/O/2	06/01/2012
			IP/N/1/URY/E/3; IP/N/1/URY/T/4	06/01/2012
			IP/N/1/URY/I/5	06/01/2012
			IP/N/1/URY/I/6	06/01/2012
			IP/N/1/URY/P/4; IP/N/1/URY/T/1	06/01/2012
			IP/N/1/URY/T/3	06/01/2012
			IP/N/1/URY/I/7	28/08/2012
			IP/N/1/URY/6 IP/N/1/URY/I/8	15/04/2015
			IP/N/1/URY/7; IP/N/1/URY/I/8/Add.1	15/04/2015
Agreement on Trade Facilitation				
Article 15	Commitments designated under Category A	Once	WT/PCTF/N/URY/1	31/07/2014
Trade and Development (Enabling Clause)				
Paragraph 4(a)	Notification of a regional trade agreement	Ad hoc	WT/COMTD/N/53 WT/COMTD/N/55	19/06/2017 20/07/2017

Source: WTO Secretariat.

Table A3. 1 Special registration requirements for importing specified products, 2018

Product	Requirement	Registration/issuing authority	Legal basis
Insecticides, acaricides, nematocides, rodenticides, bactericides, fungicides, and plant growth regulators and products for similar agricultural use	Registration of the product; marketing authorization	Ministry of Livestock, Agriculture and Fisheries (MGAP)	Decree No. 149 of 5 March 1977 DNA Order No. 106/2014 (Phytosanitary)
Fertilisers	Registration of the product		Law No. 13.663 of 14 June 1968 Law No. 13.640 of 26 December 1967 Law No. 18.719 of 27 December 2010 Law No. 19.149 of 24 October 2013
Biological control agents	Registration of the product; marketing authorization		Law No. 19.149 of 24 October 2013 Decree No. 170/2007
Inoculants	Registration of the product; marketing authorization		Law No. 19.149 of 24 October 2013 Decree No. 23/2/61 Decree No. 7/99 Resolution No. 04/2013
Medicines and other related products, raw materials, semi-processed medicines and cosmetics for human use (including sunscreens and insect repellents applied to the skin classified as cosmetics)	Registration of the importer; registration of the bulk product authorization certificate from the country of origin	Division of Sanitary Evaluation of Health Products, Department of Medicines and Department of Foodstuffs, Cosmetics and Household Hygiene Products in the Ministry of Public Health (MSP)	Decree-Law No. 15.443 of 5 July 1983; Decree No. 521 of 22 November 1984; Decree No. 324 of 12 October 1999 (for medicines). Cosmetics: Decree No. 95/90 (for cosmetics), MSP Ordinance No. 450, Decree No. 428/07 and Decree No. 540/07 The registration of pharmaceuticals registered and manufactured in a producing State Party, similar to products registered in the receiving State party within the MERCOSUR framework, is governed by the regulations approved by GMC Resolution No. 23/95
Medical equipment and therapeutic devices, diagnostic reagents	Authorization and registration of the importer/distributor and registration of the product in accordance with the regulations	Department of Technology Evaluation in the Ministry of Public Health	Decree No. 165 of 8 June 1999 and Decree No. 3/2008
Ophthalmic glass lenses (or their plastic substitutes) whether or not coloured, for therapeutic or protective use (not intraocular, not disposable)	Registration of the importer of the optical articles	Optical Sector, Sanitary Evaluation Division (MSP)	Decree No. 474 of 30 July 1968 DNA General Resolution No. 86/2016 (Control procedure for the importation of ophthalmic optical devices)
Beverages (non-alcoholic beverages, mineral waters and sodas, other non-alcoholic beverages)	Registration of the importer and the product	Food Regulation Service or Bromatology Service in the relevant departmental governments for beverages with nutritive sweeteners and waters and Food Department in the MSP for beverages with non-nutritive sweeteners and bottled waters	Decree No. 184 of 3 June 2004
Household hygiene products	Registration of the importer and the product; authorization certificate from the country of origin	Department of Foodstuffs, Cosmetics and Household Hygiene Products in the MSP	Decree No. 307 of 2 August 2001 Decree No. 311/999 of 15 October 1999
Medical equipment emitting ionizing radiation	Authorization and registration of the importer/distributor and registration of the product in accordance with the regulations	Department of Technology Evaluation in the MSP and the National Directorate of Nuclear Technology (DINATEN) in the Ministry of Industry, Energy and Mining	Decree No. 53/004 of 12 February 2004 Decree No. 165 of 8 June 1999 and Decree No. 3/2008 of 1 January 2008 DNA General Resolution No. 61/2016 (Procedure for controlling negatives and registration provisions of the MSP for the Importation of Medical Equipment and Devices)

Product	Requirement	Registration/issuing authority	Legal basis
Paints, varnishes, printers' inks and masterbatches	Registration of the importer and labelling requirement	Ministry of Housing, Land Management and the Environment (MVOTMA)/DINAMA	Law No. 17.775/2004 and Decree No. 69/11 of 15 February 2011. DNA General Resolution No. 73/2014 (Procedure for controlling the authorization granted by the National Directorate of the Environment in the MVOTMA, for the importation of paints containing lead)
Finished or preformed packages or their raw materials	Registration of the importer	MVOTMA/DINAMA	Law No. 18.996 of 7 November 2011 DNA General Resolution No. 44/2014 (Control procedure for the importation of products which must comply with the requirements for the environmental management of wastes derived from the use of chemical or biological products in agriculture, vegetable and fruit growing and forestry) DNA Order No. 11/2011 (Procedure for requesting authorization to import products and packaging outright)

Source: Information provided by the authorities.

Table A3. 2 Special requirements for importing specified products

Product	Special requirement	Legal basis
Oils	Inspection must be through the red channel.	Decree No. 275/001 of 17 July 2001
Edible refined vegetable oil	Inspection must be through the red channel and samples must be taken for analysis.	Decree No. 469/001 of 30 November 2001
Refined sugar for industrial use	Customs control.	Decree No. 57/006 of 25 March 2006 and Decree No. 58/016 of 29 February 2016
Textile products from countries not belonging to MERCOSUR (as of 1 February 2001)	Customs control and taking of samples for technical analysis (for some products).	O/D (Order) No. 54/000 of 23 November 2000 DNA O/D No. 16/2015 (Procedure for declaring textile product import certificates, granted by the National Directorate of Industry in the Ministry of Industry, Energy and Mining).
Footwear (Chapter 64 of the NCM)	Customs control. For heading HS 6403 customs control via the red channel may be required. Up until 2015 samples had to be taken when the National Directorate of Industry (DNI) so required.	Decree No. 265 of 11 July 2001 and Decree No. 251/005 of 15 August 2005 Decree No. 257/2003 and DNA O/D No. 22/2004 (Computer connection with the National Directorate of Industry for controlling the footwear import licence) Decree No. 101/013 of 2 April 2013
Whisky	Special customs transit procedure, including use of a special form and deposit of 140% of the customs value.	O/D No. 79/996 of 6 September 1996; Decree No. 353/996 of 5 September 1996; Decree No. 471/996 of 5 December 1996
Cigars, cigarettes and tobacco (NCM 24.02)	Special customs transit procedure, including use of a special form and deposit of 100% of the customs value.	O/D No. 79/996 of 6 September 1996; Decree No. 353/996 of 5 September 1996; Decree No. 471/996 of 5 December 1996
Natural gas	All import and transit DUAs are dealt with by the Colonia Customs Administration. Clearance takes place the following month and customs clearing agents and importing firms have a period of ten calendar days in which to submit the DUAs corresponding to the immediately preceding month.	DNA (O/D) No. 160/002, December 2002 O/D No. 23/2015 (Control procedure for the importation of products controlled by the National Fuel, Alcohol and Portland Cement Authority (ANCAP).
Phonograms	Certificate issued by the Uruguayan General Association of Authors (AGADU), showing that they meet the copyright requirements, unless there is already a contract with the AGADU, except for: phonographic equipment solely for broadcasting purposes (a maximum of three copies of each phonogram) by broadcasting companies; parcels sent by international post for non-commercial purposes.	Decree No. 154/004 of 3 May 2004
Mobile telephones	DJAC code attached to the DUA, showing the identifying number and the serial number of each article.	Decree No. 131/003 of 9 April 2003; DNA Communication No. 2/003 of 22 April 2003 DNA General Resolution No. 85/2014 (Procedures for declaring certificates for the importation of radio equipment and the duty-free importation of equipment by concessionaires of the radio and television broadcasting service for subscribers, granted by the URSEC)

Source: Information provided by the authorities.

Table A3. 3 Summary of the MFN tariff, 2018

Product description	MFN				Bound tariff (range) ^a (%)
	Number of lines	Average (%)	Range (%)	Coefficient of variation (CV)	
Total	11,922	9.4	0 - 35	0.8	6 - 55
HS 01-24	1,803	10.2	0 - 35	0.5	6 - 55
HS 25-97	10,119	9.3	0 - 35	0.8	10 - 35
By WTO category					
Agricultural products	1,512	9.6	0 - 35	0.6	6 - 55
- Animals and animal products	296	8.9	0 - 16	0.5	12 - 55
- Dairy produce	47	17.9	12 - 28	0.3	20 - 55
- Fruit, vegetables and garden produce	311	9.4	0 - 35	0.5	6 - 55
- Coffee and tea	39	13.8	0 - 20	0.4	21 - 35
- Cereals and cereal preparations	163	11.3	0 - 20	0.5	21 - 55
- Oil seeds, fats and oils and their products	149	8.3	0 - 25	0.6	15 - 35
- Sugar and confectionery	25	17.2	5 - 35	0.4	25 - 35
- Beverages, alcohol and tobacco	92	16.1	0 - 20	0.3	19.5 - 35
- Cotton	7	6.3	6 - 8	0.1	35 - 35
- Other agricultural products n.e.s.	383	6.8	0 - 14	0.6	6 - 35
Non-agricultural products (including petroleum)	10,410	9.4	0 - 35	0.8	10 - 35
- Non-agricultural products (excluding petroleum)	10,383	9.4	0 - 35	0.8	10 - 35
- - Fish and fish products	536	10.2	0 - 16	0.2	35 - 35
- - Mineral products and metals	1,398	9.9	0 - 20	0.6	15 - 35
- - Chemicals and photographic products	3,329	7.0	0 - 18	0.8	15 - 35
- - Wood, wood pulp, paper and furniture	462	10.0	0 - 18	0.6	12 - 35
- - Textiles	983	16.1	0 - 35	0.3	20 - 35
- - Clothing	287	20.0	20 - 20	0.0	25 - 35
- - Leather, rubber, footwear and travel articles	445	15.3	0 - 35	0.5	20 - 35
- - Non-electrical machinery	1,265	3.9	0 - 20	1.7	18 - 35
- - Electrical machinery	691	9.3	0 - 20	0.9	18 - 35
- - Transport equipment	245	9.9	0 - 23	0.9	10 - 35
- - Non-agricultural products n.e.s.	742	10.8	0 - 20	0.8	20 - 35
- Petroleum	27	0.4	0 - 6	3.6	35 - 35
By ISIC sector^b					
Agriculture and fishing	681	6.8	0 - 16	0.6	6 - 55
Mining	131	3.2	0 - 10	0.6	35 - 35
Manufacturing	11,109	9.6	0 - 35	0.8	10 - 55
By HS Section					
01 Live animals; animal products	863	9.3	0 - 28	0.4	10 - 55
02 Vegetable products	447	7.6	0 - 14	0.5	6 - 55
03 Fats and oils	94	10.3	0 - 25	0.4	15 - 35
04 Prepared foodstuffs, etc.	399	15.0	0 - 35	0.3	19.5 - 55
05 Mineral products	209	2.4	0 - 6	0.8	35 - 35
06 Products of the chemical or allied industries	3,098	6.7	0 - 18	0.8	15 - 35
07 Plastics and rubber	502	10.7	0 - 18	0.6	20 - 35
08 Raw hides and skins; leather	320	12.3	2 - 20	0.5	15 - 35
09 Wood and articles of wood	167	7.3	0 - 14	0.6	12 - 35
10 Pulp of wood, paper, etc.	257	10.4	0 - 16	0.6	20 - 35
11 Textiles and textile articles	1,313	16.1	0 - 20	0.3	20 - 35
12 Footwear and headgear	105	24.1	0 - 35	0.3	25 - 35
13 Articles of stone	283	11.0	0 - 20	0.4	20 - 35
14 Precious stones, etc.	72	9.6	0 - 18	0.7	27.5 - 35
15 Base metals and articles of base metal	842	11.5	0 - 20	0.5	15 - 35
16 Machinery and mechanical appliances	1,980	5.9	0 - 20	1.3	18 - 35
17 Vehicles, aircraft, vessels and associated transport equipment	259	9.7	0 - 23	0.9	10 - 35
18 Precision instruments	499	8.4	0 - 20	1.0	20 - 35
19 Arms and ammunition	18	20.0	20 - 20	0.0	35 - 35
20 Miscellaneous manufactured articles	186	17.5	0 - 20	0.2	20 - 35
21 Works of art, etc.	9	4.0	4 - 4	0.0	35 - 35

a The tariff bindings are in the HS 2012 nomenclature and the applied tariff is in the HS 2017 nomenclature; consequently, there may be differences between the numbers of lines included in each of the analyses.

b ISIC (Rev.2), excluding electricity (one line).

Source: WTO Secretariat estimates based on data provided by the authorities.

Table A3. 4 Plant and animal health legislation, 2018

Legislation
Law No. 3.606 of 13 April 1910 and amendments thereto: Law on Police Rules relating to Animal Health. This is the basic law, the foundation for all the regulations concerning animal health and veterinary public health.
Law No. 3.921 of 28 October 1911 and amendments thereto: Creation of the Central Agricultural Protection Committee - Control of imports and exports of plant products.
Law No. 16.736 of 5 January 1996: Creating and establishing the competence of the Central Agricultural Protection Committee - Control of imports and exports of plant products.
Law No. 13.640 of 26 December 1967: Provides for the MGAP to control the materials or products for agricultural use sold, in order to verify the terms of sale, composition and end use.
Law No. 16.170 of 28 December 1990: Empowers the Government to prohibit the use, sale or export of plants, products or by-products of plant origin polluted with pesticide residues at levels exceeding those laid down in the <i>Codex Alimentarius</i> or by the relevant requirements of the country of destination.
Law No. 16.811 of 21 February 1997: Declaring the obtaining, production, movement and domestic and foreign marketing of seeds and phylogenetic creations to be matters of national interest. Creating the National Seed Institute (INASE).
Law No. 17.314 of 9 April 2001: Approving the New Revised Text of the International Plant Protection Convention.
Law No. 18.362 of 6 October 2008: Regulates matters relating to the importation of animals and animal products and provides for: (a) the inspection by the Sanitary Authority of all animals and animal products introduced into the country through the ports and authorized border crossings; (b) compulsory quarantine (within the quarantine station) for animals from abroad; (c) a series of prohibitions which may be adopted if the animal products come from countries with contagious diseases or which fail to take the necessary precautionary measures.
Law No. 18.719 of 27 December 2010: Empowers the MGAP to make the use, manufacturing, formulation, processing, entry, exit or marketing of materials or products for agricultural or livestock use and of those used as animal feed conditional upon prior registration by and the authorization of the MGAP through the competent executive units, under the terms, time-limits and conditions laid down in the regulations. The establishments in which the materials or products cited in this law are manufactured, formulated and processed must be authorized by the MGAP; the latter shall control the activities mentioned above in order to verify that the conditions on which the authorizations were granted are observed or that the requirements of the countries of destination are met, as appropriate. The MGAP shall also exercise control over and regulate the technical conditions which must be met by equipment for use in the agricultural sector. The Law empowers the MGAP's DGSA and DGSG to carry out controls and prohibit the consumption, use, marketing, sale, import, export or any other form of entry into or exit from Uruguay of products or by-products of animal or plant origin and animal feed containing residues of phytosanitary products, veterinary products or biological residues or other pollutants, at levels exceeding those determined in the hygiene and health provisions and safety provisions for human or animal food at the national level or, failing that, in the <i>Codex Alimentarius</i> or in the provisions of the country of destination, whichever applies.
Law No. 18.834 of 4 November 2011 and Law No. 18.996 of 7 November 2012: The MGAP shall determine the hygiene and health and phytosanitary conditions required for the certification of processes and products.
Law No. 19.149 of 24 October 2013: Provides for the DGSA to determine the control, certification and verification processes for the entry or exit of plants and products of plant origin into and from the national territory.
Law No. 19.175 of 20 December 2013: Defines fishing and establishes the permit and authorization regime for the processing, marketing and transport of products.
Law No. 19.355 of 19 December 2015: Created Executive Unit 009 "Directorate-General of Food Safety", whose task is to coordinate and implement the animal and plant health control systems with respect to persons, crews, baggage and vehicles entering Uruguay by any means of transport, whether by sea, river, land or air. Created the Poultry Health and Safety Coordinating Unit within the DGSG, whose task is to implement the strengthening of epidemiological surveillance programmes for diseases of importance in international trade that affect poultry production and public health, together with, <i>inter alia</i> , microbiological control and biological residue programmes.
Decrees
Decree No. 367/968 of 6 June 1968: Empowers the MGAP to regulate and, where applicable, prohibit the application and end use of pesticides to be employed for purposes of animal and plant health, when these are considered harmful to public health.
Decree No. 149/977 of 15 March 1977: Regulates the registration, control and sale of pesticides for agricultural use.
Decree No. 915/88 of 28 December 1988: Prohibits the import, manufacture, sale or use of veterinary medicines to promote the growth or fattening of bovine animals, sheep, pigs, horses and poultry.
Decree No. 113/990 of 21 February 1990: Provides that any natural or legal person preparing or marketing the products covered by Decree No. 149/977 must be registered with the DGSA within the time-limits and under the terms and conditions determined, and imposes requirements concerning the sale of pesticides presenting a maximum risk for human health and the environment.
Decree No. 393/990 of 27 August 1990: Imposes requirements for importation under the temporary admission procedure of products containing pesticides to treat fruit for export.
Decree No. 328/993 of 9 July 1993: Provides for the MGAP to control animal feed for the purpose of verifying its composition, quality and end use.
Decree No. 149/997 of 7 May 1997: Specifies certain conditions for engaging in fishing and marketing activities.

Legislation

Decree No. 213/997 of 18 June 1997:
Regulates the hygiene and sanitary aspects of fishery and aquatic hunting products.

Decree No. 160/997 of 21 May 1997:
Approves the regulatory framework for veterinary products.

Decree No. 457/001 of 22 November 2001:
Regulates the air spraying of phytosanitary products and companies engaged in such activities.

Decree No. 264/004 of 28 July 2004:
Regulates the application of phytosanitary products on land and companies engaged in such activities.

Decree No. 294/004 of 11 August 2004:
Imposes criteria for the labelling of phytosanitary products.

Decree No. 317/007 of 27 August 2007:
Introduces amendments to the regulatory framework in effect on applications for registration of phytosanitary products.

Decree No. 353 of 21 July 2008, Decree No. 535 of 3 November 2008 and Decree No. 280 of 8 June 2009:
Create a regulatory framework for genetically modified living organisms.

Decree No. 576/009 of 15 December 2009:
Entrusts to the MGAP's DGSG the investigation of veterinary medicine residues and environmental pollutants in agricultural establishments and animal product manufacturing plants.

Decree No. 188/2010 of 14 June 2010:
Prohibits the import, manufacture, sale or use of veterinary medicines formulated on the basis of oxytetracycline for use with bees.

Decree No. 98/2011 of 2 March 2011:
Prohibits the import, manufacture, marketing or use of animal feed containing antibiotics for bovine and ovine species in order to boost growth.

Decree No. 199/013 of 8 July 2013:
Regulates the hygiene-sanitary and technological conditions for the authorization of abattoirs and establishments processing meat and meat products for export.

Decree No. 215/013 of 25 July 2013:
Prohibits the import, export, manufacturing, sale, use, possession and marketing of the substances carbadox and olaquinox whether separately or in association with other chemical products.

Decree No. 281/013 of 3 September 2013:
Broadening of the scope of the measures for controlling establishments manufacturing feed for ruminants imposed to prevent and monitor transmissible spongiform encephalopathies (TSE).

Decree No. 326/013 of 4 October 2013:
Updates the registers of tick control products containing in their formulation macrocyclic lactones, at a concentration exceeding 1% and with recommended doses exceeding 200 mcg/kg live weight.

Decree No. 24/017 of 1 February 2017:
Establishes the Equine Health Committee (MSE) within the MGAP's DGSG.

Decree No. 137/017 of 23 May 2017:
Updates the regulations on the marketing of animals through virtual auctions or on screen, which are subject to the control of the MGAP's DGSG.

Decree No. 148/017 of 5 June 2017:
Adjusts the strategy of the programme for the eradication of bovine brucellosis on Uruguayan territory.

Resolutions

Directorate of Plant Health Resolution of 27 April 1988:
Regulates the conditions for authorization of changes of origin in the register of pesticides.

MGAP Resolution of 27 November 1988:
Prohibits the import and use of chloramphenicol.

DGSA/DGSG Resolution No. 05/2001 of 22 June 2001:
Creates the Advisory Commission on the import of animal feed.

DGSA Resolution of 25 May 2004:
Approves a new import procedure for phytosanitary products.

DGSA Resolution of 29 June 2004:
Provides for the inclusion of precautionary wording in labels for phytosanitary products.

MGAP Resolution of 19 January 2005:
Approves the standard "Certification system for wood packaging", domestic implementation of NIMF No. 15.

DGSA Resolution of 29 June 2006:
Establishes special requirements for the entry of wood packaging into the national territory.

MGAP Resolution No. 389/2010 of 22 April 2010:
Regulates the marketing, import and use of veterinary products with a therapeutic indication for super-ovulation, cell induction, ovulation and control of the reproductive function in animals not intended for fattening.

The marketing, import, use and possession of estradiol-based hormonal products are restricted.

DGSA Resolution No. 35/011 of 26 October 2011:
Updates the phytosanitary requirements for the entry of substrates.

MGAP Resolution of 18 November 2013:
Creates the National Register of Commercial Operators dedicated to the import and export of animals and animal products.

DGSA Resolution No. 121 of 16 December 2015:
Provides for measures to manage black spot in plots producing citrus fruit for export and makes the authorization of the plots subject to this requirement.

DGSA Resolution No. 122 of 16 December 2015:
Provides for non-authorization of plots producing citrus fruit for export to the EU which suffered black spot outbreaks during 2015.

DGSA Resolution of 18 January 2016:
Approves the "Phytosanitary Certification System for Citrus Fruit for Export".

MGAP Resolution No. 183/016 of 31 March 2016:
Temporarily suspends the registration of veterinary products containing ethion in their formulation, pending approval of the renewal of the respective registers.

DGSA Resolution No. 98 of 15 November 2016:
Determines the phytosanitary requirements for the introduction into the country of used machinery, equipment and implements for use in agriculture, forestry and gardening.

Legislation
DGSA Resolution No. 101 of 28 November 2016: Approves the list of products of plant origin that fall within phytosanitary risk categories 0, 1 and 2.
DGSA Resolution No. 36 of 6 April 2017: Establishes a system for ensuring the safety of grain consignments marketed in Uruguay, on both the domestic and export markets, and approves the operating procedure for the control and prevention of grain with the presence of artificially coloured grains or fragments.
DGSA Resolution No. 37 of 6 April 2017: Creates the Register of grain and by-product inspectors.
DGSA Resolution No. 38 of 6 April 2017: Establishes mandatory pre-shipment control for exports of grain and by-products.
MGAP Resolution No. 325 of 5 May 2017: Extends the temporary suspension of the registration of veterinary products containing ethion in their formulation pending approval of the renewal of the respective registers.

Source: Information provided by the authorities.

Table A3. 5 Investigations of anti-competitive practices by the Commission for the Promotion and Protection of Competition, 2012-2018 (March 2018)

Product/market	Type of practice	Outcome
2012		
Breakdown services market	Tied sales	Conduct not confirmed
Tendering for the supply tomato pulp (Centralized Procurement Unit (UCA))	Collusion	Conduct not confirmed
Bidding for medicines	Collusion	Conduct not confirmed
Technological content applications market	Refusal of access	Determined that the competent body was the URSEC
Night-time recreational facilities market	Applying unequal conditions to third parties	Conduct not confirmed
Fresh milk market	Barriers to mobility between dairy industries	Conduct not confirmed
Inhaler devices market	Predatory prices	Conduct not confirmed
Bicycle rental market	Predatory prices	Conduct not confirmed
2013		
Food distribution	Refusal to distribute	Conduct not confirmed
Services for transferring persons, goods and/or materials to vessels	Unequal treatment in the collection of taxes	A recommendation was issued
Steel pipe market	Predatory prices	Conduct not confirmed
Drilling pump and metering pump market	Design of open tendering procedure: unjustified requirements	Conduct not confirmed
2014		
Market for the supply of intermediation services for taximetered transport in the department of Montevideo	Anti-competitive restrictions on the part of the taxi drivers union in relation to the use of applications for requesting the service	Cessation of the conduct ordered and a fine of 100,000 IU imposed
Wholesale market supplying supermarket chains selling concentrated juices in powder form for distribution to end consumers in Uruguay	Refusal of a supermarket chain to purchase products	Conduct not confirmed
Television set market	Minimum resale price fixing	Fines imposed. Definitive cessation of the conduct ordered
Market for the collection and transport of sanitary wastes in the national territory and market for the treatment and final disposal of sanitary wastes in the national territory	Collusion	Conduct not confirmed
Open tendering for the purchase of lubricating oils for supplying power stations	Direct procurement by the electricity company	Conduct not confirmed
Livestock market	Study of the livestock market, especially the purchase of cattle on the hoof, by the meat cold-storage industry	Conduct not confirmed
Government procurement regulations	Study of the government procurement regulations concerning exceptions	Recommendation advising that as far as possible recourse to direct negotiation should be avoided and competitive procedures adopted as the rule
2015		
Private passenger transport market	Unfair competition and predatory practices	Conduct not confirmed
Open tendering for identification tags for cattle	Direct procurement by the Ministry of Livestock, Agriculture and Fisheries	Conduct not confirmed
Damaged vehicle repair market	Exclusion of the complainant from the suppliers' register as a workshop authorized to repair damaged vehicles	Conduct not confirmed
Renault spare parts market	Vertical restrictions on access to the supply of spare parts for repairing Renault vehicles within the guarantee period	Conduct not confirmed. Non-binding recommendation for vehicle insurance companies
Medical prescriptions market	Issuing of electronic prescriptions by two mutuals thereby preventing medicines from being purchased in the users' pharmacy of choice	Anti-competitive conduct not confirmed
Ferrous scrap market	Prohibition on exporting ferrous scrap imposed by decree	Recommendation that restriction be reviewed
2016		
Bidding for medicines	Collusion	Practice not confirmed
Private passenger transport market	Unfair competition through non-compliance with the tax, social security and municipal regulations	No basis for prohibiting or penalizing the conduct forming the subject of the complaint
Private passenger transport market	Registration of trademark	Practice not confirmed
Port services market for container loading and unloading	Refusal of ANP to allow the installation of portal cranes by the company Montecon	Non-binding recommendation for ANP
Market for the collection, transport and processing of hospital waste	Predatory prices in tendering by the State Services Authority	Practice not confirmed
Medicinal oxygen market	Predatory prices in tendering by the UCA	Invitation to tender invalidated
Construction materials market	Guaranteed low prices policy	Practice not confirmed

Product/market	Type of practice	Outcome
Sewage treatment market	Obstruction of access and unfair competition	Practice not confirmed
Beer market	Exclusivity agreements with retailers	Cessation of conduct ordered. Fine of 15 million IU
River passenger transport market	Collaboration agreement between river transport companies	Practice not confirmed
Montevideo-Buenos Aires via port of Colonia	Predatory prices	Practice not confirmed
Market for secondary domestic and imported whiskies in Uruguay	Restrictions on the establishment of schools and aspects relating to the provision of the service	Non-binding recommendation
Study of the regulations governing the provision of driving lessons for drivers through driving schools	Restrictions on the use of launches for transporting harbour pilots	Non-binding recommendation
Harbour pilot market	Tied sales	Investigation not ended
Breakdown services market		
2017		
Public bidding for cleaning services	Predatory prices	Investigation not ended
Damaged vehicle repair market	Unilateral price fixing in the repair of damaged vehicles	Investigation not ended
Medicinal oxygen market	Predatory prices	Investigation not ended
Open tendering for identification tags	Illegal tender design	Investigation not ended
Meat market	Restrictions on the sale of meat on premises	Investigation not ended
Supply of dried noodles through open tendering in Uruguay	Illegal UCA tendering	Practice not confirmed
Study of draft amendment of Articles of the Departmental Digest relating to publicity and advertising in public spaces	Various restrictions on competition in the regulation of publicity and advertising	Technical reports submitted to the Departmental Council of Montevideo

Source: Information provided by the authorities.

Table A3. 6 State enterprises, 2018

Industrial and commercial	Creation	Functions	Regime
National State Railways Authority (AFE)	Law No. 11.859 of 11.09.1952 Decree-Law No. 14.396 of 10.07.1975	Railway services for the transport of passengers, freight and parcels; construction and maintenance of railway lines; supplementary services for travellers (restaurants, advertising, etc.) operation direct or through concessionaires	Monopoly on railway services
	Law No. 18.832 of 04.11.2010	Creation of the National Rail Transport Directorate	
National Fuel, Alcohol and Portland Cement Authority (ANCAP)	Law No. 8.764 of 15.10.1931	Import and refining of petroleum and petroleum products	Monopoly
		Distribution of petroleum products	Competition
		Cement manufacturing	Competition
		Import, manufacture, rectification, denaturing and sale of alcohols and alcoholic beverages	Monopoly on alcohols and some beverages
	Law No. 16.753 of 13.6.1996	Repeal of alcohols monopoly (Article 1) Authorizes temporary/permanent partnership with public or private enterprises, together with the conclusion of contracts in order to perform non-monopoly tasks (Article 14)	Repeal of monopoly
	Law No. 18.834 of 04.10.2010	Incorporates: preparation, manufacture and marketing of animal feed; derivatives of products and by-products of the biofuel production chain	
	Decree-Law No. 14.181 of 29.3.1974	Hydrocarbons Law	
	Decree No. 584/93 of 23.12.1993	Authorizes the MIEM to determine national policy in the field	
	Resolution No. 489/98 of 10.6.98	Transport service using the Uruguayan section of the Coastal Trunk Gas Pipeline for 30 years	Monopoly
	Law No. 17.296 of 21.10.2002	Repeals the monopoly on the purchase of asphalts and asphaltic emulsions on the part of public agencies	
		Declares the production of alternative fuels derived from petroleum to be in the national interest	
	Law No. 18.040 of 04.10.2007	Subsidy for public passenger transport	
	Decree No. 602/09 of 23.12.2009	Restructuring of the ANCAP	
National Postal Authority (ANCO)	Charter Law No. 16.736 of 05.01.1996	Provision of postal services: acceptance, transport and delivery of letter-post items and postal money orders	
	Law No. 19.009 of 20.11.2012	Regulatory framework for the sector	
National Ports Authority (ANP)	Law No. 5.495 of 21.07.2016	Montevideo port services: loading and unloading; transport of goods; lighterage; towing; and salvage	Monopoly
	Law No. 16.246 of 08.04.1992	Demonopolization of port services (Articles 2, 9, 10 and 11) Granting of concessions subject to Government approval (Article 11)	Repeal of monopoly
National Telecommunications Authority (ANTEL)	Decree-Law No. 14.235 of 23.07.1974	Telecommunication services: telephony, telegraphy and telex	Monopoly
	Law No. 16.828 of 09.05.1997	Authorizes the supply of services abroad, directly or in association with public or private enterprises, domestic or foreign	

Industrial and commercial	Creation	Functions	Regime
State Sanitary Works Authority (OSE)	Law No. 11.907 of 19.12.1952	Provision of drinking water services throughout the national territory and sewerage services, apart from in Montevideo	Monopoly
	Law No. 18.840 of 23.11.2011	Mandatory connection to the sewerage system	
	Law No. 18.719, of 27.12.2010	Development of Alternative Energy Projects, Article 421 Authorizes the OSE to sell electricity to the UTE using technical processes developed within the context of its functions, Article 340	
Primeras Líneas Uruguayas de Navegación Aérea (PLUNA)	Law No. 11.740 of 08.11.1951	Operation of airlines for the transport of passengers, freight and mail	Competition Semi-public company
	Law No. 16.211 of 27.09.1991	Partnership with private capital (Article 6)	
	Decree No. 722/91 of 30.12.1991	Authorization of partnership with private capital	
	Decree No. 629/93 of 31.03.1993	Authorization for conversion into a semi-public company (PLUNA SA)	Continues as a company without functions
	Decree No. 246/10 of 23.06.2010	Extends the special redistribution regime to 27 June 2011	
	Law No. 19.572 of 15.12.2017	Abolishes PLUNA E.A. as of 31 December 2017	
	Law No. 19.355 of 19.12.2015	Liquidation (Articles 398 to 401)	
National Electricity Plants and Transmission Authority (UTE)	Law No. 4.273 of 21.10.1912	Provision of electricity services	Monopoly
	Decree-Law No. 14.694 of 01.09.1977	National Electricity Law	
	Decree-Law No. 15.031 of 04.07.1980	New Charter	
	Law No. 16.211 of 27.09.1991	Interconnection with private operators in generation and transmission lines (Article 26)	
	Law No. 16.462 of 02.01.1994	Participation abroad in the generation, transformation, transmission, distribution and marketing of electricity directly or in association with public or private enterprises, domestic or foreign (Article 265)	
	Law No. 16.832 of 17.06.1997	Regulatory framework for the sector Creation of the Electricity Regulatory Unit (UREE) (Article 2); of the Electricity Market Authority (ADME) (Article 4); and of the wholesale market (Article 11); non-discriminatory access to transmission and distribution (Article 12)	
	Decrees No. 360/02, No. 276/02, No. 277/02 and No. 278/02	Wholesale market; general, transmission and distribution	
	Decree No. 133/04	Extension of the period of exemption from all taxes on the purchase of fuels used in thermal generation	
	Resolution No. 61/08 of 1.2.2008	Exemption from all taxes/Decree No. 249/06	
	Law No. 18.046 of 24.10.2006	Incorporates the buying and selling by UTE of electricity generated by other operators in the national territory in conformity with the regulations issued by the Government. Objections do not have suspensive effect other than by resolution of the higher authority	

Industrial and commercial	Creation	Functions	Regime
	Resolution No. 471/07 of 20.07.2007	Authorizes the generation of electricity from biomass for the national grid	
	Decree No. 58/08 of 01.02.2008	The purchase by the UTE of electrical energy and power from free zones is exempt from all surcharges, the single customs import tax, the handling charge and port dues and in general from all import taxes	
	Law No. 18.719 of 27.12.2010	Development of Alternative Energy Projects (Article 421)	
Uruguayan Mortgage Bank (BHU)	Charter	Issue of credit instruments on mortgages	Monopoly
	Law No. 5.343 of 22.10.2015 and amendments thereto	To issue bonds; to grant loans; to accept capital on deposit; to divide up and sell properties; etc.	Competition
	Law No. 17.523 of 04.08.2002	Law on Strengthening the Banking System	Creation of the Stability Fund for the Banking System (FESB)
	Law No. 17.613 of 27.12.2002	New Banks Law	
	Law No. 18.125 of 27.04.2007	Amends the Charter of the BHU	
Bank of the Eastern Republic of Uruguay (BROU)	Charter	Financial intermediation	Monopoly relating to the deposits of public institutions
	Law No. 9.808 of 02.01.1939		
	Law No. 17.523 of 04.08.2002	Law on Strengthening the Banking System Creation of the Stability Fund for the Banking System (FESB)	
	Law No. 17.613 of 27.12.2002	New Banks Law	
State Insurance Bank (BSE)	Law No. 18.716 of 24.12.2010	New Charter of the BROU	
	Law No. 3.935 of 27.12.2011	Insurance operations; invests in public debt and property	Monopoly
	Law No. 18.243 of 27.12.2007	New Charter	
	Law No. 16.074 of 10.10.1989	Mandatory insurance against occupational accidents	Monopoly
	Law No. 16.426 of 14.10.1993	Demonopolization of insurance, with the exception of bonds, occupational accidents and insurance taken out by State public persons	
	Law No. 17.296 of 21.2.2001	Article 614: Repeals all monopolies, with the exception of occupational accidents and occupational diseases	
	Law No. 18.243 of 27.12.2008	New Charter of the BSE	

Source: Information provided by the authorities.

Table A3. 7 Public limited companies wholly or partially owned by the State, 2016

Organization	Name	State participation	Main activity
AFE	Servicios Logísticos Ferroviarios S.A. (SeLF S.A.)	51%	Rail freight transport services
ANCAP	ALUR S.A.	90.79%	Production and marketing of sugar, ethanol, biodiesel, electricity and animal feed. (Owns 100% of Agroalur S.A.)
	ANCSOL SAFI	100%	Participates in companies that operate in the different phases of petroleum production in Argentina. (Owns 84.45% of Carboclor S.A. and 82.93% of Petrouruguay S.A.)
	Asistencia técnica y servicios S.A. (ATS S.A.)	99%	Supplies consultancy, advisory and technical assistance services relating to industrial process management, administration, technology management, public administration, and business management and governance
	CABA S.A.	100%	Production, processing, splitting, marketing, distribution, import and export of alcoholic beverages, alcohols, sugar, molasses, spirits, derivatives and by-products, together with the marketing and distribution of solvents, acetones, turpentine and other similar or analogous petroleum derivatives. (In process of combining the industrial part with ALUR S.A. and disposing of the rest of the businesses)
	CARBOCLOR S.A. (through Ancsol S.A.)	85.45%	Production and marketing of chemicals, petrochemicals and petroleum derivatives and supply of port, storage and logistical services. Company established in Argentina
	Cementos del Plata S.A.	99.80%	Purchase, distribution and marketing of cements, clinker and other products manufactured by ANCAP's Portland Cement Division and the production and sale of lime in the Treinta y Tres Department. (Owns 1% of Pamacor S.A.)
	CONECTA S.A.	45%	Sale and piped distribution of gas in Uruguay, except for the Department of Montevideo
	DUCSA	99.77%	Resells and distributes petroleum derivatives throughout Uruguay. (Owns 100% of the following companies: Celemyr S.A., Winimax S.A., DBS S.A. and Abigale S.A.; 99.96% of Canopus Uruguay Ltda, and 1% of ATS S.A.)
	Gas Sayago S.A.	20.65%	Development of engineering, environmental, economic, financial and regulatory studies for the construction of a liquefied natural gas (LNG) reheater in Uruguay, together with its operation and maintenance, and the purchase, transport and storage of the liquefied gas and the marketing of the natural gas obtained from its regasification. At present, the project is in the pre-operational phase and in process of being redefined
	Gas Uruguay S.A.	40%	Distribution of propane gas provided by ANCAP to consumers of more than 180 tonnes per year with installations for its consumption. Bottles supergas by managing ANCAP's La Tablada bottling plants
	Gasoducto Cruz del Sur S.A.	20%	Operation of the gas pipeline between Punta Lara (Argentina) and Montevideo (Uruguay) for a 30-year period that began in November 2002. The concession agreement stipulates that the pipeline is to be used exclusively by the company for the sole purpose of transporting gas
	PAMACOR S.A.	99%	Pamacor S.A. and ANCAP have set up a consortium called "Consortio Minero del Uruguay", for the prospection, exploration and exploitation of mineral resources and their by-products and the treatment and processing of these resources for the purpose of manufacturing and marketing cements. As of now, the company has not yet commenced any mining or quarrying activity
	PETROURUGUAY S.A.	17.07%	Develops activities relating to the initial phases of the production process in Argentina. Produces petroleum and natural gas which it markets in Argentina. Company established in Argentina
	TALOBRAS	33.33%	Supplies aircraft with aviation fuel, Jet A1 and Avgas in the new terminal at Carrasco International Airport. Not operational

Organization	Name	State participation	Main activity
ANP	Terminal Cuenca del Plata S.A.	20%	Administration, construction, conservation, improvement and operation of a container terminal in the Port of Montevideo
	Cursos de Agua S.A.	100%	Not operational
ANTEL	ITC S.A.	100%	Provides advisory services in the area of telecommunications, information technology and business management
	HG S.A.	100%	Provides website design, development, construction, implementation, administration, operation and maintenance services
	ANTEL USA INC.	100%	Provides data interconnection (IP) services from the United States to telecommunication companies in Latin America
	ACCESA S.A.	100%	Provides call centre and information, data and contents transmission and processing services by means of telecommunication systems and information technology
	Fideicomiso de Administración ANTEL ARENA	100%	Administration of the Trust's assets and loans contracted by the Trust, for the purpose of financing works contracts of the ANTEL Arena Multifunctional Complex and paying the costs of the Trust
	ANTEL Participacoes LTDA.	99%	Maintains holdings in other companies, in Uruguay and abroad, that operate telecommunication services. Company incorporated in Brazil
	ANTEL Telecomunicaciones Brasil LTDA	49%	Operates telecommunication services
BHU	Desarrollos Urbanísticos FENIX S.A.	100%	Not operational
	Bolsa Electrónica de Valores del Uruguay S.A. (BEVSA)	3.85%	Negotiation and settlement of financial transactions
	Bolsa de Comercio S.A.	0.15%	Financial intermediation
BROU	República AFAP S.A.	51%	Administration of a Provident Fund
	República AFISA	100%	Provides financial services through trusts or investment funds linked with the recovery and management of assets and the obtaining of financing
	República Microfinanzas S.A.	100%	Financial and non-financial services mainly for micro-enterprises without access to traditional banking
	República Negocios Fiduciarios S.A.	100%	Fiduciary business, other than financial trusts
	SISTARBANC S.R.L.	46.68%	Administration of card user accounts, card issuing, information processing for partner banks and Visa card operators, payment services on behalf and request of partner banks and operators against reimbursement, electronic payment of invoices
	Sociedad Uruguaya de Medios de Procesamiento	11.99%	Trader relations and processing of Visa card coupons
	Bolsa Electrónica de Valores del Uruguay S.A. (BEVSA)	3.84%	Generating an environment for the negotiation and settlement of financial transactions
	Banco Latinoamericano de exportaciones	0.43%	Provision of financial services
	SWIFT S.C.R.L.	0.01%	Provision of financial services
	Corporación Nacional para el Desarrollo (CND)	5.79%	Concessionaire for public infrastructure works, operates as manager and/or trustee for projects linked with infrastructure development and maintenance, provides fund management services
BSE	República AFAP S.A.	12%	Management of a Provident Fund

Organization	Name	State participation	Main activity
OSE	Aguas de la Costa S.A.	60%	Public works concession for the supply of drinking water and sanitation in the zone bounded by the Atlantic Ocean, the Garzón Lagoon and the Arroyo Maldonado
	Manantial dorado S.A. (AGUASUR)	100%	Construction, rehabilitation and/or maintenance of structures for treating liquid wastes, supply of drinking water and/or related activities. Purchase and sale of goods, inputs and services for carrying out its activities
	Consortio canario S.A.	50%	Sub-executive body of the integrated programme for sanitation, rainwater drainage and highway infrastructure of Ciudad de la Costa
PLUNA E.A.	N/A		In process of liquidation
UTE	SOLFIRAL S.A.	100%	Wind power projects. Not operational.
	ISUR S.A.	98.61%	Projects linked with the improvement of the Uruguayan electricity system
	ROUAR S.A.	50%	Planning, establishment, construction, buying and selling, administration, operation, maintenance and/or business management of electricity generating plants, together with the production of energy from non-traditional renewable sources
	Gas Sayago S.A.	79.35%	Development of engineering, environmental, economic, financial and regulatory studies for the construction of a liquefied natural gas (LNG) regasifier in Uruguay, together with its operation and maintenance and the purchase, transport and storage of liquefied gas and the marketing of the natural gas obtained from its regasification. Not operational
	AREAFLIN S.A.	20%	Planning, establishment, construction, buying and selling, administration, operation, maintenance and/or business management of electricity generating plants, together with the production of energy from non-traditional renewable sources
	Fideicomiso financiero Pampa	20.08%	Building, operating and maintaining a wind farm at Pampa, in the Tacuarembó department
	Fideicomiso financiero Arias	20%	Building, operating and maintaining a wind farm at Colonia Arias, in the Flores department
	Fideicomiso de administración del Fondo de Estabilización Energética	100%	Energy stabilization fund to reduce the possible adverse impact of water shortages on the financial situation of the UTE and public finances
	Central Puerto S.A.	0.94%	Thermal Electricity Generator. Company established in Argentina

Source: Financial statements of the individual companies as of 31 December 2016.

Table A3. 8 Overview of intellectual property rights in Uruguay, 2018

Legal framework	Subject matter/scope	Duration	Comments, exclusions and limitations
Patents			
Law No. 17.164	New inventions, whether products or processes, which involve an inventive step and are capable of industrial application, pharmaceuticals and agro-chemicals included	20 years from the date of filing the application, non-renewable	The following are not considered to be inventions: discoveries, scientific theories and mathematical methods; plants and animals, except for micro-organisms, and essentially biological and micro-biological processes for their production, except for non-biological or micro-biological processes; business, accounting, financial, educational, advertising, lottery or taxation principles or methods; literary, artistic or scientific works; computer programs considered in isolation; biological and genetic material, as it exists in nature. The following are not patentable: diagnostic, therapeutic and surgical methods for the treatment of humans or animals; inventions prejudicial to public order, morality, public health, public nutrition, safety or the environment.
Industrial designs			
Law No. 17.164	Original creations of an ornamental nature which, when incorporated into or applied on an industrial or crafts product, confer on it a special appearance	10 years from the date of filing the application, renewable for a further 5 years	Protection as an industrial design. Industrial designs may not be protected if: they are not new; have only minor differences from previous designs; serve only to achieve a technical effect; lack a specifically defined shape; consist only of a change in the colour of already known designs; entail the use of a work of fine art; are contrary to public order and morality.
Utility models			
Law No. 17.164	Any new disposition or configuration obtained or introduced in tools, work instruments, utensils, devices, equipment or other known objects, which improve their use or the function for which they are intended, or confer any other advantage for their use or manufacture.	10 years from the date of the application, once renewable for a further 5 years	Protection as a utility model. The following cannot be protected as utility models: changes in the shape, size, proportions or material of an object, unless such changes modify the object's qualities or functions; the mere replacement of elements by other elements already known as equivalents; processes; and material excluded from protection by a patent.
Layout-designs (topographies) of integrated circuits			
Governed by the TRIPS Agreement. There is no special legislation.	The three-dimensional disposition of the elements of layout-designs (topographies) of integrated circuits intended for manufacture, insofar as they are original.	10 or 20 years from the date of the application, depending on the type of protection requested	Protection under a patent or as an industrial design.
Trademarks			
Law No. 17.011	Any sign capable of distinguishing the products or services of a natural or legal person from those of others, including names, commercial slogans, and certification, guarantee and collective marks	10 years from the granting of the mark, renewable indefinitely for 10-year periods	The following cannot be protected, <i>inter alia</i> : national or departmental symbols; signs representing or imitating coins or notes; appellations of origin, indications of source and any geographical name not original or distinctive enough regarding the goods or services to which they apply, or whose use is likely to be misleading with respect to the origin, source, qualities or characteristics of the goods or services distinguished by the trademark; names of plant varieties; designations usually employed for indicating the nature of the products or services or the class, kind or type to which they belong; and words or phrases that have passed into general use.

Legal framework	Subject matter/scope	Duration	Comments, exclusions and limitations
Geographical indications			
Law No. 17.011	Indication of source (IS): use of a geographical name for goods or services that identifies the place of extraction, production or manufacture of a particular product or provision of a particular service as its source. Appellations of origin (AO): use of the geographical name of a country, city, region, or locality designating goods or services whose qualities or characteristics are exclusively attributable to the geographical environment, including human or natural factors	Indefinite term Indefinite term	The use of the IS is limited to the producers and service providers established in the place protected as a source. Use of the AO is subject to the fulfilment of quality requirements by the product or service that is to use the protected appellation.
New plant varieties			
Law No. 16.811	New plant varieties that are homogeneous, stable and clearly differentiable from those that already exist	Between 20 and 25 years depending on the type of plant variety	
Copyright and related rights			
Law No. 9.739 and amendments thereto	Moral and economic rights in any original literary, scientific or artistic creation as may be disclosed or published by any medium or process, irrespective of its type, form of expression, the nationality or domicile of the author or person entitled or the place of publication. Related rights include the rights of performers, producers of phonograms and broadcasting organizations	The lifetime of the author plus 50 years. For works of joint authorship, anonymous or pseudonymous works: 50 years from the publication or authorized disclosure of the work. For producers of phonograms and broadcasting organizations the protection lasts for 50 years from the year following the date of publication or performance	Ideas, procedures, methods of operation, mathematical concepts, official texts, notices and data contained in a compilation are excluded from protection.

Source: Copyright Law No. 9.739 of 17 December 1937, as amended by Law No. 17.616 of 10 January 2003; Trademark Law No. 17.011 of 25 September 1998; Law on Patents, Utility Models and Industrial Designs of 2 September 1999; Law on Seeds No. 16.811 of 21 February 1997 and amendments thereto (Law No. 18.467 of 27 February 2009); and the TRIPS Agreement.

Table A4. 1 Air transport agreements, 2018

Other party	Conclusion of negotiations	Fifth freedom	Seventh freedom	Cabotage	Cooperation clauses	Withholding clause	Air designation clause	Pricing clause	Capacity clause	Exchange of statistics	Initialed	Operative
Germany	1957	Yes	No	No	Yes	Yes	Single	Dual approval	Predetermination	Yes	Approved	Yes
Netherlands Antilles	1981	Yes	No	No	Yes	Yes	Single	No	Predetermination	No	Yes	No
Argentina	2005	Yes	No	No	Yes	Yes	Multiple	Dual approval	Predetermination	Yes	Approved	Yes
Austria	1996	Yes	No	No	Yes	Yes	Multiple	Dual approval	Predetermined	Yes	Yes	No
Australia	2012	Yes	No	No	Yes	Yes	Multiple	No	Bermuda I	Yes	Yes	No
Saudi Arabia	2013	Yes	No	No	Yes	Yes	Multiple	Registration	Predetermined	Yes	Yes	No
Belgium	1972	Yes	No	No	Yes	Yes	Single	Dual approval	Bermuda I	Yes	Approved	No
Bolivia, Plurinational State of	1975	Yes	No	No	Yes	Yes	Multiple	Dual approval	Predetermination	Yes	Approved	Yes
Brazil	1958	Yes	No	No	Yes	Yes	Multiple	Dual approval	Bermuda I	Yes	Approved	Yes
Canada	2012	Yes	No	No	Yes	Yes	Multiple	Registration	Bermuda I	Yes	Yes	No
Open Skies Multilateral Agreement LACAC States	2017	Yes	Yes	Yes	Yes	Yes	Multiple	Registration	Free determination	Yes	Yes	No
Chile	1982	Yes	No	No	No	Yes	Multiple	Dual approval	Predetermination	Yes	Approved	Yes
Colombia	2001	Yes	No	No	No	Yes	Multiple	Dual approval	Predetermination	Yes	Approved	Yes
European Community	2005	--	--	--	--	---	---	-----	Horizontal agreement	-----	---	Yes
China	2017	Yes	No	No	No	No	Multiple	No clause	Limited	No	No	No
Cuba	1997	Yes	No	No	Yes	Yes	Multiple	Registration	Predetermination	Yes	Yes	No
Curacao	2013	Yes	No	No	Yes	Yes	Multiple	Dual approval	Free determination	Yes	Yes	No
Denmark	1982	Yes	No	No	No	Yes	Single	Dual approval	Predetermination	Yes	Approved	No
Ecuador	2015	Yes	No	No	Yes	Yes	Multiple	Registration	Free determination	Yes	Yes	No
Spain	2002	Yes	No	No	No	Yes	Multiple	Dual approval	Predetermination	Yes	Approved	Yes
United States	2004	Yes	No	No	Yes	Yes	Multiple	Dual approval	Free determination	No	Approved	Yes
Netherlands	1979	Yes	No	No	No	Yes	Multiple	Dual approval	Predetermination	Yes	Yes	Yes
Hong Kong, China	2013	Yes	No	No	Yes	Yes	Multiple	Registration	Free determination	Yes	Yes	No
United Arab Emirates	2011	Yes	No	No	Yes	Yes	Multiple	Registration	Free determination	Yes	Yes	Yes
Russian Federation	1979	Yes	Yes	No	Yes	Yes	Multiple	Dual approval	Determined	Yes	Approved	No
France	1979	Yes	Yes	No	Yes	Yes	Multiple	Registration	Free determination	Yes	Yes	Yes
Iceland	2012	Yes	No	No	No	Yes	Multiple	Registration	Free determination	Yes	Yes	No
Israel	1996	No	No	No	No	Yes	Single	Dual approval	Determined - only 3 rd and 4 th Freedoms	Yes	Approved	No
Italy	1981	Yes	No	No	No	No	Multiple	Not specified	Determined	No	Yes	No
Jamaica	2013	Yes	No	No	Yes	Yes	Multiple	Registration	Free determination	Yes	Yes	No
Jordan	1977	Yes	No	No	No	Yes	Multiple	Dual approval	Determined	Yes	Yes	No
Kuwait, State of	2010	Yes	Yes	Yes	Yes	Yes	Multiple	Registration	Open Skies	Yes	Yes	No
Luxembourg	2013	Yes	No	No	Yes	Yes	Multiple	Dual approval	Free determination	Yes	Yes	No
Mexico	2008	Yes	Yes	No	Yes	Yes	Multiple	Dual approval	Predetermined	Yes	Yes	No
Nigeria	2013	Yes	No	No	No	No	Multiple	Dual approval	Free determination	No	No	No
Norway	1981	Yes	No	No	No	Yes	Single	Dual approval	Predetermined	Yes	Approved	No
New Zealand	2012	Yes	No	No	No		Multiple	Registration	Predetermined	Yes	Yes	No
Netherlands	2012	Yes	Yes	Yes	Yes		Multiple	Registration	Open Skies	Yes	Yes	Yes
Paraguay	2008	Yes	No	No	No		Multiple	Dual approval	Bermuda I	No	Approved	Yes
Panama	1998	Yes	Yes	Yes	Yes	No	Multiple	Dual approval	Open Skies	Yes	Approved	Yes
Peru	1999	Yes	Yes	No	Yes	Yes	Multiple	Dual approval	Predetermined	Yes	Approved	Yes

Other party	Conclusion of negotiations	Fifth freedom	Seventh freedom	Cabotage	Cooperation clauses	Withholding clause	Air designation clause	Pricing clause	Capacity clause	Exchange of statistics	Initialed	Operative
Poland	1988	Yes	No	No	No		Multiple	Dual approval	Predetermined	Yes	Yes	No
Portugal	1998	Yes	Yes	No	Yes		Single	Dual approval	Predetermined	Yes	Yes	Yes
Qatar	2011	Yes	Yes	No	Yes	Yes	Multiple	Registration	Open Skies	Yes	Yes	Yes
Kingdom of Morocco	1979	Yes	Yes	No	Yes	Yes	Multiple	Dual approval	Predetermined	Yes	Yes	No
United Kingdom	1947	Yes	No	No	No	Yes	Multiple	Dual approval	Bermuda I	Yes	Approved	Yes
Romania	1996	Yes	No	No	No	Yes	Multiple	Dual approval	Predetermination	Yes	Yes	No
Dominican Republic	2010	Yes	No	No	Yes	Yes	Multiple	Registration	Open Skies	Yes		No
Singapore	2012	Yes	Yes	Yes	Yes	No	Multiple	Registration	Open Skies	Yes	Yes	No
Sweden	1981	Yes	No	No	No	Yes	Single	Dual approval	Predetermination	Yes	Approved	No
Switzerland	1960	Yes	No	Yes	Yes	Yes	Multiple	Dual approval	Predetermined	Yes	Yes	No
Subregional	1996	No	No	No	No	Yes	Multiple	Approval by the country of origin	Free determination	Yes	Approved	No
South Africa	2013	Yes	No	No	Yes	Yes	Multiple	Dual approval	Free determination	Yes	Yes	No
Turkey	2012	Yes	No	No	Yes	Yes	Multiple	Registration	Predetermined	Yes	Yes	No
Venezuela, Bolivarian Republic of	2005	No	No	No	Yes	Yes	Multiple	Dual approval	Predetermined	Yes	Yes	No

Source: Information provided by the authorities.