-Uruguay-
last updated on 2002-07-11

Table of Contents

GENERAL FEATURES OF TRADE POLICY

Uruguayan economy is small and fairly dependent on the developments in the neighbouring Brazilian and Argentinean economies.

Services sector is the most important single sector in the Uruguayan economy. Industrial production accounts around 25% of gross domestic product, main industries being meat processing, tyre production, leather apparel and petroleum refining.

The main sources of foreign investment in Uruguay are the United States, Argentina and the EU. Although direct investments from the EU into Mercosur have increased significantly in the nineties, EU investments in Uruguay are still at a relatively low level. Only a small part of total EU investment in Mercosur is direct into Uruguay being Brazil and Argentina the main destination.

Imports into Uruguay consist mainly of machinery and equipment, vehicles and parts, chemicals, minerals and plastics. Uruguay's leading export products are wool and textile manufactures, beef and other animal products, leather and rice.

Uruguay became a member of the GATT in 1953 and it is a founding member of the WTO.

Uruguay is a member of the Latin American Integration Association (LAIA). LAIA was set up in 1980 by eleven countries (Argentina, Bolivia, Brazil, Colombia, Chile, Ecuador, Mexico, Paraguay, Peru, Uruguay and Venezuela) by creating a system of regional and bilateral trade preferences. Preferences may be established for certain LAIA members (Partial-Scope Agreements) without extending them to all other parties (Regional-Scope Agreements).

Still in that context, Argentina, Brazil, Uruguay and Paraguay, concluded negotiations in August 1994 to form Mercosur (the Southern Cone Common Market), which has three primary goals: the creation of a free-trade zone, a common external tariff (a customs union) and free movement of goods, services, capital and labour among its member countries. This free-trade pact, fully effective since 1 January 1995 comprises 200 million consumers and a combined GDP of near $ 1 trillion. The common external tariff (CET) is progressively being implemented by 2001 in Argentina and Brazil and by 2006 in Uruguay and Paraguay.

The Ouro Preto Protocol of 17 December 1994 grants MERCOSUR the status of an international corporation, allowing it to sign agreements with third countries or other economic groups. Chile joined MERCOSUR as an associated Member in October 1996 and Bolivia in April 1997.

In December 1995, MERCOSUR signed an inter-regional co-operation Agreement with the European Union with the aim of mutual and progressive liberalisation of trade. In April 2000, the parties started negotiations for a biregional cooperation agreement that will liberalise trade between the EU and MERCOSUR in accordance with the World Trade Organisation's (WTO) rules.

Further information about the framework for trade between the EU and Uruguay is available at the European Commission's **Directorate General for Trade (DG Trade)** website, specifically in the pages on **Bilateral Trade Relations with Uruguay**.

The following table is an overview of the tradeflow between the European Union and Uruguay

Section	Year	Import(Euro)	Export(Euro)
Animals & animal products	1996	134,563,720	2,235,310
	1997	170,451,630	4,525,590
	1998	167,317,760	4,111,260
	1999	167,220,810	2,699,020
	2000	175,505,220	2,700,410
	2001	159,701,470	2,705,590
	2002	192,720,390	1,155,530
	2003	153,554,220	1,177,790
Vegetable products	1996	45,896,930	3,504,970
	1997	67,650,080	4,547,290
	1998	52,112,490	5,190,200
	1999	63,841,570	4,144,640
	2000	35,681,930	8,204,070
	2001	67,509,260	5,945,710
	2002	99,714,980	23,935,280
	2003	136,138,890	14,809,850
Animal or vegetable fats	1996	2,263,480	1,166,770
	1997	2,684,910	1,308,290
	1998	1,179,700	1,386,990
	1999	3,015,760	340,570
	2000	256,770	2,213,290
	2001	3,418,960	1,645,410
	2002	4,162,590	1,416,460
	2003	259,280	791,790
Prepared foodstuffs	1996	15,583,270	22,395,170
	1997	19,441,280	32,275,300
	1998	27,489,870	36,887,100
	1999	24,839,040	36,930,390
	2000	20,469,300	34,152,030
	2001	18,907,340	31,656,010
	2002	20,781,270	13,143,170
	2003	21,556,210	10,384,000
Mineral products	1996	71,820	3,678,650
	1997	177,250	3,987,700
	1998	92,540	3,631,110
	1999	152,190	3,547,060
	2000	121,090	3,206,370
	2001	1,557,490	3,372,380
	2002	3,221,240	2,096,950
	2003	1,442,060	2,551,020
Chemical products	1996	5,762,420	99,486,830
	1997	7,281,850	128,865,890
	1998	7,635,080	147,579,730
	1999	6,375,580	147,378,050
	2000	7,895,540	173,383,920
	2001	6,584,240	152,768,990
	2002	8,916,150	105,052,340
	2003	8,505,450	110,503,600
	1996	343,590	22,036,860
	1997	364,890	32,590,210

Plastics & rubber	1998	663,260	37,058,360
	1999	387,430	32,631,210
	2000	274,960	34,519,080
	2001	1,280,170	32,783,570
	2002	914,070	20,770,470
	2003	2,577,190	19,644,070
Hides & skins	1996	54,596,520	2,497,140
	1997	57,685,040	3,908,210
	1998	47,708,470	2,723,860
	1999	36,219,030	2,591,600
	2000	49,371,310	3,643,040
	2001	54,030,280	4,910,370
	2002	51,661,810	10,597,280
	2003	86,650,530	8,236,960
Wood & wood products	1996	27,447,090	836,820
	1997	34,183,700	2,355,560
	1998	32,808,630	2,188,900
	1999	27,610,120	2,943,940
	2000	45,594,160	2,374,230
	2001	54,525,910	1,614,450
	2002	51,533,980	757,170
	2003	52,436,900	428,250
Wood pulp products	1996	148,270	15,107,370
	1997	244,310	23,886,730
	1998	43,960	31,038,550
	1999	125,960	30,772,560
	2000	90,830	32,486,750
	2001	77,970	30,465,130
	2002	485,560	17,721,750
	2003	628,020	16,248,620
Textiles & textile articles	1996	79,274,300	28,746,220
	1997	96,785,700	36,038,270
	1998	68,725,880	35,488,570
	1999	62,841,420	25,419,860
	2000	63,355,350	28,716,410
	2001	70,097,650	21,820,070
	2002	71,260,620	10,060,110
	2003	65,729,240	11,317,270
Footwear, headgear	1996	322,880	2,647,800
	1997	600,690	3,695,050
	1998	506,610	2,009,900
	1999	1,607,080	1,585,690
	2000	955,110	1,709,880
	2001	121,970	1,517,760
	2002	113,410	893,860
	2003	184,750	709,370
Articles of stone, plaster, cement, asbestos	1996	3,072,720	7,372,370
	1997	2,115,340	10,496,530
	1998	1,657,490	12,994,670
	1999	1,516,500	9,995,060
	2000	1,335,430	8,879,140
	2001	639,570	7,386,070
	2002	1,098,440	5,075,110
	2003	702,050	2,659,820
Pearls, (semi-)precious stones, metals	1996	2,654,260	12,313,970
	1997	16,354,100	14,468,920
	1998	20,974,650	28,444,000
	1999	11,161,040	28,244,640
	2000	2,146,070	42,691,390
	2001	9,883,110	28,260,130
	2002	26,139,030	18,809,960

	2003	8,220,160	7,511,360
Base metals & articles thereof	1996	1,632,280	39,717,960
	1997	93,690	35,354,470
	1998	659,090	31,774,890
	1999	576,520	24,876,680
	2000	457,660	24,591,880
	2001	522,200	23,752,530
	2002	658,740	14,544,990
	2003	876,810	12,468,250
Machinery & mechanical applicances	1996	2,082,100	178,324,300
	1997	2,620,560	234,759,940
	1998	3,224,780	253,767,850
	1999	3,800,150	192,418,550
	2000	5,385,630	226,530,880
	2001	2,240,990	200,071,680
	2002	8,523,050	84,328,910
	2003	3,686,750	59,893,890
Transportation equipment	1996	20,786,580	101,336,560
	1997	141,670	120,060,030
	1998	145,840	96,217,980
	1999	45,153,220	75,220,540
	2000	356,070	66,583,340
	2001	281,670	68,509,360
	2002	686,820	35,943,310
	2003	973,080	29,307,730
Instruments - measuring, musical	1996	1,686,890	13,405,180
	1997	2,325,100	20,020,500
	1998	2,284,240	22,387,220
	1999	3,033,980	23,361,580
	2000	2,364,570	27,629,650
	2001	3,029,600	27,903,850
	2002	2,153,400	15,927,900
	2003	2,487,990	14,882,740
Arms & ammunition	1996	0	350,070
	1997	0	656,980
	1998	0	384,230
	1999	0	408,110
	2000	270	2,991,430
	2001	0	3,353,450
	2002	16,500	3,326,610
	2003	2,870	274,740
Miscellaneous	1996	1,573,980	15,896,930
	1997	738,930	18,076,600
	1998	490,360	22,233,260
	1999	664,050	24,913,050
	2000	4,679,650	25,375,650
	2001	8,661,870	24,872,090
	2002	9,390,240	8,481,590
	2003	7,459,950	5,611,080
Works of art	1996	265,550	150,390
	1997	601,490	1,229,320
	1998	585,320	297,020
	1999	239,990	189,110
	2000	281,170	199,810
	2001	222,350	1,459,420
	2002	617,070	1,289,310
	2003	1,351,150	476,650
Other	1996	668,080	6,962,980
	1997	440,890	6,687,950
	1998	582,220	8,593,330
	1999	1,043,920	8,588,660

	2000	1,638,090	10,127,170
	2001	1,230,070	12,138,150
	2002	2,019,460	11,276,520
	2003	3,464,900	12,307,490

Agriculture and Fisheries
last updated on 2001-10-23

Agricultural sector accounts for 10% of the GDP and is the biggest single source of foreign exchange in Uruguay. Uruguay is among the world's leading producers of meat livestock (EU first buyer) and rice.

Automotive
last updated on 2001-10-23

Unlike in its two neighbouring countries Brazil and Argentina, the automotive industry is not a key sector in Uruguay. In the past few years several car assemblers have ceased their operations in Uruguay. One of the rasons has been increased competition of imports, following the liberalisation of imports in 1992.

The Uruguayan automotive industry is quite dependent on the bilateral trade agreements with Brazil and Argentina,now replaced by the '2000 Mercosur Automotive Agreement that establish compensated trade among members and a common import tariff treatment.Import duty on passenger cars is 35% .

Minimum Mercosur content is 60%

Services - Financial
last updated on 2001-10-23

The financial services sector is of fundamental importance for Uruguay. Foreign suppliers of banking and financial services are treated like domestic suppliers. The General Investment Regime states that there is no difference in the treatment of domestic or foreign capital.

For brokerage transactions (undertaken by domestic or foreign banks) an authorisation of the Central Bank is required.

Telecommunications Equipment
last updated on 2001-10-23

Uruguay is not a signatory to the Information Technology Agreement (ITA).

Textiles and Leather
last updated on 2001-10-23

Uruguayan textile sector is based on the wool industry. Uruguay is one of the world's major producers of wool.

Uruguay is also an important supplier of leather, leather clothing and leather manufactures. Almost 90% of the output of the Uruguayan tanning industry is exported. Hides and skin export to the EU become an important voice after the EU supply problems due to BSE and F&M stamping out policies.

Wood, Paper and Pulp
last updated on 2001-10-31

Forestation for wood and pulp production is currently promoted. Various private investment initiatives have been floorishing.

back to top

TARIFFS AND DUTIES

Uruguay bases its tariff schedule on the Harmonised System (HS96). All duties are ad valorem and levied on the c.i.f. value.

Uruguay's customs tariff is based on Mercosur's common external tariff (CET), with eleven applicable rate levels, ranging from zero to 23%. In November 1997, following the international financial market turmoils, Mercosur countries made a decision to increase the applied CET levels by 3% (with a new maximum rate of 23%). Brazil implemented these increases immediately, whereas Argentina, Paraguay and Uruguay implemented the tariff increases in January 1998.

Exceptions to the applied CET-rates are granted for certain sensitive products (common Mercosur exceptions and national exceptions). CET will be adapted progressively and in Uruguay it will be fully implemented by 2006 (in Paraguay by 2006, in Argentina and Brazil by 2001). Currently CET covers around 85% of the imports outside MERCOSUR. In order to benefit from the Mercosur preferential tariff treatment, products have to bear a local or regional added value of 60% (of final value).

In addition, imports from LAIA countries and from countries with which Uruguay has free trade agreements (see above) enjoy preferential treatment.

Uruguay has an across-the-board bound ceiling of 35%, except for certain products where the bound rates are lower. The average bound rate for industrial products is 27,9% and for all products 29,4%.

In order to ensure sufficient supply of raw materials, Mercosur provisions permit certain exceptions from the common external tariff (CET) by allowing temporary reductions of CET rates down to 2% on 20 products, when there is not sufficient supplies at the regional level. These tariff exceptions are managed through tariff quotas.

The National Ports Administration (Administracion Nacional de Puertos) collects charges for port fees.

Imported and domestic products are subject to a 23% value-added tax (VAT). An excise tax called IMESI (Impuesto Especifico Interno, or Specific Internal Tax) is levied on luxurious goods including alcoholic beverages, soft drinks, cosmetics and perfumes, tobacco, cigarettes and cigars, motor vehicles and motorcycles. Depending on the products it is applied on actual values or values officially fixed by the State. The officially fixed values are established on a six-monthly basis and adjusted every two months to take account the inflation. The calculation basis for taxation discriminates imports against domestic products resulting higher taxes being levied on imported products.

Tariff Levels

980025- *Increases in applied tariffs* [2002-12-17]

By decision of 12 November 1997, the Mercosur Common External Tariff (CET) was increased by 3% (in force until 2000). Uruguay implemented this decision on 1 January 1998, following which it's new maximum applied CET level was 23%.
As regards other Mercosur countries, the increase took effect immediately in Brazil, and on 1 January 1998 in Argentina and Paraguay.

The increase was originally put in place until December 2000 but it was subsequently reduced to 2,5% in 2000 (D67/00) and to 1,5% in 2001 (D6/01).

The Mercosur Grupo do Mercado Comum (GMC), meeting in Brasilia on 27-28 November 2002, approved the proposal to extend the application of the 1.5 % temporary additional duty to Mercosur’s Common External Tariff (CET) until 31 December 2003.

The GMC's decision has to be confirmed by the Conselho do Mercado Comum (CMC).

Agriculture and Fisheries

Internal Taxation

970199- *Discriminatory excise tax base* [2004-02-27]

Uruguay levies an excise tax called IMESI (Impuesto Especifico Interno, or Specific Internal Tax) on certain luxurious goods including alcoholic beverages, soft drinks, cosmetics and perfumes, tobacco, cigarettes and cigars, motor vehicles and motorcycles. The IMESI is applied in various ways, most of which involve the use of notional prices ("precios fictos") officially fixed by the Uruguayan authorities to determine the tax assessment base. As a result, the tax base is raised with respect to the real market value, mainly in the case of goods of foreign origin.

On 16th December 2003 the Republic of Chile and the eastern Republic of Uruguay signed an agreement whereby Uruguay undertakes to ensure that the regime for the assessment and payment of the Internal Specific Tax on cigarettes from the Republic of Chile shall be governed and operated at all times wholly in accordance with the principles and obligations of Most-Favoured-Nation and National Treatment. While the the Panel procedures have now been terminated with Chile maintaining the right to challenge Uruguay on other products in the future, there are still many luxury goods (other than cigarettes) which are not covered by the agreement.

For the purpose of applying the IMESI to alcoholic beverages (wines, whisky, etc), these are grouped in different categories or tax brackets, depending on their actual sales prices. For each category, the Uruguayan authority establishes a notional price on the basis of which, the tax payable is calculated. Therefore, the tax rate is applied to the notional prices, which are fixed every two months and vary considerably between the categories. Locally made drinks are generally included in the first tax category, while wines and liquors of foreign origin are grouped in the second tax bracket, whose notional prices are considerably higher than those of the first category.

In July 2000, Scotch/Irish whiskies became ineligible for the lowest category because the legislation was adjusted so that only "whisky" products aged less than 3 years could qualify. Taking into account that under the relevant Community legislation (Council Regulation (EEC) No 1576/89, Article 6:4(b)) whisky has to be aged at least 3 years, the system seems to be designed to discriminate against imports from the Community.

On 5th January 2004 Ministry of Economy and Finance Decree of 31st December 2003 was published, increasing most of the Categorias (price bands) and Fictos (fixed prices) used for the calculation of the IMESI and Additional Tax, except for the Ficto (and therefore the tax burden) for Whisky Categoria 4 which is reduced. The number of Categorias and Fictos for the group of "other spirits" has been increased from 3 to 4.

020059-*Discriminatory taxation* [2004-03-23]

In December 2000, the duty-free allowance for whisky was limited to 2 litres while the overall allowance for all other spirits remains unlimited within a maximum cash allowance of US$150/300 (which normally corresponds to a quantity far in excess of 2 litres).

- A decree (Decree No. 165/003 N No. 120470) was published on 30 April 2003 limiting the quantities of all distilled alcoholic beverages which can be purchased in duty free shops to 2 litres. The discrimination against whisky is therefore eliminated by limiting the permitted duty-free quantity of all other distilled alcoholic beverages, rather than by increasing the duty-free allowance for whisky.

back to top

NON TARIFF BARRIERS

Agriculture and Fisheries

Standards and Other Technical Requirements

020094-*Import restrictions for energy drinks* [2002-11-07]

Energy drinks are non-alcoholic beverages which are currently sold in more than 70 countries world-wide. Health authorities and scientific expert panels in some of these countries have examined energy drinks and concluded that they are safe to consume.

Under foodstuffs regulations in Uruguay, energy drinks cannot be registered as either regular foodstuffs or as modified foodstuffs as long as they exceed the caffeine maximum amount of 20 mg/100 ml provided for non-alcoholic beverages (“Reglamento Bromatológico Nacional”, Art. 25.2.3, lit. C, Chapter 25 – Sec. 2).

Furthermore, following Decree 413/997, which is based on Mercosur Resolution 18/994, food products (including energy drinks) may not contain nutrients in excess of the following maximum daily quantities:

- niacin 18 mg
- pantothenic acid 6 mg
- vitamin B6 2 mg
- vitamin B12 1 mcg

Energy drinks generally exceed the daily limits prescribed by the foodstuff regulations in Uruguay, for caffeine, niacin and vitamins B 6 and B 12.

030001-*Canned peeled tomatoes* [2003-01-09]

Since March 2002, following decree 315/994 modified by decree 172/998, canned peeled tomatoes are subject to the reqirement that the product should not have more than 14 cm2 of skin per kg. The CODEX standard is 15cm2 of skin per kg.

Sanitary and phytosanitary measures

040084-*Uruguay- Live ruminants, their products and derivates* [2004-10-01]

Import ban on Live ruminants, their products and derivates (including embryo and excluding semen and milk) because of BSE

- General statement on BSE to all Third Countries at XXIXth and XXXth SPS Committees.

040131-*Uruguay-maturated pork meat products* [2004-10-01]

Ban on maturated and cured pork meat products coming ES due to Swine Vesicular Disease (in the case of ES) and Swine Vesicular Disease and Classical Swine Fever (in the case of IT). The ban was extended to Spain due to the last outbreak of SVD in Portugal in January 2004 (Portugal would be close to regain its free-disease status for SVD according to OIE rules in October 2004).

- Spain: resolved.

  IT: pending of evolution.

  With date of 27.09.2004, the Uruguayan CA confirmed the lift of the ban for Spain. The same procedure may follow for IT once the competent authorities of Uruguay receive, analyse and reach a positive conclusion to the answers of a questionnaire sent to the Italian authorities.

  The Uruguayan authorities wil perform a mission inspection in Spain. Date for this mission needs to be confirmed and pending of the conclusions of this inspection mission, the actual trade status may or not be modified.

back to top

INVESTMENT RELATED BARRIERS

Uruguay's legal framework concerning foreign investment is relatively liberal. In general, national and foreign investors enjoy equal rights and obligations.

A prior authorisation by the Council of Ministers is needed for foreign investment in certain sectors such as electricity, hydrocarbons, basic petrochemicals, atomic energy, strategic mineral exploitation, agriculture and livestock, meat packing plants, intermediary financial activities, railroads, telecommunications and the media (radio, press, TV) and state-monopolised sectors.

Approvals for applications were reported to be difficult to obtain.

back to top

IPR

Uruguay is a signatory to the following international agreements on intellectual and industrial property rights:
- Pan American Conventions of 1889 and 1910
- The Paris Convention for the Protection of Industrial Property of 1883-1967
- The Berne Convention for the Protection of Literary and Artistic Works, 1986
- The Universal Copyright Convention.

These international conventions are approved by the Uruguayan Law 14910 of 16 July 1979.

Enforcement problems on IPR

980081- *IPR - Violations* [2003-01-10]

Main areas of IPR violations in Uruguay are:

1). Piracy: Audiocassettes, CDs, software, and DVDs (in an initial phase).

Due to the increase in sales of CD writers, piracy is mainly a domestic observable fact (both in production and consumption).
According to the international software-producers association a substantial proportion of all software traded in Uruguay is pirated. Illegal production of sound recordings and entertainment software is carried out in particular at the Uruguayan border zones with Argentina and Brazil.

2). Counterfeiting of trademarks: clothes, footwear, domestic appliances, electronic devices, luxury items, spirits, soft drinks, and tobacco.

Counterfeit products are mainly produced in Paraguay and Argentina. However, the goods are introduced as contraband and sold in the black market.

3). Infringements of patents: pharmaceuticals.

Although IPR violations, in their various forms, take place in Uruguay, they appear to be kept under control by the authorities. Therefore Uruguay is not considered as a major production or export centre of pirated and counterfeited goods.

back to top

OTHERS

Imports of certain veterinary products containing or made of chloramphenicol, chloride products used in sheep dip and hormonal substances used for animal growing or fattening are prohibited on the health grounds.

Import of crude petroleum is monopolised by the state-owned company ANCAP (Administracion Nacional de Cementos, Alcohol y Petroleo).

All importers must be registered on the Importers Register kept by the Banco de la Reppublica Oriental del Uruguay.

All import procedures have to be handled by a customs brokers (despachante de aduana).

Uruguay is not a party to the WTO plurilateral Government Procurement Agreement.
However, it is currently negotiated a Government procurement chapter within the EU/Mercosur Agreement