

Uruguay: Recent Economic Developments

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URUGUAY

Recent Economic Developments

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Approved by the Western Hemisphere Department

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Uruguay: Basic Data

I. Social and Demographic Indicators

Area (sq. km)	176,320	Nutrition (1991)	
Arable land (percent of land area)	7.2	Calorie intake (per capita a day)	2,791
Population (1999, estimate)		Health (1996)	
Total (million)	3.32	Population per physician	270
Annual rate of growth, recent period (percent a year)	0.6	Population per hospital bed	227
Density (per sq. km.)	18.8	Population per nurse	...
GDP per capita (US\$), 1999 estimate	6,340	Electricity Consumption (1997)	
Population characteristics (1998)		Yearly per person (Kwh)	1,710
Life expectancy at birth (years)	74.5	Access to safe water (1996)	
Crude birth rate (per thousand)	16.3	Percent of population	83
Crude death rate (per thousand)	9.5	Urban	95
Infant mortality (per thousand live births)	16.4	Rural	65
Under 5 mortality rate (per thousand)	19	Education	
Income distribution (most recent year)		Adult literacy rate (1998)	97
Percent of income received:		Gross enrollment rates, in percent (1996)	
By highest 10 percent of households	27.3	Primary education	109
By lowest 20 percent of households	8.1	Secondary education	85
Gini coefficient (1997)	41.6	Tertiary education	30
Distribution of labor force, in percent		GDP (2000, prel.)	UR\$ 244.3 billion US\$ 20,178 million
Agriculture	13.0		
Industry and mining	27.0		
Services	60.0		

II. Economic Indicators, 1995-2000

	1995	1996	1997	1998	1999	Prel. 2000
(In percent of GDP)						
Origin of GDP						
Agriculture and mining	11.7	12.1	10.8	11.1	10.5	10.1
Manufacturing and construction	26.9	26.3	26.5	26.5	25.7	25.3
Services	61.5	61.6	62.7	62.4	63.8	64.7
(Annual percentage changes, unless otherwise indicated)						
National accounts and prices						
Real GDP	-1.4	5.6	4.9	4.6	-3.2	-1.0
Real GDP per capita	-2.1	4.9	4.2	3.9	-3.8	-1.7
GDP deflator	26.1	19.8	9.8	4.8	3.3	3.3
Consumer price index (period average)	42.2	28.3	19.8	10.8	5.7	4.8
Consumer price index (end of period)	35.4	24.3	15.2	8.6	4.2	5.1
Unemployment rate (in percent)	10.3	11.9	10.3	10.0	11.4	14.4
(Ratios to GDP)						
Gross domestic investment	15.4	15.3	15.0	15.6	15.2	14.1
Of which: public investment	3.1	2.9	2.7	2.9	3.2	3.2
Gross national savings	14.3	14.1	13.7	13.5	12.7	11.3
External savings	1.1	1.1	1.4	2.1	2.5	2.9
Private consumption	72.9	72.3	72.6	72.6	72.6	73.3
Public consumption	11.8	12.6	12.4	12.6	13.8	13.9
Public finances						
Central Government						
Total revenues	17.5	17.9	18.8	20.9	20.7	20.2
Total expenditures	19.3	19.5	20.2	21.9	24.6	23.7
Of which: interest	1.4	1.3	1.4	1.3	1.7	2.0
Savings	0.3	0.1	0.5	1.4	-1.3	-1.6
Primary balance	-0.4	-0.4	0.0	0.3	-2.2	-1.5
Overall balance	-1.8	-1.6	-1.4	-1.0	-3.9	-3.5
Consolidated public sector						
Primary balance	0.7	0.5	0.5	0.9	-2.1	-1.2
Overall balance	-1.4	-1.5	-1.4	-1.0	-4.1	-3.8

Uruguay: Basic Data

	1995	1996	1997	1998	1999	Prel. 2000
(12-month percentage changes, unless otherwise indicated)						
Money and credit						
Liabilities to private sector	41.1	34.9	26.4	17.5	12.1	10.6
<i>Of which:</i>						
Money	34.8	32.5	19.5	12.2	3.2	-0.3
Quasi money	64.8	20.5	22.3	7.7	5.6	12.6
Net domestic assets of the banking system	79.8	43.8	22.1	34.5	19.9	8.0
<i>Of which:</i>						
Credit to the public sector (net)	24.1	18.4	-10.8	-21.1	51.8	-38.0
Credit to the private sector	52.0	34.1	29.6	22.4	10.1	7.6
Liabilities to private sector (M2), in percent of GDP	13.9	13.3	12.8	12.3	12.6	11.7
Representative interest rate (in percent)	61.7	48.2	39.2	30.6	24.4	19.0
(In millions of U.S. dollars, unless otherwise indicated)						
Balance of payments						
Current account	-213	-234	-298	-476	-528	-576
Merchandise trade balance	-563	-687	-704	-772	-897	-935
Exports (f.o.b.)	2,148	2,449	2,793	2,829	2,289	2,354
Imports (f.o.b.)	-2,711	-3,135	-3,498	-3,601	-3,186	-3,289
Services and transfers (net)	350	453	407	297	369	359
<i>Of which: interest</i>	-227	-189	-193	-199	-174	-220
Capital and financial account	404	225	539	697	506	712
Foreign direct investment	157	137	113	155	229	180
Portfolio investment	276	276	174	419	128	273
Other capital (net)	55	-189	252	123	149	259
Errors and omissions	18	153	73	140	35	35
Change in net international reserves (- increase)	-209	-144	-314	-362	-13	-171
Exports of goods and non-factor services (in percent of GDP)	19.0	19.7	20.5	19.8	18.0	19.4
Imports of goods and non-factor services (in percent of GDP)	-19.1	-19.9	-20.5	-20.5	-19.6	-20.7
Current account (in percent of GDP)	-1.1	-1.1	-1.4	-2.1	-2.5	-2.9
Merchandise exports (in US\$, annual percentage change)	12.2	14.0	14.1	1.3	-19.1	2.8
Merchandise imports (in US\$, annual percentage change)	4.3	15.7	11.5	3.0	-11.5	3.2
Merchandise Terms of trade (annual percentage change)	-0.4	-2.9	-0.2	5.4	-4.6	-7.5
Real effective exchange rate (12-month percentage change)	1.8	-0.5	1.8	1.3	10.2	-1.5
International reserve position and external debt						
Gross official reserves	1,824	1,909	2,068	2,589	2,602	2,762
(in months of imports)	6.1	5.8	5.7	6.9	7.8	8.0
Net official reserves	1,768	1,875	2,066	2,427	2,443	2,613
Net reserves of the banking system	982	1,153	1,222	1,525	1,702	...
Outstanding foreign currency debt, in percent of GDP	53.7	56.7	57.5	60.4	63.2	67.9
Public Nonfinancial	22.9	22.9	21.9	23.1	24.6	30.8
Private Nonfinancial	2.2	1.9	2.1	2.2	2.0	2.0
Financial	28.6	31.9	33.5	35.2	36.6	35.1
Total debt service ratio (in percent of exports of gds. & serv.)	37.5	35.4	24.9	24.6	36.5	41.8
<i>Of which: interest</i>	16.8	15.9	16.7	18.1	21.8	24.1
Gross reserves/short-term debt (in percent)	32.0	29.4	28.6	32.4	34.5	40.9
IMF data (as of November 30, 2000)						
Membership status:						Article VIII
Intervention currency and rate						U.S. dollar at Ur\$12.4 per U.S. dollar
Quota						SDR 306.5 million
Fund holdings of new Uruguayan Pesos						SDR 385.03 million
(as percent of quota)						125.6 percent
Outstanding purchases and loans						SDR 114.2 million
Stand-by arrangements (SDR 125.00 million approved on 6/20/97)						SDR 114.2 million
SDR department						
Net cumulative allocation						SDR 49.98 million
Holdings						SDR 0.36 million

Sources: BCU, Ministry of Finance and Fund staff estimates.

I. OVERVIEW

1. **The Uruguayan economy is gradually emerging from the 1999-2000 recession, after growing by about 3 percent a year on average during the 1990s (Figure 1).**

Economic activity grew steadily during the first half of the 1990s, but was interrupted by a decline in 1995 associated with the effects of the Mexico crisis. Output growth rebounded in 1996-98 at 5 percent a year on average (Statistical Appendix Tables 4-7). This performance stemmed from the implementation of cautious macroeconomic policies and structural reforms, as well as from a recovery of regional economic activity. In 1999 and 2000, however, the economy was affected by a number of adverse shocks, including the devaluation of the Brazilian *real*, a drop in the terms of trade, a drought, and concerns about the stalled recovery and uncertainties in Argentina. Real output contracted by 3.2 percent in 1999 and a further 1.3 percent in the year through September 2000. The unemployment rate increased from 11.4 percent at end-1999 to 14.4 percent in November 2000.

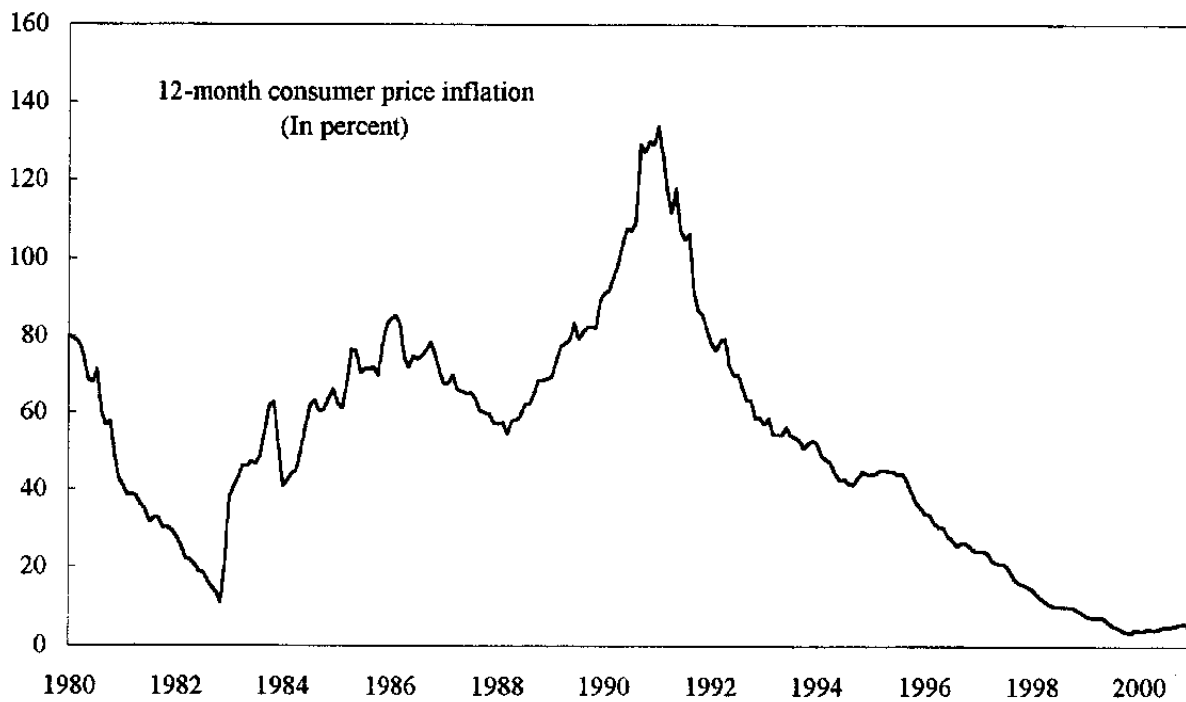
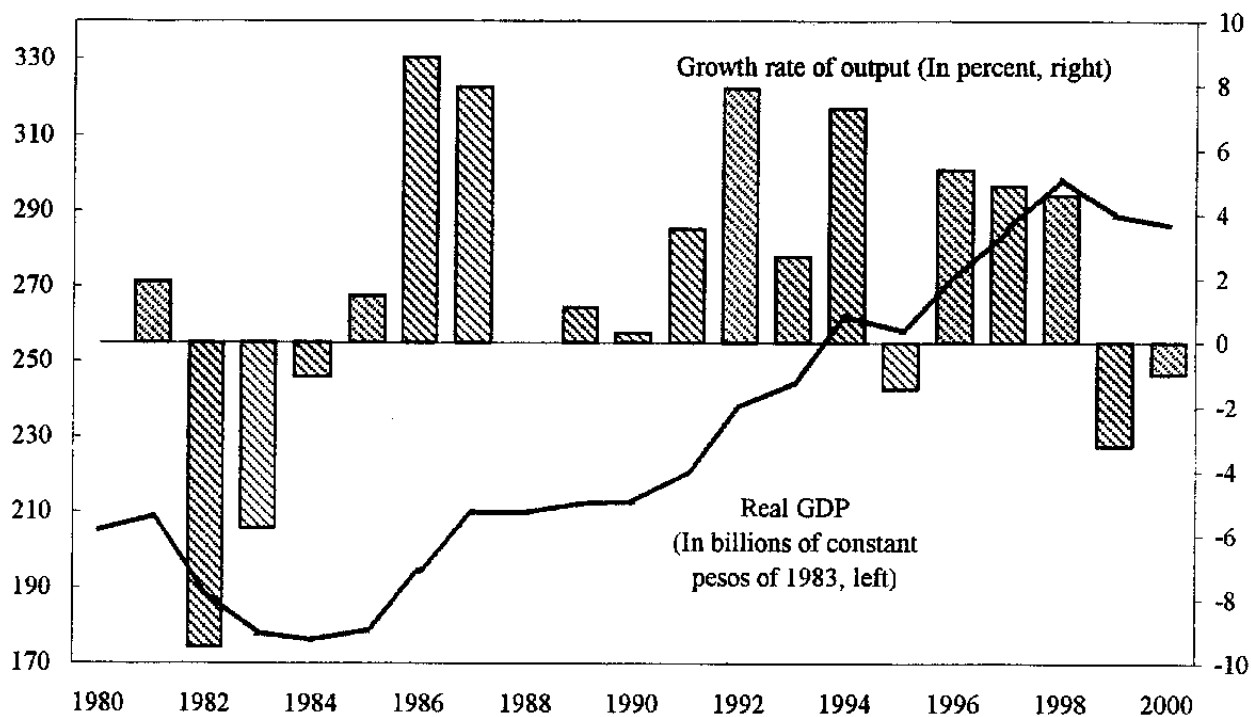
2. **Fiscal policies have generally been cautious, even though some structural reforms, the electoral cycle, and the recessions in 1995 and 1999-2000 increased the deficit.** The deficit was eliminated in the early 1990s, but spending grew sharply with the general election in 1994 and the deficit returned to 3 percent of GDP in that year. In subsequent years, the government benefited from a strong rebound in growth and was able to reduce the deficit, despite the costs associated with the reform of the social security system and the state.¹ Deficit reduction stalled in 1999 with a new electoral cycle and as revenues declined in light of the recession. Indeed, the deficit reached 4.1 percent of GDP in 1999, and public spending needed to be cut again by the administration that took office in March 2000.

3. **Inflation was cut dramatically during the 1990s, using gradualist policies.** Twelve-month inflation was reduced from 130 percent in 1990 to 5 percent in 2000 (Statistical Appendix Table 18). Inflation expectations were guided down by gradually slowing the rate of depreciation of Uruguay's adjustable exchange rate band. The most recent installment of this strategy occurred in April 1998, when the authorities lowered the pace of depreciation of the band from 0.8 percent a month to 0.6 percent (7½ percent on an annual basis), and narrowed the width of the band from 7 to 3 percent. This form of disinflation was supported by generally cautious fiscal and wage policies, and some structural reforms.

4. The **structural reforms** implemented during the 1990s comprised trade liberalization, a far-reaching reform of the social security system, a first installment of reform of the state, and the development of the domestic capital market, including the creation of new instruments such as mutual funds, a market for negotiable obligations, mortgage paper, factoring, etc.. Also, the authorities have been moving progressively toward increased private sector participation in activities previously reserved for public enterprises, such as in the

¹ However the deficit was not reduced on a cyclically adjusted basis. See Chapter II in this document.

Figure 1. Uruguay: Output and Inflation



Source: Central Bank of Uruguay.

markets for cement, alcohol, cellular phone services, mortgages, insurance, the outsourcing of some public services, the construction and management of toll roads, etc. These reforms have underpinned confidence, assisted growth, and helped to achieve an orderly slowing of the rate of adjustment in the exchange rate band and in inflation. At the same time, the pace of reforms has been very gradual and there remains much to be done, including opening up further to private sector participation some key industries that are still reserved for public sector entities, including petroleum importation and refining; several telecommunication services; electricity transmission and distribution; and some financial and insurance services where state banks hold the overwhelming share of the market.

5. **The external current account** shifted from a surplus in 1990–91 to a deficit of just over 2 percent of GDP in recent years. Net deposit flows from the region were positive—and they tended to rise during periods of regional economic uncertainty—and the financial account has been strong, with Uruguay steadily gaining net international reserves. Uruguay’s access to financial markets remains good and the government enjoys an investment grade credit rating on its debt.

A. The Real Economy

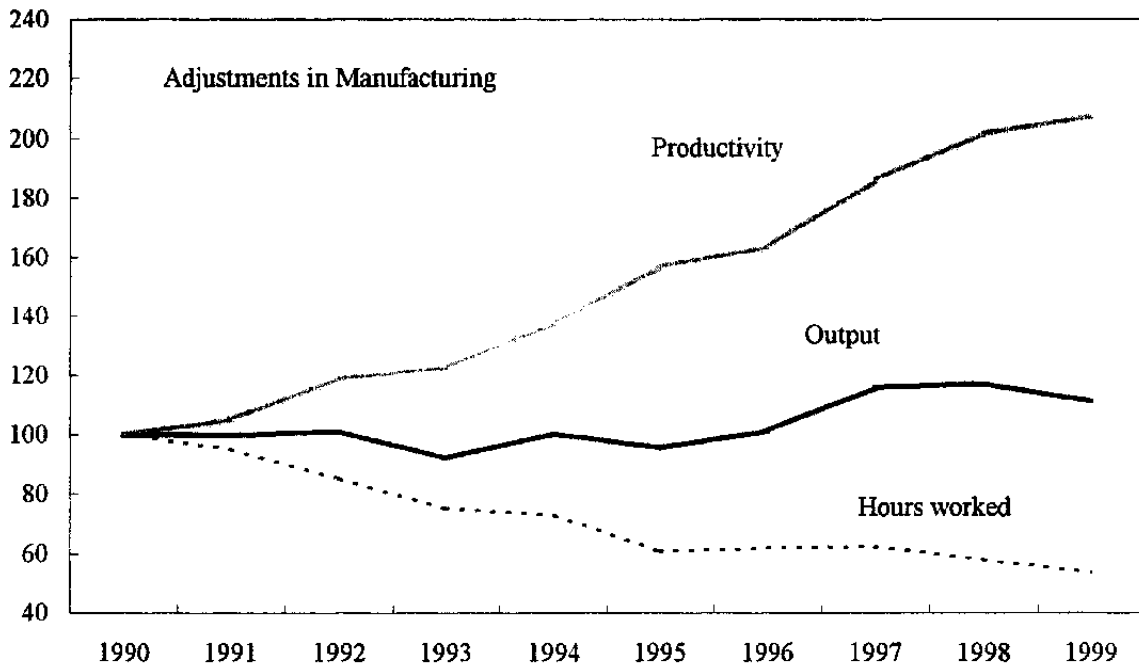
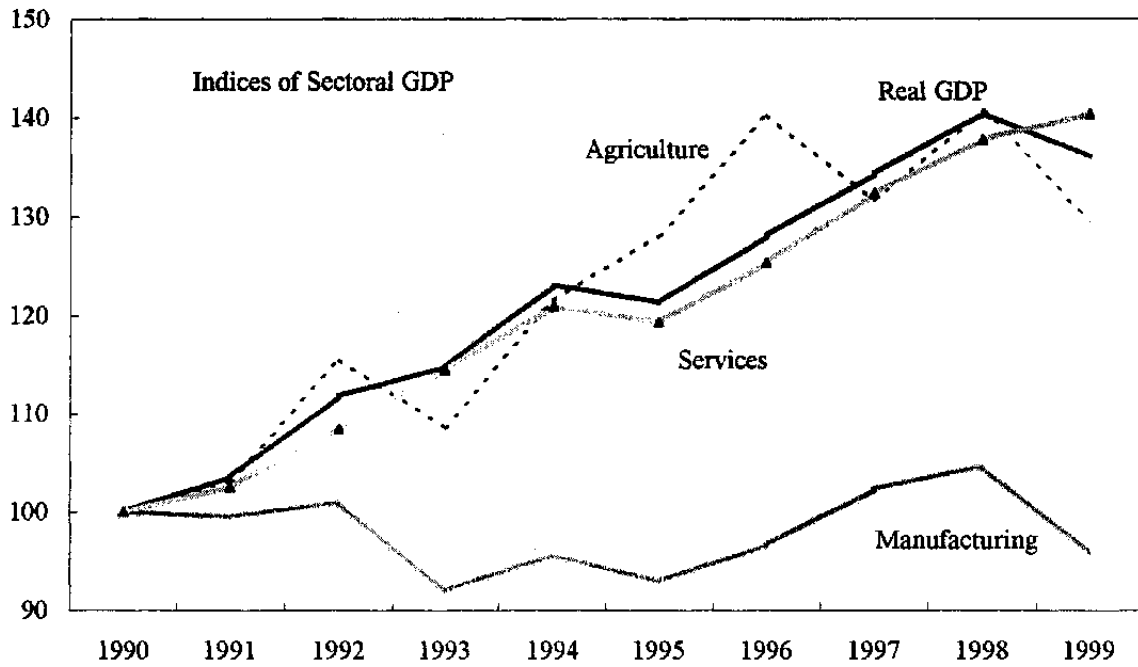
For the 1990s as a whole, the real economy grew well as the result of reforms and prudent policies. However, economic activity was hit several times by adverse external shocks. In the context of the relatively firm exchange rate regime, which was the anchor for inflation expectations, this led to occasional slowdowns in output, and higher unemployment.

Aggregate supply

6. **Output growth was not evenly distributed across sectors during the 1990s.** The services sector has expand while the manufacturing sector has contracted, in relative terms, while the share of agriculture in output remained roughly constant (Figure 2). On the cost side, wages deflated by consumer prices increased by 1.3 percent a year on average, but in U.S. dollar terms their growth averaged 11 percent a year. Meanwhile, the price of imported capital goods was about flat in U.S. dollar terms, causing the price of machinery and equipment relative to wages to fall by 55 percent. Despite the cost advantage, fixed capital formation has been relatively low in Uruguay, averaging 14–15 percent of GDP during the 1990s, in part reflecting the unfinished agenda of structural reforms noted above.

7. **The service sectors, which now form the core of private economic activity in Uruguay, have progressed most under regional integration and internal deregulation.** The share of services in nominal GDP rose from 60 percent in 1990 to 72 percent in 1999, while the share in total employment increased to 77 percent. Service sectors with a large tradable content expanded the most, driven by growing demand with the rapid integration of the MERCOSUR. For instance, value added in the transport and communication sector grew by 110 percent, related to Uruguay’s central location in the MERCOSUR region. The commerce, restaurant, and hotel sector grew by 65 percent in real terms from 1990 to 1999,

Figure 2. Uruguay: Sectoral Output and Adjustments in Manufacturing



Source: National Institute of Statistics.

owing to buoyant activity in tourism with growing per capita incomes in the region. By contrast, construction, a typical nontradables sector, and with heavy public sector involvement (in part through the state-owned *Banco Hipotecario*), grew by a more subdued 35 percent, in line with real GDP. During 1990–99, the price of services, relative to manufacturing, increased by 33 percent as measured by sectoral GDP deflators.

8. **Manufacturing, which had been protected prior to the 1990s, lost market share, especially in the early years of trade liberalization.** At the beginning of the decade (between 1990 and 1993), trade liberalization and the real appreciation of the peso increased import competition and caused manufacturing output to contract by nearly 11 percent. Firms began to adjust by shedding labor in favor of less expensive imported machinery and equipment, thereby increasing labor productivity, and subsequently found opportunities in niche areas of the MERCOSUR and other markets. Growth resumed in processed agricultural products, paper and pulp, and specialty chemicals and plastics, where industrial restructuring and modernization were fastest. This helped manufacturing output to grow by 23 percent from 1994 to 1998 (Statistical Appendix Table 13). In early 1999, the devaluation of the Brazilian *real* dealt a new blow to the sector, and output fell by 10 percent while hours worked declined by 12 percent. Overall, manufacturing has not been able to regain its output level from the beginning of the decade, and its share in nominal GDP has declined from 28 to 17 percent, although labor productivity more than doubled over the decade (output per man-hour rose 107 percent) (Statistical Appendix Table 15).

9. **While global deregulation in agricultural trade is slow, trade liberalization already has stimulated specialization in agricultural sectors where Uruguay has a substantial potential.** Resources were shifted towards cereals that Uruguay produces efficiently, including rice, sunflower seeds, and barley, and the production of meat and dairy products. Other crops, such as sorghum, sugar beets, sugar cane, and linseed are declining. Overall, acreage devoted to ten main crops increased by 12 percent over the decade, and yield per acre by 32 percent.²

10. **Rice**, a key “nontraditional” export (destined primarily for Brazil) is mainly cultivated in the country’s northern part where newly irrigated land has become available. Between 1990 and 1999, acreage more than doubled, increasing rice’s share of cultivated land to a quarter of the total. Production grew nearly three-fold, and yield per acre by 44 percent.

11. Trade liberalization also stimulated growing **sunflower seeds**, with acreage increasing by 129 percent from 1990 to 1997, boosting its production nearly five-fold.³

² For wheat, corn, rice, barley, sorghum, linseed, sunflower seed, sugar beet, soybeans, and sugarcane. Average productivity is weighted by acreage.

³ Farmers switched to a newer strain, more highly concentrated in oil, the final use of most Uruguayan sunflower seeds.

Acreage devoted to **barley** also increased, raising its share in total to a fifth, and barley production and yield per acre both increased substantially.

12. Trade liberalization has also benefited the **beef** industry, encouraging developing new pastures and technologies, including artificial pastures and feed lots. These techniques permit cattle to be slaughtered and sold at a younger age, with higher turnover, output, and more flexibility in a given year's cycle, thus increasing productivity. Between 1990 and 1999, beef production grew by 20 percent, and the sector has good potential as witnessed by a surge in beef exports to the Nafta countries in 2000. At end-2000 beef production (and exports) were briefly interrupted by a local outbreak of foot and mouth disease, but strong remedial action by the authorities quickly removed the disease again, and the markets for beef were being re-established in early 2001. The **milk** sector has been spurred by increasing trade with Brazil, and between 1990-99 production increased by 54 percent.

Domestic Demand and Saving

13. **Consumption expenditure was supported by the recovery in activity, higher per capita incomes, and the appreciated real exchange rate.**⁴ Total consumption grew by 56 percent in real terms between 1990 and 1999, and the ratio of private consumption to GDP increased from 70 to 73 percent of GDP during this period. Moreover, and notwithstanding the fiscal adjustment undertaken by two successive administrations, the ratio of public consumption to GDP is higher now than in the early 1990s, in part as municipal governments increased spending in real terms. Imports of consumer goods rose from 2.6 percent of GDP in 1991 to 4.5 percent of GDP in 1999, in part in response to the increased purchasing power of the peso, and also reflecting the import needs of the rapidly growing tourism sector.

14. **Gross domestic investment in constant prices grew by 95 percent between 1990 and 1999, followed by a sharp decline estimated for the recession year 2000.** Private investment expanded more vigorously than public investment, increasing its share in GDP by 2 percentage points. To a large extent, this reflects efforts to modernize production techniques and improve labor productivity, especially in manufacturing firms in the private sector. Since 1990, the share of capital spending has increased by about 2 percentage points of GDP, to an estimated 14 percent of GDP in 2000—relatively low in view of high unemployment in the economy.

15. **Gross national savings have declined from 14.2 percent of GDP in 1990 to 12.7 percent in 1999.** This was mainly due to the deterioration in public saving towards the end of the period which coincided with an election year and a recession. Private savings have been flat over the same period, with a temporary increase during election years, in which,

⁴ Consumption data in Uruguay also reflect the growth in tourism, as spending by visitors is sometimes difficult to isolate from domestic demand in the national accounts.

apparently, households adopt a “wait and see” attitude. At the same time, Uruguay sustained externally induced economic shocks in 1995 and 1999, coinciding with the election periods and inducing more cautious household spending. On the structural side, Uruguay has a relatively elderly population, and private saving rates are correspondingly low; this underscores the importance of public sector saving in the economy.

Tabulation: Gross National Saving Rates in Mercosur Countries 1/
(In percent of GDP)

	Private sector	Public sector	Total
Mercosur (weighted average) 2/	18.2	-0.6	17.7
Argentina	16.0	-0.7	15.3
Brazil	19.2	-0.7	18.6
Paraguay	17.1	6.3	23.5
Uruguay	11.4	2.5	13.9

1/ Average saving rates for the period 1990-1999.

2/ The sum of country saving rates weighted by the share of each country’s GDP in Mercosur GDP.

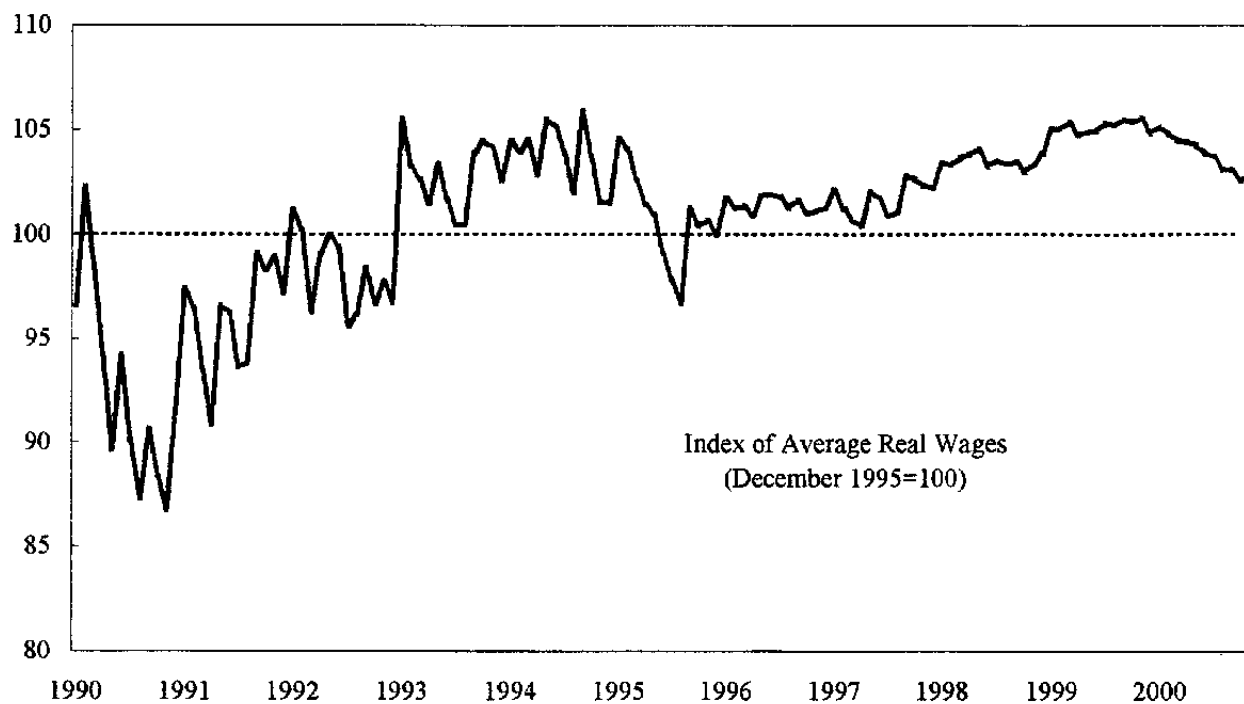
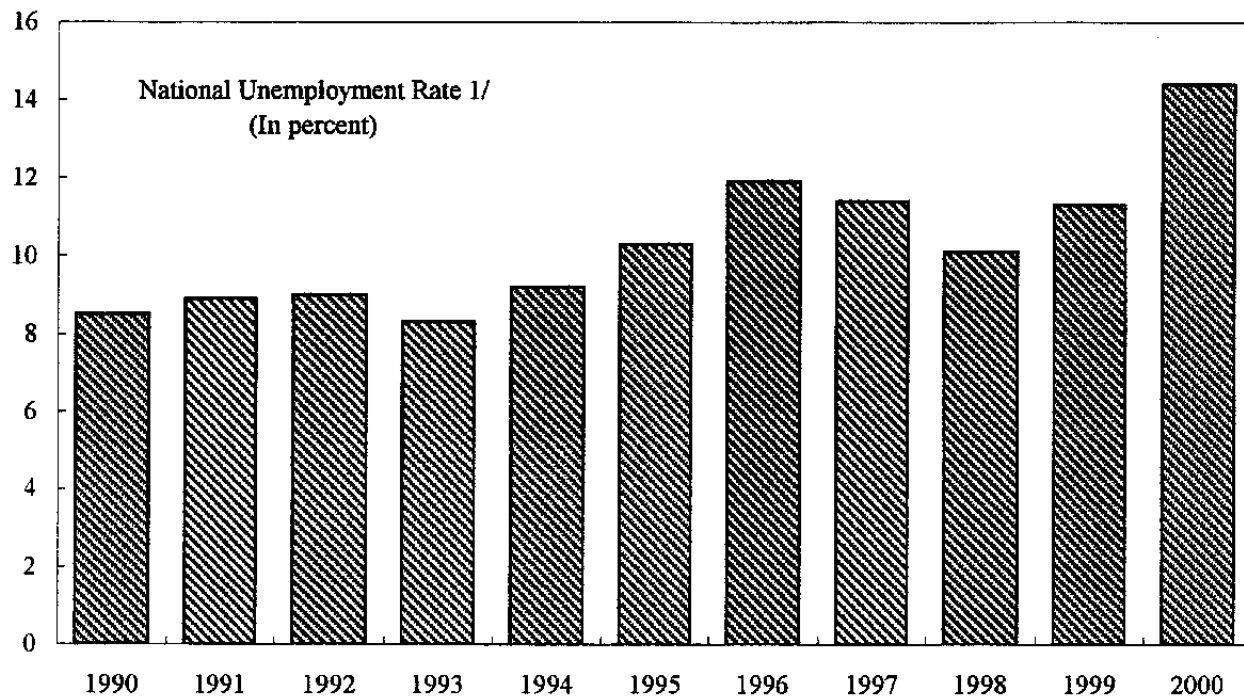
Unemployment and Wages

16. **Despite strong growth during much of the decade, unemployment remains high.** Unemployment reached 14.4 percent in November 2000, compared with the highest yearly average of 14.7 percent in 1983. The increase reflects the structural adaptation taking place in the economy, and a faster increase in labor supply than demand, and the effects of the current recession. Indeed, the recent increase is to an extent cyclical, as the recession has added about 5 percentage points to the unemployment rate since early 1999. A similar shock in 1995–96 led to an increase in the unemployment rate by about 3 percentage points, which lasted for almost two years (Figure 3).

17. **Nevertheless, even without the cyclical component, Uruguay’s underlying unemployment rate tends to be high.** The unemployment rate barely fell below 10 percent at the cyclical peak in early 1998, after rising from 8½ to around 9¼ percent during the years of the most rapid economic growth between 1990–94 (Statistical Appendix Table 17). The shifts in the economy related to the trade liberalization and technological change no doubt led to some increase in the skill mismatch between jobs and employees. At the same time, Uruguayan labor is generally well educated with strong sector-specific skills, and a recent survey revealed that 27 percent of the unemployed were not willing to consider a change in profession in order to find a new job—a structural rigidity. Unemployment among manufacturing workers has risen most sharply over the last ten years, from around 8 percent in 1990 to 18 percent in early 2000.

18. **On the supply side, the participation rate rose from 58 percent in 1990 to around 62 percent in early 2000.** Participation of women increased the most, from 46 to 53 percent.

Figure 3. Uruguay: Labor Market Indicators



Source: National Institute of Statistics.
1/ 2000 figure is for November.

Indeed, unemployment has increased the most among second-wage earners, such as women and youth. Women below 24 years of age had an unemployment rate of 36 percent during the first semester of 2000, compared with 5.5 percent for (male) heads of households. The increase in jobs by around 10 percent over the last decade has thus been outstripped by the entry of women and youth in the labor force.

19. **As the output composition changed, the allocation of labor between sectors changed as well.** While the share of employment in the manufacturing sector fell from 24 percent in 1990 to 15½ percent in early 2000, the share of services rose by about 8 percentage points. In part in the context of a reform of the state, implemented between 1996–1999, the share of public employment in total employment dropped from about 20 percent in 1995 to just over 18 percent in 1999.

20. **Wages in the private sector are determined freely, but the public sector affects wages in the health sector where it is a large purchaser of services.** Also, both sectors are influenced by some rigidities and distortions, such as a relatively high fixed health care premium which inhibits entry (because the fixed premium is a large percentage of entry wages), strong union opposition to labor reductions, especially in the banking sector, and public sector employment tenure rules. Wage setting in the public enterprises is determined in collective bargaining agreements; that in the government is subject to negotiation and a law on periodic wage adjustments. In principle, such wage adjustments are determined in conjunction with overall fiscal policy and inflation objectives (there is not a fixed formula but the frequency of wage adjustment is determined by law). In December 1997, Congress approved a new indexation law that shifted the adjustment interval for government wages from four to six months, and to 12 months when the inflation rate remains below 10 percent in every month since the last adjustment. This has been the case lately, and government wages in 2000 were adjusted in January, and no further changes were scheduled during the year.

21. **Average real wages deflated by consumer prices increased by 13.7 percent between 1990 and 1999 (1.3 percent a year), with average increases in the public and private sectors broadly the same** (Statistical Appendix Table 20). While the wage increases during the 1990s do not seem excessive in terms of relative domestic prices, wages have increased substantially in U.S. dollar terms when the real exchange rate appreciation in the 1990s is taken into account. In 1999–2000, real wages, and wages measured in dollar terms, have begun to decline as a consequence of high unemployment and the gradual (real) depreciation of the peso vis-à-vis the U.S. dollar.

B. The Public Finances

22. **The consolidated public sector** in Uruguay comprises the central government including the extrabudgetary operations by ministries (*Fondos de Libre Disponibilidad*), local governments (*Intendencias*), the public social security system (*Banco de Previsión Social* or BPS), nonfinancial public sector enterprises, and the quasi-fiscal result of the Central Bank of Uruguay (BCU). Taxes are collected by the General Tax Unit (*Dirección*

General de Impuestos, or DGI), with several exceptions such as custom duties collected by the customs authorities, and the payroll withholding tax (IRP) collected by the BPS. Uruguay's public sector is comparatively large, with general government noninterest expenditures at about 33 percent of GDP, and interest payments of about 2 percent of GDP (Figure 4). In addition, expenditure by the nonfinancial public enterprises accounts for about 15 percent of GDP, and the public sector also directs resources through the public sector financial institutions.

23. **The public finances weakened markedly at the end of the 1990s, with the overall deficit rising from 1 percent of GDP in 1998 to 4.1 percent of GDP in 1999** (about US\$860 million; Statistical Appendix Table 21). A significant part of the slippage resulted from the operations of automatic stabilizers as Uruguay was confronted by external shocks which caused a cyclical downturn in economic activity. However, there also were some one-time election expenses, and the government granted special assistance to sectors most affected by the recession. The new incoming administration in March 2000 promptly introduced spending cuts to limit the deficit. Nevertheless, as the level of economic activity remained weak throughout 2000, revenues remained depressed and, under these adverse circumstances, the deficit could be reduced only marginally to 3.7 percent of GDP in 2000.

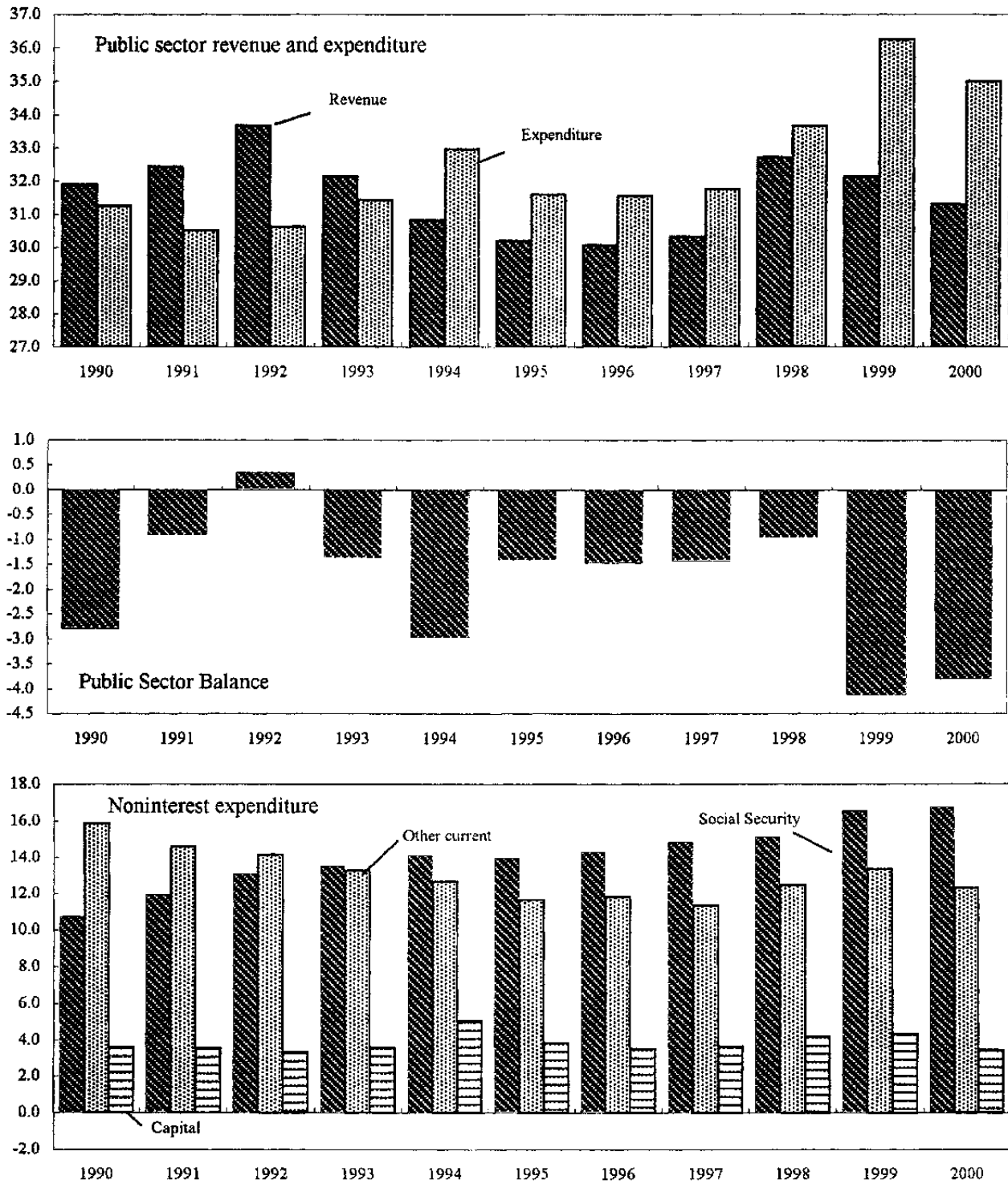
The central government

24. The central government comprises two-thirds of the public finances with its revenue reaching 21 percent of GDP in recent years and expenditure some 24 percent of GDP (Statistical Appendix Table 22). The central government and the social security system together account for over 40 percent of public employment and pay about three-quarters of the public wage bill. (Statistical Appendix Table 30).

25. **During the second half of the 1990s, central government policy focused on limiting growth in real expenditures, while letting revenue rise with the expansion of economic activity to help shrink the deficit** (Figure 5). To this end, in early 1995, the government adopted a five-year budget for its term in office. The budget focused on revenue measures to address the ballooning public sector deficit, while spending priorities were shifted to education and remunerations for teachers and the police. Discretionary current expenditure was reduced in relation to GDP.

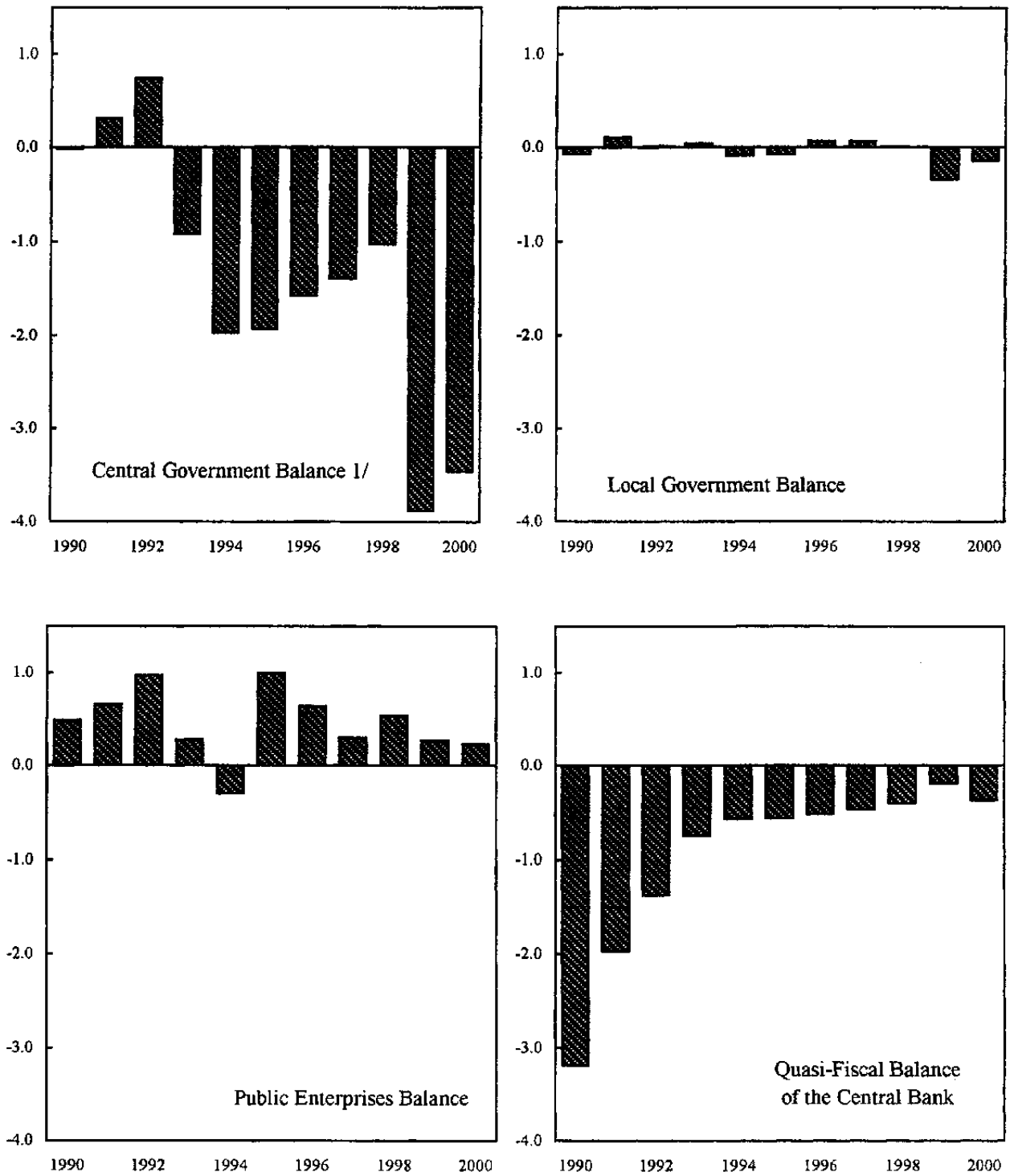
26. **There were some structural measures during this government period, most notably the reform of the social security system in mid-1996.** The social security system was in dire financial straits, and its reform aimed at slowing the growth of benefits, reducing employer payroll taxes, and improving benefits administration. To this end, the authorities established a complementary private capitalized pension system alongside the public pay-as-you-go system. This led to a shift of some contributors from the public to the private system, implying an up-front reform cost in the form of foregone income for the budget, which required additional transfers from general revenue to cover the deficit in the public social security system. The reform costs rose from 0.3 percent of GDP in 1996 to 1 percent of GDP as of 1998. In a separate effort, the government also implemented a **reform of the state**

Figure 4. Uruguay: Public Sector Finance Indicators 1990-2000
(In percent of GDP)



Source: Ministry of Economy, Central Bank of Uruguay; and staff estimates.

Figure 5. Uruguay: Sectoral Fiscal Balances
(In percent of GDP)



Source: Ministry of Economy, Central Bank of Uruguay; and staff estimates.

1/ Includes social security system, cost of reform, and extrabudgetary operations.

which reduced public sector employment by 8 percent between 1995–99, consolidated offices and bureaus, and improved productivity. The cost of severance payments and incentives under this program amounted to 0.3 percent of GDP on average during this period.

27. The jumps in the deficit during the election years, the costs of the social security and state reforms, and the adverse effects on the deficit of the recessions in 1995 and 1999–2000 have caused the **public debt-GDP ratio** to rise significantly in recent years. The gross debt of the consolidated public sector increased from around 30 percent of GDP in the early 1990s to 46 percent of GDP by end-2000.

The social security system

The deficit of the social security system before transfers from the central government rose from 2½ percent of GDP in 1990 to 8 percent in 1999 (Statistical Appendix Table 23). Expenditures increased by nearly 6½ percentage points of GDP, while revenues increased by less than 1 percentage point. Spending increased rapidly during the disinflation years as benefits are indexed to lagged take-home wages (which rose in real terms). Moreover, the social security reform of 1996 improved benefits administration, eliminating a backlog of claims, while a wave of new elderly signed up for benefits out of fear they would be left out of the reformed public system otherwise. The relative weakness in revenues reflected the loss of personal contributions to the new capitalized pension system, and various reductions in employer social security contributions to lower labor costs and help ease unemployment. The growing financing needs of the social security system were covered by general tax resources. Recently, the administration of social security revenues has improved with the issuance of semi-annual statements to workers, and there has been a slowing in the pace of new retirees accruing to the pay-as-you-go system. In addition, the reform mandated a gradual increase in the retirement age for women and provided incentives to remain in the labor force, which have helped to stabilize the number of contributors.

28. **The reform of the social security system has been more successful than was anticipated.** Nearly 600,000 individuals (over one-half of all affiliates) have switched from the state system to one of seven private pension funds (AFAPs).⁵ Thus far, AFAPs have been limited to invest their capital in public sector securities and cash and other highly liquid assets. Recently, the authorities approved a framework that would permit these funds to hold private sector instruments also, provided they carry an appropriate credit rating, and investments in any one entity or private group are limited. Pension funds are not allowed to invest in foreign assets.

⁵ As compared with a minimum of about 50,000 persons for whom the shift was compulsory.

Local governments (Intendencias)

29. **Local governments have thus far played a limited role in the public finances** in Uruguay and their revenue and expenditure have been slightly above 3 percent of GDP (Statistical Appendix Table 24). Their main revenue consists of taxes on real estate and property, including automobiles. With little access to borrowing, their deficits have been small in the order of 0.1–0.2 percent of GDP. In 1999, however, the deficit reached 0.4 percent of GDP owing to expenditure overruns associated with elections and revenue shortfalls in the recession. The revenue shortfall continued in 2000, and there are some arrears to the state-owned electricity company, the social security system and suppliers.

The state-run enterprises

30. **In Uruguay, some economic activities are dominated by state run enterprises (SREs).** The main SREs are the electricity company (UTE), the alcohol, cement and petroleum company (ANCAP), the telecommunications company (ANTEL), the water and sanitation company (OSE), the railways (AFE), and the port authority (ANP).

31. Combined revenue of the SREs averaged about 13 percent of GDP in the 1990s, while noninterest expenditures (including capital outlays) were about 12 percent (Statistical Appendix Table 25). Interest payments are small as the SRE's have little debt. Their accounts showed a consolidated surplus of ½ percent of GDP on average over the decade. Their operating balance, prior to capital expenditures and transfers to the central government, averaged 6.4 percent of GDP between 1990 and 1994, rising by nearly ½ percentage point of GDP from 1995 to 1999. The rising surplus reflected higher tariffs, personnel cuts, and efficiency improvements. However, there was a drop in the operating results in 1999–2000, as public enterprise tariffs were adjusted with a delay for the higher oil costs, and spending overruns occurred in ANTEL.

32. **SREs remit their surplus to the central government in the form of taxes and transfers** that have averaged 3.6 percent of GDP between 1990–94, and 4.2 percent between 1995–99. ANCAP provides the largest sum, about 2 percent of GDP a year, while transfers from ANTEL have risen to 1½ percent of GDP in 1999, owing to strong demand for wireless and fixed line services, and those from UTE also have increased, to 1.3 percent in 1999 reflecting improved efficiency. Discretionary transfers to the central government are determined in annual negotiations, to supplement the profit-tax remittances.

33. **During the decade, the SREs faced rapidly changing market conditions and have made significant efforts to increase their efficiency.** Total employment in the public enterprises fell by nearly 40 percent, from about 42,000 persons in 1990 to 25,750 in 1999. Individual SREs have adjusted their operations in different ways. ANTEL expanded its system for both voice and data communication, and eliminated waiting lists for telephone installation, with the assistance of foreign telecom-equipment providers. While outright privatization of the telephone system was rejected in a 1992 referendum, there is private

participation in, for instance, cellular telephone service. This has helped align Uruguay's telephone rates with other countries in the region.

34. **The electricity market is arguably furthest along in deregulation.** The electricity market was deregulated in 1998, allowing competition in electricity **generation** (transmission and distribution are still state monopolies). A regulatory agency was established in 2000 to oversee competition in the market. Electricity may now be imported directly from neighboring countries, or generated locally by private companies.⁶

35. **ANCAP is preparing for the opening of the petroleum market.** At this moment, the producer price of its main product, gasoline, exceeds the regional average. ANCAP's strategy is to face competition by expanding the scale of operations through joint ventures in the areas of gasoline distribution, cement production, the manufacture of lubricants, and alcohol. As part of these plans, ANCAP intends to expand its refinery in Montevideo.

36. **In assisting the government to meet its fiscal objectives, the SREs incur some costs that are not present in the private sector.** The SREs pay a social security contribution of about 12 percent of payroll (a surcharge) in addition to the standard employer contributions paid by the private sector. In addition, only SREs are assessed a 2 percent tax on foreign exchange transactions.⁷

The quasi-fiscal result of the Central Bank of Uruguay

37. The quasi-fiscal result of the BCU is declining gradually, due both to amortization of debt, and larger interest receipts on its growing stock of international reserves (Statistical Appendix Tables 26). The quasi-fiscal result reflects operating costs, and the responsibility for certain external debt service payments in the BCU. At the beginning of the decade, the quasi-fiscal deficit amounted to over 3 percent of GDP reflecting a combined deficit in the BCU, the National Mortgage Bank (BHU), and in intervened banks. It declined to about 0.5 percent of GDP by 1996 as a result of debt rescheduling agreements with external creditors in 1991, and the transfer to the Treasury of obligations previously undertaken by the BCU, including operations to shore-up troubled banks, and concessional loans to the BHU. In 2000, the quasi-fiscal deficit of the BCU measured 0.4 percent of GDP, thus continuing its slow decline of recent years.

⁶ The cost of residential electric service tends to be lower in Argentina and Brazil, but that for industry is less expensive in Uruguay. These differentials may reflect higher costs of bringing electricity to Uruguay's rural areas, as well as some cross subsidization.

⁷ The social security surcharge yields about US\$90 million a year (0.5 percent of GDP); the foreign exchange tax (ICOME) yields about US\$15 million per year (0.1 percent of GDP).

C. Money and Financial Intermediation

38. **Money and credit markets in Uruguay are heavily influenced by international financial conditions.** There are no restrictions on capital movements in or out of the country.⁸ The exchange rate fluctuates within a narrow 3 percent band. Under these circumstances, interest rates, particularly those applied to foreign currency loans and deposits, closely follow international rates. Local currency deposit rates, adjusted for expected currency depreciation, also follow international rates. However, interest rates charged on local currency loans significantly exceed comparable international rates (adjusted for devaluation expectations), owing to a thin and not very competitive market (see below) and to the higher risks and operating costs associated with local currency loans.

39. **The Uruguayan economy is highly dollarized.** Almost 90 percent of deposits are denominated in foreign currency, of which about one third are held by nonresidents. The trend towards dollarization began in the 1970s and intensified in the 1980s due to years of high and variable inflation. Yet, as inflation subsided during the 1990s, the share in demand for pesos did not return to its previous levels.

Market structure

40. The financial system consists of the Central Bank (BCU), the state-owned Bank of the Republic (BROU, a commercial and development bank), the National Mortgage Bank (BHU), and 21 private banks (mostly foreign owned; three are locally owned but two of them are currently under public management following the government's intervention). There are also 9 finance houses, 6 cooperative savings banks, and 11 offshore institutions. There are two small stock markets (in Montevideo), and seven private pension funds (AFAPs, the products of the 1996 social security reform). The system is supervised and regulated by Banking Superintendency which is part of the BCU. Banking regulations are forward looking in their risk assessment, based on the CAMEL system, and consistent with the Basel criteria, including a minimum capitalization requirement of 10 percent on a risk-adjusted basis.⁹

41. **The public financial institutions are important players in the financial sector.** The two state-run banks together account for about half the system. Their role in the market is facilitated by several regulatory advantages (monopolies on some activities; tax exemptions for others) intended to compensate them for quasi-fiscal activities undertaken at the public sector's request. However, these advantages also imply distortions which are limiting the share of private banks in the financial system. The share of the public banks is especially high in the peso market, where they have little competition. Further, the public sector currently controls two other banks (Banco La Caja Obrera and Banco de Credito) that

⁸ In individual cases, capital flows can be monitored to prevent money laundering or other illicit financial transactions.

⁹ The increase from 8 to 10 percent in this ratio will be completed in early 2001.

were intervened to avoid their closure. The private commercial banks handle about 40 percent of the market, and have concentrated their lending operations in short-term foreign currency denominated credit, directed mostly to prime borrowers. Offshore financial institutions, which are not permitted to lend their resources domestically, hold about 5 percent of the system's assets. Finance houses, AFAP's, and cooperatives control the remaining 5 percent of the market.

42. **The BROU, the country's largest bank, maintained its relative size over the past decade and, although some of its regulatory advantages have been curtailed, it does not yet fully face all the obligations imposed on private financial institutions.** The BROU handles the bulk of the Central Government's domestic financial transactions, and it is the largest provider of long-term credit in the economy. It holds about 35 percent of the system's deposits and 30 percent of credit. Lending is concentrated in agriculture (41 percent of its portfolio), industry (17 percent) and consumer loans (17 percent). Since 1995 the BROU has been modernizing its operations, and overhauling its accounting systems, and in 2000, it is undergoing an independent external audit, in part to review subsidies and preferential treatment to specific sectors, and to review its credit manuals and procedures. These reforms would place the bank on a more level playing field with other banks. While there is a need to eliminate some regulatory advantages the BROU has (for instance it is exempt from charging value added tax on consumer loans), it also needs relief from some quasi-fiscal burdens and obligations that are unique to the BROU.¹⁰

43. **The state-owned mortgage bank (BHU) is the largest provider of housing credit in Uruguay, but its financial structure has suffered from currency mismatches and a high rate of delinquency in its loan portfolio.** BHU makes long-term loans for housing construction and purchases, guaranteed through mortgages, and raises funds of short-and medium-term maturities. Until 1993, the BHU had a monopoly on mortgage financing in the country, but nowadays private banks are permitted to compete, and they do so in the high income segment of the market. BHU's share of the overall mortgage market is around 90 percent, partly because it is exempt from VAT on its loans and also because it provides loans at rates below those required to cover its costs. Its share of the total credit market declined from 31 to 24 percent between 1994 and 2000. The majority of its loan portfolio is denominated in "adjustable units" ("*unidades reajustables*" or URs, an index linked to average wages in the economy), while its deposits are increasingly denominated in U.S. dollars. This currency mismatch generated large accounting profits during the first half of the 1990's when real wages grew faster than the exchange rate, but is currently producing losses in the bank as real wages are declining with the recession. To limit losses, beginning in 2000, the BHU switched to granting new loans exclusively denominated in U.S. dollars.

¹⁰ In 1999, for example, the BROU was induced to restructure a significant amount of loans to the agricultural sector, hard-hit by the Brazil devaluation, slow domestic growth and depressed world prices of commodities.

Nevertheless, given the outstanding stock of loans, it will take long to correct the currency mismatch.

44. **Private banks** concentrate their lending in creditworthy industrial and commercial companies, and in trade credit. They have begun to compete in the consumer segment of the market, despite their disadvantage vis-à-vis the BROU. In September 2000, the private banking system accounted for 46 percent of total credit to the private sector (from 39 percent in 1994) and for about 65 percent of total deposits (from 59 percent in 1994). Private banks are almost all subsidiaries or branches of large multinational foreign banks; there is one important domestic private bank.

45. **Finance houses, cooperatives, AFAP's and offshore financial institutions are a relatively small segment of the total market, representing less than 10 percent of total assets of the system.** Finance houses and offshore institutions are allowed to receive funds only from nonresidents. The latter may lend only to nonresidents. Cooperative saving banks are only allowed to do operations with their shareholders, with other cooperatives and with the banking system. AFAPs were originally permitted to purchase only public securities, but, as of April 1998, they also can devote some of their portfolio to corporate debentures subject to a minimum credit rating. In November 2000, AFAPs had US\$790 million (4 percent of GDP) under management, an increase of 40 percent in U.S. dollar terms in 12 months.

Recent developments in the credit market

46. **Credit markets expanded rapidly during the second half of the 1990s.** Real credit to the private sector increased about 2 percentage points faster than GDP during the first half of the decade, and accelerated further from 1995 onwards, expanding by more than 11 percent per year in real terms. This expansion was associated with the increased competition in some areas of lending, particularly mortgages and consumer lending, which resulted in a sharp pick-up in the growth rates of credit to businesses and households from private banks. This acceleration mostly reflected the growth in collateralized lending (i.e., automobile and mortgage loans), but it is also related to the entry of banks into the credit card market. The share of credit from private banks devoted to households rose from 9 percent in 1991 to over 24 percent in 1998. The rapid increase in credit to the private sector became a concern of the authorities in 1998 and, during the second half of that year, the banking Superintendency increased minimum capital requirements on banks and other financial institutions from 8 to 10 percent of risk-weighted assets (phased in through early 2001). At the same time, the risk weights on consumer credits were increased. With the slowdown of the economy, real credit growth declined to a little over 2 percent in 1999.

Interest rates

47. **Deposit interest rates have gradually converged towards international rates** (Statistical Appendix Table 42). An open capital account coupled with dollarization has increasingly linked Uruguayan and world financial markets. Also, more competition in the domestic banking sector, and the decline in demand caused by the 1999–2000 recession,

helped bring Uruguayan interest rates to world levels. On the deposit side, Uruguayan and world interest rates are nearly equal, reflecting the close substitutability between foreign and domestic deposits under free capital mobility. Indeed, as Uruguay functions as a regional and offshore banking center, during the uncertain and regional hyperinflationary period of the 1980s, domestic interest rates on dollar deposits averaged about 2 percent less than their world (LIBOR) counterparts. This discount emerged as nonresidents from neighboring countries preferred to keep part of their savings in Uruguay where financial conditions were more stable. The difference declined to about 1 percent in the 1990s with the return to financial stability in Argentina and Brazil. For peso deposits, the returns (expressed in U.S. dollar equivalent) have sometimes diverged substantially from dollar returns on international instruments, but this variability has diminished recently with the drop in Uruguayan inflation.

48. Lending interest rates have been less closely linked to world interest rates, even though there has been convergence in some market segments. In the *dollar* segment, the premium of the prime lending rate over its U.S. counterpart used to be substantial and variable. However, with the increase of competition in the banking system, and as a result of a weak demand for loans, the rate on dollar denominated credit for prime borrowers has now converged to its equivalent U.S. level (between 8–8½ percent since 1996). In the *peso* segment (only about 10–15 percent of the total market), the credit market remains segmented and dominated by the public banks, and less established consumers and small enterprises cannot obtain loans at the equivalent of world interest rates. Adjusted for exchange depreciation, the prime peso rate has fallen during the decade, from a peak of 36 percent in 1993, to an average of 13.2 percent in the first half of 2000. However, the average peso lending rate for nonprime commercial borrowers, while coming down over the decade, still remains high at 39 percent in U.S. dollar terms.¹¹

49. Financial intermediation spreads, the difference between lending and borrowing rates, have fallen significantly during the 1990s, although in some cases they remain high by industrial country standards. In June 2000, spreads between *U.S. dollar* prime lending and time deposit rates averaged about 3 percentage points, down from 9 percentage points at the beginning of the decade and 5 percentage points in 1995. For nonprime dollar borrowers, the spread was about 8 percentage points and did not change substantially during the 1990s. Spreads in the *peso* market reflect the higher risk attributed to these operations, partly because it was in this segment that legislators intervened in the past to impose forced concessions and rescheduling on borrowers. Operations in the peso market also tend to be smaller, hence unit costs are higher. Nonetheless, spreads have declined in recent years. In the case of prime borrowers they averaged about 8 percentage points in mid 2000, down from 23 percentage points in mid 1995. And for non-prime borrowers, average spreads declined from about 50 percentage points in the mid-1990s to 35 percentage points currently.

¹¹ Dollar rates are computed from peso rates using the *ex-post* rate of exchange rate depreciation.

50. **The growth rate of nominal monetary aggregates has declined with falling inflation.** (Statistical Appendix Table 31). The growth rate of narrow money (M1) declined from 70 percent to 2 percent between 1992 and 1999, while that of the broadest aggregate (M3), which includes all foreign currency deposits, and the liabilities of the Mortgage Bank, slowed from 45 to 9 percent over the same period.¹² The degree of monetization remained fairly stable at about 6 percent of GDP for the narrow money aggregates throughout the decade. For broad money it decreased during the early part of the 1990's, but gradually recovered its level by 1995. It continued to increase to 47 percent of GDP in mid 2000, from less than 40 percent of GDP in 1995.¹³ Money holdings in real terms have increased across the board since 1995, for peso and U.S. dollar deposits alike, and as held by residents and nonresidents.

51. **Net domestic assets of the financial system increased from 34 percent of GDP in 1995 to 39 percent in mid 2000, reflecting growth of credit to the private sector.** Growth in local and foreign currency credit to the private sector in real terms was less than 3 percent a year through 1994, in part reflecting the large share of credit denominated in U.S. dollars and the real appreciation of the peso during this period. With the convergence of inflation and the depreciation of the exchange rate band, credit in real terms showed a much sharper increase of about 12 percent a year during the period 1994-98, but declined to below 6 percent in 2000 reflecting the low growth of economic activity (Statistical Appendix Tables 32 and 33).

Financial sector reform¹⁴

52. **Since the banking crisis in the early 1980s, Uruguay has gradually reformed its financial system.** Several measures have made financial intermediation more transparent and competitive, including the Financial Intermediation Law of 1992 which strengthened bank regulation and applied the 1988 Basel capital adequacy criteria; and the Law of Capital Markets and Securities of 1996, which provides a framework for self-regulation of the stock exchanges, clear definitions of instruments, disclosure standards, and penalties for violation of rules by brokers and dealers. Both laws are administered by the Central Bank. In recent years, public banks have increased the transparency of their accounts, as balance sheets and profit and loss statements are now made available to the public.

¹² This figure has been adjusted to eliminate the statistical effect produced by the conversion of a large off-shore bank into a domestic institution at end 1999.

¹³ The decrease in the monetization coefficient in the early years of the 1990s partially reflects the appreciation of the real exchange rate during this period, which depressed the ratio of dollar deposits to GDP.

¹⁴ Chapter III of this document provides additional information on banking sector trends and performance indicators.

53. **To develop the domestic capital market and enhance competition in the financial system**, in recent years the authorities have issued regulations for the establishment of the market for securities and negotiable obligations, the establishment and operation of mutual funds, and liberalizations of both the insurance market, and the mortgage market. Also, the reform of the social security system and the establishment of the private pension funds have helped deepen the domestic capital market. To help supervise the new markets and improve the information infrastructure in the economy, since 1998 the Central Bank authorized the operation in Uruguay of commercial credit rating agencies. Moreover, the authorities are implementing new regulations to improve further the disclosure in financial markets; adopt internationally accepted accounting principles; and establish a nongovernmental nonprofit registry for basic corporate operational and financial information.

54. **The quality of loan portfolios is poorer in public than in private banks.** In June 2000, 9 percent of private bank loans were classified as “poor” quality, (7 percent in 1995).¹⁵ This ratio for the BROU and BHU was 17 percent, (11 percent in 1997). These figures indicate that the recessionary period has been more difficult for the public than for the private banks. This reflects the concentration of credits from public banks in sectors more vulnerable to the slowdown of economic activity (agriculture, small businesses). There may also be some adverse selection at play as public banks sometimes are mandated by Congress to offer bailouts and loan refinancing for hard hit borrowers, which encourages loan delinquency.

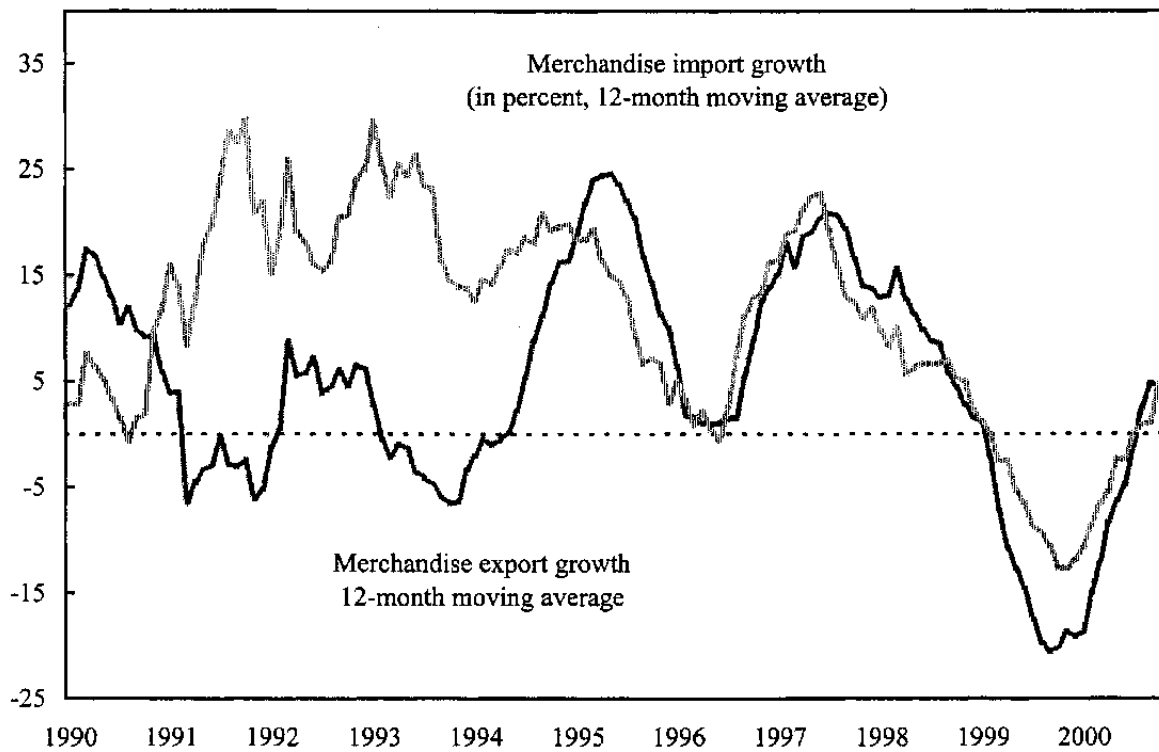
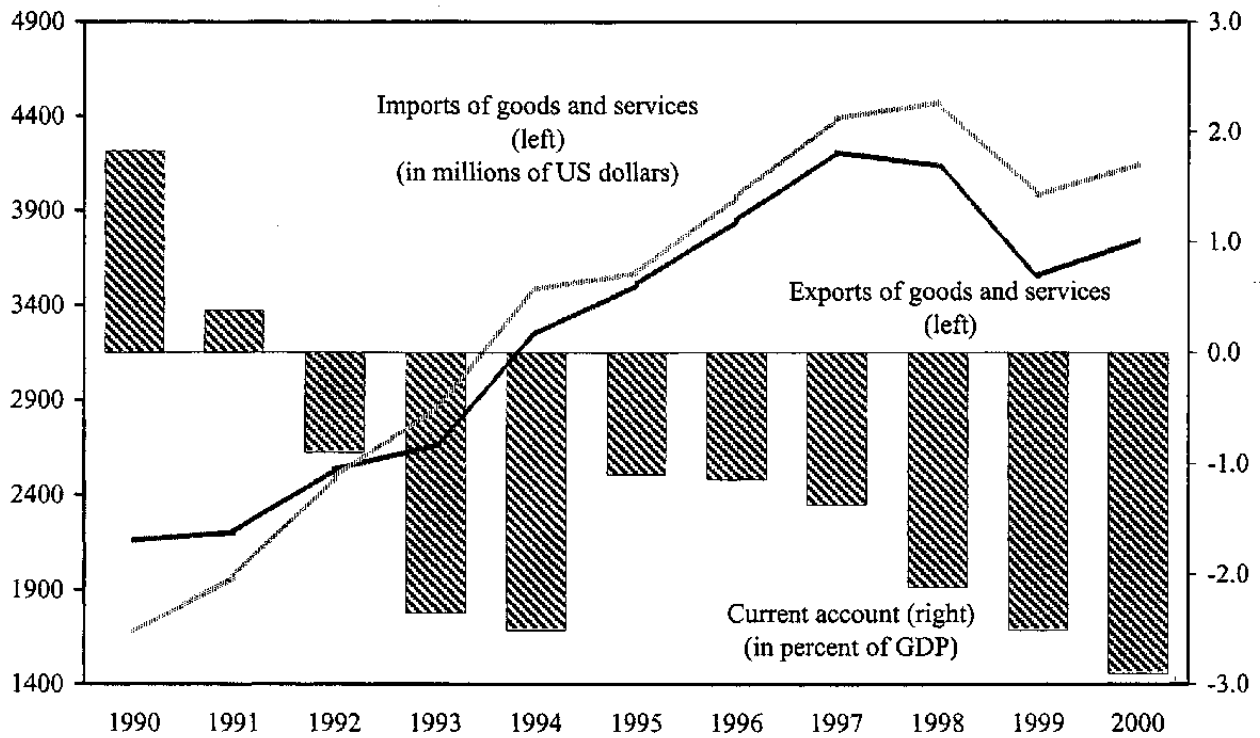
D. The External Sector

55. **After recording surpluses in 1990 and 1991, the external current account slipped into a deficit for the remainder of the decade.** The deficit widened to over 2 percent of GDP at the peak of the growth cycle in 1994 and 1998, and narrowed to 1 percent in between. Despite the recession, the deficit widened further to 2.9 percent in 2000, as a result of negative shocks to competitiveness and the terms of trade (Figure 6, and Statistical Appendix Table 44). Brazil and Argentina are the largest trading partners of Uruguay, with a combined share of more than two thirds in merchandise and services exports and around 50 percent in imports (Statistical Appendix 50). Other major export markets include Europe, the United States and China. Capital inflows have been strong and Uruguay has gained net international reserves, covering over seven months of imports of goods and services.

56. **Uruguay has liberalized international trade during the decade.** In 1990, the maximum import tariff was cut from 55 to 20 percent, import quotas were eliminated, and anti-dumping, domestic content, and compensatory export measures were reduced. The average applied rate has come down to 12.2 percent in 1998, with protection for inputs being

¹⁵ Loans classified as 3, 4 or 5 in a system where 1 is best and 5 is worst. Adjusting for provisions, the ratio is below 2 percent for private banks and it is 14 percent for public banks.

Figure 6. Uruguay: Balance of Payments Indicators



Source: Central Bank of Uruguay.

lower (9.2 percent) than for finished goods (13.4 percent). In early 1994, Uruguay, along with Argentina, Brazil, and Paraguay, established the MERCOSUR common external tariff (CET). Initially, the average and maximum tariff rates under the CET were 12 and 20 percent, applicable to most goods, but in late 1997, the MERCOSUR countries introduced a 3 percentage point surcharge on the CET. This surcharge will be cut by 0.5 percentage points in January 2001. **Capital flows are unrestricted**, but Uruguay does not permit private sector investment in certain sectors that are reserved for public enterprises.

Merchandise trade

57. **Uruguay's U.S. dollar merchandise exports grew by 65 percent between 1990-98**, with an expansion in volumes close to 80 percent and a drop in export prices of around 10 percent. Growth in merchandise exports was sluggish at the beginning of the decade, hampered by a strong real appreciation of the peso. However, exports gained pace with the establishment of MERCOSUR. Whereas Argentina and Brazil bought less than 1/3 of the country's exports in 1990, they absorbed 2/3 in 1999. At the same time, total exports expanded swiftly, recording an average growth rate of 12 percent a year between 1994-98.

58. **Merchandise exports dropped by 25 percent in 1999** to about US\$2.3 billion, or 11 percent of GDP. The contraction was both the result of sharply falling prices for Uruguay's main export commodities, and a decline in volumes (8 percent) which contracted in the wake of the Brazilian *real* devaluation and the recession in Argentina.

59. **Uruguay's dependence on "traditional" exports, primarily meat and wool, has declined in recent years** as their share of total exports declined by one-quarter to 26 percent in the decade through 1999. In this period **beef exports grew by 38 percent**, with substantial year-to-year fluctuations. Uruguay has achieved high growth in beef exports to Brazil since the establishment of the Mercosur and, more recently, gained access to the Japanese market. Beef exports have done particularly well to the Nafta countries in 2000. Beef prices have been volatile, especially in 1995-96 (Statistical Appendix Table 46).

60. **Wool exports have declined by almost 60 percent over the period 1990-1999**. Wool prices have fluctuated widely over this period, falling by about 40 percent between 1990 and 1992, almost completely recovering in 1996, before again falling by about 55 percent since then. The 1997 Asian crisis was a factor in world wool markets, reducing both demand in several Asian markets (Korea, People's Republic of China), and prices of wool from New Zealand, an important competitor in this market.

61. In agriculture, **rice has become Uruguay's principal "nontraditional" export**, destined mainly to Brazil, after substantial investments in acreage and improvements in productivity, and a 12 percent rise in prices. The share of rice in total exports is now around 10 percent.

62. Beyond being a supplier of raw materials, **Uruguay's primary sector remains pivotal for the country's exports**. Agricultural, forestry and meat products are increasingly transformed into manufactured goods. The **forestry sector has grown substantially** since 1990, with the area planted increasing almost tenfold, and production and exports

expected to increase rapidly during the next few years. A subsidy to the planting of trees on land deemed unsuitable for agriculture was provided by the Forestry Law of 1987. The climatic, topographic and soil conditions of Uruguay are favorable to rapid-growing species like eucalyptus, which enjoy growing world demand. **Manufacturing** exports of industrial origin are modest in Uruguay, but there have been increased exports of specialty products in selected industries, such as automobile parts and vehicles, especially within the MERCOSUR.

63. **Between 1990 and 1998, the dollar value of imports increased by 184 percent.** Import growth was particularly strong early in the decade when the currency appreciated in real terms and domestic demand grew strongly. External shocks and the onset of the recession in 1999 caused imports to drop by 12 percent to US\$3.2 billion (15 percent of GDP), ending the long period of expansion.

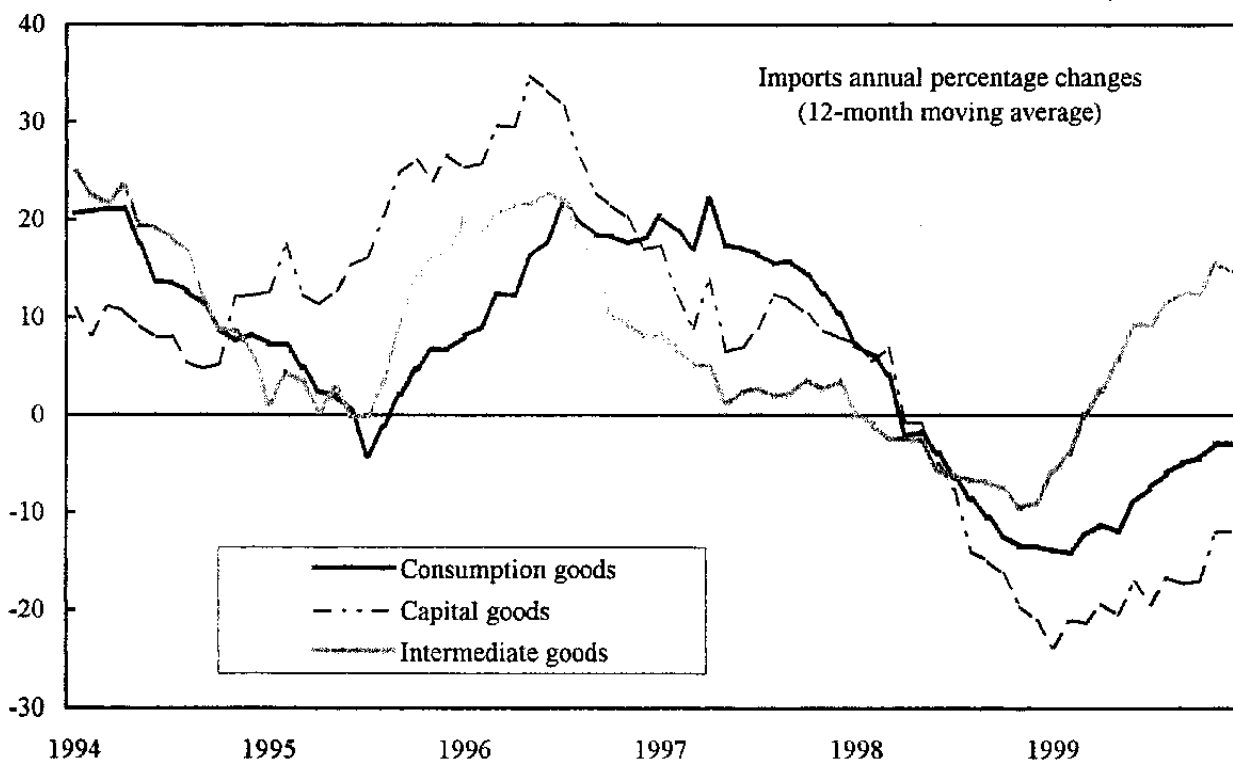
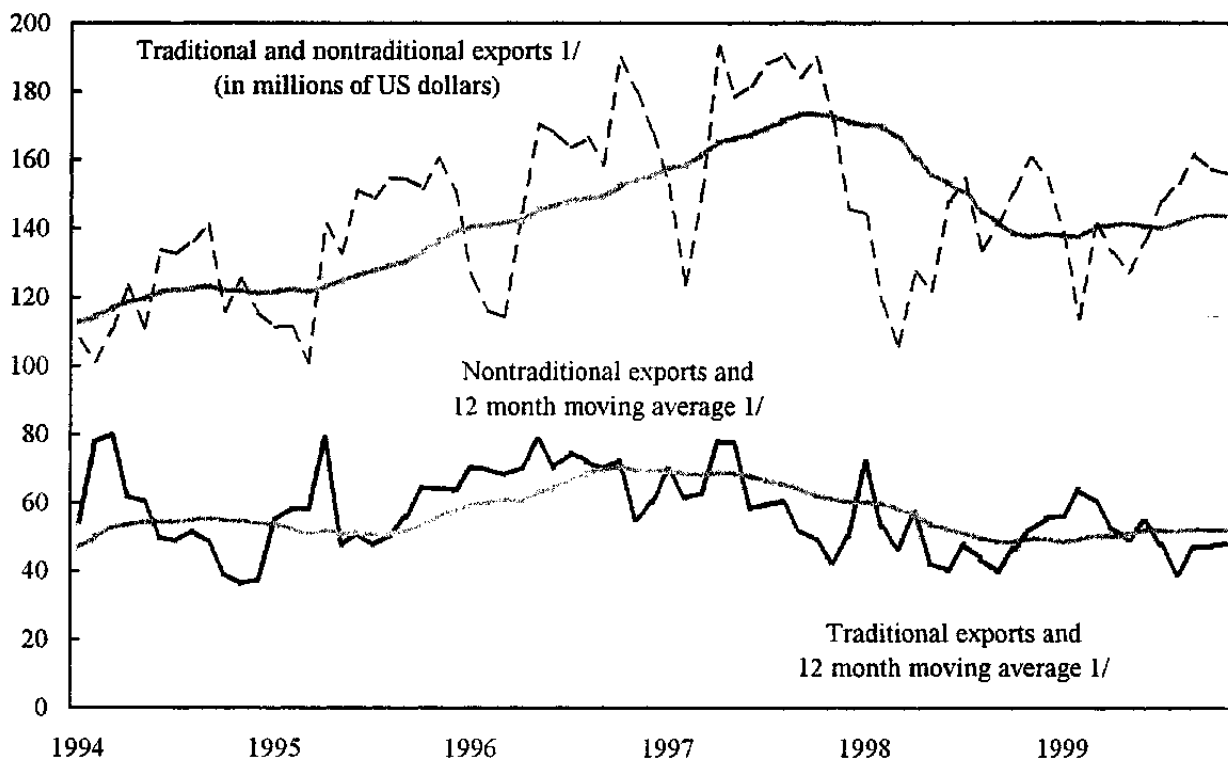
64. The growth in imports of **consumer goods** between 1990 and 1999 was more than double that of overall import growth, occurring mainly between 1990 and 1994. As a share of total imports, consumer goods rose from 15 percent in 1990 to 28 percent in 1999 (Statistical Appendix Table 48). The figures on growth in consumer goods imports, however, somewhat overstate the consumption of imported goods by Uruguayans, since a part of such imports is used in the tourism sector, and is thus essentially re-exported. **Capital goods**, and in particular transportation equipment, also grew quickly, increasing their share from 13 percent in 1990 to 19 percent in 1998, before dropping back to 16 percent in 1999 (Figure 7).

65. While Uruguay typically incurs a deficit in its external trade account, its **nonfactor service balance is positive**. The major components are tourism and transportation. Tourism receipts nearly tripled between 1990 and 1999, resulting from new investments in Punta del Este and the interior, and related to the rebound in per capita incomes in neighboring countries, especially Argentina, during the 1990s. Gross receipts from tourism leveled off in 1999, when Argentina entered a recession and the devaluation made Brazil more competitive. However, it recovered again in 2000 and gross receipts are close to 3.5 percent of GDP.

Capital flows, debt, and reserves

66. **Capital flows turned from negative to positive within the 1990s.** Net capital flows were negative early in the decade, reflecting amortization of public debt and commercial bank outflows. Later in the decade these flows turned positive and grew steadily, driven principally by government borrowing, nonresident deposit inflows, and, to a lesser extent, by foreign direct investment. Uruguay attracts nonresident deposits mainly for differential tax reasons, but also as a safe haven during uncertain economic times. Both in 1995 and in 1999/2000, Uruguay received several hundred million dollars in net foreign deposits. In 1996, when the regional uncertainties abated, some deposits flowed back (mainly to Argentina), and some deposit reflow is again bound to occur in 2001. Also, in recent years, the government has been placing most of its borrowing needs abroad, at an average amount of some US\$400 million a year (2 percent of GDP). Foreign direct investment is relatively

Figure 7. Uruguay: Merchandise Trade



Source: Central Bank of Uruguay.

1/ Traditional exports include meat and wool; nontraditional exports include rice and forestry products.

small, at less than 1 percent of GDP, and is mainly directed at forestry, specialized manufacturing and services (tourism, restaurants, and shopping malls).

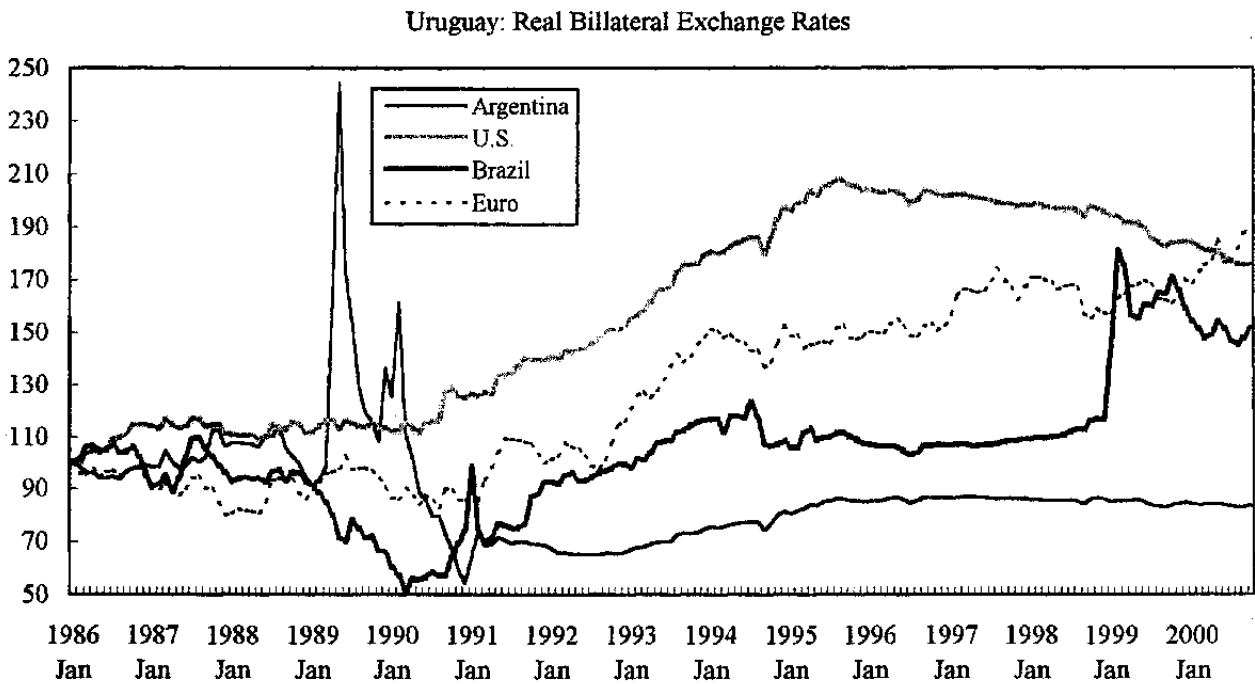
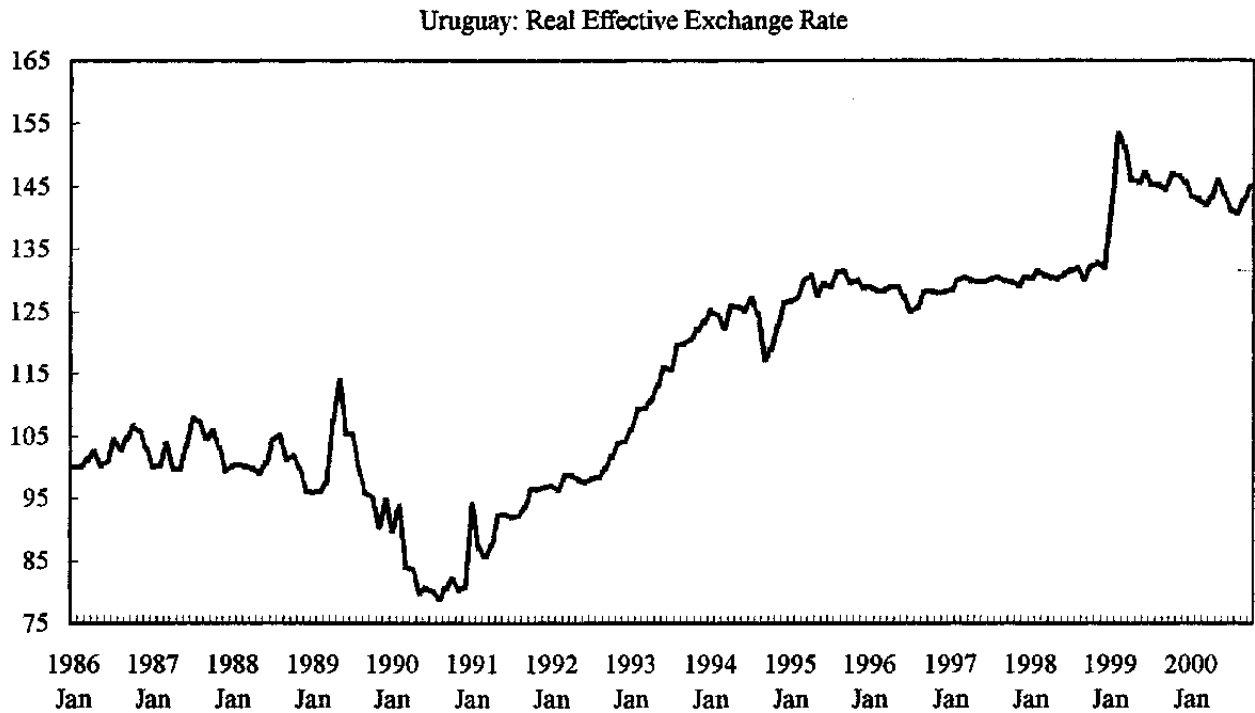
67. Uruguay has **good relations with external creditors** and the ratio of gross external debt to GDP, excluding nonresident deposits, stood at 42 percent in June–2000, of which public sector external debt was about 29 percent of GDP, and private sector debt was 13 percent of GDP (Statistical Appendix Table 51). Including the nonresident deposits, the overall gross external debt ratio was 68 percent of GDP by June 2000. As a fraction of exports of goods and services, the external debt service ratio of the nonfinancial public sector has ranged between 25–30 percent in recent years. Uruguay has received an investment grade rating from international credit rating agencies, and in 2000 the government placed bonded debt abroad at a average spread of 290 basis points—less than half the spreads incurred by the neighboring countries during 2000.

Competitiveness

68. **Uruguay's real effective exchange rate (REER)** appreciated by 39 percent between 1990 and mid–1995 as the exchange rate was used as a nominal anchor to help bring inflation down (Figure 8 and Statistical Appendix Table 56). A turning point arose in 1994–95 with the adoption in Brazil of the stabilization program which led to an appreciation of the Brazilian currency and a relative improvement in competitiveness for Uruguay. The peso was stable in real terms from 1995 until January 1999, as consumer prices converged with the nominal exchange rate (wholesale prices and the exchange rate converged somewhat later). Together with the modest deficits in the external current account, this suggests that the economy was adjusting well to the higher real exchange rate of the early years of the decade.

69. **However, the devaluation of the Brazilian *real* by almost 55 percent in January/February 1999 dealt a blow to Uruguay's regional competitiveness.** Inflation in Brazil has since been somewhat higher than in Uruguay and by September 2000, the real bilateral appreciation of the peso vis-à-vis the *real* was brought down to 26 percent remaining. The bilateral real exchange rate of Uruguay vis-à-vis Argentina is virtually constant, as the inflation advantage in Argentina has offset the 7.5 percent pace of depreciation of the nominal exchange rate band in Uruguay. The measures of the real effective exchange rate referred to above do not take into account any **productivity differentials** between Uruguay and partner countries. Productivity growth in manufacturing industry (measured as output per man-hour) has averaged over 6 percent a year since 1990. Estimates for the economy as a whole indicate gains in labor productivity by 24 percent over the 1990s. This improvement in productivity has helped to limit the external current account deficits in the last decade.

Figure 8. Uruguay: Real Exchange Rate Indicators (Jan 1986=100) 1/



Source: INS
1/ Data through October 2000.

II. CYCLICALLY ADJUSTED FISCAL BALANCE IN URUGUAY¹⁶

70. This note examines the extent to which the recent evolution of the consolidated public sector balance in Uruguay reflects the business cycle. The cyclically adjusted fiscal position is calculated by excluding from the actual fiscal balance the impact of cyclical factors. The analysis suggests that fiscal policy in Uruguay has been in general cautious, but with a proclivity toward higher deficits during presidential elections. Following strong fiscal adjustment in the early 1990s, these gains were lost in 1993–94, and the fiscal stance generally remained expansionary thereafter. Combined with the short-term impact of an important reform in the social security system, this contributed to a sharp increase in Uruguay's public debt-GDP ratio in recent years.

Potential rate of output growth

71. The cyclical element of the fiscal balance is linked to the size of the output gap, the difference between actual and potential output. When actual output is below potential (negative output gap), some weakening of the fiscal balance is generally considered warranted, as a function of automatic stabilizers, to accommodate the adverse impact of economic downturns on revenue and added costs on the expenditure side such as unemployment insurance and other forms of income smoothing. Conversely, when actual output is above potential (positive output gap), the fiscal balance would need to improve with the strength in activity. A deterioration (strengthening) in the fiscal balance in excess of the effects of automatic stabilizers is called expansionary (contractionary).

72. To separate the cyclical component of the fiscal balance from the policy induced effects, there is a need to estimate potential GDP and its rate of growth. In addition, key elements of revenue and expenditure policy need be considered to capture any significant changes in the underlying structure of the fiscal balance.

73. The Hodrick-Prescott (HP) filter¹⁷ was applied to Uruguay's time series data of real GDP for the period 1985–2005. The HP technique fits a trend through the observations of real output by allowing nonlinear and time varying regression coefficients. It is based on a decay function that places higher weight on more recent observations along the sample. To limit the end-point bias,¹⁸ the sample period was extended to include projections through 2005, assuming a recovery from the 1999–2000 recession with annual growth of 2,

¹⁶ Prepared by Keiko Honjo.

¹⁷ Alternatively, the production function approach explicitly models output in terms of capital, labor, and total factor productivity. While this approach provides valuable insight into the economy, data limitations did not allow the staff to employ it.

¹⁸ This technique is well known to be sensitive to the last few observations in the series (an "end-point" problem) if the sample were to end in a particularly sharp recession or upswing.

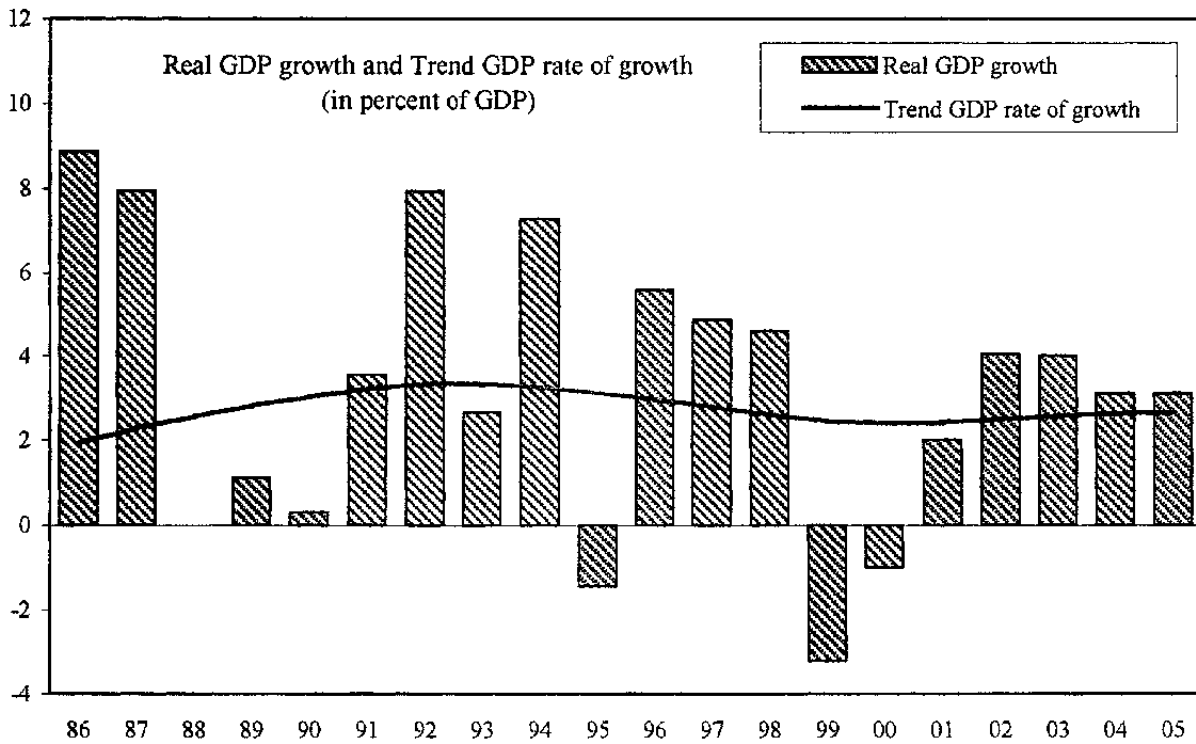
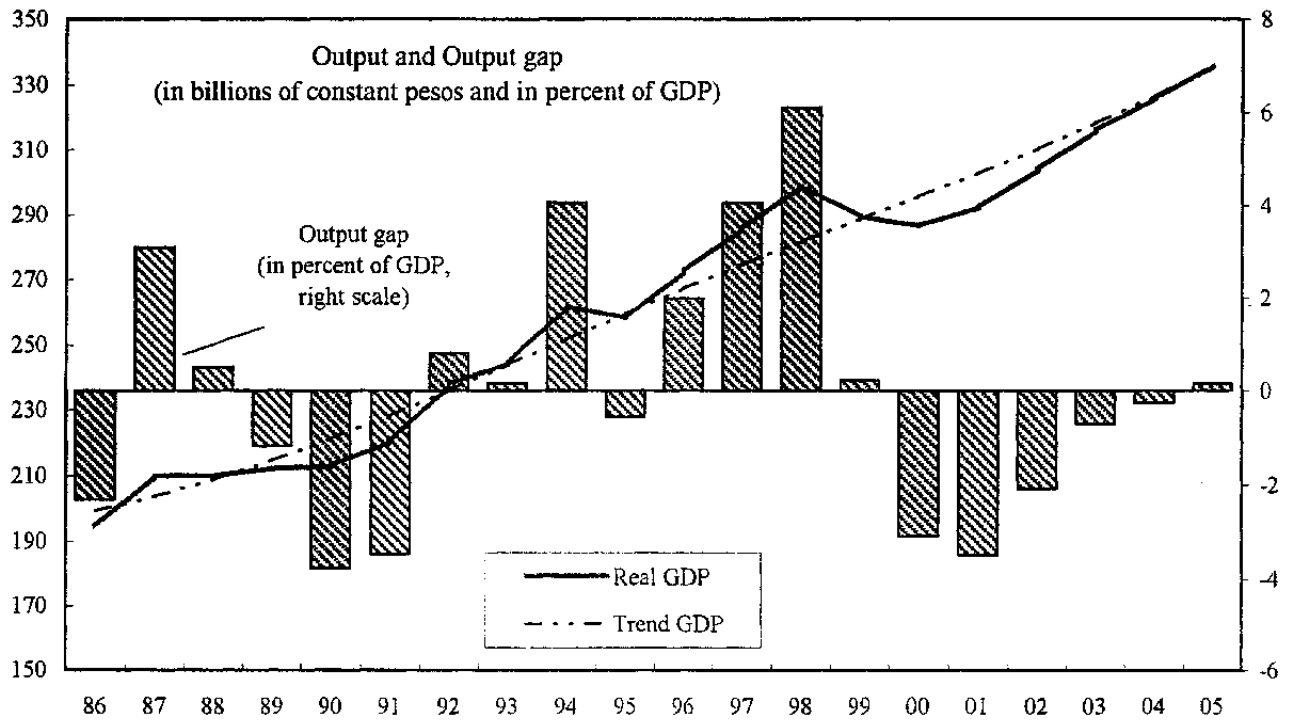
4, and 4 percent, respectively, for the period 2001–3 and 3 percent for 2004–05. The results of this analysis suggest a growth of about 3 percent on average over the whole period, with the trend, or “potential”, rate of growth declining during the 1990s from 3½ percent in the early years to 2½ percent by 1999–2000 (Figure 9). This decline is consistent with the evolution in external conditions during the 1990s. The country benefited with the recovery from the debt crisis coming out of the 1980s, and the parallel rebound in output growth in Brazil and Argentina. This support dwindled as the debt in the countries in the region, including Uruguay, rose again, and external conditions became less favorable toward the end of the decade.

Base year

74. A base year needs to be chosen where the potential and actual level of GDP are equal. In this base year, the output gap is zero, thus the actual fiscal deficit reflects the cyclically neutral deficit. In turn, the base year also defines the cyclically neutral parameter values of revenue and expenditure in relation to GDP, i.e., those parameters that would prevail if the economy were to grow smoothly along the trend or potential output path. Figure 9 suggests that actual and trend output were approximately equal in 1993, 1995, and 1999. One potential complication that needs to be considered is that the cyclically neutral revenue and expenditure parameters may not be constant over a longer period of time if the government introduces reforms that *permanently* alter the relationship between some revenue or expenditure components and GDP. The cyclically neutral parameters would need to be adjusted for such structural shifts. As a result, the parameters in this note were adjusted to reflect two reforms, viz. (1) the impact on the fiscal balance of the tax increases in 1995 (VAT and payroll tax (IRP); the cyclically neutral revenue parameter was increased slightly) and, (2) the reform in the social security system of 1996 (to reflect the phased entry into effect of this reform, the cyclically neutral revenue parameter was reduced by 0.3 percentage points in 1996, 0.8 in 1997, 0.9 in 1998, and 1 percentage point of GDP from 1999 onward).¹⁹ Thus the calculations for the cyclically neutral fiscal balance for the first half of the 1990s are based on slightly different parameter values than those for the second half of the 1990s, and from 1999 onward.

¹⁹ The reform of the social security system established a private capitalized pension system alongside the public pay-as-you-go system. This resulted in a shift of contributors from the public to the private system, which implied a permanent loss of income for the budget. The reform costs grew from 0.3 percent of GDP in 1996 to 1 percent from 1999 onwards.

Figure 9. Uruguay: Actual and Trend Output and Output Gap



Source: Central Bank of Uruguay and staff estimates.

Framework

75. **Cyclically neutral revenue** is derived from the revenue parameters as indicated above and assuming that taxes, social security contributions, and the current surplus of public enterprises are unit elastic with respect to **actual** output. Nontax revenue is not adjusted for the cycle and taken “as is” or as projected by staff for the medium term. **Cyclically neutral expenditure** is calculated by holding noninterest expenditures constant with respect to **potential** output. Interest expenditure is not adjusted for the cycle. There are no explicit adjustments for “cyclical” expenditures in this note, i.e., those expenditures that could be sensitive to the economic cycle such as unemployment insurance and welfare support, because such expenditures are relatively small in Uruguay.

76. The cyclically neutral fiscal balance can then be computed from the neutral revenues and noninterest expenditures, as defined above, and actual nontax revenues and interest expenditures. At any point in time, the *fiscal stance* compares the level of the actual fiscal balance vis-à-vis the cyclically neutral balance, indicating how far the actual fiscal balance has drifted away, if at all, from the cyclically neutral fiscal balance of the base year. If the actual deficit is larger than the cyclically neutral one, the fiscal stance is expansionary.

77. The *fiscal impulse* describes the *year-on-year change* in the fiscal stance and as opposed to the fiscal stance it does not depend on the base year. The fiscal impulse indicates whether fiscal policy *in a given year* is expansionary or contractionary *relative to the previous year*.

Results

78. The output gap shifted from negative in the early 1990s to positive in 1994. Following a small negative gap in 1995, it turned positive again as the economy grew above trend from 1996 through 1998. The deep recession in 1999, however, virtually eliminated the positive gap, and it turned negative again in 2000. In 2001, the real GDP growth is expected to recover to 2 percent. Since this is slightly below the estimate of potential output growth, the output gap is projected to widen somewhat further, to around 3 percent of potential GDP. In the outlying years the economy recovers fully from the recession and the output gap closes.²⁰

²⁰ Inspection of Figure 9 indicates that the medium-term growth trajectory (an asymptotic approach of actual to trend growth from below) may be considered conservative, because if the trend output estimates are correct, the economy might be expected to accelerate briefly above this trend when the recovery gathers steam.

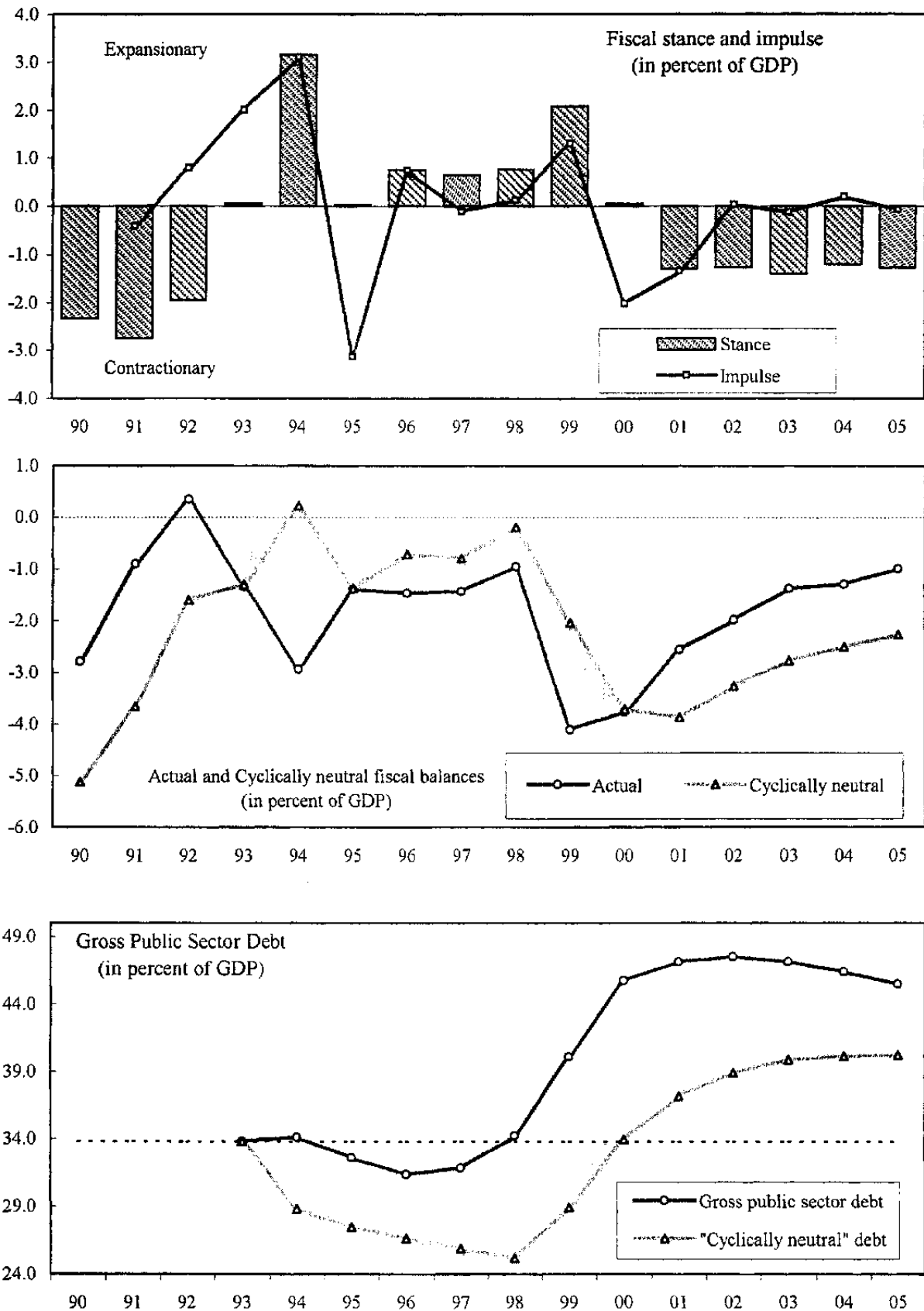
79. The above estimates, and comparing the actual with the calculated cyclically neutral fiscal balance, suggest that during 1990–92, the **fiscal stance** was contractionary (Table 1 and Figure 10, top and center panels). However, with the presidential elections in 1994, the fiscal stance and impulse turned strongly expansionary as the deficit rose to nearly 3 percent of GDP in conditions of high GDP growth and a positive output gap. Given that output reached above its trend level in 1994, the cyclically neutral position instead would have been a small surplus. In 1995, the economy was buffeted by an external shock in the form of the Mexico crisis and economic growth turned negative. The drop in output would have led to a widening of the deficit, on the basis of automatic stabilizers, but the new government took strong measures to reduce the deficit and, as a result, the fiscal impulse marked a sharp turn around of 6 percentage points of GDP, from the expansionary stance in 1994 of 3 percent of GDP to a contractionary one of equal amount, in 1995.

80. The fiscal deficit narrowed further in the subsequent years to 1 percent of GDP in 1998. Nonetheless, the fiscal stance was slightly expansionary in these years, even when allowing for the widening of the cyclically neutral deficit that resulted from the introduction of the social security reform. Indeed, with the strong rebound in growth in 1996–98 and the level of economic activity reaching above trend output, the cyclically neutral position would have implied a stronger adjustment in the fiscal balance in those years. This episode was followed by a significant deterioration again in the public finances in 1999, with the deficit rising to 4.1 percent of GDP. A part of the fiscal slippage resulted from the operations of automatic stabilizers to absorb the effects of the cyclical downturn in the wake of the devaluation of the Brazilian *real*. At the same time, however, it reflected the growing spending pressures associated with the electoral cycle. Both the stance and the impulse were expansionary.

81. The new government that took office in March 2000 introduced spending cuts to reverse the deficit overrun from 1999, and the fiscal impulse swung from expansionary to contractionary in 2000, a virtual repeat of the experience with the election cycle in 1994–95. The simulations for 2001–2005 are consistent with the medium-term budget outlook proposed by the new government. Based on the growth forecast for the medium term, and the intended budgetary policies, by 2003 the government is expected to achieve the turning around of the increase in the debt-GDP ratio, and begin to restore the fiscal stance to its position at the beginning of the 1990s—i.e., establish a fiscal position that is structurally stronger than what it has been on average during the 1990s.

82. When considering the medium term fiscal outlook, and the budget plan for 2000–2005 as proposed by the new government, one can see that the debt dynamics are motivating the authorities to strengthen the underlying fiscal stance. As noted, the fiscal stance is weaker at present than at the outset of the 1990s. This evolution reflects growing underlying expenditure pressures, and a consequent shift in the “neutral” fiscal deficit from about 1½ percent of GDP in 1995 to 2 percent in 1999 and to 2½ percent of GDP in 2005. The social security reform described above accounts for about 1 percent of GDP in this widening. At the same time, the stock of public debt has increased, giving rise to higher interest payments which have increased from 2 percent on average during 1994–99 to 2½ percent of

Figure 10. Uruguay: Fiscal balances and Debt



Source: Central Bank of Uruguay, Ministry of Finance and Fund staff estimates.

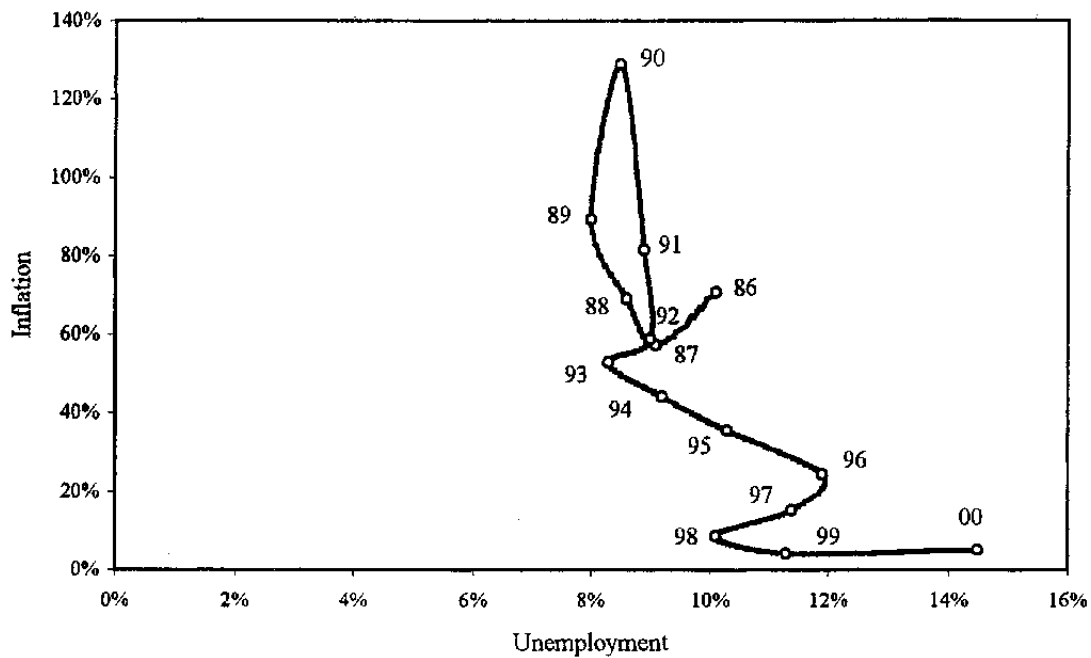
GDP in 2000. Thus, the inevitable increases in net social security costs and in interest payments have slowly crowded out other expenditures, and widened the “neutral” fiscal deficit. Moreover, notwithstanding the planned reduction in the fiscal deficit, the debt ratio would continue to rise through 2002 (Figure 10, bottom panel).

Some Pitfalls of Cyclical Fiscal Analysis

83. Cyclical fiscal analysis is a valuable tool in gauging whether fiscal policies add or subtract to the growth impulse of the economy, especially in the short term. However, it should not be the only tool to gauge the appropriateness of fiscal policy as the technique has important limitations:

- Cyclical fiscal analysis limits itself to studying the public sector; it says nothing about behavior, or confidence, in the private sector. Thus, it may occur that the economy is weak owing to a lack of private sector confidence. From the narrow point of view of cyclical fiscal analysis, this could result in a call for budgetary stimulus to “get growth going”. However, a private sector pull-back in spending, because households may be concerned about future public obligations thus incurred, can easily outweigh the stimulus, triggering the perverse effect of more debt and an even weaker economy. The reason for the weakness in private sector economic activity needs to be considered before recommending fiscal expansion.
- It was noted above that the cyclically neutral position takes into account only the effects of the business cycle on the noninterest, or *primary balance*, not the interest bill. Thus, an economy may return to a cyclically neutral stance after many years of expansionary policies, and yet wind up with a much larger deficit because the intervening stimulus has cumulated in the stock of debt, yielding a correspondingly higher public sector interest bill. The analysis of debt sustainability is essential as a complementary tool to cyclical fiscal considerations.
- The cyclically neutral fiscal balance says nothing about the appropriate structural fiscal balance in a general equilibrium context. Thus it may occur that the policy makers diligently pursue neutral fiscal policies over the cycle, and yet the current account of the balance of payments keeps widening, or the rate of unemployment stays high for extended periods of time. Indeed, if the economy needs added saving and investment to absorb the pool of unemployed labor, the fiscal balance may need to be strengthened considerably, and for an extended period of time, to help provide those savings, reduce current spending, and crowd in an expansion of the capital stock. Arguably, this is the case in Uruguay, where the decade of the 1990s has been favorable for growth, yet saving and investment were relatively weak, and unemployment correspondingly high (Figure 11). The fiscal stance may need to be contractionary, relative to the base year periods chosen from the 1990s, to shift towards a more sustainable “structural” fiscal balance for the medium term.

Figure 11. Uruguay: Inflation and Unemployment



Sources: Central Bank of Uruguay and National Institute of Statistics.

Table 1. Uruguay: Fiscal Stance and Impulse

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
(In percent, otherwise indicated)																
Basic data																
Real GDP growth	0.3	3.5	7.9	2.7	7.3	-1.4	5.6	4.9	4.6	-3.2	-1.0	2.0	4.0	4.0	3.1	3.1
Potential growth	3.0	3.2	3.3	3.3	3.3	3.1	3.0	2.8	2.6	2.4	2.4	2.4	2.5	2.6	2.6	2.7
Output gap (in percent of GDP)	-3.8	-3.5	0.8	0.2	4.1	-0.5	2.0	4.1	6.1	0.2	-3.1	-3.5	-2.1	-0.7	-0.3	0.2
(In millions of pesos)																
Fiscal indicators																
Actual fiscal balance	-303	-204	136	-798	-2,584	-1,704	-2,393	-2,930	-2,247	-9,812	-9,176	-6,799	-5,778	-4,324	-4,333	-3,517
Cyclically neutral balance	-557	-826	-626	-770	193	-1,684	-1,160	-1,618	-445	-4,861	-9,055	-10,272	-9,504	-8,739	-8,386	-8,045
Fiscal Stance	-254	-622	-762	28	2,777	20	1,234	1,312	1,803	4,951	121	-3,473	-3,726	-4,415	-4,053	-4,528
(In percent of GDP)																
Actual fiscal balance	-2.8	-0.9	0.3	-1.3	-2.9	-1.4	-1.5	-1.4	-1.0	-4.1	-3.8	-2.6	-2.0	-1.4	-1.3	-1.0
Cyclically neutral balance	-5.1	-3.7	-1.6	-1.3	0.2	-1.4	-0.7	-0.8	-0.2	-2.0	-3.7	-3.9	-3.3	-2.8	-2.5	-2.3
Fiscal Stance	-2.3	-2.8	-2.0	0.0	3.2	0.0	0.8	0.6	0.8	2.1	0.0	-1.3	-1.3	-1.4	-1.2	-1.3
Fiscal Impulse	...	-0.4	0.8	2.0	3.1	-3.1	0.7	-0.1	0.1	1.3	-2.0	-1.4	0.0	-0.1	0.2	-0.1
Public sector gross debt	...	...	...	33.8	34.1	32.6	31.3	31.8	34.2	40.1	45.8	47.1	47.5	47.2	46.4	45.5
Cyclically neutral debt	...	...	...	33.8	28.8	27.5	26.6	25.9	25.2	28.9	34.0	37.2	38.9	39.9	40.1	40.2

Sources: Ministry of Finance and staff estimates.

III. BANKING SECTOR TRENDS IN URUGUAY²¹

A. Introduction

84. This note presents an overview of various indicators of profitability, capital adequacy, efficiency, and general soundness of Uruguay's banking sector. It considers aggregated micro-prudential indicators of groups of institutions, and the main macroeconomic variables that have a bearing on the system's performance.²²

85. The analysis is based on inter-temporal comparisons of different financial indicators. Time series comparisons also make it possible to integrate more easily into the analysis the changing macroeconomic settings under which the financial sector was operating.

86. The note covers the second half of the 1990s, during which there were few institutional changes in Uruguay's banking sector. It was, however, a period when the economy experienced sharp changes in its rate of growth, and the country had to confront external shocks of considerable magnitude. These shocks put to test the banking system's capacity to adapt to changing circumstances, and the analysis provides elements to draw tentative conclusions on the system's soundness and on possible policy actions to confront weak areas.²³

B. Main Macro-financial Trends During the 1990s

87. **During 1994–2000, GDP growth was uneven but, on average, satisfactory, while inflation declined significantly.** The economy started off the period with an impressive 7.4 percent overall growth in 1994, but stumbled into a recession in 1995 reflecting the regional effects of the 1994 Mexican crisis. Growth revived in 1996 and remained strong until 1999 when new external shocks pushed the economy into a recession that extended itself into 2000. Inflation, which had reached a peak in 1990, steadily declined throughout the decade, and by 1999 had stabilized in the 5–6 percent range. The external shocks of 1999, including the large devaluation of the Brazilian real and the increase in world oil prices,

²¹ Prepared by Juan C. Jaramillo.

²² For a recent detailed discussion on these issues, see: Owen Evans, Alfredo M. Leone, Mahinder Gill, and Paul Hilbers, 2000, *Macroprudential Indicators of Financial System Soundness*, IMF Occasional Paper 00/192 (Washington: International Monetary Fund).

²³ A description of the structure of Uruguay's financial system is not included in this note, but may be found in the Overview section of this report. A more in-depth and full fledged analysis of opportunities and weaknesses in the Uruguayan financial system can be provided by an FSAP exercise. The Uruguayan authorities have requested an FSAP for 2001.

broke the declining inflation trend, but the weak economy avoided a resurgence of more widespread inflationary pressures.

88. **With the steady drop in inflation, significant financial deepening took place in Uruguay since 1994.** The ratio of *domestically held* broad money (which includes foreign currency deposits) to GDP, increased from 40 percent in 1994 to 47 percent by mid 2000, while a broader monetary indicator, that includes the deposits held by nonresidents, shows its ratio to GDP increasing from 55 to 71 percent. Credit intermediated by the banking system increased from 38 percent of GDP in 1994 to 51 percent of GDP by mid 2000 (Statistical Appendix Table 31).²⁴

89. **Dollarization**, the shift of preferences towards the dollar and away from local currency, which had been underway for many years, continued during the second half of 1990s. The proportion of foreign currency deposits in total deposits (of residents and non-residents) held in the system, **increased from 84 percent in 1994 to 88 percent in June 2000.** For residents' deposits only, the proportion of dollar deposits increased from 77 percent in 1994 to 82 percent in June 2000. Credit aggregates also became further dollarized, with their share of total credit in the banking system increasing from 52 percent in 1990 to 62 percent by mid-2000. These trends took place in the context of a consistent and significant decline in the rate of inflation, from 128 percent in 1990 to 4.8 percent in June 2000, and of a marked decline in the rate of depreciation (*vis-à-vis* the U.S. dollar), from 97 percent in 1990 to less than 7 percent in 2000. In other words, despite a currency far more stable today than 10 years ago, the Uruguayan shift in preferences towards the U.S. dollar did not abate, apparently because the overall monetary services provided by dollar assets continue to be greater than those provided by peso assets.²⁵

90. **Trends in interest rates differed markedly between those in local currency and in foreign currency.** Rates denominated in pesos declined as inflationary expectations subsided, but *they remained high in real terms* at around 14 percent, reflecting a rather thin market, higher costs associated with small local currency loans and little competition, since most local currency lending is made by the publicly owned BROU and BHU. Moreover, rates in pesos most probably include a risk premium for a market segment where, on

²⁴ These ratios exaggerate the degree of financial deepening because, in the context of a highly dollarized economy, they are affected by the real depreciation of the local currency *vis-à-vis* the U.S. dollar. Correcting for this distortion, by estimating financial deepening in relation to a purchasing power parity measure of GDP, the first ratio would increase from 40 percent of GDP in 1994 to 46 percent in June 2000, while the second ratio would increase from 55 percent to 62 percent during the same period.

²⁵ This behavior is not unique to Uruguay. Other countries in the region that permit unrestricted holdings of foreign currency assets have seen similar trends.

occasion, Congress has acted to provide debt relief at creditors' expense. Deposit rates in pesos *in real terms* are about 4 percent at present. Lending rates in the dollar market for prime borrowers followed international rates, averaging about 250 basis points above LIBOR. Those for dollar deposits have tended to be around 100 basis points below LIBOR (Statistical Appendix Table 42).

C. Trends in Banking Soundness Indicators²⁶

Profitability and Asset Quality for the banking system as a whole²⁷

91. **After-tax bank profits were relatively stable until 2000 when they declined sharply, mostly reflecting the effects of the recession on the system's loan portfolio.** Return on equity for the banking system (adjusted for inflation) fluctuated within a relatively narrow band (equivalent to about 3.5 percentage points of equity) during 1994–1999. In contrast, during the recession period, losses appeared for the public sector banks, while profits for private banks were halved. Losses for the system as a whole were equivalent to 6.2 percent of equity (on an annual basis) during the first nine months of 2000 (Table 2). This reflected a deteriorating portfolio, as the ratio of non-performing loans to total loans increased from an average of about 10 percent during 1994–1998 to 16.1 percent in 1999–2000. Moreover, although loan provisions remained high during the recession years, the ratio of loan provisions to past due loans fell to 39 percent, from a high of 63 percent two years earlier.

92. **The deterioration of bank profits was much greater in the public banks.** Profits declined in both bank groups (private, public), but they did so much less in the private than in the public banks. Profits in private banks declined from an average of 13.2 percent of equity during 1994–1999 to 7.4 percent in 2000. In contrast, the BROU's result changed from a profit of, on average, 5 percent in 1994–1999 to a loss of 0.3 percent in Sep. 2000, while that of the BHU fell from an average profit of 2.3 percent to a loss of 21 percent during the same period (Table 2).

93. **Overall asset quality worsened less in the private banks than in the public sector banks.** The proportion of non-performing loans in total loans in private banks increased from 6.5 percent to 8.7 percent between 1994 and 2000; in the BHU it increased from 13 to 16 percent, and in the BROU it tripled from to 35 percent (Table 2). The deteriorating trends

²⁶ References to the banking system normally include the intervened banks, which are classified as part of the private banking system. We maintain this classification in this note, except for the return on equity indicators, where intervened banks were *excluded* for the ratio calculations.

²⁷ Figures for the banking system as a whole are highly influenced by the performance of the two large public banks (about 50 percent of the system). Indicators for private banks tend to be quite different (see below).

are reflected in the supervisors' ratings of the loan portfolios. In private banks, loans rated as "1" or "2" (highest rankings), declined from 93 percent of total loans in 1995 to 91 percent in June 2000. For public banks (as a group) the ratio declined from 83 percent in 1997 to 69 percent. Thus, while the recession affected the overall quality of the Uruguayan banking sector's assets, the deterioration was concentrated in the public banks, with the quality of private bank's portfolio holding up fairly well.

94. **Profitability of the system as a whole, as measured by the return on equity, is relatively low but appears adequate if only the (nonintervened) private banks are considered.** Average return on equity for the system fell slightly from 7 to 6 percent during the 1994–2000 period. The latter figure corresponds to annualized results through September 2000 and is heavily influenced by the large negative results of the BHU and the weakness in the BROU. In contrast, profitability in the private system²⁸ fluctuated around an average 14 percent until 1998, above comparable indicators in neighboring countries.²⁹ It declined, however, to 7 percent in September 2000, reflecting the effects of the sharp slowdown of economic activity.

Capital Adequacy

95. **The Uruguayan banking system is adequately capitalized, but capitalization ratios have shown significant volatility.** The ratio of capital to unadjusted assets dropped from 20 percent in 1994 to 15 percent in 2000, while the ratio of capital to risk adjusted assets dropped from 31 percent in 1994, to a still high 23 percent in June 2000. Legislation enacted in 1998 increased minimum capital requirements for banks, from 8.5 percent to 10 percent of risk adjusted assets by early 2001.

96. **In the case of the public banks, capital may not be as high as the available figures suggest at first glance.** This is particularly true of the Mortgage Bank (BHU), where the large capital base largely stems from the accounting rules of the bank which up until recently specified that mortgage loans would be indexed to wages (with the UR) while most deposits were in U.S. dollars. This currency mismatch worked in favor of the BHU when wages were increasing in dollar terms, but recently this relationship has been reversed and the bank is now incurring valuation losses on its mortgage portfolio. Furthermore, the UR mechanism also at times led to increases in the size of the loan vis-à-vis the corresponding collateral, thus inducing arrears on loans, and defaults. Apparently, few provisions have been

²⁸ Excluding two banks currently administered by the public sector which are in the process of being restructured and sold.

²⁹ Return on equity varied between 6½ (Argentina) and 12½ percent (Chile) in a sample of other Latin American countries. World Bank, op.cit. p.25.

made at BHU to confront possible loan portfolio deterioration arising from these issues,³⁰ which suggests caution in interpreting the true level of capitalization of the BHU. In the case of the Bank of the Republic (BROU), which repeatedly refinances borrowers in distressed sectors, there may also be an overstatement of the quality of the portfolio and, thus, of the underlying level of the bank's capital base.³¹ Independent audits, currently underway, will assist both the BROU and the BHU to shed light on their true level of capital.

97. **Public banks have a higher capital ratio than private banks.** With the above caveats, bank capital is well above required minimums at the public banks, and particularly at the Mortgage Bank (BHU). As of December 1999, private banks had a ratio of capital to risk adjusted assets of 12.3 percent, above the required minimum of 10 percent that will go into effect in early 2001. The banks under public sector management, the intervened banks, are not, at present, meeting minimum capitalization requirements.

Efficiency Indicators

98. **Total employment in the Uruguayan financial sector decreased significantly during 1994–2000.** Total employment in the banking sector fell by 5 percent between 1994 and 2000. However, employment trends diverged for different segments of the market. Employment in the private banks expanded while that in the public institutions and those under public sector administration decreased. The BROU reduced its workforce by 19 percent during this period, as part of its efforts to reduce operating costs (Table 3). The reductions in total employment have occurred mainly through attrition (retirements, nonreplacements, etc.), and occurred despite efforts by the powerful Bank Employees Union (AEBU), to defend employment in the sector at all cost. For instance, the union tends to go on strike when layoffs are in the offing, or if a bank wishes to exit Uruguay—until other banks absorb the released employees. Employment increases in private banks have come about in part through the hiring of nonunionized workers in related activities, such as credit card services where manpower costs are correspondingly lower.

99. **Although the curtailment of employment in public banks has been significant, in terms of productivity they still lag behind private sector banks.** In 1994, the deposits per employee in the public banking system was approximately US\$0.5 million, in contrast to over US\$1.1 million in private banks. In 2000, deposits per employee had increased to about US\$1 million in public banks, while those in private banks had increased to US\$2 million, maintaining the relative efficiency gap. Public banks offer their services not only in urban

³⁰ World Bank, 2000, “*Uruguay – Financial Sector Review*” Report No. 20199-UR. Washington, DC. P. 27.

³¹ This does *not* include what the bank's authorities refer to as ‘provisions deficit’, which are well identified required provisions that have not yet been made because the bank has been authorized to build them up gradually. By mid 2000, the ‘provision deficit’ stood at US\$120 million.

areas, as do most private banks, but they also have a presence in the many small and distant rural communities, which increases their overhead costs and partly explain the persistent gap in deposits per employee.

100. **Other indicators also suggest lower efficiency in public banks.** The ratio between the operating margin and operating costs shows how much financial margin a bank tends to produce for each peso it spends on operating outlays. This ratio stood at 1.68 in 1994, indicating that for every peso destined to operating expenditures, banks were generating 1.68 pesos in margin. The ratio persistently decreased since then, and by June 2000 it stood at 1.0, a 40 percent decline in 6 years. Disaggregating the ratio sheds some light on the origins of the decline. The ratio for public banks declined from 2.07 to 1.13 (BROU), from 4.66 to -0.49 (BHU), but *increased* from 1.01 to 1.10 for private banks. A possible explanation for the observed trends may be found in the level of the capital of public banks. As the proportion of (low cost) capital dwindled in public banks, it became increasingly difficult for them to keep their margins. This points in the direction of the need for further operating cost control.

D. Conclusions

101. **Bank soundness indicators differ substantially between private and public banks in Uruguay.** Overall soundness tends to be weaker in public banks, and potential vulnerabilities larger. This occurs despite a much higher (but declining) degree of capitalization of public banks.

102. **The private banking system appears sound.** Private banks fared well during a period characterized by the volatility of external economic conditions, a sharp decline in inflation and, recently, a prolonged recession. The system did not seem to be affected significantly by the 1995 aftermath of the Mexican crisis, grew well, and generated adequate profit rates when the economic conditions were favorable. During the recession years private banks were adversely affected, as might be expected, but they managed to maintain a positive level of profits.

103. **Public banks did not fare as well during the recession and their soundness needs to be addressed.** The revenue deterioration confronted by public banks was more pronounced than in the private banks. This has led to significant losses that have been buffered by the large initial capital bases of both institutions. With the help of the external audits, it will be important to ascertain the true equity levels in these two banks.

104. **Provisions have been weakened by the recession.** Uruguay's overall banking system strengthened its provisions during the years 1994–1998, and maintained adequate profits, but there is now some weakening as revenues and profits have fallen during the 1999–2000 recession. This has led to a decline in the ratio of loan provisions to past due loans to below their 1994 level. It will be necessary for the system to step-up its provisions.

105. **Efficiency indicators also indicate relative weaknesses in the public banks.** Despite labor shedding in recent years, public banks will need to reduce further their operating costs if they are to be competitive. As their (low cost) capital dwindles, as it did over the past six years, increasing pressure will be placed on these institutions to restructure their operations in order to boost profitability.

Table 2. Uruguay: Banking Soundness Indicators 1/

	1994	1995	1996	1997	1998	1999	2000
	Dec	Dec	Dec	Dec	Dec	Dec	Sep
Profitability ratios 2/ (Percent of average total assets)							
Operating margin	8.8	9.0	7.5	6.5	5.6	5.4	4.7
BROU	12.4	14.9	10.5	10.1	8.4	6.1	6.1
BHU	10.3	7.8	6.1	2.4	3.1	-0.4	-0.8
Private banks	6.9	7.0	7.2	6.6	5.3	6.5	5.2
Overhead expenses (incl. labor costs)	5.2	5.4	5.5	5.2	4.9	5.2	4.7
BROU	5.9	6.7	7.0	6.7	6.2	5.5	5.5
BHU	2.2	2.4	2.9	2.8	2.8	2.8	2.3
Private banks	6.8	7.0	6.8	6.2	5.8	6.1	4.8
(Percent of equity)							
After-tax return on equity (adjusted for inflation, percent)	4.1	7.2	6.1	3.7	5.0	7.5	-6.2
BROU	2.5	8.0	4.0	1.7	6.4	7.0	-0.3
BHU	6.3	4.9	2.2	-2.3	2.4	0.3	-21.1
Private banks, excluding intervened banks	6.6	11.5	14.5	11.4	13.6	11.7	6.0
Asset quality ratios							
Nonperforming loans/total loans (percent)	8.4	10.6	10.4	9.3	10.7	16.1	16.4
BROU	10.5	17.2	17.6	19.2	21.3	34.6	34.6
BHU	13.1	15.4	16.0	14.2	16.1	16.1	16.1
Private banks	6.5	7.3	6.9	6.2	6.4	8.3	8.7
Loan provisions/total loans (percent)	...	5.2	6.4	6.5	6.1	5.9	6.5
BROU	...	8.2	12.1	12.1	11.2	12.1	14.1
BHU	...	5.0	5.6	7.8	6.9	7.2	7.4
Private banks, excluding intervened banks	...	4.9	5.0	4.7	4.6	3.0	3.5
Loan provisions/nonperforming loans (percent)	...	49.0	61.4	69.5	57.0	37.0	39.8
BROU	...	47.8	68.9	62.9	52.7	34.8	40.6
BHU	...	32.3	35.2	54.9	43.0	45.0	45.7
Private banks	...	67.4	72.5	77.0	71.2	36.8	39.8
Capital adequacy ratios							
Capital/assets (percent)	19.9	19.1	18.0	16.3	15.5	15.3	15.0
BROU	20.8	20.5	18.3	16.0	14.8	14.8	14.8
BHU	48.3	46.7	46.6	44.4	42.8	39.6	36.0
Private banks	6.9	6.9	7.0	6.6	6.2	7.1	7.7
Capital/risk-adjusted assets (percent) 3/	31.2	29.7	28.2	25.2	25.3	22.2	22.8
BROU	28.1	25.3	22.0	16.1	24.1	18.2	20.6
BHU	54.7	53.4	52.9	50.7	45.3	42.4	40.9
Private banks	13.3	13.0	13.4	11.3	11.2	10.2	12.3
Efficiency Ratios							
Personnel expenditures per employee (US\$ 000)	...	...	...	44	48	46	45
BROU	...	...	...	39	44	39	39
BHU	...	...	...	37	41	42	35
Private banks	...	...	...	52	53	53	51
Assets per employee (US\$ 000)	...	...	...	1,300	1,650	1,486	1,680
BROU	...	...	...	849	1,067	1,090	1,062
BHU	...	...	...	2,038	2,256	2,318	2,314
Private banks	...	...	...	1,457	1,672	1,572	1,950
Deposits per employee (US\$ 000)	...	...	...	1,213	1,405	1,373	1,378
BROU	...	...	...	721	904	863	853
BHU	...	...	...	1,176	1,314	1,406	1,438
Private banks	...	...	...	1,468	1,594	1,740	1,755
Financial margin/Operating costs	1.68	1.65	1.37	1.24	1.15	1.03	1.01
BROU	2.08	2.23	1.51	1.50	1.35	1.09	1.11
BHU	4.66	3.30	2.14	0.86	1.09	-0.14	-0.33
Private banks	1.01	1.01	1.06	1.05	0.92	1.07	1.08
Memorandum items:							
BROU and BHU share of total assets	49.7	50.5	48.1	45.5	44.2	41.0	40.4

Source: Central Bank of Uruguay - Banking Superintendency.

1/ Comprising private banks; Bank of the Republic and National Mortgage Bank; and two intervened banks.

2/ Except where noted, the profitability indicators are not adjusted for inflation bias; September 2000 figures are annualized.

3/ As of end-1998, minimum was 8.5 percent, to increase to 10 percent by 2001.

Table 3. Uruguay: Employment in the Banking Sector

	1994	1995	1996	1997	1998	1999	2000
	Dec	Dec	Dec	Dec	Dec	Dec	Sep
Number of employees							
Public banks	7,281	7,268	6,954	6,744	6,323	6,230	6,085
BROU	5,717	5,546	5,267	5,118	4,751	4,717	4,615
BHU	1,564	1,722	1,687	1,626	1,572	1,513	1,470
Private banks	6,081	6,100	6,125	6,253	6,280	6,501	6,532
Privately managed banks	3,268	3,310	3,424	3,592	3,995	4,371	4,442
Publicly managed private banks	1,502	1,443	1,341	1,283	1,246	1,145	1,131
Finance houses	196	180	176	170	159	159	138
Cooperatives	1,115	1,167	1,184	1,208	880	826	821
Off-shore banks	111	171	170	167	181	127	133
Total	13,473	13,539	13,249	13,164	12,784	12,858	12,750
Publicly administered banks	8,783	8,711	8,295	8,027	7,569	7,375	7,216
Privately administered banks	4,690	4,828	4,954	5,137	5,215	5,483	5,534
Total	13,473	13,539	13,249	13,164	12,784	12,858	12,750
Total excluding off-shore banks	13,362	13,368	13,079	12,997	12,603	12,731	12,617
Percent of total							
Total	100	100	100	100	100	100	100
Publicly administered banks	65	64	63	61	59	57	57
BROU	42	41	40	39	37	37	36
BHU	12	13	13	12	12	12	12
Publicly managed private banks	11	11	10	10	10	9	9
Privately administered banks	35	36	37	39	41	43	43

Source: Central Bank of Uruguay - Banking Superintendency

Table 4. Uruguay: National Accounts

	1995	1996	1997	1998	1999
(In millions of Uruguayan pesos)					
GDP at market prices	122,521	163,077	204,938	235,393	238,820
Domestic expenditure	122,648	163,385	204,917	237,112	242,682
Consumption	103,771	138,460	174,106	200,420	206,312
Public sector	14,505	20,595	25,411	29,546	33,027
Private sector	89,265	117,866	148,695	170,874	173,285
Gross domestic investment	18,878	24,925	30,811	36,692	36,370
Fixed capital formation	16,573	22,835	29,226	35,137	34,809
Public sector	3,789	4,674	5,455	6,789	7,709
Construction	3,282	3,871	4,444	5,976	6,833
Machinery and equipment	507	803	1,010	813	876
Private sector	12,785	18,161	23,771	28,348	27,100
Construction	6,589	9,167	11,979	14,111	15,231
Land improvements	534	684	819	1,003	962
Machinery and equipment	5,661	8,311	10,972	13,233	10,907
Changes in stocks	2,304	2,089	1,585	1,555	1,561
Balance of trade and nonfactor services	-127	-308	21	-1,719	-3,862
Exports of goods and nonfactor services	23,275	32,169	42,109	46,511	42,965
Imports of goods and nonfactor services	-23,403	-32,478	-42,088	-48,230	-46,827
(In percent of GDP)					
GDP at market prices	100.0	100.0	100.0	100.0	100.0
Domestic expenditure	100.1	100.2	100.0	100.7	101.6
Consumption	84.1	84.9	85.0	85.0	86.4
Public sector	11.8	12.6	12.4	12.6	13.8
Private sector	72.9	72.3	72.6	72.6	72.6
Gross domestic investment	15.4	15.3	15.0	15.6	15.2
Fixed capital formation	13.5	14.0	14.3	14.9	14.6
Public sector	3.1	2.9	2.7	2.9	3.2
Construction	2.7	2.4	2.2	2.5	2.9
Machinery and equipment	0.4	0.5	0.5	0.3	0.4
Private sector	10.4	11.1	11.6	12.0	11.3
Construction	5.4	5.6	5.8	6.0	6.4
Land improvements	0.4	0.4	0.4	0.4	0.4
Machinery and equipment	4.6	5.1	5.4	5.6	4.6
Changes in stocks	1.9	1.3	0.8	0.7	0.7
Balance of trade and nonfactor services	-0.1	-0.2	0.0	-0.7	-1.6
Exports of goods and nonfactor services	19.0	19.7	20.5	19.8	18.0
Imports of goods and nonfactor services	-19.0	-19.9	-20.5	-20.5	-19.6

Source: Central Bank of Uruguay.

Table 5. Uruguay: National Accounts at Constant Prices

(In thousands of Uruguayan pesos at 1983 prices)

	1995	1996	1997	1998	1999	Jan-Sept 2000
GDP at market prices	258,159	272,559	285,836	298,988	289,379	...
Domestic expenditure	280,097	297,889	314,734	337,946	331,275	...
Consumption	233,601	251,859	264,894	282,250	281,677	...
Public sector	32,626	34,263	35,034	36,095	37,734	...
Private sector	200,975	217,596	229,860	246,115	243,943	...
Gross domestic investment	46,496	46,030	49,840	55,696	49,598	...
Fixed capital formation	37,869	41,723	45,959	49,226	44,776	...
Public sector	8,794	8,970	9,181	9,544	10,189	...
Construction	6,533	6,291	6,223	7,389	7,850	...
Machinery and equipment	2,261	2,679	2,958	2,155	2,339	...
Private sector	29,075	32,753	36,778	39,682	34,587	...
Construction	12,235	12,877	13,820	14,361	14,372	...
Land improvements	2,015	2,034	2,107	2,282	2,288	...
Machinery and equipment	14,825	17,842	20,851	23,039	17,927	...
Changes in inventories	8,627	4,307	3,881	6,470	4,822	...
Balance of trade and nonfactor services	-21,938	-25,330	-28,898	-38,958	-41,896	...
Exports of goods and nonfactor services	86,403	95,287	107,695	108,055	98,731	...
Imports of goods and nonfactor services	-108,341	-120,617	-136,593	-147,013	-140,627	...
(Annual percentage change)						
Gross domestic product	-1.4	5.6	4.9	4.6	-3.2	-1.3
Domestic expenditure	-1.9	6.4	5.7	7.4	-2.0	-4.1
Consumption	-3.2	7.8	5.2	6.6	-0.2	-1.2
Public sector	0.2	5.0	2.3	3.0	4.5	-0.6
Private sector	-3.7	8.3	5.6	7.1	-0.9	-1.3
Gross domestic investment	4.6	-1.0	8.3	11.7	-10.9	-17.6
Fixed capital formation	-5.0	10.2	10.2	7.1	-9.0	-12.0
Public sector	-28.5	2.0	2.4	4.0	6.8	-5.1
Private sector	5.5	12.7	12.3	7.9	-12.8	-14.1
Changes in stocks 1/	1.6	-1.6		0.9	-0.6	-1.2
Balance of trade and nonfactor services 1/	0.7	-1.2	-1.2	-3.4	-1.0	3.5
Exports of goods and nonfactor services	-1.9	10.3	13.0	0.3	-8.6	8.5
Imports of goods and nonfactor services	-3.0	11.3	13.2	7.6	-4.3	-0.2

Source: Central Bank of Uruguay.

1/ Contribution to GDP growth

Table 6. Uruguay: Saving and Investment

(As percent of GDP at current market prices)

	1995	1996	1997	1998	1999
GDP at market prices	100.0	100.0	100.0	100.0	100.0
Domestic expenditure	100.1	100.2	100.0	100.7	101.6
Consumption	84.7	84.9	85.0	85.1	86.4
Public sector	11.8	12.6	12.4	12.6	13.8
Private sector	72.9	72.3	72.6	72.6	72.6
Gross domestic investment	15.4	15.3	15.0	15.6	15.2
Fixed capital formation	13.5	14.0	14.3	14.9	14.6
Public sector	3.1	2.9	2.7	2.9	3.2
Private sector	10.4	11.1	11.6	12.0	11.3
Changes in stocks	1.9	1.3	0.8	0.7	0.7
Gross national savings	14.3	14.1	13.7	13.5	12.7
Public sector 1/	2.5	2.0	2.2	3.2	0.1
Private sector	11.8	12.1	11.5	10.3	12.6
Current account balance	-1.1	-1.1	-1.4	-2.1	-2.5

Sources: Central Bank of Uruguay; and Fund staff estimates.

Table 7. Uruguay: Gross Domestic Product by Origin

	1995	1996	1997	1998	1999	Jan-Sept 2000
(In thousands of Uruguayan pesos at 1983 prices)						
GDP at market prices	258,159	272,559	285,836	298,988	289,379	285,519
Primary activities	30,724	33,596	31,615	33,841	31,161	29,827
Agriculture, livestock, and forestry	29,791	32,623	30,592	32,704	30,143	28,756
Fishing	352	348	382	400	262	315
Mining	581	625	641	737	756	756
Secondary activities	69,346	71,641	75,649	79,280	74,404	72,812
Manufacturing	50,877	52,918	56,023	57,330	52,513	51,673
Construction	8,922	8,761	8,968	9,733	10,058	8,821
Utilities	9,547	9,962	10,658	12,217	11,833	12,318
Services	154,983	162,810	171,869	178,984	182,320	181,383
Commerce, restaurants, and hotels	35,314	37,434	40,726	41,639	40,256	38,646
Transport and communications	26,197	28,283	29,990	31,309	32,401	32,855
Finance, insurance and real estate	52,908	55,655	58,289	62,001	65,970	66,102
Other services	40,564	41,438	42,864	44,035	43,693	43,780
Adjustment 1/	3,106	4,512	6,703	6,883	1,494	1,497
(In percent of GDP)						
GDP at market prices	100.0	100.0	100.0	100.0	100.0	100.0
Primary activities	11.9	12.3	11.1	11.3	10.8	10.4
Agriculture, livestock, and forestry	11.5	12.0	10.7	10.9	10.4	10.1
Fishing	0.1	0.1	0.1	0.1	0.1	0.1
Mining	0.2	0.2	0.2	0.2	0.3	0.3
Secondary activities	26.9	26.3	26.5	26.5	25.7	25.5
Manufacturing	19.7	19.4	19.6	19.2	18.1	18.1
Construction	3.7	3.7	3.7	4.1	4.1	3.1
Utilities	3.5	3.2	3.1	3.3	3.5	4.3
Services	60.0	59.7	60.1	59.9	63.0	63.5
Commerce, restaurants, and hotels	13.7	13.7	14.2	13.9	13.9	13.5
Transport and communications	10.1	10.4	10.5	10.5	11.2	11.5
Finance, insurance and real estate	20.5	20.4	20.4	20.7	22.8	23.2
Other services	15.7	15.2	15.0	14.7	15.1	15.3
Adjustment 1/	1.2	1.7	2.3	2.3	0.5	0.5
(Percent change)						
GDP at market prices	-1.4	5.6	4.9	4.6	-3.2	-1.3
Primary activities	7.5	9.3	-5.9	7.0	-7.9	-4.3
Agriculture, livestock, and forestry	5.4	9.5	-6.2	6.9	-7.8	-4.6
Fishing	12.5	-1.1	9.8	4.7	-34.5	20.1
Mining	20.8	7.6	2.6	15.0	2.6	0.0
Secondary activities	-2.6	3.3	5.6	4.8	-6.2	-2.1
Manufacturing	-2.8	4.0	5.9	2.3	-8.4	-1.6
Construction	7.3	4.3	7.0	14.6	-3.1	-12.3
Utilities	-10.3	-1.8	2.4	8.5	3.3	4.1
Services	-1.3	5.1	5.6	4.1	1.9	-0.5
Commerce, restaurants, and hotels	-9.6	6.0	8.8	2.2	-3.3	-4.0
Transport and communications	6.2	8.0	6.0	4.4	3.5	1.4
Finance, insurance and real estate	0.5	5.2	4.7	6.4	6.4	0.2
Other services	-0.4	2.2	3.4	2.7	-0.8	0.2
Adjustment 1/	-32.2	45.3	48.6	2.7	-78.3	0.2

Table 7. Uruguay: Gross Domestic Product by Origin

	1995	1996	1997	1998	1999	2000
(In millions of Uruguayan pesos)						
GDP at market prices	122,521	163,077	204,938	235,393	238,820	...
Primary activities	10,557	13,110	15,437	16,824	13,587	...
Agriculture, livestock, and forestry	10,385	12,895	15,118	16,376	13,288	...
Fishing	171	215	319	448	299	...
Mining	277	368	449	578	621	...
Secondary activities	35,154	46,317	57,631	67,001	64,233	...
Manufacturing	24,130	31,505	39,006	44,319	39,852	...
Construction	4,525	6,131	7,772	9,307	9,465	...
Utilities	6,500	8,681	10,854	13,375	14,916	...
Services	80,563	108,355	136,852	158,515	171,605	...
Commerce, restaurants, and hotels	18,660	24,025	30,238	33,009	33,741	...
Transport and communications	8,904	12,301	16,067	18,904	20,967	...
Finance, insurance and real estate	9,342	12,992	16,902	21,007	24,430	...
Other services	43,657	59,037	73,645	85,596	92,467	...
Adjustment 1/	-3,753	-4,705	-4,982	-6,946	-10,605	...
(In percent of GDP)						
GDP at market prices	100.0	100.0	100.0	100.0	100.0	...
Primary activities	8.6	8.0	7.5	7.1	5.7	...
Agriculture, livestock, and forestry	8.5	7.9	7.4	7.0	5.6	...
Fishing	0.1	0.1	0.2	0.2	0.1	...
Mining	0.2	0.2	0.2	0.2	0.3	...
Secondary activities	28.7	28.4	28.1	28.5	26.9	...
Manufacturing	19.7	19.3	19.0	18.8	16.7	...
Construction	3.7	3.8	3.8	4.0	4.0	...
Utilities	5.3	5.3	5.3	5.7	6.2	...
Services	65.8	66.4	66.8	67.3	71.9	...
Commerce, restaurants, and hotels	15.2	14.7	14.8	14.0	14.1	...
Transport and communications	7.3	7.5	7.8	8.0	8.8	...
Finance, insurance and real estate	7.6	8.0	8.2	8.9	10.2	...
Other services	35.6	36.2	35.9	36.4	38.7	...
Adjustment 1/	-3.1	-2.9	-2.4	-3.0	-4.4	...

Source: Central Bank of Uruguay.

1/ Subtracts imputed earnings of financial intermediaries and adds import duties.

Table 8. Uruguay: Agricultural and Livestock Production 1/

(Percentage change)

	1995	1996	1997	1998	1999	Jan-Jun 2000
Total agriculture and livestock	3.8	9.8	-1.7	5.8	-7.8	-5.5
Agricultural products	10.0	15.2	-2.9	9.2	-12.8	...
Cereals	12.9	22.0	...	...	...	...
<i>Of which:</i>						
Wheat	-15.9	44.3	65.4	-22.3	10.8	-31.3
Corn	21.1	38.0	26.5	25.4	19.3	-73.3
Rice	22.6	4.6	26.5	25.4	19.3	-27.9
Sunflower seed	94.2	-6.1	1.5	-31.1	104.7	-79.3
Soybeans	-37.8	0.0	0.0	20.0	0.0	...
Sugar cane	-6.7	-5.7	9.5	-19.7	-4.3	...
Livestock products	-1.2	5.0	-0.5	2.8	-1.8	...
Beef	0.8	6.9	15.1	-6.6	-4.2	16.9
Other livestock	12.7	-8.8	...	...	...	...
Wool	-7.0	7.8	-7.7	-20.1	-9.1	14.6
Milk	5.3	3.8	...	...	...	...
Other	-14.5	3.1	...	...	...	...

Source: Central Bank of Uruguay.

1/ Calendar year estimates.

Table 9. Uruguay: Selected Data on Acreage, Production, and Yield of Agricultural Products

(Production in thousand metric tons; acreage in thousand hectares;
yield in metric tons per hectare)

	1995	1996	1997	1998	1999	Jan-Oct. 2000
Cereals						
Wheat						
Acreage	189.0	168.2	250.3	254.4	193.3	196.5
Production	485.0	392.9	649.7	504.8	559.2	383.9
Yield	2.566	2.336	2.596	1.984	2.893	1.954
Rice						
Acreage	146.2	150.0	155.0	180.2	208.0	185.0
Production	108.4	128.1	162.1	203.3	242.5	174.8
Yield	0.741	0.854	1.046	1.128	1.166	0.945
Corn						
Acreage	44.2	59.0	61.3	60.3	59.3	42.3
Production	108.4	128.1	162.1	203.3	242.5	64.7
Yield	2.452	2.171	2.644	3.371	4.089	1.530
Barley						
Acreage	73.0	130.9	146.1	118.9	72.8	54.9
Production	177.0	329.0	340.6	198.6	196.0	109.9
Yield	2.425	2.513	2.331	1.670	2.692	2.002
Sorghum						
Acreage	42.6	32.9	38.8	30.0	29.7	12.4
Production	135.8	92.1	129.7	91.1	106.1	19.9
Yield	3.188	2.799	3.343	3.037	3.572	1.605
Oilseeds and industrial crops						
Sunflower seed						
Acreage	106.3	91.6	96.8	81.0	134.3	50.2
Production	119.6	112.3	114	78.5	160.7	33.3
Yield	1.125	1.226	1.178	0.969	1.197	0.663
Soybeans						
Acreage	7.5	7.5	8.0	9.0	9.0	...
Production	14.0	14.0	14.0	16.8	16.8	...
Yield	1.867	1.867	1.750	1.867	1.867	...
Sugarcane						
Acreage	3.7	3.7	3.4	3.1	3.1	...
Production	201.8	190.2	208.2	167.2	160.0	...
Yield	54.541	51.405	61.235	53.935	51.613	...

Sources: Central Bank of Uruguay; and Ministry of Agriculture and Fishing.

Table 10. Uruguay: Production and Exports of Wool 1/

(In thousands of metric tons)

	1995	1996	1997	1998	1999	Jan-Jun 2000
Supply	92.4	96.4	85.4	72.4	61.2	66.5
Production	75.9	81.8	75.5	60.3	54.8	62.8
Imports	16.5	14.6	9.9	12.1	6.4	3.7
Demand	78.1	103.9	97.5	66.3	70.7	43.7
Domestic	3.0	3.0	3.0	3.0	3.0	1.5
Exports	75.1	100.9	94.5	63.3	67.7	42.2
Change in stocks	14.3	-7.5	-12.1	6.1	-9.5	22.8

Source: Central Bank of Uruguay.

1/ Greasy wool equivalent.

Table 11. Uruguay: Fishing Production and Exports

	Tonnage Caught	Exports	
		Tons	Millions of US\$
1995	123,239	68,597	84.5
1996	133,212	80,035	92.5
1997	138,154	71,477	103.1
1998	97,631	...	...
1999	53,485	...	...
2000 1st. semester	52,742	...	...
1996			
First quarter	21,780	16,285	16.4
Second quarter	33,604	14,021	18.8
Third quarter	36,824	20,927	25.4
Fourth quarter	31,031	17,364	23.9
1997			
First quarter	25,107	11,317	14.2
Second quarter	39,777	22,760	23.5
Third quarter	36,039	22,607	24.1
Fourth quarter	32,289	23,351	30.7
1998			
First quarter	24,897	13,028	23.6
Second quarter	32,179	16,363	23.3
Third quarter	38,440	12,010	28.5
Fourth quarter	29,645	...	27.7
1999			
First quarter	23,635	...	12.5
Second quarter	21,987	...	...
Third quarter	24,879	...	...
Fourth quarter	27,130	...	...
2000 (Prel.)			
First quarter	20,895	...	...
Second quarter	31,847	...	...
Third quarter	...	...	...
Fourth quarter	...	...	...

Source: Central Bank of Uruguay.

Table 12. Uruguay: Production and Consumption of Beef

	Production		Exports (Metric tons)	Consumption (Metric tons)
	Av. Weight (Kgs/Head)	Heads		
1996	483	1,701,905	205,361	201,600
1997	476	1,959,296	263,264	...
1998	473	1,829,772	250,268	...
1999	481	1,752,340	239,911	...
1996				
First quarter	488	423,047	45,684	...
Second quarter	491	451,865	53,879	...
Third quarter	476	410,091	54,233	...
Fourth quarter	477	416,902	51,565	...
1997				
First quarter	489	488,852	63,613	...
Second quarter	486	546,091	75,609	...
Third quarter	456	467,087	66,907	...
Fourth quarter	469	457,266	57,135	...
1998				
First quarter	485	500,779	67,671	...
Second quarter	481	477,724	70,730	...
Third quarter	454	403,023	56,739	...
Fourth quarter	469	448,249	55,128	...
1999				
First quarter	477	425,535	56,439	...
Second quarter	488	415,250	56,004	...
Third quarter	469	387,116	51,558	...
Fourth quarter	482	524,439	75,910	...
2000 (Prel.)				
First quarter	476	525,221	81,423	...
Second quarter	465	457,454	67,471	...
Third quarter	...	...	...	...
Fourth quarter	...	...	...	...

Source: Central Bank of Uruguay.

Table 13. Uruguay: Annual Index of Manufacturing Production

	1995	1996	1997	1998	1999	Jan.-June 2000
(Physical output; quarterly average 1988=100)						
Manufacturing, total	94.7	98.6	104.1	109.9	100.5	98.7
Food, beverages and tobacco	109.2	116.8	125.6	129.4	129.1	116.0
Textiles and leather	74.3	79.6	81.5	69.0	55.0	59.4
Paper and print	94.5	105.4	115.8	128.3	120.6	111.2
Chemical products	108.5	113.8	111.5	125.2	113.0	120.9
Nonmetallic mineral products	103.1	101.8	115.3	112.1	88.5	72.1
Basic metal products	68.6	67.3	73.4	76.5	72.2	68.4
Metals and machinery	61.8	51.7	64.8	85.6	68.3	74.5
(Annual percentage change)						
Manufacturing, total	3.1	4.2	5.6	5.5	-8.6	-0.8
Food, beverages and tobacco	1.1	6.9	7.5	3.0	-0.2	-4.5
Textiles and leather	-14.7	7.1	2.3	-15.3	-20.3	9.0
Paper and print	-11.2	11.6	9.8	10.8	-6.0	-7.1
Chemical products	63.0	4.9	-2.0	12.2	-9.7	0.3
Nonmetallic mineral products	-16.7	-1.3	13.2	-2.8	-21.0	-18.0
Basic metal products	-5.3	-1.9	9.1	4.3	-5.6	-5.6
Metals and machinery	-34.0	-16.3	25.3	32.1	-20.2	11.0

Source: National Institute of Statistics (INE) website.

Table 14. Uruguay: Quarterly Index of Manufacturing Production

	1996				1997				1998				1999				2000			
	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV
	(Physical output; quarterly average 1988=100)																			
Manufacturing, total	95.8	93.7	99.4	105.6	87.4	107.7	107.6	113.9	104.0	105.8	113.8	115.9	97.6	101.5	95.7	107.0	100.1	97.4	...	...
Food, beverages and tobacco	107.6	109.4	117.7	132.6	116.9	124.4	124.8	136.1	122.8	121.2	130.6	142.9	120.3	122.6	126.1	147.5	119.4	112.6	...	...
Textiles and leather	70.2	85.3	78.6	84.5	75.6	90.7	81.1	78.6	73.4	76.4	65.8	60.5	52.3	56.7	56.4	54.7	55.4	63.4	...	...
Paper and print	101.0	100.8	109.1	110.6	104.0	113.8	119.9	125.4	118.7	127.8	127.8	138.9	118.4	121.1	119.0	123.9	109.1	113.3	...	...
Chemical products	125.4	101.9	111.0	116.7	74.7	121.4	121.1	128.9	119.4	115.4	133.4	132.5	117.8	123.3	96.9	114.0	127.1	114.8	...	...
Nonmetallic mineral products	97.4	89.0	112.4	108.6	108.4	110.3	113.9	128.7	111.3	100.6	113.6	122.8	98.2	77.6	90.1	88.3	77.7	66.4	...	...
Basic metal products	39.1	68.8	88.6	72.6	42.0	81.5	82.0	87.9	50.0	83.2	86.8	86.2	55.4	89.6	62.0	82.0	57.7	79.1	...	...
Metals and machinery	49.0	52.4	56.3	49.1	47.7	64.0	73.1	74.3	68.2	85.9	99.9	88.3	62.8	71.4	69.8	69.2	70.4	78.7	...	...
	(Annual percentage change)																			
Manufacturing, total	18.0	-3.1	2.8	-2.7	-8.8	14.9	8.2	7.8	18.9	-1.7	5.8	1.8	-6.1	-4.1	-15.9	-7.7	2.5	-4.0	...	...
Food, beverages and tobacco	17.8	3.5	5.1	-4.9	8.6	13.7	6.1	2.6	5.0	-2.6	4.6	5.0	-2.0	1.2	-3.5	3.2	-0.7	-8.2	...	...
Textiles and leather	-3.5	-14.4	18.8	11.4	7.7	6.3	3.2	-6.9	-2.8	-15.8	-18.9	-23.1	-28.7	-25.7	-14.2	-9.7	5.8	11.8	...	...
Paper and print	7.4	19.0	7.0	6.0	3.0	12.8	9.9	13.3	14.1	12.3	6.6	10.8	-0.3	-5.3	-6.9	-10.8	-7.8	-6.4	...	...
Chemical products	64.9	3.1	-6.3	-12.4	-40.5	19.1	9.0	10.4	59.8	-5.0	10.2	2.8	-1.3	6.9	-27.4	-13.9	8.0	-6.9	...	...
Nonmetallic mineral products	-6.8	0.9	-5.9	5.2	11.3	24.0	1.4	18.5	2.6	-8.8	-0.3	-4.6	-11.8	-22.9	-20.7	-28.1	-20.8	-14.4	...	...
Basic metal products	32.3	-46.1	-14.6	28.4	7.5	18.4	-7.4	21.2	18.9	2.0	5.8	-2.0	10.9	7.7	-28.5	-4.9	4.2	-11.7	...	...
Metals and machinery	-29.8	-35.1	0.3	14.3	-2.5	22.3	29.8	51.3	42.9	34.2	36.6	18.9	-7.9	-16.9	-30.1	-21.6	12.0	10.1	...	...

Source: National Institute of Statistics (INE) website.

Table 15. Uruguay: Output and Output per Hour in Manufacturing
(Percentage change over corresponding period of previous year)

	Manufacturing Output	Hours Worked	Output per Hour
1995	3.1	-9.3	13.7
1996	4.2	-4.6	9.2
1997	5.6	-0.1	5.7
1998	5.5	-6.2	12.5
1999	-8.6	-11.7	3.6
2000 1st semester	-0.8	-2.4	0.7
1995			
1st quarter	8.6	-3.4	12.4
2nd quarter	6.2	-8.9	16.5
3rd quarter	-4.9	-11.5	7.6
4th quarter	3.6	-13.1	19.2
1996			
1st quarter	18.0	-11.0	24.2
2nd quarter	-3.1	-8.2	3.2
3rd quarter	2.8	-0.3	9.5
4th quarter	-2.7	1.7	1.6
1997			
1st quarter	-8.8	-1.5	-7.3
2nd quarter	14.9	2.6	12.0
3rd quarter	8.2	0.6	7.5
4th quarter	7.8	-2.3	10.3
1998			
1st quarter	18.9	0.0	18.9
2nd quarter	-1.7	-7.9	6.7
3rd quarter	5.8	-7.9	14.8
4th quarter	1.8	-8.4	11.2
1999			
1st quarter	-6.1	-11.3	5.9
2nd quarter	-4.1	-13.7	11.1
3rd quarter	-15.9	-13.1	-3.2
4th quarter	-7.7	-8.8	1.2
2000			
1st quarter	2.5	-3.2	5.9
2nd quarter	-4.0	-0.8	-3.3
3rd quarter	...	...	...
4th quarter	...	...	...

Source: National Institute of Statistics (INE) website.

Table 16. Uruguay: Labor Force and Employment
(As a percentage of population 14 years of age and older)

	Labor Force			Employment		
	Male	Female	Total	Male	Female	Total
1990						
First half	74.6	48.3	60.0	69.7	42.6	54.7
Second half	74.4	46.5	59.1	68.5	41.0	53.4
1991						
First half	73.6	46.7	58.8	68.1	40.9	53.2
Second half	75.0	48.2	60.2	69.9	43.3	55.3
1992						
First half	73.2	47.5	59.0	68.1	41.4	53.2
Second half	73.4	49.3	60.0	68.8	44.0	55.0
1993						
First half	73.4	48.0	59.2	68.7	42.3	54.0
Second half	72.0	48.1	58.7	67.5	43.1	54.1
1994						
First half	73.8	48.0	59.7	68.8	42.8	54.6
Second half	75.6	49.8	61.4	70.2	43.3	55.3
1995						
First half	76.3	50.9	62.3	70.1	44.1	55.8
Second half	75.3	51.4	61.9	68.8	44.3	55.1
1996						
First half	73.7	51.2	61.3	66.1	43.5	53.6
Second half	78.3	52.9	62.0	65.5	45.5	54.5
1997						
First half	72.2	49.4	59.6	65.1	41.9	52.4
Second half	73.1	50.6	60.7	66.7	43.5	54.0
1998						
First half	73.3	51.3	61.1	68.1	44.6	55.1
Second half	73.8	51.8	61.8	67.2	45.3	55.2
1999						
First half	73.2	52.9	62.1	66.4	44.7	54.5
Second half	72.5	51.5	60.8	66.0	44.7	54.2
2000 (Prel.)						
First half	70.3	52.0	60.2	61.1	42.8	51.0
Second half	...	...	...	...	...	...

Source: National Institute of Statistics (INE) website.

Table 17. Uruguay: Unemployment Rate 1/

(As a percentage of the labor force)

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
January	7.7	8.4	8.6	8.7	8.0	9.9	11.3	11.9	10.3	10.7	11.7
February	8.3	9.0	9.0	8.6	8.5	10.0	11.3	11.6	10.1	10.8	11.5
March	8.9	9.3	9.1	9.0	8.3	10.1	11.3	11.7	10.0	11.2	12.0
April	9.0	9.4	9.2	8.8	8.5	9.9	11.5	11.4	10.0	11.1	12.4
May	8.8	9.3	9.0	9.0	8.6	9.7	11.9	11.5	10.3	11.7	13.7
June	8.6	9.2	8.1	8.8	8.7	9.6	12.6	12.0	9.8	11.1	14.3
July	8.5	9.1	8.2	8.7	9.2	9.8	12.5	12.0	10.1	11.0	14.0
August	9.0	8.9	8.4	8.1	9.6	10.0	12.3	12.1	9.9	10.5	14.0
September	9.1	8.2	8.4	8.3	10.0	10.2	11.9	11.9	10.2	11.4	13.9
October	9.2	8.5	8.5	7.4	9.9	10.5	11.8	11.5	10.0	11.6	14.6
November	9.3	8.5	8.3	7.9	9.8	10.8	11.7	10.8	10.5	11.8	14.4
December	9.1	8.3	8.3	7.6	9.8	11.2	11.6	10.3	10.3	11.4	...
Average	8.8	8.8	8.6	8.4	9.1	10.1	11.8	11.6	10.1	11.2	14.7

Source: National Institute of Statistics (INE).

1/ Three month moving average.

Table 18. Uruguay: Price Movements

(Annual percentage change) 1/

	1995	1996	1997	1998	1999	2000
Consumer prices	35.4	24.3	15.2	8.6	4.2	5.1
Food	29.5	22.2	14.0	9.2	2.1	5.8
Housing	41.6	28.1	19.5	8.9	4.6	4.3
Clothing	33.7	16.1	7.1	8.0	0.3	-2.1
Home furnishings	...	...	...	...	...	1.6
Medical services	...	...	...	...	...	4.8
Transportation	...	...	...	...	...	11.7
Books, recreation, entertainment	...	...	...	...	...	1.8
Education	...	...	...	...	...	4.4
Other	...	...	...	...	...	3.0
Wholesale prices	27.7	23.5	13.3	3.3	-0.3	9.5
Manufactures	31.3	21.6	13.0	5.4	1.6	7.9
Agricultural products	18.4	28.8	13.7	-2.9	-6.6	14.4

Source: National Institute of Statistics (INE).

1/ End of period.

Table 19. Uruguay: Public Utility and Petroleum Prices

	Electricity		Telephone	Montevideo	Water	Natural	Regular	Gas	Fuel
	Household	Industrial		Transport		Gas	Gasoline	Oil	Oil
II. End of Period Index Deflated by CPI (March 1997=100)									
1996									
March	98.7	98.3	101.6	88.8	91.2	96.0	90.4	88.9	91.8
June	100.6	100.5	103.1	93.2	95.9	94.5	96.9	97.7	98.5
September	98.0	97.0	102.9	97.9	95.6	96.6	95.2	96.0	96.0
December	101.7	101.0	98.9	98.6	91.8	97.1	105.0	105.0	105.0
1997									
March	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
June	101.6	102.0	93.2	96.0	101.3	98.6	101.0	100.6	100.2
September	101.7	101.9	94.0	101.3	102.4	99.2	98.1	97.8	97.4
December	102.7	103.2	91.8	99.0	100.0	99.0	99.3	98.7	98.6
1998									
March	103.4	103.9	94.1	103.8	101.8	99.5	97.0	96.4	96.3
June	101.3	101.7	92.2	101.6	99.7	99.6	95.0	94.4	94.3
September	100.3	102.2	92.7	98.9	101.2	98.2	92.4	91.9	91.7
December	99.2	101.0	91.7	97.8	100.1	99.1	91.4	90.9	90.7
1999									
March	101.3	101.5	93.5	104.1	102.2	98.3	90.5	90.0	89.8
June	100.2	100.5	92.5	103.0	101.1	99.1	89.5	89.0	88.8
September	99.1	101.1	93.3	102.2	100.7	98.5	93.0	90.0	89.9
December	97.9	99.9	92.2	105.3	99.5	99.1	100.8	97.6	97.5
2000									
March	99.2	101.1	93.7	106.0	102.3	100.9	109.0	106.0	105.7
June	97.8	99.7	92.4	111.0	100.9	103.9	117.6	113.9	113.4
September	96.6	98.4	91.2	116.4	99.6	106.6	127.0	119.8	119.8
December	...	...	...	...	...	...	...	...	...

Source: Central Bank of Uruguay.

Table 20. Uruguay: Wage Developments

(Percentage change over the corresponding period of the previous year; period average)

	Public Sector		Private Sector			Overall Wage Index	
	Nominal	Real 1/	Nominal	Real 1/	In US\$	Nominal	Real 1/
1996	32.0	2.9	28.5	0.1	2.4	29.3	0.7
1997	21.3	1.3	19.6	-0.2	1.0	20.1	0.3
1998	14.3	3.1	12.1	1.2	2.3	12.8	1.8
1999	8.9	3.1	6.6	0.9	-1.5	7.3	1.6
1996							
1st quarter	32.8	-0.1	29.2	-2.8	2.6	30.0	-2.2
2nd quarter	33.7	3.1	30.5	0.6	3.3	31.1	1.1
3rd quarter	33.2	5.4	29.3	2.3	2.1	30.2	3.0
4th quarter	28.9	2.8	25.5	0.1	1.7	26.4	0.8
1997							
1st quarter	25.0	0.7	23.5	-0.5	2.1	24.0	-0.1
2nd quarter	22.5	0.9	20.6	-0.7	0.8	21.2	-0.2
3rd quarter	19.7	1.7	18.6	-0.3	1.2	18.9	0.0
4th quarter	18.8	2.7	16.4	0.6	0.4	17.1	1.3
1998							
1st quarter	17.7	3.8	14.9	1.3	2.2	15.8	2.1
2nd quarter	13.8	2.7	13.0	2.1	2.8	13.3	2.3
3rd quarter	14.4	3.9	11.1	0.9	2.1	12.1	1.8
4th quarter	11.5	2.1	9.9	0.5	2.2	10.4	1.0
1999							
1st quarter	10.3	3.2	7.0	0.1	0.2	8.0	1.1
2nd quarter	7.5	2.7	6.2	1.4	-1.0	6.6	1.8
3rd quarter	7.1	3.2	4.9	1.1	-2.4	5.6	1.8
4th quarter	3.7	-0.4	3.9	-0.2	-2.8	3.9	-0.3
2000							
1st quarter	3.7	-0.4	3.9	-0.2	-2.7	3.9	-0.3
2nd quarter	3.6	-0.8	3.8	-0.5	-2.9	3.8	-0.6
3rd quarter	2.5	-2.3	3.1	-1.8	-4.1	2.9	-2.0
4th quarter	...	...	...	...	...	...	...

Sources: Central Bank of Uruguay; and Fund staff estimates.

1/ Deflated by the consumer price index.

Table 21. Uruguay: Public Sector Operations

	1995	1996	1997	1998	1999	Prel. 2000
(In millions of Uruguayan pesos)						
Revenue	36,997	49,057	62,140	76,985	76,735	76,392
Taxes	23,471	32,190	42,737	50,500	50,294	50,785
VAT and excise taxes	13,376	17,992	23,677	27,447	27,030	27,292
On income and profits	4,243	6,606	8,660	10,785	11,973	12,687
On foreign trade	1,212	1,564	2,155	2,577	2,242	1,968
On property and other	4,640	6,028	8,245	9,691	9,050	8,838
Social security contributions 1/	8,548	10,492	12,183	14,286	15,010	14,920
Nontax revenue 2/	1,539	2,156	2,383	6,352	6,505	5,857
Current surplus of public enterprises 3/	3,440	4,220	4,837	5,846	4,925	4,830
Noninterest expenditure	36,108	48,263	61,072	74,770	81,680	79,343
Current	31,384	42,556	53,606	64,901	71,373	70,916
Wages 4/	7,605	10,876	13,290	16,007	17,026	17,236
Goods and services	5,231	6,237	7,923	11,493	12,948	11,254
Social security benefits	17,116	23,299	30,390	35,621	39,526	41,005
Other	1,432	2,145	2,003	1,779	1,873	1,421
Capital (Government and enterprises)	4,724	5,707	7,467	9,869	10,307	8,427
Primary balance	889	794	1,067	2,215	-4,945	-2,951
Interest	2,593	3,187	3,998	4,463	4,867	6,224
Overall balance (deficit -)	-1,704	-2,393	-2,930	-2,247	-9,812	-9,175
(In percent of GDP)						
Revenue	30.2	30.1	30.3	32.7	32.1	31.3
Taxes	19.2	19.7	20.9	21.5	21.1	20.8
VAT and excise taxes	10.9	11.0	11.6	11.7	11.3	11.2
On income and profits	3.5	4.1	4.2	4.6	5.0	5.2
On foreign trade	1.0	1.0	1.1	1.1	0.9	0.8
On property and other	3.8	3.7	4.0	4.1	3.8	3.6
Social security contributions 1/	7.0	6.4	5.9	6.1	6.3	6.1
Nontax revenue 2/	1.3	1.3	1.2	2.7	2.7	2.4
Current surplus of public enterprises 3/	2.8	2.6	2.4	2.5	2.1	2.0
Noninterest expenditure	29.5	29.6	29.8	31.8	34.2	32.5
Current	25.6	26.1	26.2	27.6	29.9	29.0
Wages 4/	6.2	6.7	6.5	6.8	7.1	7.1
Goods and services	4.3	3.8	3.9	4.9	5.4	4.6
Social security benefits	14.0	14.3	14.8	15.1	16.6	16.8
Other	1.2	1.3	1.0	0.8	0.8	0.6
Capital (Government and enterprises)	3.9	3.5	3.6	4.2	4.3	3.4
Primary balance	0.7	0.5	0.5	0.9	-2.1	-1.2
Interest	2.1	2.0	2.0	1.9	2.0	2.5
Overall balance (deficit -)	-1.4	-1.5	-1.4	-1.0	-4.1	-3.8
Memorandum items						
Cost of reforms (percent of GDP)	0.0	0.6	1.3	1.2	1.2	1.0
Overall balance, excluding the cost of reforms	-1.4	-0.9	-0.1	0.2	-2.9	-2.8
GDP (millions of pesos)	122,521	163,077	204,938	235,393	238,820	244,279

Sources: Ministry of Finance; and Fund staff estimates.

1/ Excludes contributions that are transferred to the private pension funds.

2/ Includes extrabudgetary revenue (Fondos de Libre Disponibilidad) from 1998.

3/ Before interest expenditures.

4/ Includes severance payments under the Reform of the State.

Table 22. Uruguay: Summary Operations of the Central Government

	1995	1996	1997	1998	1999	Prel. 2000
(In millions of Uruguayan pesos)						
Total revenue	21,392	29,186	38,540	49,127	49,451	49,399
Import duties	1,212	1,564	2,155	2,577	2,242	1,968
Domestic taxes	17,947	24,529	31,840	37,900	37,349	37,452
<i>Of which</i> : collections from tax authority	16,679	22,885	29,878	35,187	34,586	35,017
Negotiated transfers from public enterprises 1/	579	582	1,588	1,850	2,767	3,135
Other nontax revenue 2/	1,654	2,512	2,958	6,799	7,093	6,844
Total noninterest expenditures	21,910	29,778	38,502	48,384	54,608	52,958
Wages	5,359	7,627	9,413	11,526	12,242	12,447
Goods and services	3,234	3,844	4,833	8,144	9,873	8,189
Social security expenditures 3/	9,155	13,656	17,894	20,659	23,703	24,910
Transfers to social security administration	7,222	11,072	14,621	16,810	19,408	20,445
Police pensions	681	900	1,172	1,331	1,523	1,584
Military pensions	1,252	1,684	2,101	2,518	2,772	2,882
Other transfers and subsidies	1,571	1,845	2,567	2,482	2,639	2,888
Capital expenditures	2,591	2,806	3,795	5,574	6,152	4,523
Primary balance	-518	-591	38	743	-5,157	-3,559
Interest payments	1,678	2,080	2,845	3,092	4,162	4,930
Overall balance	-2,196	-2,672	-2,807	-2,350	-9,319	-8,489
(In percent of GDP)						
Total revenue	17.5	17.9	18.8	20.9	20.7	20.2
Import duties	1.0	1.0	1.1	1.1	0.9	0.8
Domestic taxes	14.6	15.0	15.5	16.1	15.6	15.3
<i>Of which</i> : collections from tax authority	13.6	14.0	14.6	14.9	14.5	14.3
Negotiated transfers from public enterprises 1/	0.5	0.4	0.8	0.8	1.2	1.3
Other nontax revenue 2/	1.3	1.5	1.4	2.9	3.0	2.8
Total noninterest expenditures	17.9	18.3	18.8	20.6	22.9	21.7
Wages	4.4	4.7	4.6	4.9	5.1	5.1
Goods and services	2.6	2.4	2.4	3.5	4.1	3.4
Social security expenditures 3/	7.5	8.4	8.7	8.8	9.9	10.2
Transfers to social security administration	5.9	6.8	7.1	7.1	8.1	8.4
Police pensions	0.6	0.6	0.6	0.6	0.6	0.6
Military pensions	1.0	1.0	1.0	1.1	1.2	1.2
Other transfers and subsidies	1.3	1.1	1.3	1.1	1.1	1.2
Capital expenditures	2.1	1.7	1.9	2.4	2.6	1.9
Primary balance	-0.4	-0.4	0.0	0.3	-2.2	-1.5
Interest payments	1.4	1.3	1.4	1.3	1.7	2.0
Overall balance	-1.8	-1.6	-1.4	-1.0	-3.9	-3.5
Memorandum items						
Cost of reforms	0.0	0.4	1.0	1.2	1.2	1.0
Central administration reform	0.0	0.0	0.2	0.3	0.2	0.0
Contribution to AFAPs	0.0	0.3	0.8	0.9	1.0	1.0

Sources: Ministry of Finance; and Fund staff estimates.

1/ In addition to statutory tax obligations.

2/ Includes extrabudgetary revenue (Fondos de Libre Disponibilidad) from 1998.

3/ Includes employer contribution for central administration employees.

Table 23. Uruguay: Summary Operations of the Social Security System

	1995	1996	1997	1998	1999	Prel. 2000
(In millions of Uruguayan pesos)						
Revenue	16,697	23,866	30,510	35,685	39,509	40,646
Contributions and taxes	9,541	12,854	15,981	18,932	20,165	20,262
Transfers from the central government	7,157	11,013	14,529	16,753	19,344	20,384
Expenditure	16,863	23,756	30,550	35,748	39,460	40,605
Wages	441	775	754	842	898	917
Goods and services	90	498	507	512	592	527
Capital spending	...	...	50	128	129	...
Benefits	14,958	19,952	25,212	29,234	32,319	33,334
Pensions	12,098	16,079	20,285	23,370	25,580	26,337
Other social security benefits	2,860	3,873	4,927	5,864	6,739	6,997
Transfers 1/	1,375	2,531	4,027	5,032	5,522	5,828
Balance (deficit -)	-166	110	-40	-63	49	41
(In percent of GDP)						
Revenue	13.6	14.6	14.9	15.2	16.5	16.6
Contributions and taxes	7.8	7.9	7.8	8.0	8.4	8.3
Transfers from the central government	5.8	6.8	7.1	7.1	8.1	8.3
Expenditure	13.8	14.6	14.9	15.2	16.5	16.6
Wages	0.4	0.5	0.4	0.4	0.4	0.4
Goods and services	0.1	0.3	0.2	0.2	0.2	0.2
Capital spending	...	...	0.0	0.1	0.1	...
Benefits	12.2	12.2	12.3	12.4	13.5	13.6
Pensions	9.9	9.9	9.9	9.9	10.7	10.8
Other social security benefits	2.3	2.4	2.4	2.5	2.8	2.9
Transfers 1/	1.1	1.6	2.0	2.1	2.3	2.4
Balance (deficit -)	-0.1	0.1	0.0	0.0	0.0	0.0

Sources: Social Security Administration (BPS) and Ministry of Economy; and Fund staff estimates.

1/ Includes transfers to the Treasury of taxes collected by the social security administration and transfers to the private pension funds.

Table 24. Uruguay: Local Government Finances

	1995	1996	1997	1998	1999	Prel. 2000
(In millions of Uruguayan pesos)						
Revenue	3,895	5,159	6,586	7,726	7,348	7,244
Taxes	3,781	5,006	6,396	7,663	7,307	7,202
Other	115	153	190	63	41	42
Noninterest expenditure	3,956	5,009	6,395	7,661	8,114	7,536
Wages	1,604	2,177	2,693	3,135	3,414	3,451
Goods and services	1,260	1,517	2,075	2,608	2,498	2,405
Social security expenses	344	491	608	690	751	760
Other	427	479	593	679	785	399
Capital	321	345	426	549	665	521
Primary balance (deficit -)	-61	150	191	65	-766	-292
Interest	33	44	54	63	67	71
Overall balance (deficit -)	-94	106	137	2	-833	-363
(In percent of GDP)						
Revenue	3.2	3.2	3.2	3.3	3.1	3.0
Taxes	3.1	3.1	3.1	3.3	3.1	2.9
Other	0.1	0.1	0.1	0.0	0.0	0.0
Noninterest expenditure	3.2	3.1	3.1	3.3	3.4	3.1
Wages	1.3	1.3	1.3	1.3	1.4	1.4
Goods and services	1.0	0.9	1.0	1.1	1.0	1.0
Social security expenses	0.3	0.3	0.3	0.3	0.3	0.3
Other	0.3	0.3	0.3	0.3	0.3	0.2
Capital	0.3	0.2	0.2	0.2	0.3	0.2
Primary balance (deficit -)	0.0	0.1	0.1	0.0	-0.3	-0.1
Interest	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance (deficit -)	-0.1	0.1	0.1	0.0	-0.3	-0.1

Sources: Ministry of Economy; and Fund staff estimates.

Table 25. Uruguay: Consolidated Public Sector Enterprises and Autonomous Agencies

	1995	1996	1997	1998	1999	Prel. 2000
(In millions of Uruguayan pesos)						
Revenues	14,720	21,253	26,392	29,763	32,357	36,323
Current	14,614	21,068	26,189	29,464	31,932	36,005
Sales	14,095	20,397	25,411	28,638	30,951	35,025
Other	331	471	585	637	774	756
Transfers from the central government	189	201	193	190	207	223
Capital	106	185	203	299	426	318
Noninterest expenditure	12,983	19,615	25,109	27,655	30,967	34,940
Wages	1,996	3,076	3,769	3,798	3,921	3,943
Goods and services	3,980	6,382	7,690	7,763	9,522	12,096
Taxes	2,797	4,362	5,442	6,318	6,474	7,614
Import duties	356	586	817	417	439	513
Profit taxes	422	664	910	1,916	2,111	1,994
Discretionary transfers to central government	553	503	1,479	1,593	2,653	3,014
Social security expenses	864	1,302	1,591	1,940	2,130	2,084
Capital	2,015	2,741	3,410	3,912	3,718	3,682
Primary balance	1,737	1,638	1,283	2,108	1,390	1,383
Interest	516	593	669	843	759	834
Overall balance	1,221	1,045	614	1,265	631	550
(In percent of GDP)						
Revenues	12.0	13.0	12.9	12.6	13.5	14.9
Current	11.9	12.9	12.8	12.5	13.4	14.7
Sales	11.5	12.5	12.4	12.2	13.0	14.3
Other	0.3	0.3	0.3	0.3	0.3	0.3
Transfers from the central government	0.2	0.1	0.1	0.1	0.1	0.1
Capital	0.1	0.1	0.1	0.1	0.2	0.1
Noninterest expenditure	10.6	12.0	12.3	11.7	13.0	14.3
Wages	1.6	1.9	1.8	1.6	1.6	1.6
Goods and services	3.2	3.9	3.8	3.3	4.0	5.0
Taxes	2.3	2.7	2.7	2.7	2.7	3.1
Import duties	0.3	0.4	0.4	0.2	0.2	0.2
Profit taxes	0.3	0.4	0.4	0.8	0.9	0.8
Discretionary transfers to central government	0.5	0.3	0.7	0.7	1.1	1.2
Social security expenses	0.7	0.8	0.8	0.8	0.9	0.9
Capital	1.6	1.7	1.7	1.7	1.6	1.5
Primary balance	1.4	1.0	0.6	0.9	0.6	0.6
Interest	0.4	0.4	0.3	0.4	0.3	0.3
Overall balance	1.0	0.6	0.3	0.5	0.3	0.2
Memorandum item						
Severance payments (in Ur\$ millions)	0	202	545	93	...	...

Sources: Ministry of Economy and Office of Budget and Planning.

Table 26. Uruguay: Quasi Fiscal Result of the Central Bank

	1995	1996	1997	1998	1999	Prel. 2000
(In millions of Uruguayan pesos)						
Revenue	948	1,282	1,586	1,646	2,106	2,346
Interest on international reserves	392	577	668	851	1,051	1,491
Receipts on other foreign currency assets	516	698	882	782	1,004	701
Receipts on peso assets	40	7	36	13	50	154
Expenditure	1,623	2,129	2,539	2,732	2,576	3,261
Operating costs	276	371	537	630	591	526
Wages	211	297	430	504	473	421
Goods and services	65	74	107	126	118	105
Interest on foreign debt	700	1,359	1,412	1,528	1,523	2,069
Interest on peso debt	553	329	401	327	199	197
Other expenses on foreign currency liabilities	78	53	165	233	250	448
Other expenses in pesos	16	17	24	14	13	21
Overall balance (deficit -)	-675	-847	-953	-1,086	-470	-914
(In percent of GDP)						
Revenue	0.8	0.8	0.8	0.7	0.9	1.0
Interest on international reserves	0.3	0.4	0.3	0.4	0.4	0.6
Receipts on other foreign currency assets	0.4	0.4	0.4	0.3	0.4	0.3
Receipts on peso assets	0.0	0.0	0.0	0.0	0.0	0.1
Expenditure	1.3	1.3	1.2	1.2	1.1	1.3
Operating costs	0.2	0.2	0.3	0.3	0.2	0.2
Wages	0.2	0.2	0.2	0.2	0.2	0.2
Goods and services	0.1	0.0	0.1	0.1	0.0	0.0
Interest on foreign debt	0.6	0.8	0.7	0.6	0.6	0.8
Interest on peso debt	0.5	0.2	0.2	0.1	0.1	0.1
Other expenses on foreign currency liabilities	0.1	0.0	0.1	0.1	0.1	0.2
Other expenses in pesos	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance (deficit -)	-0.6	-0.5	-0.5	-0.5	-0.2	-0.4

Source: Central Bank of Uruguay.

Table 27. Uruguay: Collections of the Central Tax Authority

	1995	1996	1997	1998	1999	Prel. 2000
(In millions of Uruguayan pesos)						
Value Added Tax	9,603	13,047	17,065	20,120	20,109	19,753
Domestic	6,633	8,466	10,088	12,098	12,596	12,091
On imports	2,970	4,581	6,977	8,022	7,513	7,663
Excise Taxes	3,773	4,945	6,612	7,327	6,921	7,539
Gasoline	1,683	2,400	3,078	3,482	3,466	4,051
Tabacco	825	1,043	1,343	1,513	1,694	1,720
Automobiles	428	502	950	1,209	678	646
Other 1/	837	1,000	1,241	1,123	1,083	1,122
Corporate Income Tax	2,204	3,268	3,711	5,046	5,312	5,391
Agricultural Income Tax	41	24	2	2	1	2
Wealth Taxes	781	1,224	2,054	1,980	1,656	1,796
Corporate	537	962	1,744	1,643	1,384	1,503
Personal	244	177	143	153	137	153
Agricultural	0	85	167	184	135	141
Foreign exchange tax	93	123	161	196	214	261
Meat inspection and sanitation tax	20	34	28	35	31	32
Wealth transfer tax	271	343	438	465	413	373
Taxes on contracts	216	235	253	277	272	266
Comissions	112	140	183	228	125	211
Bank asset tax	366	620	897	1,101	1,103	1,088
Other Taxes 2/	58	169	489	582	682	636
Gross Receipts	17,538	24,172	31,893	37,359	36,839	37,350
Adjustments	858	1,287	2,016	2,172	2,253	2,333
Net Receipts	16,679	22,885	29,878	35,187	34,586	35,017

Source: Ministry of Economy and Finance.

1/ Includes import commitments.

2/ Includes taxes on agricultural sales.

Table 28. Uruguay: Operations of the Public Enterprises and Autonomous Agencies

(In millions of Uruguayan pesos)

	1995	1996	1997	1998	1999	Prel. 2000
I. State Telephone Company (ANTEL)						
Revenues	3,251	4,977	6,396	7,854	9,002	9,690
Current	3,251	4,977	6,396	7,854	9,002	9,690
Sales	3,184	4,874	6,264	7,691	8,818	9,503
Other	67	103	132	162	184	187
Transfers from the central government	0	0	0	0	0	0
Capital	0	0	0	0	0	0
Noninterest expenditure	2,782	4,353	6,066	7,337	8,595	10,202
Wages	433	642	765	928	1,037	1,044
Goods and services	499	826	1,253	1,750	1,838	2,418
Taxes	385	639	911	1,111	1,140	1,331
Import duties	245	405	579	109	109	123
Profit taxes	24	40	57	775	691	951
Discretionary transfers to central government	259	324	761	1,056	1,689	2,186
Social security expenses	196	296	435	550	637	650
Capital	741	1,181	1,305	1,057	1,454	1,500
Primary balance	469	624	330	517	408	-512
Interest	33	43	61	66	66	56
Overall balance	436	580	270	451	342	-569
II. State Power Company (UTE)						
Revenues	4,478	6,501	7,902	8,752	9,732	10,327
Current	4,372	6,328	7,715	8,527	9,448	10,031
Sales	4,283	6,199	7,557	8,368	9,313	9,800
Other	89	129	158	159	135	231
Transfers from the central government	0	0	0	0	0	0
Capital	106	173	187	225	284	296
Noninterest expenditure	3,491	5,665	6,988	7,372	8,500	8,636
Wages	678	1,026	1,381	1,208	1,224	1,275
Goods and services	885	1,823	1,685	1,477	1,931	2,351
Taxes	405	750	948	1,274	1,390	1,575
Import duties	64	119	151	208	229	267
Profit taxes	226	419	529	779	649	440
Discretionary transfers to central government	101	179	406	257	802	828
Social security expenses	287	452	531	655	665	670
Capital	845	897	1,357	1,514	1,610	1,230
Primary balance	987	836	914	1,380	1,233	1,691
Interest	438	500	554	687	561	616
Overall balance	548	336	360	693	672	1,075

Table 28. Uruguay: Operations of the Public Enterprises and Autonomous Agencies

(In millions of Uruguayan pesos)

	1995	1996	1997	1998	1999	Prel. 2000
III. Petroleum, Alcohol and Cement Company (ANCAP)						
Revenues	5,111	7,308	8,887	9,622	9,779	12,662
Current	5,111	7,308	8,887	9,622	9,779	12,662
Sales	5,028	7,189	8,743	9,466	9,618	12,450
Other	83	119	144	156	161	212
Transfers from the central government	0	0	0	0	0	0
Capital	0	0	0	0	0	0
Noninterest expenditure	5,037	7,354	8,515	9,372	9,957	12,474
Wages	290	525	535	549	563	485
Goods and services	2,229	3,546	3,725	3,545	4,701	6,450
Taxes	1,960	2,950	3,553	3,899	3,896	4,668
Import duties	25	38	45	50	51	75
Profit taxes	53	79	96	105	561	407
Discretionary transfers to central government	193	0	313	285	161	0
Social security expenses	139	184	201	282	298	244
Capital	149	33	47	657	-274	145
Primary balance	74	-46	373	250	-178	188
Interest	12	0	0	0	6	0
Overall balance	62	-46	373	250	-183	188
IV. National Railways Company (AFE)						
Revenues	253	315	325	375	478	358
Current	253	303	310	300	337	336
Sales	48	68	74	70	114	111
Other	28	39	42	40	16	12
Transfers from the central government	177	196	193	190	207	212
Capital	0	12	15	75	142	22
Noninterest expenditure	244	287	327	341	469	353
Wages	132	168	210	211	202	216
Goods and services	92	108	104	108	118	116
Taxes	0	0	0	0	0	0
Import duties	0	0	0	0	0	0
Profit taxes	0	0	0	0	0	0
Discretionary transfers to central government	0	0	0	0	0	0
Social security expenses	0	0	0	0	0	0
Capital	20	10	12	22	149	21
Primary balance	9	29	-2	33	9	5
Interest	9	9	7	7	9	4
Overall balance	1	20	-9	27	0	1

Table 28. Uruguay: Operations of the Public Enterprises and Autonomous Agencies

(In millions of Uruguayan pesos)

	1995	1996	1997	1998	1999	Prel. 2000
V. National Port Administration (ANP)						
Revenues	385	443	589	666	576	574
Current	385	443	589	666	576	574
Sales	357	409	544	615	545	546
Other	29	34	45	51	31	28
Transfers from the central government	-1	0	0	0	0	0
Capital	0	0	0	0	0	0
Noninterest expenditure	383	450	494	590	536	553
Wages	136	192	209	220	227	221
Goods and services	102	102	112	164	140	149
Taxes	45	20	23	30	43	33
Import duties	0	0	0	0	0	0
Profit taxes	0	0	0	0	0	0
Discretionary transfers to central government	0	0	0	4	0	0
Social security expenses	59	73	85	103	117	111
Capital	40	65	65	69	8	39
Primary balance	2	-7	95	76	40	21
Interest	7	8	10	7	7	5
Overall balance	-5	-15	86	69	34	16
VI. Sanitary Works Company (OSE)						
Revenues	1,201	1,663	2,242	2,415	2,718	2,653
Current	1,201	1,663	2,242	2,415	2,718	2,653
Sales	1,165	1,617	2,179	2,347	2,472	2,568
Other	33	46	62	67	245	85
Transfers from the central government	3	0	0	0	0	0
Capital	0	0	0	0	0	0
Noninterest expenditure	1,158	1,846	2,316	2,390	2,601	2,635
Wages	308	493	639	633	623	665
Goods and services	315	359	450	515	538	574
Taxes	2	2	3	3	4	7
Import duties	22	23	43	48	51	48
Profit taxes	119	126	229	258	210	196
Discretionary transfers to central government	0	0	0	0	0	0
Social security expenses	178	289	332	341	404	400
Capital	215	553	621	591	770	745
Primary balance	43	-182	-75	25	117	18
Interest	13	26	31	75	111	150
Overall balance	30	-208	-106	-50	6	-133

Table 28. Uruguay: Operations of the Public Enterprises and Autonomous Agencies

(In millions of Uruguayan pesos)

	1995	1996	1997	1998	1999	Prel. 2000
VII. National Colonization Institute (INC)						
Revenues	41	46	51	81	72	59
Current	41	46	51	81	71	59
Sales	31	41	50	80	70	47
Other	0	0	0	1	2	1
Transfers from the central government	10	5	0	0	0	11
Capital	0	0	0	0	0	0
Expenditure	30	44	45	63	68	58
Wages	19	31	30	49	44	38
Goods and services	2	2	2	12	13	10
Taxes	0	2	3	0	0	0
Import duties	0	0	0	3	0	0
Profit taxes	0	0	0	0	0	0
Discretionary transfers to central government	0	0	0	-10	1	0
Social security expenses	5	7	7	8	9	9
Capital	5	1	3	1	1	1
Primary balance	11	2	5	17	4	1
Interest	5	7	7	2	1	1
Overall balance	6	-5	-1	15	4	0

Sources: Office of Planning and Budget; Central Bank of Uruguay; and Fund staff estimates.

1/ Includes changes in stocks.

2/ Privatized in 1995. In 1997 Indemnization outlays amounted Ur \$8 million, included in the overall balance of public enterprises.

Table 29. Uruguay: Functional Classification of Central Government Expenditure 1/

	1995	1996	1997	1998	1999
(In millions of Uruguayan pesos)					
Total expenditure	35,390.0	47,914.0	62,363.0	72,673.1	76,079.0
General public services	3,228.0	4,863.0	5,995.0	7,745.0	8,485.0
Defense	1,816.0	2,228.0	2,638.0	2,847.0	3,115.0
Education	2,454.0	3,183.0	4,314.0	5,061.0	5,902.0
Health	2,141.0	2,880.0	3,513.0	4,209.0	4,459.0
Social Security and welfare	21,169.0	29,614.0	38,681.0	44,628.0	45,115.0
Housing	636.0	798.0	852.0	1,073.0	1,258.0
Other social services	144.0	205.0	279.0	241.0	523.0
Economic services	2,041.0	2,510.0	3,712.0	4,277.1	4,305.0
Unallocated and other purposes	2,402.0	2,805.0	3,763.0	4,246.0	5,178.0
Interest	2,007.0	1,993.0	3,005.0	3,426.0	4,708.0
Other	395.0	812.0	758.0	820.0	470.0
Adjustment to total expenditure	-641.0	-1,172.0	-1,384.0	-1,654.0	-2,261.0
(In percent of total)					
Total expenditure	100.0	100.0	100.0	100.0	100.0
General public services	9.1	10.1	9.6	10.7	11.2
Defense	5.1	4.6	4.2	3.9	4.1
Education	6.9	6.6	6.9	7.0	7.8
Health	6.0	6.0	5.6	5.8	5.9
Social Security and welfare	59.8	61.8	62.0	61.4	59.3
Housing	1.8	1.7	1.4	1.5	1.7
Other social services	0.4	0.4	0.4	0.3	0.7
Economic services	5.8	5.2	6.0	5.9	5.7
Interest	5.7	4.2	4.8	4.7	6.2
Other expenditure	-0.7	-0.8	-1.0	-1.1	-2.4
(In percent of GDP)					
General public services	2.6	3.0	2.9	3.3	3.6
Defense	1.5	1.4	1.3	1.2	1.3
Education	2.0	2.0	2.1	2.2	2.5
Health	1.7	1.8	1.7	1.8	1.9
Social Security and welfare	17.3	18.2	18.9	19.0	18.9
Housing	0.5	0.5	0.4	0.5	0.5
Other social services	0.1	0.1	0.1	0.1	0.2
Economic services	1.7	1.5	1.8	1.8	1.8
Interest	1.6	1.2	1.5	1.5	2.0
Other expenditure	0.3	0.5	0.4	0.3	0.2

Sources: Ministry of Economy; Office of Planning and Budget; and Fund staff estimates.

1/ Includes the central administration, social security system and the extrabudgetary operations.

Table 30. Uruguay: Employment in the Public Sector

(In thousands of employees)

	1995	1996	1997	1998	1999
Central administration	103.5	99.6	97.3	94.0	92.9
Local governments	39.1	38.0	38.1	38.5	39.0
Public sector banks	9.7	9.1	8.8	8.6	8.4
Public enterprises	30.6	30.3	26.8	26.3	25.7
Education	68.1	68.3	68.0	69.4	64.4
Legislative	1.8	1.5	1.5	1.5	1.5
Judiciary power	3.8	3.8	3.9	4.0	4.0
BPS	5.3	4.6	4.4	4.5	4.4
Total	261.7	255.2	248.8	246.9	240.5
Percentage change	2.1	-2.5	-2.5	-0.8	-2.6

Source: National Office of the Civil Service.

Table 31. Uruguay: Selected Monetary and Credit Indicators

	December					June
	1995	1996	1997	1998	1999	2000
(Percentage change with respect to a year ago)						
Monetary aggregates 1/						
Currency in circulation	29.8	21.6	24.2	10.3	7.8	4.4
M-1	32.5	30.0	21.3	10.5	6.2	-2.8
M-2	44.0	26.9	23.1	9.2	4.7	1.9
M-3* 2/	38.7	34.4	27.2	17.1	13.2	9.2
M-3 2/ 8/	33.9	36.2	28.0	17.3	22.9	19.9
Credit aggregates 3/						
Total banking system credit	45.3	31.4	24.5	18.0	13.7	12.0
Of which: private sector credit	52.0	34.1	29.6	22.4	10.1	10.8
Real money holdings 4/						
Currency in circulation	-4.1	-2.2	7.9	1.5	3.5	-0.4
Monetary base	-4.7	3.8	8.6	24.2	-26.5	-27.7
M-1	-2.1	4.6	5.3	1.7	2.0	-7.2
M-2	6.4	2.1	6.9	0.5	0.5	-2.8
M-3* 2/	2.5	8.1	10.5	7.8	8.7	4.2
M-3 2/ 8/	-1.0	9.5	11.2	8.0	18.0	14.4
(In percent)						
Selected ratios						
Currency in circulation to GDP 5/	3.5	3.2	3.1	3.0	3.2	2.7
Monetary base to GDP 5/	4.8	4.7	4.7	5.5	4.1	3.6
M1 to GDP 5/	6.4	6.2	6.0	5.8	6.1	5.2
M2 to GDP 5/	12.3	11.7	11.5	10.9	11.3	10.7
M3* to GDP 5/	39.4	39.7	40.3	41.1	45.9	46.9
M3 to GDP 5/ 8/	53.1	54.2	55.4	56.6	68.5	70.8
Selected interest rates (12-month averages)						
Foreign currency deposits 6/	4.6	4.8	5.0	4.9	4.8	5.2
Foreign currency loans 7/	13.8	13.1	12.3	12.5	13.8	13.7
Domestic currency deposits 6/	38.2	28.1	16.8	14.8	13.0	12.0
Domestic currency loans 7/	99.1	91.5	64.1	52.9	52.0	48.3
Memorandum item:						
Consumer price inflation e.o.p.	35.4	24.3	15.2	8.6	4.2	4.8

Sources: Central Bank of Uruguay; and Fund staff estimates.

1/ M-1 is defined as currency plus demand deposits; M-2 is defined as M-1 plus time and savings deposits in local currency; M-3* is M-2 plus foreign currency deposits of residents; M-3 is M-3* plus foreign currency deposits of nonresidents. Deposits of local governments and public enterprises are included in M1, M2, M3* and M3.

2/ Foreign currency deposits are valued at end-of-period exchange rates.

3/ Flows of credit in foreign currency are valued at the end-of-period exchange rates.

4/ Deflated by CPI.

5/ End of period monetary aggregates to GDP.

6/ Interest rates on deposits of 30 to 180 day maturity.

7/ Nonprime rate.

8/ The sharp increase in M3 in 1999 was the result of the conversion of a large off-shore bank into a local bank at the end of that year.

Table 32. Uruguay: Financial System Credit to the Private Sector 1/

	December					June
	1995	1996	1997	1998	1999	2000
I. Local Currency Credit						
(In millions of Uruguayan pesos)						
Total	22,862.6	29,383.6	35,617.9	41,530.4	46,124.6	46,758.2
BCU 1/	42.3	73.2	87.7	97.2	96.1	94.4
BROU 2/	3,345.5	4,015.8	4,712.1	6,423.8	7,673.3	7,658.9
BHU 3/	14,772.0	18,826.0	21,864.1	24,784.4	28,144.3	28,610.7
Private banks 4/	4,702.9	6,468.6	8,953.9	10,225.1	10,211.0	10,394.3
(12-month percentage change)						
Total	42.4	28.5	21.2	16.6	11.1	10.5
BCU 1/	211.5	73.3	19.8	10.8	-1.1	-1.0
BROU 2/	25.6	20.0	17.3	36.3	19.5	7.6
BHU 3/	46.4	27.4	16.1	13.4	13.6	11.2
Private banks 4/	43.3	37.5	38.4	14.2	-0.1	11.0
II. Foreign Currency Credit						
(In millions of Uruguayan pesos)						
Total	27,767.1	38,535.6	52,399.3	66,190.9	72,438.9	76,650.2
BCU 1/	322.1	286.4	323.4	336.4	362.1	377.0
BROU 2/	11,175.6	15,932.7	19,881.4	24,737.7	28,012.1	29,736.1
BHU 3/	88.3	195.8	393.1	542.9	730.8	840.7
Private banks 4/	16,181.1	22,120.7	31,801.4	40,573.8	43,333.9	45,696.4
(12-month percentage change)						
Total	61.0	38.8	36.0	26.3	9.4	11.0
BCU 1/	31.5	-11.1	12.9	4.0	7.6	6.8
BROU 2/	49.9	42.6	24.8	24.4	13.2	9.0
BHU 3/	55.2	121.8	100.8	38.1	34.6	28.6
Private banks 4/	70.5	36.7	43.8	27.6	6.8	12.0
III. Total Credit						
(In millions of Uruguayan pesos) 5/						
Total	50,629.7	67,919.3	88,017.2	107,721.3	118,563.5	123,408.4
BCU 1/	364.3	359.6	411.1	433.6	458.2	471.4
BROU 2/	14,521.1	19,948.5	24,593.5	31,161.5	35,685.4	37,395.0
BHU 3/	14,860.3	19,021.8	22,257.2	25,327.3	28,875.1	29,451.3
Private banks 4/	20,884.0	28,589.3	40,755.3	50,798.9	53,544.9	56,090.7
(12-month percentage change)						
Total	52.0	34.1	29.6	22.4	10.1	10.8
BCU 1/	41.0	-1.3	14.3	5.5	5.7	5.1
BROU 2/	43.5	37.4	23.3	26.7	14.5	8.7
BHU 3/	46.4	28.0	17.0	13.8	14.0	11.7
Private banks 4/	63.5	36.9	42.6	24.6	5.4	11.8
Memorandum items:						
Consumer price index (1994 = 100)	135.4	168.3	193.8	210.6	219.3	225.4
Consumer price inflation (%)	35.4	24.3	15.2	8.6	4.2	4.8
End of period exchange rate	7.1	8.7	10.0	10.8	11.6	12.1

Sources: Central Bank of Uruguay; and Fund Staff estimates.

1/ Central Bank of Uruguay

2/ Banco de la República

3/ Banco Hipotecario (Mortgage Bank).

4/ Includes the intervened banks.

5/ Valued at end of period exchange rate.

Table 33. Uruguay: Financial System Credit to the Private Sector in Real Terms 1/

	December					June
	1995	1996	1997	1998	1999	2000
(In constant prices of Dec. 1994)						
Local currency	16,889.3	17,457.8	18,375.4	19,723.3	21,028.2	20,745.6
BCU 2/	31.2	43.5	45.3	46.2	43.8	41.9
BROU 3/	2,471.4	2,385.9	2,431.0	3,050.7	3,498.2	3,398.1
BHU 5/	10,912.5	11,185.2	11,279.8	11,770.4	12,831.0	12,693.9
Private banks 4/	3,474.1	3,843.2	4,619.4	4,856.0	4,655.2	4,611.7
Foreign currency 6/	20,512.4	22,895.4	27,033.1	31,434.8	33,024.9	34,008.0
BCU 2/	237.9	170.1	166.8	159.8	165.1	167.3
BROU 3/	8,255.8	9,466.2	10,256.9	11,748.2	12,770.7	13,193.3
BHU 5/	65.2	116.3	202.8	257.8	333.2	373.0
Private banks 4/	11,953.5	13,142.7	16,406.5	19,269.0	19,755.9	20,274.5
TOTAL (local plus foreign currency)	37,401.7	40,353.2	45,408.6	51,158.1	54,053.1	54,753.6
(12-month percentage change)						
Local currency	5.2	3.4	5.3	7.3	6.6	5.5
BCU 2/	130.1	39.4	4.0	2.0	-5.1	-5.5
BROU 3/	-7.2	-3.5	1.9	25.5	14.7	2.7
BHU 5/	8.1	2.5	0.8	4.3	9.0	6.1
Private banks 4/	5.9	10.6	20.2	5.1	-4.1	5.9
Foreign currency 6/	18.9	11.6	18.1	16.3	5.1	5.9
BCU 2/	-2.9	-28.5	-1.9	-4.2	3.3	1.9
BROU 3/	10.7	14.7	8.4	14.5	8.7	4.1
BHU 5/	14.6	78.4	74.3	27.1	29.2	22.7
Private banks 4/	25.9	9.9	24.8	17.4	2.5	6.9
TOTAL (local plus foreign currency)	12.3	7.9	12.5	12.7	5.7	5.7
(Percent of total credit)						
Local currency	45.2	43.3	40.5	38.6	38.9	37.9
BCU 2/	0.1	0.1	0.1	0.1	0.1	0.1
BROU 3/	6.6	5.9	5.4	6.0	6.5	6.2
BHU 5/	29.2	27.7	24.8	23.0	23.7	23.2
Private banks 4/	9.3	9.5	10.2	9.5	8.6	8.4
Foreign currency 6/	54.8	56.7	59.5	61.4	61.1	62.1
BCU 2/	0.6	0.4	0.4	0.3	0.3	0.3
BROU 3/	22.1	23.5	22.6	23.0	23.6	24.1
BHU 5/	0.2	0.3	0.4	0.5	0.6	0.7
Private banks 4/	32.0	32.6	36.1	37.7	36.5	37.0
TOTAL (local plus foreign currency)	100.0	100.0	100.0	100.0	100.0	100.0

Sources: Central Bank of Uruguay; and Fund staff estimates.

1/ Deflated by the consumer price index.

2/ Central Bank of Uruguay.

3/ Banco de la República.

4/ Includes the intervened banks.

5/ Banco Hipotecario (Mortgage Bank).

6/ Valued at end of period exchange rate.

Table 34. Uruguay: Composition of Private Sector Financial Assets 1/

	December					June
	1995	1996	1997	1998	1999	2000
(In millions of Uruguayan pesos)						
Total financial assets	80,537.6	109,690.8	140,800.3	167,462.2	205,260.6	222,640.4
Banking system (M3)	65,118.1	88,664.0	113,495.4	133,174.3	163,703.9	173,137.8
Money	7,825.4	10,175.0	12,338.7	13,633.1	14,480.7	12,832.2
Currency outside banks	4,253.2	5,170.7	6,423.0	7,084.0	7,639.0	6,544.7
Demand deposits	3,572.2	5,004.3	5,915.7	6,549.1	6,841.7	6,287.6
Quasi-money	7,261.0	8,972.0	11,229.6	12,100.6	12,471.0	13,392.1
Local currency time deposits	6,330.9	7,857.9	9,763.6	10,893.2	11,395.1	12,288.4
Other	930.1	1,114.1	1,466.1	1,207.4	1,076.0	1,103.8
Foreign currency deposits	50,031.7	69,517.0	89,927.1	107,440.6	136,752.1	146,913.5
Held by residents	33,254.3	45,813.9	59,090.9	71,022.4	82,593.4	88,594.1
Held by nonresidents	16,777.4	23,703.2	30,836.2	36,418.2	54,158.7	58,319.4
Treasury bills and bonds	14,426.9	20,618.7	26,462.9	33,356.3	40,896.7	48,897.9
<i>Letras de Regulación Monetaria</i>	748.7	8.7	406.0	456.4	119.6	0.0
<i>Obligaciones hipotecarias</i>	243.8	399.4	436.0	475.2	540.4	604.6
(In percent of total)						
Total financial assets	100.0	100.0	100.0	100.0	100.0	100.0
Banking system (M3)	80.9	80.8	80.6	79.5	79.8	77.8
Money	9.7	9.3	8.8	8.1	7.1	5.8
Currency outside banks	5.3	4.7	4.6	4.2	3.7	2.9
Demand deposits	4.4	4.6	4.2	3.9	3.3	2.8
Quasi-money	9.0	8.2	8.0	7.2	6.1	6.0
Local currency time deposits	7.9	7.2	6.9	6.5	5.6	5.5
Other	1.2	1.0	1.0	0.7	0.5	0.5
Foreign currency deposits	62.1	63.4	63.9	64.2	66.6	66.0
Held by residents	41.3	41.8	42.0	42.4	40.2	39.8
Held by nonresidents	20.8	21.6	21.9	21.7	26.4	26.2
Treasury bills and bonds	17.9	18.8	18.8	19.9	19.9	22.0
<i>Letras de Regulación Monetaria</i>	0.9	0.0	0.3	0.3	0.1	0.0
<i>Obligaciones hipotecarias</i>	0.3	0.4	0.3	0.3	0.3	0.3

Sources: Central Bank of Uruguay; and Fund staff estimates.

1/ Foreign currency assets valued at end-of-period exchange rate.

Table 35. Uruguay: Summary Accounts of the Banking System 1/
(In millions of Ur.\$)

	December					June
	1995	1996	1997	1998	1999	2000
I. Central Bank						
Net foreign assets	7,534.8	10,312.0	13,951.4	19,732.6	22,947.8	27,259.3
Net international reserves	12,571.6	16,338.0	20,741.0	26,253.8	28,372.9	32,572.8
(in US\$ million)	1,767.9	1,875.1	2,065.8	2,427.1	2,442.8	2,690.9
Other net foreign assets	-5,036.8	-6,026.0	-6,789.6	-6,521.2	-5,425.1	-5,313.6
Net domestic assets	-2,293.6	-3,674.7	-5,852.0	-10,513.6	-13,094.2	-18,604.7
Net credit to public sector	3,329.6	2,243.0	549.1	-3,128.1	880.6	-3,496.8
Net credit to public and private banks	-4,093.1	-5,923.0	-7,251.8	-8,103.1	-12,780.0	-15,690.8
Net credit to rest of the financial system	-117.1	-128.7	-94.0	-303.3	-1,212.0	-1,327.5
Net credit to the private sector	-139.8	-804.0	-1,048.4	-1,393.5	-1,848.9	-2,110.7
Securities issued by BCU	-1,754.8	-1,039.3	-1,362.8	-1,367.8	-1,882.5	-536.1
Other net assets	481.7	1,977.3	3,355.8	3,782.1	3,748.7	4,557.2
Currency issued	5,241.2	6,637.2	8,099.4	9,219.0	9,853.5	8,654.5
II. Public and Private Banks						
Net foreign assets	-550.3	-269.7	-1,686.5	-3,240.2	-3,174.0	-5,430.2
(in US\$ million)	-77.4	-31.0	-168.0	-299.6	-273.3	-448.6
Net domestic assets	44,133.7	58,896.3	76,463.1	91,085.1	102,773.1	111,121.9
Credit to public sector	2,715.1	4,316.1	4,165.6	4,831.0	4,919.0	6,671.8
Net credit to BCU and rest of financial system	4,380.6	5,998.3	7,225.3	7,703.8	11,261.7	12,636.9
Credit to the private sector	50,265.4	67,559.7	87,606.1	107,287.7	118,105.4	122,937.1
Of which : Local currency	22,820.4	29,310.4	35,530.1	41,433.2	46,028.5	46,663.8
Foreign currency	27,445.0	38,249.3	52,075.9	65,854.5	72,076.9	76,273.2
Securities issued by public and private banks	-1,022.9	-1,309.7	-2,741.5	-3,626.2	-4,833.0	-5,048.9
Other net assets	-12,204.5	-17,668.1	-19,792.4	-25,111.1	-26,679.9	-26,075.1
Monetary liabilities	43,583.3	58,626.5	74,776.8	87,844.9	99,599.0	105,691.7
Local currency liabilities	10,819.6	13,956.0	17,095.8	18,578.2	19,242.0	19,622.6
Residents' foreign currency liabilities	32,763.7	44,670.5	57,680.9	69,266.7	80,357.0	86,069.1
III. Banking System						
Net foreign assets	6,984.4	10,042.2	12,264.9	16,492.3	19,773.7	21,829.1
(in US\$ million)	982.2	1,152.6	1,221.6	1,524.7	1,702.4	1,803.3
Net domestic assets	41,356.3	54,918.6	70,394.2	80,263.7	89,771.5	92,989.4
Credit to public sector	6,044.8	6,559.2	4,714.8	1,702.9	5,799.6	3,175.0
Credit rest of the financial system	-817.7	-1,520.0	-1,796.9	-2,837.6	-4,944.8	-6,491.2
Credit to the private sector	50,629.7	67,919.3	88,017.2	107,721.3	118,563.5	123,408.4
Of which : Local currency	22,862.6	29,383.6	35,617.9	41,530.4	46,124.6	46,758.2
Of which : Foreign currency	27,767.1	38,535.6	52,399.3	66,190.9	72,438.9	76,650.2
Net securities held outside banking system	-1,911.5	-1,551.8	-3,147.4	-4,082.6	-4,980.5	-5,100.6
Other net assets	-12,589.0	-16,488.0	-17,393.4	-22,240.3	-24,666.4	-22,002.2
Broad Money (M3*) 2/	48,340.7	64,960.8	82,659.3	96,756.0	109,545.2	114,818.4
Currency outside banks	4,253.2	5,170.7	6,423.0	7,084.0	7,639.0	6,544.7
Local currency deposits	10,833.2	13,976.3	17,145.3	18,649.7	19,312.8	19,679.7
Residents' foreign currency liabilities	33,254.3	45,813.9	59,090.9	71,022.4	82,593.4	88,594.1

Sources: Central Bank of Uruguay; and Fund staff estimates.

1/ Accounts denominated in foreign currency valued at end of period exchange rates.

2/ Broad money (M3*) includes currency in hands of the public plus deposits held by residents in local and foreign currency.

Table 36. Uruguay: Accounts of the Banking System 1/ 2/
(In millions of Ur\$)

	December					June
	1995	1996	1997	1998	1999	2000
Net foreign assets	6,984.4	10,042.2	12,264.9	16,492.3	19,773.7	21,829.1
Net international reserves	12,571.6	16,338.0	20,741.0	26,253.8	28,372.9	32,572.8
Other net foreign assets	-5,587.2	-6,295.8	-8,476.1	-9,761.4	-8,599.1	-10,743.7
Assets	25,387.6	36,081.4	47,485.3	57,276.8	70,432.0	74,097.8
Liabilities	-30,974.8	-42,377.1	-55,961.4	-67,038.2	-79,031.2	-84,841.5
<i>Of which</i> : Short-term deposits of nonresidents	-16,777.4	-23,703.2	-30,836.2	-36,418.2	-54,158.7	-58,319.4
Net domestic assets	41,356.3	54,918.6	70,394.2	80,263.7	89,771.5	92,989.4
Public sector	6,044.8	6,559.2	4,714.8	1,702.9	5,799.6	3,175.0
Central government (net)	2,055.0	2,224.6	-104.7	-2,491.7	1,029.9	-2,316.5
Credit	15,650.6	19,843.3	23,728.9	31,283.5	32,133.9	34,090.5
Deposits and other liabilities	-13,595.6	-17,618.7	-23,833.6	-33,775.2	-31,104.0	-36,407.0
Rest of public sector	3,989.8	4,334.6	4,819.5	4,194.5	4,769.7	5,491.6
Net credit to rest of financial system	-817.7	-1,520.0	-1,796.9	-2,837.6	-4,944.8	-6,491.2
Net credit to rest of financial system	-117.1	-185.8	-184.7	-518.6	-1,395.1	-1,426.5
Interbank float	-700.5	-1,334.2	-1,612.1	-2,318.9	-3,549.7	-5,064.7
Credit to the private sector	50,629.7	67,919.3	88,017.2	107,721.3	118,563.5	123,408.4
<i>Of which</i> : local currency	22,862.6	29,383.6	35,617.9	41,530.4	46,124.6	46,758.2
<i>Of which</i> : foreign currency	27,767.1	38,535.6	52,399.3	66,190.9	72,438.9	76,650.2
Securities issued by banking system	-1,911.5	-1,551.8	-3,147.4	-4,082.6	-4,980.5	-5,100.6
Other net assets	-12,589.0	-16,488.0	-17,393.4	-22,240.3	-24,666.4	-22,002.2
Monetary liabilities	48,340.7	64,960.7	82,659.2	96,756.0	109,545.0	114,818.1
Money	7,825.4	10,174.9	12,338.6	13,633.0	14,480.6	12,831.9
Currency in hands of the public	4,253.2	5,170.7	6,423.0	7,084.0	7,639.0	6,544.7
Demand deposits in local currency	3,572.2	5,004.2	5,915.6	6,549.0	6,841.6	6,287.3
Quasi-money	7,261.0	8,972.0	11,229.6	12,100.6	12,471.0	13,392.1
Time and savings deposits in local currency	6,343.9	7,878.1	9,812.3	10,962.8	11,465.6	12,344.6
Other liabilities in local currency	917.1	1,093.9	1,417.3	1,137.8	1,005.4	1,047.5
Foreign currency liabilities	33,254.3	45,813.9	59,090.9	71,022.4	82,593.4	88,594.1
Residents' foreign currency deposits	31,631.7	43,257.1	55,776.2	66,995.4	77,753.5	83,145.7
Other residents' liabilities in foreign currency 3/	1,622.6	2,556.7	3,314.7	4,026.9	4,839.9	5,448.4
Memorandum items:						
NIR bank in US\$ million	1,767.9	1,875.1	2,065.8	2,427.1	2,442.8	2,690.9
Total deposits	60,360.8	82,329.7	105,612.9	124,263.1	153,757.7	164,011.1
Resident private sector	43,583.3	58,626.5	74,776.8	87,844.9	99,599.0	105,691.7
Nonresidents	16,777.4	23,703.2	30,836.2	36,418.2	54,158.7	58,319.4
Exchange rate	7.1	8.7	10.0	10.8	11.6	12.1

Sources: Central Bank of Uruguay and Fund staff estimates.

1/ Comprises the Central Bank of Uruguay, the *Banco de la República Oriental del Uruguay*, the Mortgage Bank, and other commercial banks.

2/ Foreign exchange accounts valued at the exchange rate of the end of the period.

3/ Includes export prefinancing.

Table 37. Uruguay: Accounts of the Central Bank 1/

(In millions of Uruguayan pesos)

	December					June
	1995	1996	1997	1998	1999	2000
Net foreign assets	7,534.8	10,312.0	13,951.4	19,732.6	22,947.8	27,259.3
Net international reserves 2/	12,571.6	16,338.0	20,741.0	26,253.8	28,372.9	32,572.8
Other net foreign assets	-5,036.8	-6,026.0	-6,789.6	-6,521.2	-5,425.1	-5,313.6
Net domestic assets	-2,293.6	-3,674.7	-5,852.0	-10,513.6	-13,094.2	-18,604.7
Public sector (net)	3,329.6	2,243.0	549.1	-3,128.1	880.6	-3,496.8
General government (net)	577.8	-76.7	-1,719.2	-4,193.7	-374.1	-4,533.1
Rest of public sector (net)	2,751.8	2,319.7	2,268.3	1,065.6	1,254.7	1,036.3
Financial system (net)	-4,210.3	-6,051.7	-7,345.7	-8,406.3	-13,992.0	-17,018.3
Public and private banks (net)	-4,093.1	-5,923.0	-7,251.8	-8,103.1	-12,780.0	-15,690.8
Assets	5,477.6	6,855.6	9,067.9	10,258.1	10,803.3	11,094.0
BROU	882.4	924.5	1,258.7	1,228.9	1,440.0	1,449.3
Mortgage bank	4,343.8	5,595.5	7,000.6	7,665.9	8,072.8	8,331.3
Private banks	251.5	335.5	808.6	1,363.3	1,290.4	1,313.3
Liabilities	-9,570.7	-12,778.6	-16,319.7	-18,361.2	-23,583.2	-26,784.8
BROU	-4,687.1	-6,581.0	-7,996.0	-8,904.7	-7,909.6	-7,323.0
Mortgage bank	-322.2	-198.8	-385.1	-87.3	-388.6	-589.1
Private banks	-4,561.4	-5,998.9	-7,938.7	-9,369.2	-15,285.1	-18,872.6
Rest of the financial system (net)	-117.1	-128.7	-94.0	-303.3	-1,212.0	-1,327.5
Assets	0.0	0.0	0.0	0.0	0.0	0.0
Liabilities	-117.1	-128.7	-94.0	-303.3	-1,212.0	-1,327.5
Net credit to the private sector	-139.8	-804.0	-1,048.4	-1,393.5	-1,848.9	-2,110.7
Local currency	28.6	53.0	38.2	25.7	25.4	37.3
Assets	42.3	73.2	87.7	97.2	96.1	94.4
Liabilities	-13.6	-20.3	-49.5	-71.5	-70.7	-57.1
Foreign currency 3/	-168.5	-857.0	-1,086.6	-1,419.2	-1,874.4	-2,148.0
Assets	322.1	286.4	323.4	336.4	362.1	377.0
Liabilities	-490.6	-1,143.3	-1,410.0	-1,755.7	-2,236.4	-2,525.0
Securities issued by BCU	-1,754.8	-1,039.3	-1,362.8	-1,367.8	-1,882.5	-536.1
Other net assets	481.7	1,977.3	3,355.8	3,782.1	3,748.7	4,557.2
Other assets	5,019.7	6,164.0	8,373.3	9,934.7	10,913.7	11,118.9
Other liabilities	-4,538.0	-4,186.7	-5,017.5	-6,152.5	-7,165.0	-6,561.7
Exchange valuation adjustment	0.0	0.0	0.0	0.0	0.0	0.0
Gold valuation adjustment	0.0	0.0	0.0	0.0	0.0	0.0
Currency issue	5,241.2	6,637.2	8,099.4	9,219.0	9,853.5	8,654.5
Memorandum items:						
International reserves in US\$ million	1,767.9	1,875.1	2,065.8	2,427.1	2,442.8	2,690.9
Exchange rate (Ur.\$ per US\$)	7.1	8.7	10.0	10.8	11.6	12.1
Monetary base 3/ (Ur.\$ million)	5,927.9	7,651.4	9,570.7	12,910.2	9,879.3	8,692.4

Sources: Central Bank of Uruguay and Fund staff estimates.

1/ Foreign exchange accounts valued at the exchange rate of the end of the period.

2/ Gold valued at market prices.

3/ Includes currency issue plus local and foreign currency liabilities of public and private banks in the central bank.

Table 38. Uruguay: Public and Private Banks 1/
(In millions of Ur\$)

	December					June
	1995	1996	1997	1998	1999	2000
Net foreign assets	-550.3	-269.7	-1,686.5	-3,240.2	-3,174.0	-5,430.2
Assets	23,635.6	33,790.0	44,756.6	54,248.8	67,402.9	70,957.5
Liabilities	-24,186.0	-34,059.7	-46,443.0	-57,489.0	-70,576.9	-76,387.7
<i>Of which: deposits of nonresidents</i>	-16,777.4	-23,703.2	-30,836.2	-36,418.2	-54,158.7	-58,319.4
Net domestic assets	44,133.7	58,896.3	76,463.1	91,085.1	102,773.1	111,121.9
Public sector (net)	2,715.1	4,316.1	4,165.6	4,831.0	4,919.0	6,671.8
General government (net)	1,477.2	2,301.3	1,614.5	1,702.0	1,404.0	2,216.5
Rest of public sector (net)	1,237.9	2,014.9	2,551.2	3,129.0	3,515.0	4,455.3
Net credit to rest of financial system	4,380.6	5,998.3	7,225.3	7,703.8	11,261.7	12,636.9
BCU (net)	4,242.7	5,889.4	7,134.5	7,636.4	11,227.0	12,378.9
Rest of financial system (net)	0.0	-57.0	-90.8	-215.4	-183.1	-99.0
Interbank float	137.9	165.9	181.7	282.8	217.8	357.0
Credit to the private sector	50,265.4	67,559.7	87,606.1	107,287.7	118,105.4	122,937.1
<i>Of which: local currency</i>	22,820.4	29,310.4	35,530.1	41,433.2	46,028.5	46,663.8
foreign currency	27,445.0	38,249.3	52,075.9	65,854.5	72,076.9	76,273.2
Holdings of Securities issued by the CBU	866.2	797.2	956.8	911.4	1,735.1	484.4
Securities issued by BROU, BHU & BP	-1,022.9	-1,309.7	-2,741.5	-3,626.2	-4,833.0	-5,048.9
Other net assets	-13,070.7	-18,465.3	-20,749.3	-26,022.4	-28,415.0	-26,559.5
Monetary liabilities	43,583.3	58,626.5	74,776.8	87,844.9	99,599.0	105,691.7
Local Currency	10,819.6	13,956.0	17,095.8	18,578.2	19,242.0	19,622.6
Demand deposits in local currency	3,572.2	5,004.2	5,915.6	6,549.0	6,841.6	6,287.3
Time and savings deposits in local currency	6,330.3	7,857.9	9,762.9	10,891.4	11,395.1	12,287.8
Other liabilities in local currency	917.1	1,093.9	1,417.3	1,137.8	1,005.4	1,047.5
Foreign currency	32,763.7	44,670.5	57,680.9	69,266.7	80,357.0	86,069.1
Residents' foreign currency deposits	31,626.1	43,244.7	55,741.6	66,969.8	77,733.3	83,127.8
Other liabilities in foreign currency	1,137.6	1,425.8	1,939.3	2,296.9	2,623.7	2,941.3
Memorandum items:						
Total deposits	60,360.8	82,329.7	105,612.9	124,263.1	153,757.7	164,011.1
Resident private sector	43,583.3	58,626.5	74,776.8	87,844.9	99,599.0	105,691.7
Nonresidents	16,777.4	23,703.2	30,836.2	36,418.2	54,158.7	58,319.4
Exchange rate	7.1	8.7	10.0	10.8	11.6	12.1

Source: Central Bank of Uruguay.

1/ Includes financial cooperatives.

Table 39. Uruguay: Accounts of the Banco de la República Oriental del Uruguay 1/
(In millions of Ur\$)

	December					June
	1995	1996	1997	1998	1999	2000
Net foreign assets	1,698.5	1,998.0	2,779.0	3,236.5	3,307.4	2,085.2
Assets	4,386.9	5,574.0	6,981.0	7,634.1	7,473.7	6,450.6
Liabilities	-2,688.3	-3,575.9	-4,202.0	-4,397.7	-4,166.3	-4,365.3
<i>Of which</i> : deposits of nonresidents	-2,323.4	-3,159.3	-3,789.7	-3,939.8	-3,720.6	-3,835.6
Net domestic assets	13,323.7	18,743.2	23,223.4	28,254.6	32,485.8	36,425.6
Public sector (net)	-2,438.9	-3,126.1	-4,499.1	-4,400.6	-3,234.6	-1,870.4
General government (net)	-1,698.8	-2,455.6	-3,852.2	-3,734.6	-2,781.7	-2,086.8
Rest of public sector (net)	-740.1	-670.5	-646.9	-666.1	-452.8	216.4
Net credit to the financial system	4,560.9	6,371.0	7,693.6	8,957.4	7,399.0	7,146.6
Credit	5,363.5	7,489.3	9,212.7	10,342.7	9,119.8	8,803.9
Banking system	5,363.5	7,489.3	9,212.7	10,342.7	9,119.8	8,803.9
BCU	5,325.8	7,421.2	9,117.3	10,250.1	9,002.3	8,550.6
BHU	26.1	39.1	44.3	39.9	40.7	37.4
Private banks and cooperatives	11.6	29.0	51.1	52.7	76.7	215.9
Rest of financial system	0.0	0.0	0.0	0.0	0.0	0.0
Liabilities	-802.6	-1,118.3	-1,519.1	-1,385.3	-1,720.7	-1,657.3
Banking system	-802.6	-1,061.3	-1,428.3	-1,169.9	-1,537.6	-1,558.3
BCU	-768.7	-1,012.3	-1,118.0	-977.4	-1,081.2	-1,026.1
BHU	-18.5	-22.7	-74.3	-32.6	-56.0	-57.4
Private banks and cooperatives	-15.4	-26.4	-236.0	-160.0	-400.4	-474.9
Rest of financial system	0.0	-57.0	-90.8	-215.4	-183.1	-99.0
Credit to the private sector	14,521.1	19,948.5	24,593.5	31,161.5	35,685.4	37,395.0
<i>Of which</i> : local currency	3,345.5	4,015.8	4,712.1	6,423.8	7,673.3	7,658.9
foreign currency	11,175.6	15,932.7	19,881.4	24,737.7	28,012.1	29,736.1
Holdings of Securities issued by the CBU	0.0	524.5	228.7	324.6	1,216.5	0.0
BROU securities in circulation	0.0	0.0	0.0	0.0	0.0	0.0
Other net assets	-3,319.4	-4,974.7	-4,793.3	-7,788.2	-8,580.5	-6,245.5
Monetary liabilities	15,022.3	20,741.3	26,002.5	31,491.1	35,793.2	38,510.8
Local currency	2,518.4	3,392.0	3,914.5	3,964.9	4,493.4	5,207.3
Demand deposits in local currency	540.9	737.7	797.7	872.8	1,056.8	874.9
Time and savings deposits in local currency	1,628.7	2,208.0	2,662.3	2,997.2	3,310.6	4,165.4
Other liabilities in local currency	348.8	446.3	454.4	95.0	125.9	167.0
Foreign currency	12,503.8	17,349.3	22,088.1	27,526.2	31,299.9	33,303.5
Residents' foreign currency deposits	12,401.6	17,257.0	21,959.9	27,382.2	31,040.7	32,974.6
Other liabilities in foreign currency	102.2	92.4	128.1	144.0	259.2	328.9
Memorandum items:						
Total deposits	17,345.7	23,900.5	29,792.2	35,430.9	39,513.9	42,346.5
Resident private sector	15,022.3	20,741.3	26,002.5	31,491.1	35,793.2	38,510.8
Nonresidents	2,323.4	3,159.3	3,789.7	3,939.8	3,720.6	3,835.6
Exchange rate	7.1	8.7	10.0	10.8	11.6	12.1

Source: Central Bank of Uruguay.

1/ Foreign exchange accounts valued at the exchange rate of the end of the period.

Table 40. Uruguay: Accounts of the Mortgage Bank of Uruguay 1/

(In millions of Ur\$)

	December					June
	1995	1996	1997	1998	1999	2000
Net foreign assets	-149.6	-222.9	-242.7	-235.2	-316.7	-365.8
Assets	34.8	38.7	46.8	71.5	82.1	57.4
Liabilities	-184.4	-261.6	-289.4	-306.8	-398.9	-423.2
<i>Of which</i> : deposits of nonresidents	-182.6	-257.3	-284.4	-300.3	-365.9	-386.3
Net domestic assets	7,268.3	9,218.7	10,797.3	12,577.2	14,819.3	16,250.5
Public sector (net)	1,976.8	2,846.9	2,940.6	3,276.9	3,664.1	3,731.2
General government (net)	225.3	385.6	56.5	-41.2	164.5	146.9
Rest of public sector (net)	1,751.5	2,461.3	2,884.1	3,318.1	3,499.6	3,584.3
Net credit to the financial system	-3,987.5	-5,360.2	-6,523.9	-7,546.9	-7,806.0	-7,952.7
Credit	385.2	273.4	549.8	220.8	506.9	719.9
Banking system	385.2	273.4	549.8	220.8	506.9	719.9
BCU	357.0	240.6	440.9	149.6	467.0	658.8
BROU	25.1	32.8	69.9	33.4	39.9	61.1
Private banks and cooperatives	3.0	0.0	39.0	37.9	0.0	0.0
Rest of financial system	0.0	0.0	0.0	0.0	0.0	0.0
Liabilities	-4,372.7	-5,633.7	-7,073.7	-7,767.7	-8,312.8	-8,672.6
Banking system	-4,372.7	-5,633.7	-7,073.7	-7,767.7	-8,312.8	-8,672.6
BCU	-4,342.3	-5,633.6	-7,073.7	-7,661.1	-8,066.3	-8,323.8
BROU	-3.0	0.0	-0.1	-2.3	-5.6	0.0
Private banks and cooperatives	-27.5	0.0	0.0	-104.3	-240.9	-348.7
Rest of financial system	0.0	0.0	0.0	0.0	0.0	0.0
Credit to the private sector	14,860.3	19,021.8	22,257.2	25,327.3	28,875.1	29,451.3
<i>Of which</i> : local currency	14,772.0	18,826.0	21,864.1	24,784.4	28,144.3	28,610.7
foreign currency	88.3	195.8	393.1	542.9	730.8	840.7
Holdings of Securities issued by the CBU	0.0	0.0	0.0	0.0	0.0	0.0
BHU securities in circulation	-243.8	-399.4	-436.0	-475.2	-540.4	-604.6
Other net assets	-5,337.4	-6,890.4	-7,440.6	-8,004.9	-9,373.5	-8,374.7
Monetary liabilities	7,118.7	8,995.9	10,554.7	12,342.0	14,502.6	15,884.8
Local currency	3,659.4	4,502.8	5,056.7	5,262.4	4,924.3	5,566.0
Demand deposits in local currency	1,061.4	1,633.5	1,875.3	2,041.6	1,908.8	1,881.0
Time and savings deposits in local currency	2,359.8	2,589.9	2,775.8	2,685.2	2,728.2	3,311.3
Other liabilities in local currency	238.1	279.4	405.6	535.6	287.3	373.8
Foreign currency	3,459.3	4,493.1	5,497.9	7,079.6	9,578.3	10,318.7
Residents' foreign currency deposits	3,408.3	4,432.4	5,423.3	6,871.0	9,438.3	10,153.0
Other liabilities in foreign currency	51.1	60.7	74.7	208.6	140.0	165.7
Memorandum items:						
Total deposits	7,301.3	9,253.2	10,839.1	12,642.3	14,868.5	16,271.1
Resident private sector	7,118.7	8,995.9	10,554.7	12,342.0	14,502.6	15,884.8
Nonresidents	182.6	257.3	284.4	300.3	365.9	386.3
Exchange rate	7.1	8.7	10.0	10.8	11.6	12.1

Source: Central Bank of Uruguay.

1/ Foreign exchange accounts valued at the exchange rate of the end of the period.

Table 41. Uruguay: Accounts of the Private Banks and Financial Cooperatives^{1/ 2/ 3/}
(In millions of Ur\$)

	December					June
	1995	1996	1997	1998	1999	2000
Net foreign assets	-2,099.3	-2,044.9	-4,222.8	-6,241.5	-6,164.7	-7,149.6
Assets	19,214.0	28,177.3	37,728.8	46,543.1	59,847.1	64,449.6
Liabilities	-21,313.2	-30,222.2	-41,951.6	-52,784.6	-66,011.8	-71,599.2
<i>Of which</i> : deposits of nonresidents	-14,271.3	-20,286.6	-26,762.0	-32,178.1	-30,072.2	-34,097.5
Net domestic assets	23,541.7	30,934.3	42,442.4	50,253.3	55,467.9	58,445.7
Public sector (net)	3,177.2	4,595.3	5,724.1	5,954.7	4,489.5	4,811.0
General government (net)	2,950.6	4,371.3	5,410.1	5,477.8	4,021.2	4,156.5
Rest of public sector (net)	226.6	224.0	314.0	476.9	468.3	654.5
Net credit to the financial system	3,807.2	4,987.5	6,055.7	6,293.2	11,668.6	13,443.1
Credit to the financial system	4,371.1	5,796.3	7,196.4	7,862.5	12,769.5	14,682.7
Credit to the banking system	4,371.1	5,796.3	7,196.4	7,862.5	12,769.5	14,682.7
BCU	4,217.9	5,669.6	6,816.0	7,372.0	11,920.2	13,604.8
Public banks (BROU&BHU)	153.3	126.8	380.4	490.5	849.3	1,077.9
Credit to rest of financial system	0.0	0.0	0.0	0.0	0.0	0.0
Liabilities to the financial system	-563.9	-808.8	-1,140.8	-1,569.3	-1,100.8	-1,239.6
Liabilities to the banking system	-563.9	-808.8	-1,140.8	-1,569.3	-1,100.8	-1,239.6
BCU	-547.1	-796.1	-1,048.1	-1,496.8	-1,015.0	-1,085.5
Public banks (BROU&BHU)	-16.8	-12.7	-92.7	-72.5	-85.9	-154.1
Liabilities to rest of financial system	0.0	0.0	0.0	0.0	0.0	0.0
Credit to the private sector	20,884.0	28,589.3	40,755.3	50,798.9	53,544.9	56,090.7
<i>Of which</i> : local currency	4,702.9	6,468.6	8,953.9	10,225.1	10,211.0	10,394.3
foreign currency	16,181.1	22,120.7	31,801.4	40,573.8	43,333.9	45,696.4
Holdings of securities issued by the CBU	866.2	272.7	728.2	586.8	518.6	484.4
Banks & Coops securities in circulation	-779.0	-910.3	-2,305.5	-3,151.0	-4,292.6	-4,444.2
Other net assets	-4,413.9	-6,600.2	-8,515.3	-10,229.3	-10,461.0	-11,939.3
Monetary liabilities	21,442.4	28,889.4	38,219.6	44,011.8	49,303.2	51,296.1
Local currency	4,641.8	6,061.2	8,124.6	9,350.9	9,824.4	8,849.2
Demand deposits in local currency	1,969.9	2,633.0	3,242.7	3,634.7	3,876.0	3,531.4
Time and savings deposits in local currency	2,341.7	3,060.0	4,324.7	5,209.0	5,356.2	4,811.1
Other liabilities in local currency	330.2	368.3	557.3	507.2	592.2	506.7
Foreign currency	16,800.6	22,828.2	30,095.0	34,660.9	39,478.8	42,446.8
Residents' foreign currency deposits	15,816.3	21,555.4	28,358.4	32,716.6	37,254.3	40,000.2
Other liabilities in foreign currency	984.3	1,272.8	1,736.5	1,944.3	2,224.5	2,446.6
Memorandum items:						
Total deposits	35,713.7	49,176.0	64,981.6	76,189.9	99,375.4	105,393.5
Resident private sector	21,442.4	28,889.4	38,219.6	44,011.8	49,303.2	51,296.1
Nonresidents	14,271.3	20,286.6	26,762.0	32,178.1	50,072.2	54,097.5
Exchange rate	7.1	8.7	10.0	10.8	11.6	12.1

Source: Central Bank of Uruguay.

1/ Comprises private commercial banks, finance houses, and savings and loans cooperatives.

2/ Includes intervened banks.

3/ Foreign exchange accounts valued at the exchange rate of the end of the period.

Table 42. Uruguay: Nominal Short-Term Interest Rates

(Percent per year)

Period Averages	Deposits			Loans				Interbank Call Rate (eop)
	Local Currency	Foreign Currency		Local Currency		Foreign Currency		
	31-180 Days	Time Deposits	Sight Deposits	Prime Rate	Other	Prime Rate	Other	
1994	37.0	3.4	1.6	59.7	98.6	7.5	11.7	34.7
1995	38.2	4.6	1.7	61.7	99.1	9.0	13.8	33.7
1996	28.3	4.9	1.8	48.2	91.5	8.5	13.2	26.2
1997	19.6	4.8	1.7	39.2	71.5	8.5	12.7	23.0
1998	15.1	4.9	1.7	30.6	57.9	8.5	12.4	15.7
1999	14.2	5.0	1.6	26.2	53.3	8.3	12.6	11.3
2000 (I Sem.)	12.6	5.1	1.4	20.9	50.2	8.3	13.3	11.0
1994								
1st quarter	37.5	3.1	1.7	55.8	97.4	6.9	11.2	34.3
2nd quarter	35.0	3.3	1.6	57.3	93.6	7.3	11.2	37.0
3rd quarter	36.5	3.6	1.5	59.3	93.6	7.7	11.8	37.8
4th quarter	38.9	3.8	1.5	66.5	96.7	8.3	12.5	34.7
1995								
1st quarter	41.8	4.2	1.5	67.1	97.0	9.3	13.6	35.0
2nd quarter	37.6	4.6	1.6	66.5	101.2	9.9	14.3	34.3
3rd quarter	37.1	4.4	1.7	55.4	92.4	9.1	14.2	33.4
4th quarter	35.8	4.7	1.7	55.4	91.2	9.2	14.0	33.7
1996								
1st quarter	32.4	4.9	1.8	51.1	98.6	8.4	13.8	32.0
2nd quarter	28.6	4.9	1.8	49.5	94.0	8.4	13.1	28.3
3rd quarter	26.6	4.8	1.7	47.0	88.5	8.6	12.9	31.3
4th quarter	25.5	4.8	1.7	45.2	85.0	8.6	12.8	26.2
1997								
1st quarter	21.8	4.7	1.7	45.1	79.4	8.7	12.6	25.9
2nd quarter	20.4	5.0	1.7	40.3	73.9	8.4	12.8	24.9
3rd quarter	19.0	4.9	1.7	36.4	68.8	8.6	12.6	21.5
4th quarter	17.3	4.8	1.7	35.3	64.1	8.3	12.6	23.0
1998								
1st quarter	16.6	4.8	1.8	34.1	61.2	8.2	13.1	16.8
2nd quarter	14.9	5.0	1.7	32.8	61.2	8.7	12.6	14.0
3rd quarter	14.4	5.0	1.7	26.7	55.4	8.4	11.7	54.1
4th quarter	14.5	4.9	1.7	28.8	53.9	8.7	12.3	15.7
1999								
1st quarter	14.5	4.9	1.7	28.9	57.0	8.7	12.4	15.2
2nd quarter	14.2	4.9	1.7	27.0	53.4	8.4	12.6	11.4
3rd quarter	14.3	5.1	1.4	23.2	50.1	8.2	12.2	12.5
4th quarter	13.9	5.1	1.4	25.6	52.6	7.9	13.3	11.3
2000								
1st quarter	13.1	5.1	1.4	21.7	51.6	8.1	13.3	11.2
2nd quarter	12.1	5.1	1.4	20.1	48.9	25.3	13.4	11.0
3rd quarter	12.1	5.1	1.4	22.5	49.5	8.2	13.8	20.0

Sources: Central Bank of Uruguay; and Fund staff estimates.

Table 43. Uruguay: Private Banks' Required Reserve Ratios on Selected Dates 1/

(In percent of deposits)

	Required Reserves			Obligatory holdings of			Total Reserve Requirements
	In local currency (nonremunerated)	In local currency (remunerated)	In foreign currency	Treasury bills	Central Bank Bills	Adjustable Mortg. Obligations	
(Situation as of December 31, 1999)							
Local currency deposits 2/							
Sight deposits and time deposits							
of less than 30 days	10.0	10.0	--	--	--	--	20.0
Time deposits of more than 30 days							
but less than 180 days	4.0	10.0	--	--	--	--	14.0
Time deposits of more than 180 days	2.0	10.0	--	--	--	--	12.0
Foreign currency deposits 3/							
Sight deposits and time deposits							
of less than 30 days	--	--	10.0	11.5	--	--	21.5
Time deposits of more than 30 days							
but less than 180 days	--	--	10.0	11.5	--	--	21.5
Time deposits of more than 180 days	--	--	4.0	11.5	--	--	15.5
Credits from correspondents							
subject to confirmation	--	--	10.0	11.5	--	--	21.5
(Situation as of June 30, 2000)							
Local currency deposits 2/							
Sight deposits and time deposits							
of less than 30 days	10.0	10.0	--	--	--	--	20.0
Time deposits of more than 30 days							
but less than 180 days	4.0	10.0	--	--	--	--	14.0
Time deposits of more than 180 days	2.0	10.0	--	--	--	--	12.0
Foreign currency deposits 3/							
Sight deposits and time deposits							
of less than 30 days	--	--	10.0	11.5	--	--	21.5
Time deposits of more than 30 days							
but less than 180 days	--	--	10.0	11.5	--	--	21.5
Time deposits of more than 180 days	--	--	4.0	11.5	--	--	15.5
Credits from correspondents							
subject to confirmation	--	--	10.0	11.5	--	--	21.5

Source: Central Bank of Uruguay.

1/ Excluding financial houses, which are subject to reserve requirements very similar to those of commercial banks.

2/ Applies to all liabilities in local currency to the private sector.

3/ Excludes foreign currency deposits of nonresidents that are used to provide credit to nonresidents (offshore operations). It also excludes public securities after December 1997

Table 44. Uruguay: Balance of Payments, 1995-2000

(In millions of U.S. dollars)

	1995			1996			1997		
	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net
Current account balance	3,995.0	4,207.6	-212.6	4,398.4	4,631.8	-233.4	4,847.5	5,134.9	-287.4
Goods f.o.b.	2,147.5	2,710.6	-563.1	2,448.5	3,135.4	-686.9	2,793.1	3,497.5	-704.4
Merchandise	2,105.9	2,678.3	-572.4	2,397.2	3,109.7	-712.5	2,729.5	3,477.6	-748.1
Other goods	41.6	32.3	9.3	51.3	25.7	25.6	63.6	19.9	43.7
Services	1,359.2	857.7	501.5	1,398.7	839.0	559.7	1,424.1	888.6	535.5
Transport	399.8	376.3	23.5	394.1	445.9	-51.8	342.8	425.9	-83.1
Travel	610.9	236.6	374.3	716.8	192.0	524.8	759.3	264.1	495.2
Other services	348.5	244.8	103.7	287.8	201.1	86.7	322.0	198.6	123.4
Factor income	404.3	631.3	-227.0	460.5	649.2	-188.7	547.3	740.0	-192.7
Transfers	84.0	8.0	76.0	90.7	8.2	82.5	83.0	8.8	74.2
Financial account	1,316.8	913.0	403.8	514.6	289.9	224.7	835.5	296.7	538.8
Foreign direct investment	156.6	0.0	156.6	136.8	0.0	136.8	126.4	13.2	113.2
Portfolio investment	192.3	0.0	192.3	284.6	8.2	276.4	298.7	124.7	174.0
Treasury bills	183.0	0.0	183.0	284.6	0.0	284.6	298.7	0.0	298.7
Central bank bills	9.3	0.0	9.3	0.0	8.2	-8.2	0.0	124.7	-124.7
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other investment	967.9	913.0	54.9	93.2	281.7	-188.5	410.4	158.8	251.6
Commercial credits	0.0	47.3	-47.3	0.0	16.8	-16.8	87.6	43.7	43.9
General government	0.0	42.8	-42.8	0.0	10.9	-10.9	0.0	43.7	-43.7
Nonfin. private sector	0.0	4.5	-4.5	0.0	5.9	-5.9	87.6	0.0	87.6
Net assets	967.9	865.7	102.2	93.2	264.9	-171.7	322.8	115.1	207.7
Monetary authorities	71.7	0.0	71.7	0.0	79.6	-79.6	35.6	16.9	18.7
General government	61.4	0.0	61.4	31.2	0.0	31.2	170.1	0.0	170.1
Banks	827.0	831.4	-4.4	11.9	167.5	-155.6	117.1	88.4	28.7
BROU	43.4	60.9	-17.5	8.0	0.0	8.0	0.0	86.9	-86.9
BHU	0.0	3.1	-3.1	3.9	0.0	3.9	0.0	1.5	-1.5
Private banks	783.6	767.4	16.2	0.0	167.5	-167.5	117.1	0.0	117.1
Other sectors	7.8	34.3	-26.5	50.1	17.8	32.3	0.0	9.8	-9.8
Errors and omissions	18.0	0.0	18.0	152.5	0.0	152.5	79.0	0.0	79.0
Adjustment in the value of gold	0.1	209.4	-209.3	0.0	0.0	0.0	0.0	0.0	0.0
Change in international reserves	0.0	209.4	0.1	0.0	143.8	-143.8	0.0	330.4	-330.4
Liabilities	0.0	47.0	-47.0	0.0	25.2	-25.2	0.0	9.3	-9.3
Assets	0.0	162.4	-162.4	0.0	118.6	-118.6	0.0	321.1	-321.1

Table 44. Uruguay: Balance of Payments, 1995-2000

(In millions of U.S. dollars)

	1998			1999			2000 Jan-Sept		
	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net
Current account balance	4,818.0	5,293.5	-475.5	4,300.5	4,828.5	-528.0	3,141.8	3,492.8	-351.0
Goods f.o.b.	2,829.1	3,601.4	-772.3	2,289.0	3,186.0	-897.0	1,778.0	2,430.0	-652.0
Merchandise	2,768.7	3,574.3	-805.6	2,229.0	3,173.3	-944.3	1,778.0	2,430.0	-652.0
Other goods	60.4	27.1	33.3	60.0	12.7	47.3	...	...	...
Services	1,306.8	870.2	436.6	1,264.0	795.0	469.0	1,047.0	618.0	429.0
Transport	253.0	362.3	-109.3	245.0	317.0	-72.0	210.0	258.0	-48.0
Travel	694.9	265.0	429.9	653.0	280.0	373.0	538.0	205.0	333.0
Other services	358.9	242.9	116.0	366.0	198.0	168.0	299.0	155.0	144.0
Factor income	607.1	805.9	-198.8	665.1	839.1	-174.0	259.8	440.8	-181.0
Transfers	75.0	16.0	59.0	82.4	8.4	74.0	57.0	4.0	53.0
Financial account	1,546.2	848.8	697.4	1,538.5	1,126.7	411.8	751.7	105.7	646.0
Foreign direct investment	164.1	9.3	154.8	228.8	0.0	228.8	30.0	0.0	30.0
Portfolio investment	419.4	0.0	419.4	279.5	151.9	127.6	429.4	366.0	63.4
Treasury bills	305.2	0.0	305.2	279.5	0.0	279.5	351.1	129.2	221.9
Central bank bills	114.2	0.0	114.2	0.0	151.9	-151.9	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	78.3	236.8	-158.5
Other investment	962.7	839.5	123.2	1,030.2	974.8	55.4	292.3	-260.3	552.6
Commercial credits	38.4	0.0	38.4	0.0	54.8	-54.8	0.0	0.0	0.0
General government	6.1	0.0	6.1	0.0	27.4	-27.4	0.0	0.0	0.0
Nonfin. private sector	32.3	0.0	32.3	0.0	27.4	-27.4	0.0	0.0	0.0
Net assets	924.3	839.5	84.8	1,030.2	920.0	110.2	292.3	-260.3	552.6
Monetary authorities	0.0	37.2	-37.2	0.0	136.7	-136.7	1.2	39.3	-38.1
General government	163.0	0.0	163.0	272.0	0.0	272.0	0.0	-87.8	87.8
Banks	752.1	754.9	-2.8	757.7	754.2	3.5	52.4	-222.8	275.2
BROU	1.0	29.9	-28.9	57.2	43.7	13.5	119.9	8.4	111.5
BHU	0.0	7.3	-7.3	0.0	6.6	-6.6	0.0	0.0	0.0
Private banks	751.1	717.7	33.4	700.5	703.9	-3.4	-67.5	-231.2	163.7
Other sectors	9.2	47.4	-38.2	0.5	29.1	-28.6	238.7	11.0	227.7
Errors and omissions	140.0	0.0	140.0	103.0	0.0	103.0	...	...	-52.0
Adjustment in the value of gold	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change in international reserves	160.1	522.0	-361.9	328.6	341.8	13.2	0.0	243.0	-243.0
Liabilities	160.1	0.0	160.1	328.6	341.8	-13.2	0.0	0.0	0.0
Assets	0.0	522.0	-522.0	0.0	0.0	0.0	0.0	243.0	-243.0

Table 45. Uruguay: Value, Volume, and Unit Value of Merchandise Trade

	(Percentage change)					August
	1995	1996	1997	1998	1999	2000
Total exports						
Volume	-0.9	17.4	16.1	2.7	-8.1	9.6
Unit value	11.0	-3.0	-1.9	-1.1	-7.3	-1.9
Value	10.1	13.8	13.9	1.6	-25.3	7.5
Total imports						
Volume	-3.4	15.5	15.4	8.6	-8.8	2.2
Unit value	6.5	0.4	-3.1	-5.9	-5.2	4.7
Value	2.9	15.9	11.8	2.2	-13.6	7.0
Terms of trade	4.3	-3.3	1.2	5.1	-2.3	-6.3
Detail on major export commodities						
Refrigerated beef						
Volume	-5.7	57.4	33.7	-4.5	-11.1	27.3
Unit value	11.3	-16.7	-3.0	11.9	-5.9	1.3
Value	5.0	31.1	29.7	6.8	-16.3	29.0
Wool						
Volume	-28.5	32.3	-4.9	-35.6	10.9	19.6
Unit value	46.9	-11.8	-1.0	-7.3	-28.4	-4.3
Value	5.0	16.7	-5.8	-40.3	-20.6	14.4
Hides						
Volume	17.5	22.9	-29.5	71.0	1.6	16.4
Unit value	11.5	-11.1	30.5	-37.9	-3.1	8.9
Value	31.1	9.3	-8.0	6.2	-1.5	26.7
Rice						
Volume	15.7	33.0	6.6	0.3	7.9	25.2
Unit value	-6.9	5.4	3.3	8.4	-33.6	-20.6
Value	7.7	40.2	10.0	8.7	-28.4	-0.6
Fish (refrigerated filets)						
Volume						
Unit value	10.4	-0.7	-2.4	5.8	-38.1	20.9
Value	1.3	-0.8	8.1	15.2	16.4	-13.5

Source: Central Bank of Uruguay.

Table 46. Uruguay: Summary of Merchandise Exports, f.o.b. 1/

	1995	1996	1997	1998	1999	August 2000
(In millions of U.S. dollars)						
Total exports	2,105.9	2,397.2	2,737.4	2,768.7	2,232.4	1525.3
Traditional exports	648.7	712.2	844.8	726.3	577.4	411.6
Wool	241.1	290.8	276.7	158.2	125.6	90.8
Meat	242.3	322.2	408.8	433.4	359.0	282.2
Other	165.3	99.2	159.3	134.7	92.8	38.6
Nontraditional exports	1,457.2	1,685.0	1,892.6	2,042.4	1,655.0	1113.7
Rice	163.0	228.5	251.5	273.4	195.8	109.5
Fish and shellfish	87.0	89.6	100.3	116.9	92.3	68.9
Chemical products	86.1	92.8	112.5	120.7	97.1	68.6
Textile manufactures	180.3	185.2	203.3	191.6	134.6	98.5
Shoes and others	17.8	23.2	21.3	17.3	14.7	9.1
Leather manufactures	24.6	24.0	14.8	10.5	9.1	4.4
Other nontraditional	898.4	1,041.7	1,188.9	1,312.0	1,111.4	754.7
(Percentage change)						
Memorandum items						
Exports	10.1	13.8	14.2	1.1	-19.4	7.3
Traditional exports	15.4	9.8	18.6	-14.0	-20.5	10.9
Wool	5.1	20.6	-4.8	-42.8	-20.6	29.0
Meat	2.4	33.0	26.9	6.0	-17.2	14.4
Nontraditional exports	7.8	15.6	12.3	7.9	-19.0	6.1

Sources: Central Bank of Uruguay; and Fund staff estimates.

1/ Starting in 1993, a new merchandise classification scheme is in place which may affect comparability with data from previous years.

Table 47. Uruguay: Merchandise Exports, f.o.b.

	1995	1996	1997	1998	1999	August 2000
(In millions of U.S. dollars)						
Total exports	2,105.9	2,397.2	2,737.4	2,768.7	2,232.4	1,525.3
Live animals, meat, and fish	561.8	630.9	729.2	823.1	673.2	479.8
Beef	213.7	280.1	363.3	388.1	325.9	261.2
Mutton and lamb	17.0	30.3	32.8	33.7	25.2	19.2
Fish and shellfish	87.0	89.6	100.3	116.9	92.3	68.9
Other	244.1	230.9	232.8	284.4	229.8	130.5
Vegetable products	303.2	407.6	478.4	439.9	353.6	165.8
Rice	163.0	228.5	251.5	273.4	195.8	109.5
Malted barley	54.4	65.1	64.5	52.5	42.1	23.2
Other	85.8	114.0	162.4	114.0	115.7	33.1
Fats and oils	9.4	10.0	15.9	12.9	11.4	9.9
Food, beverages, and tobacco	74.2	90.6	113.1	149.4	120.8	74.9
Mineral products	29.3	34.0	33.7	44.2	28.6	24.5
Cement	2.8	3.8	10.4	15.2	9.2	4.6
Other 1/	26.5	30.2	23.3	29.0	19.4	19.9
Plastic, rubber, and related products	75.3	84.6	91.1	97.0	88.9	60.8
Hides, leather, and related products	250.8	276.3	278.3	249.1	241.0	166.8
Hides and skins	165.6	186.2	193.2	181.0	173.0	137.9
Leather manufactures	24.6	24.0	14.8	10.5	10.5	4.4
Other	60.6	66.1	70.3	57.6	57.5	24.5
Textile materials and products	421.3	466.5	479.7	356.5	264.6	192.2
Greasy wool	25.8	20.9	24.3	7.1	11.3	8.9
Washed wool	14.5	18.5	19.3	9.8	6.5	5.1
Combed wool	200.8	251.4	233.1	141.3	107.9	76.8
Other	180.2	175.7	203.0	198.3	139.0	101.4
Shoes and others	17.8	23.2	21.3	17.3	14.7	9.1
Stone, ceramic, and glass products	25.5	28.6	29.4	24.4	21.8	13.5
Other	337.3	344.9	467.3	554.9	413.8	328
(Percentage change)						
Memorandum items						
Total	10.1	13.8	14.2	1.1	-19.4	7.3
Live animals, meat, and fish	14.8	12.3	15.6	12.9	-18.2	16.1
Other food and food products	22.8	31.4	19.5	-0.9	-19.3	-18.5
Hides, leather, and related products	18.5	10.2	0.7	-10.5	-3.2	16.2
Textile materials and products	7.3	10.7	2.8	-25.7	-25.8	6.0
Other	-10.6	2.2	35.5	18.7	-25.4	21.3

Source: Central Bank of Uruguay.

1/ Includes exports of electricity to Argentina.

Table 48. Uruguay: Summary of Merchandise Imports, c.i.f.

	1995	1996	1997	1998	1999	August 2000
(In millions of U.S. dollars)						
Total imports	2,866.9	3,322.8	3,716.0	3,808.2	3,356.8	2,274.7
Consumer goods	811.8	864.9	1,038.7	1,091.0	939.4	575.6
Intermediate goods	1,567.6	1,856.7	1,991.9	1,995.0	1,875.7	1,389.8
Petroleum and derivatives	271.6	337.6	318.3	205.0	330.7	320.3
Other	1,296.0	1,519.1	1,673.6	1,790.0	1,545.0	1,069.5
Capital goods	487.5	601.2	685.4	722.2	541.6	309.3
(In percent of total)						
Total	100.0	100.0	100.0	100.0	100.0	100.0
Consumer goods	28.3	26.0	28.0	28.6	28.0	25.3
Intermediate goods	54.7	55.9	53.6	52.4	55.9	61.1
Capital goods	17.0	18.1	18.4	19.0	16.1	13.6
(Percentage change)						
Memorandum items						
Imports	2.9	15.9	11.8	2.5	-11.9	6.9
Consumer goods	6.4	6.5	20.1	5.0	-13.9	-1.3
Intermediate goods	-1.4	18.4	7.3	0.2	-6.0	16.7
Petroleum and derivatives	14.6	24.3	-5.7	-35.6	61.3	58.5
Other	-4.2	17.2	10.2	7.0	-13.7	8.1
Capital goods	12.7	23.3	14.0	5.4	-25.0	-12.4
Total imports as percent of GDP	14.9	16.2	17.1	16.9	15.9	15.7

Sources: Central Bank of Uruguay; and Fund staff estimates.

Table 49. Uruguay: Merchandise Imports, c.i.f.

(In millions of U.S. dollars)

	1995	1996	1997	1998	1999	August 2000
Total imports, c.i.f.	2,866.9	3,322.8	3,716.0	3,808.2	3,356.8	2274.7
Vegetable products	105.2	126.8	119.0	118.5	97.1	82.4
Fats and oils	19.6	21.0	22.3	24.0	21.0	13.4
Food, beverages and tobacco	171.1	213.1	239.2	256.5	239.5	153.6
Mineral products, including fuels	306.6	382.4	357.9	240.0	390.4	377.2
Petroleum	177.3	225.2	203.1	163.4	204.5	252.7
Other	129.3	157.2	154.8	76.6	185.9	124.5
Chemicals and related products	340.1	452.1	491.8	512.4	489.7	298.8
Plastics, resins, and rubber	201.1	217.1	254.2	257.9	234.9	164.1
Hides, leather, and related products	40.3	56.5	44.3	50.6	44.2	40.4
Paper, cellulose, and printed matter	97.1	111.6	128.5	144.8	136.7	90.7
Textile materials and products	194.6	192.8	215.3	207.0	155.4	106.3
Stone, ceramic, and glass products	49.7	48.9	59.4	65.8	60.2	37.9
Metals and metal products	153.3	192.7	194.5	226.8	161.7	105
Machinery and equipment	599.5	707.9	841.9	852.8	745.3	440.7
Transport equipment	387.8	373.2	471.6	553.4	304.3	196
Precision instruments	64.7	72.2	84.2	89.1	75.1	48
Miscellaneous goods	136.2	154.5	191.9	208.6	201.4	120.2

Source: Central Bank of Uruguay.

Table 50. Uruguay: Direction of Merchandise Trade

(In percent)

	1995	1996	1997	1998	1999	August 2000
I. Exports						
Total	100.0	100.0	100.0	100.0	124.6	100.1
Western Hemisphere	60.2	61.9	63.2	69.7	86.2	64.4
ALADI	53.0	53.7	55.6	62.4	77.1	52.0
Argentina	12.7	11.3	13.0	18.5	22.9	18.3
Brazil	33.2	34.7	34.5	33.8	41.8	22.6
Others	7.1	7.7	8.1	10.1	12.4	11.1
United States	5.8	7.0	5.9	5.7	7.1	7.6
Rest of Western Hemisphere	1.4	1.2	1.7	1.6	2.0	4.8
Europe	22.7	21.4	21.1	17.9	22.2	17.4
EC	20.8	19.5	18.9	16.4	20.4	16.1
Germany	5.6	4.7	4.4	4.0	5.0	3.8
Italy	3.1	3.5	3.3	2.8	3.5	3.1
United Kingdom	4.1	3.6	4.3	3.4	4.2	3.3
Others	8.0	7.7	6.9	6.2	7.7	5.9
Rest of Europe	1.9	1.9	2.2	1.5	1.8	1.3
Asia	11.8	11.3	10.1	6.9	8.5	10.2
Japan	0.9	1.0	1.1	0.8	1.0	1.8
Rest of Asia	10.9	10.3	9.0	6.1	7.5	8.4
Middle East	3.7	3.9	4.0	3.9	6.0	5.2
Africa	0.7	0.8	0.8	1.0	0.6	1.8
Other countries	0.9	0.7	0.8	0.6	1.1	1.1
II. Imports						
Total	100.0	100.1	100.1	100.0	100.0	100.0
Western Hemisphere	62.9	63.8	62.9	61.7	64.9	62.5
ALADI	51.3	50.1	49.8	48.5	50.6	51.9
Argentina	21.2	20.8	21.3	22.0	25.0	24.5
Brazil	24.4	22.4	21.6	20.9	23.6	18.7
Others	5.7	6.9	6.9	5.6	2.0	8.7
United States	9.8	12.0	11.6	12.1	13.7	9.6
Rest of Western Hemisphere	1.8	1.7	1.5	1.1	0.6	1.0
Europe	22.9	21.5	22.1	23.3	21.6	24.0
EC	20.8	19.4	19.4	20.6	18.7	19.3
Germany	3.6	3.0	3.2	3.3	3.7	3.2
Italy	5.2	5.2	4.6	4.6	5.3	3.2
United Kingdom	1.4	1.6	1.8	1.5	1.8	2.0
Others	10.6	9.6	9.8	11.2	7.9	10.9
Rest of Europe	2.1	2.1	2.7	2.7	2.9	4.7
Asia	9.6	9.2	10.3	11.0	9.5	8.8
Japan	2.6	2.2	2.6	2.4	2.8	1.7
Rest of Asia	7.0	7.0	7.7	8.6	6.7	7.1
Middle East	2.4	2.3	2.8	0.8	2.1	1.1
Africa	1.4	2.6	1.0	2.3	1.1	2.9
Other countries	0.8	0.7	1.0	0.9	0.8	0.7

Source: Central Bank of Uruguay.

Table 51. Uruguay: Summary of External Debt, End-of-Period

	1992	1993	1994	1995	1996	1997	1998	1999	June 2000
(In millions of U.S. dollars)									
Public sector 1/	3,831	3,984	4,647	4,841	4,995	5,053	5,644	5,543	5,869
Nonfinancial public sector	3,392	3,578	4,251	4,426	4,682	4,754	5,195	5,178	5,482
Central bank	219	195	188	211	109	113	272	219	239
Bank of the Republic	77	77	76	74	72	65	62	53	49
Mortgage bank	143	134	132	131	132	121	114	93	99
Private sector 1/	1,528	1,544	1,784	2,010	2,448	2,682	3,200	2,755	2,577
Suppliers' credit	336	363	419	422	397	465	486	524	401
Other	1,192	1,181	1,365	1,588	2,051	2,217	2,714	2,231	2,176
Nonresident deposits (NRD)	2,338	2,387	2,709	3,521	4,153	4,750	4,738	5,121	5,285
Public banks	305	308	312	352	392	406	392	352	349
Private banks	2,033	2,078	2,397	3,168	3,760	4,344	4,346	4,769	4,937
Gross external debt	7,697	7,915	9,140	10,371	11,595	12,485	13,582	13,419	13,731
Public sector	4,136	4,293	4,959	5,193	5,387	5,459	6,036	5,895	6,217
Private sector	3,561	3,622	4,182	5,178	6,208	7,026	7,547	7,524	7,514
Foreign assets	5,271	5,520	6,236	7,349	8,718	9,557	10,635	10,344	10,626
Public sector	2,155	2,382	2,479	2,683	2,830	3,037	3,575	3,456	3,630
Private sector	3,116	3,138	3,756	4,665	5,888	6,520	7,060	6,888	6,996
Net external debt	2,426	2,395	2,905	3,023	2,877	2,928	2,948	3,075	3,104
Public sector	1,981	1,911	2,479	2,510	2,557	2,422	2,461	2,439	2,587
Private sector	445	484	425	513	320	505	487	636	517
(In percent of GDP)									
Public sector external debt 1/	29.7	26.4	26.5	25.0	24.7	23.5	25.1	26.3	29.2
Private external debt 1/	11.9	10.2	10.2	10.4	12.1	12.5	14.3	13.1	12.8
Gross external debt 1/	41.6	36.6	36.7	35.4	36.8	35.9	39.4	39.4	42.0
Nonresident deposits	18.2	15.8	15.5	18.2	20.5	22.1	21.1	24.3	26.3
Gross external debt	59.8	52.4	52.2	53.7	57.3	58.0	60.5	63.7	68.3
Foreign assets	40.9	36.5	35.6	38.0	43.0	44.4	47.4	49.1	52.9
Net external debt	18.8	15.9	16.6	15.6	14.2	13.6	13.1	14.6	15.4
Memorandum item:									
GDP (US\$ millions)	12,878	15,105	17,516	19,329	20,251	21,527	22,454	21,060	20,105

Source: Central Bank of Uruguay, Statistical Bulletin.

1/ Excluding nonresident deposits.

Table 52. Uruguay: Disbursements, Amortization, and Outstanding External Public Debt
(In millions of U.S. dollars)

	Flows during the year			Debt Outstanding	In percent of GDP
	Disbursements	Amortizations	Adjustment 1/		
Medium-and long-term debt (1993)	403	136	26	3,458	22.9
Central government	335	57	45	2,219	14.7
Loans	177	57	45	1,148	7.6
Securities (bills and bonds)	158	0	0	1,071	7.1
Local governments	3	2	0	54	0.4
BROU & BHU	6	2	-12	212	1.4
BCU 2/	0	16	14	110	0.7
Public enterprises	59	54	-31	724	4.8
Supplier's credit	0	5	11	140	0.9
Medium-and long-term debt (1994)	889	212	7	4,143	23.7
Central government	443	119	-8	2,535	14.5
Loans	203	57	-8	1,286	7.3
Securities (bills and bonds)	241	63	0	1,249	7.1
Local governments	10	4	5	64	0.4
BROU & BHU	1	7	2	208	1.2
BCU 2/	0	4	-3	103	0.6
Public enterprises	391	70	11	1,057	6.0
Supplier's credit	44	8	1	177	1.0
Medium-and long-term debt (1995)	397	260	-33	4,248	22.0
Central government	362	144	8	2,761	14.3
Loans	121	84	8	1,331	6.9
Securities (bills and bonds)	241	60	0	1,430	7.4
Local governments	10	5	2	72	0.4
BROU & BHU	1	3	-1	204	1.1
BCU 2/	0	7	-22	74	0.4
Public enterprises	24	58	-19	1,003	5.2
Supplier's credit	0	43	0	134	0.7
Medium-and long-term debt (1996)	504	228	-10	4,513	22.0
Central government	437	97	-11	3,090	15.1
Loans	140	85	-13	1,374	6.7
Securities (bills and bonds)	297	13	2	1,716	8.4
Local governments	3	4	-4	66	0.3
BROU & BHU	1	4	2	204	1.0
BCU 2/	0	7	8	75	0.4
Public enterprises	41	83	-3	958	4.7
Supplier's credit	22	33	-2	121	0.6
Medium-and long-term debt (1997)	982	716	-47	4,734	22.0
Central government	587	579	13	3,111	14.5
Loans	248	382	13	1,252	5.8
Securities (bills and bonds)	340	197	0	1,859	8.6
Local governments	0	5	-3	58	0.3
BROU & BHU	1	15	-4	186	0.9
BCU 2/	297	0	-1	371	1.7
Public enterprises	98	74	-52	929	4.3
Supplier's credit	0	42	0	79	0.4
Medium-and long-term debt (1998)	587	239	52	5,134	22.9
Central government	546	115	51	3,593	16.0
Loans	241	115	51	1,429	6.4
Securities (bills and bonds)	305	0	0	2,164	9.6
Local governments	0	5	2	55	0.2
BROU & BHU	2	12	0	176	0.8
BCU 2/	0	17	-14	340	1.5
Public enterprises	33	90	14	885	3.9
Supplier's credit	6	0	0	85	0.4

Source: Central Bank of Uruguay.

1/ Reflects exchange valuation adjustments.

2/ Includes IMF credit.

Table 53. Uruguay: Amortization Schedule for Public Sector External Debt

(In millions of U.S. dollars)

	Stock of Debt by end-June 2000	Amortizations falling due in:						
		Jul-Dec 2000	2001	2002	2003	2004	Beyond 2004	No due date
Total	6,217	343	629	537	756	389	3,207	355
Excluding BROU and BHU	5,721	337	619	527	746	380	3,106	7
Nonfinancial public sector	5,408	256	608	440	662	371	3,072	0
Loans	2,843	116	246	268	274	257	1,682	0
Bonds and bills	2,564	140	361	172	388	114	1,390	0
Central Bank	239	36	8	86	83	8	12	6
Bank of the Republic (BROU)	366	3	4	4	4	3	30	317
Mortgage bank (BHU)	131	3	6	6	6	6	71	32
Supplier's credit	74	45	3	1	1	1	22	1

Source: Central Bank of Uruguay, Statistical Bulletin.

Table 54. Uruguay: Net International Reserves of the Central Bank

(In millions of U.S. dollars, unless otherwise indicated)

	December					June
	1995	1996	1997	1998	1999	2000
Assets	1,824.0	1,908.9	2,068.4	2,589.3	2,601.8	2,875.7
Gold 1/	663.8	642.1	509.7	513.4	524.8	531.7
SDRs	3.6	3.9	0.0	0.7	1.0	0.5
IMF reserve tranche	22.9	22.1	20.8	21.6	48.9	47.7
Foreign notes and coins	13.7	36.8	22.5	29.4	95.9	25.5
Correspondents	578.7	495.2	839.7	764.9	629.5	942.0
Overnight accounts	7.9	6.5	6.9	56.9	189.7	543.6
Term accounts	570.8	488.7	832.8	708.0	439.9	398.4
Foreign securities	146.0	254.4	261.7	828.8	864.4	884.9
Other assets	395.3	454.4	413.9	430.3	437.3	443.4
Liabilities	56.1	33.8	2.5	162.2	159.0	184.9
IMF	20.8	8.6	0.0	160.7	156.6	152.7
Foreign banks	15.7	2.6	1.8	1.3	0.9	0.6
Other liabilities	19.6	22.6	0.7	0.3	1.6	31.6
Net international reserves	1,767.9	1,875.1	2,065.8	2,427.1	2,442.8	2,690.9
Memorandum items:						
Gold (millions of fine troy ounces)	1.7	1.7	1.8	1.8	1.8	1.8
Gross reserves (in months of imports of G's &	6.1	5.8	5.7	6.9	7.7	8.4

Sources: Central Bank of Uruguay; IMF, International Financial Statistics; and Fund staff estimates.

1/ Gold valued at market prices.

Table 55. Uruguay: Exchange Rates 1/

	Period Average	End of Period
(New Uruguayan pesos per U.S. dollar)		
1990	1,235.10	1,593.00
1991	2,088.58	2,488.00
1992	3,107.82	3,480.00
1993	4,134.00	4,196.00
(Uruguayan pesos per U.S. dollar) 2/		
1994		
March	4.56	4.69
June	4.84	4.99
September	5.25	5.57
December	5.54	5.60
1995		
March	5.84	5.95
June	6.14	6.26
September	6.51	6.64
December	6.92	7.11
1996		
March	7.34	7.54
June	7.74	7.99
September	8.24	8.36
December	8.54	8.71
1997		
March	8.91	9.08
June	9.30	9.49
September	9.66	9.75
December	9.90	9.97
1998		
March	10.05	10.21
June	10.25	10.42
September	10.54	10.83
December	10.62	10.78
1999		
March	10.98	11.10
June	11.18	11.37
September	11.59	11.56
December	11.58	11.62
2000		
March	11.73	11.84
June	11.69	12.11
September	12.29	12.26
December	...	...

Source: Central Bank of Uruguay.

1/ Buying rate. Until 1978, the exchange rates listed are those prevailing in the commercial foreign exchange market. On October 17, 1978, the Central Bank unified the commercial and financial foreign exchange markets and on December 26, 1978, the Government announced that the new peso would be depreciated each month according to preannounced rate. On November 26, 1982, a managed float system was implemented.

2/ The Uruguayan peso replaced the new Uruguayan peso at the rate of 1,000 to 1 on March 1, 1993.

Table 56. Uruguay: Measures of Competitiveness

	Real Effective Exchange Rate 1/	Wage-based	Bilateral Real Effective Exchange Rate		
		Real Effective Exchange Rate 2/	Argentina	Brazil	United States
Index 1986=100					
1995					
First quarter	127.9	124.4	81.5	107.7	198.1
Second quarter	129.3	125.7	84.2	110.5	203.5
Third quarter	130.5	126.9	86.0	110.9	207.1
Fourth quarter	129.4	125.8	85.2	108.7	204.9
1996					
First quarter	128.5	124.9	85.4	106.8	203.4
Second quarter	128.4	129.2	86.4	105.9	203.0
Third quarter	126.2	129.1	85.5	104.4	200.8
Fourth quarter	128.1	128.2	86.5	107.0	202.4
1997					
First quarter	129.6	129.0	86.7	107.1	202.1
Second quarter	129.8	128.9	86.9	106.7	201.0
Third quarter	130.1	129.8	86.2	107.6	199.4
Fourth quarter	129.8	130.6	86.3	108.8	198.4
1998					
First quarter	130.8	132.5	85.8	109.4	198.2
Second quarter	130.5	133.2	85.5	110.1	197.0
Third quarter	131.2	132.4	85.1	112.6	195.8
Fourth quarter	132.2	132.9	86.3	116.7	196.7
1999					
First quarter	148.4	148.5	85.2	175.7	192.1
Second quarter	146.2	148.3	85.5	160.5	189.2
Third quarter	144.9	146.5	83.4	164.4	181.8
Fourth quarter	146.3	146.0	84.4	158.8	184.7
2000					
First quarter	142.0	141.7	84.2	147.6	181.1
Second quarter	143.6	142.9	84.1	151.4	178.9
Third quarter	142.6	140.0	83.3	147.5	175.7
Fourth quarter	...	...	
(Average annual percentage change)					
1995	4.4	1.2	9.3	-4.0	9.8
1996	-1.1	-1.1	2.1	-3.1	-0.5
1997	1.6	1.3	0.7	1.5	-1.1
1998	1.0	2.5	-1.0	4.3	-1.6
1999	11.6	11.0	-1.2	46.9	-5.1
2000 (Jan-Sept)	-2.6	-4.2	-1.0	-10.8	-4.9

Sources: Central Bank of Uruguay; IMF Information Notice System; and Fund staff estimates.

1/ Based on consumer prices. INS data with updated trade weights.

2/ Real private sector wages multiplied by real effective exchange rate. Increase indicates loss in competitiveness.