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TRADE POLICY REVIEW

REPORT BY

URUGUAY

Pursuant to the Agreement Establishing the Trade Policy Review Mechanism (Annex 3 of the Marrakesh Agreement Establishing the World Trade Organization), the policy statement by Uruguay is attached.

Note: This report is subject to restricted circulation and press embargo until the end of the first session of the meeting of the Trade Policy Review Body on Uruguay.

Contents

1 MACROECONOMIC ENVIRONMENT AND ECONOMIC POLICY

1.1. The sixth Trade Policy Review of Uruguay at the WTO covers the period from 2018 to 2025. Accordingly, this report presents the main trade policies and practices implemented by the country during this period.

1.2. Following the economic and financial crisis of 2002, the Uruguayan economy embarked on a prolonged phase of expansion. Since then, economic activity has charted a practically uninterrupted growth path, with the sole exception of the COVID-19-related shock in 2020. This performance is one of the longest expansionary cycles in the country's recent economic history.

1.3. During this period, the economy weathered a range of external and regional conditions, including the global financial crisis of 2008-2009, episodes of volatility in emerging markets, and macroeconomic tensions in neighbouring countries. Nevertheless, Uruguay managed to sustain its GDP growth path, underpinned by a framework of prudent macroeconomic policies, improved economic institutions, and various structural reforms that bolstered the country's resilience to external shocks.

1.4. Having overcome the impact of the pandemic in recent years, economic activity began to grow once more, albeit at a more moderate pace than that observed during the most dynamic phase of the previous cycle.

1.5. Economic growth has, in the last few years, been supported by robust performance in the labour market. In 2025, the labour force participation rate averaged 64.5%, and the employment rate stood at 59.7%, with both figures slightly surpassing those recorded in 2024. Overall, these indicators reflect high levels of participation and employment, cementing the labour market's recovery from the pandemic and remaining above the averages of the past decade.

1.6. Meanwhile, the unemployment rate averaged 7.5% in 2025, below the figure recorded the previous year (8.2%). The labour market thus continues to operate with relatively low levels of unemployment by historical standards, although in recent months, the indicators have shown a more stable pattern, in line with a more moderate phase of economic growth.

1.7. Consequently, since 2021, the employed population has grown steadily. Following the recovery from the pandemic-induced shock, the labour market managed to regain the jobs lost and expand beyond previous levels.

1.8. In recent quarters, the pace of employment growth has slowed, consistent with an economy moving towards expansion rates close to its potential. Despite this slowdown, job creation has remained robust and predominantly formal, reflecting a resilient labour market capable of continuing to absorb quality employment. In 2025, an average of 26,000 jobs were created, of which around 20,000 are registered with the social security system.

1.9. Wage policy plays a central role in incomes policy and in the functioning of the labour market. In Uruguay, this dynamic is organized within tripartite collective bargaining bodies known as Wage Councils. These bodies provide extensive coverage and are organized by branches of activity. They include sectors that are often excluded from collective bargaining in other countries, such as domestic work and rural work.

1.10. In this connection, the wage guidelines set by the Government for the private-sector collective bargaining round that began in July 2025 sought to balance improvements in workers' incomes – particularly those of lower-income workers – with maintaining macroeconomic stability. Specifically, the wage guidelines are aligned with the inflation target and the economy's productivity developments to prevent further inflationary pressures while supporting job creation and sustaining employment. Additionally, the design of the guidelines incorporates a distributive approach, prioritizing relative gains for the lowest wage levels.

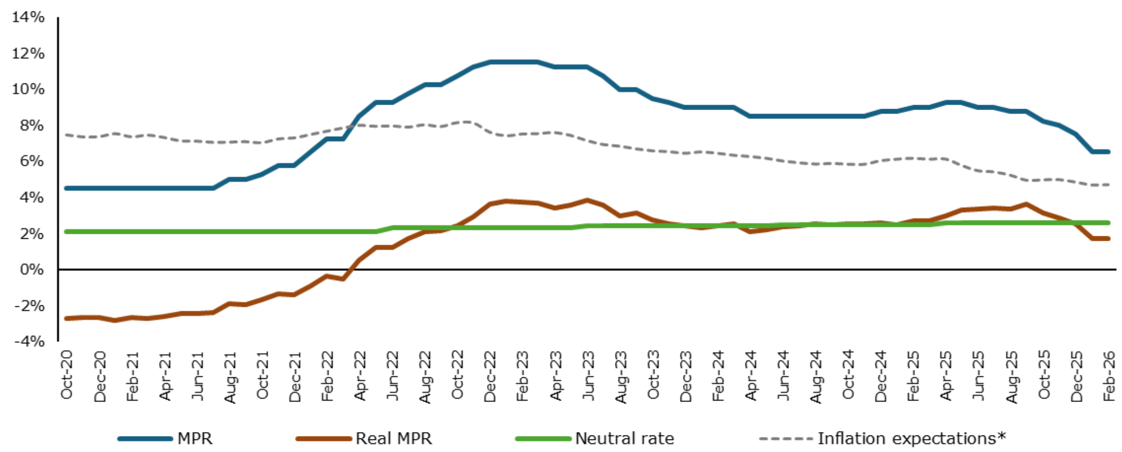
1.11. The guidelines incorporated innovations in the adjustment mechanisms, aimed at reducing inflation inertia and aligning wage dynamics with the current low-inflation environment. Key features include the use of underlying or core inflation as a benchmark, the establishment of tolerance bands within which adjustments are not triggered, and the exemption of higher income brackets from these measures.

1.12. In this context, the economic policy pursued is geared towards preserving macroeconomic balances and encouraging investment to accelerate the economy's growth rate. The strategy for this has relied on the coordination of instruments across three main policy fronts: monetary and exchange rate, fiscal, and incomes. This approach has sought, on the one hand, to consolidate the disinflation process and the anchoring of expectations and, on the other, to sustain stable conditions conducive to economic growth and labour market performance.

1.13. Following the increase observed during the post-pandemic period, inflation resumed a downward trajectory and has remained within the tolerance band around the 4.5% target (±1.5 percentage points) set by the monetary authority. In January 2026, year-on-year inflation stood at 3.5%, marking 32 consecutive months within the target band, making it the longest period of target compliance since the adoption of the inflation-targeting regime. This process has been accompanied by a gradual convergence of expectations towards the target. By component, the recent moderation of inflation reflects more stable non-tradable prices and, in particular, the performance of tradable goods, against a backdrop of year-on-year exchange rate appreciation.

1.14. In this context, since 2020, the Central Bank of Uruguay (BCU) has used the monetary policy rate (MPR) as its policy instrument, replacing monetary aggregates as the operational target. Since mid-2025, the MPR has been trending downwards from a peak of 9.25%. At its most recent meeting on 3 March 2026, the Monetary Policy Committee (COPOM) implemented a 75-basis-point cut, bringing the rate to 5.75%. Thus, monetary policy is entering an expansionary phase, in a context where inflation is close to the bottom of the tolerance band, and the economy is undergoing a period of slower growth.

Chart 1.1 Monetary policy stance



Note: *=Average of 24-month expectations of analysts, businesses, and primary dealers.

Source: MEF, on the basis of BCU data.

1.15. In this connection, Uruguay maintains a free-floating exchange rate regime, where movements respond primarily to market conditions.

1.16. On the fiscal front, as of 2020, Uruguay introduced amendments to the fiscal rule then in force, with the aim of strengthening the discipline and predictability of public finances. The rule established in 2020 – which covers the consolidation perimeter of the Central Government and the Social Security Bank (CG-BPS) – was structured around three pillars: (i) a structural fiscal balance target; (ii) a cap on real expenditure growth, linked to estimated potential growth; and (iii) an annual net debt ceiling. The debt ceiling is constitutional in nature and, therefore, legally binding. Additionally, external technical bodies – the Committee of Experts and the Advisory Fiscal Council – were established to provide inputs and opinions on the methodological parameters used.

1.17. On the basis of an evaluation of its performance, progress was made in strengthening the fiscal framework, with improvements introduced to both its design and its implementation. In particular, a reformulation based on two pillars is proposed: a dual rule and the strengthening of external bodies. The new approach proposes establishing an explicit medium-term anchor based on net debt, complemented by short-term operational targets consistent with this anchor. This redesign seeks to reinforce the consistency of the framework, facilitate its communication, and strengthen accountability, avoiding redundancies and potential inconsistencies associated with the coexistence of multiple objectives of equal standing.

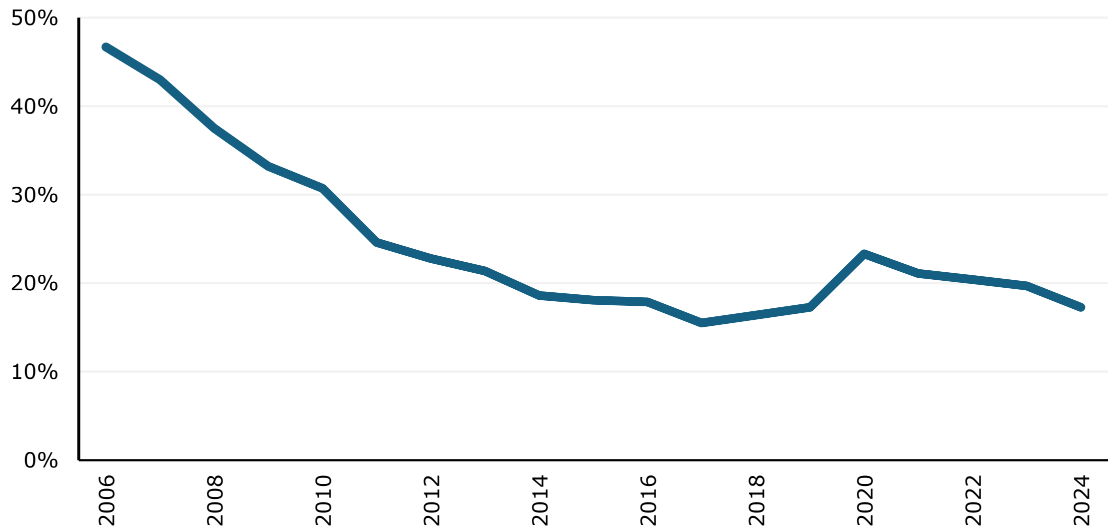
1.18. Furthermore, the proposed framework retains the structural fiscal balance and the debt ceiling as operational targets and removes the expenditure growth cap, with the aim of reducing the prescriptiveness of the framework and improving the link between targets and sustainability. In addition, methodological improvements are planned for estimating the cyclical component and the treatment of extraordinary items. This will be accompanied by the institutional strengthening of the external council, converting it into a fiscal council with greater autonomy, mandates, and capacities. This transition will ensure greater transparency in the assumptions, revisions, and adjustments used in measuring the structural balance and assessing target compliance.

1.19. In 2024, the fiscal balance of the CG-BPS closed with a deficit of 3.2% of GDP, with revenue and expenditure at higher levels compared to previous years. However, this result was influenced by one-off operations (expenditure deferrals and revenue front-loading) that decreased the 2024 deficit and increased the 2025 deficit. In 2025, the CG-BPS deficit stood at 3.7% of GDP. Excluding revenue to the Social Security Trust Fund II (FSS II), which accounted for 0.4% of GDP, the deficit rose to 4.1% of GDP. State-owned enterprises recorded a surplus of 0.3% of GDP, an improvement on 2024, driven by higher current balances and lower capital expenditure. Departmental governments and the BSE maintained an overall balance of 0.1% of GDP, similar to the previous year. With these results, the deficit of the non-monetary public sector was 3.4% of GDP (3.8% of GDP excluding the FSS II). Meanwhile, the BCU recorded a deficit of 1.0% of GDP, slightly higher than in 2024, owing to an increase in interest payments. The overall public sector deficit stood at 4.4% of GDP, and 4.8% of GDP excluding FSS II revenue.

1.20. The social policies implemented, alongside the economic growth recorded in recent decades, enabled a significant improvement in various social indicators. In particular, poverty and extreme poverty have registered a sharp decline since the 2002 economic and financial crisis, reaching historically low levels towards the end of the last decade.

1.21. Thereafter, these indicators experienced a temporary deterioration primarily due to the economic and social impact of the COVID-19 pandemic. The subsequent years saw a gradual recovery, alongside improvements in economic activity and the labour market. According to the latest data, in the first half of 2025, poverty affected 17.7% of the population, and extreme poverty stood at 1.8%.

Chart 1.2 Headcount poverty rate



Source: INE.

1.22. The global context facing the Uruguayan economy in the coming years remains subject to high levels of uncertainty. Geopolitical tensions (with major flashpoints in Eastern Europe and the Middle East), the return of restrictive measures in international trade, and shifting global logistics chains are creating a complex and volatile landscape. These conditions are weighing on the global growth outlook and constraining trade and investment flows, increasing the likelihood of shocks and episodes of heightened risk aversion.

1.23. The Government's economic policy stance is focused on preserving macroeconomic balances and consolidating a stable environment conducive to sustaining growth and building resilience against external shocks. Within this framework, a core objective is to boost the investment-to-GDP ratio and reinforce Uruguay's position as an attractive, reliable destination for capital. To this end, the authorities plan to further expand initiatives aimed at improving the investment climate, strengthening investment promotion tools, and advancing measures to streamline the public sector and cut red tape.

1.24. From a domestic demand perspective, the Government's wage guidelines serve as a key component of its incomes policy, geared towards reconciling real wage growth with price stability and sustaining employment. The goal is for the wage bill to keep pace with economic performance, contributing to consumption without compromising macroeconomic balance.

1.25. On the price front, monetary policy remains focused on consolidating low and stable inflation, aligned with the current 4.5% annual target, further anchoring expectations, and reducing inflationary inertia. Provided that inflation continues to perform as expected, expectations fully converge towards the target, and no adverse external shocks materialize, the Macroeconomic Coordination Committee (CCM) may assess the appropriateness of moving towards a lower inflation target over the period, as part of a gradual process of consolidating price stability.

1.26. Meanwhile, the exchange rate regime will continue to be based on a free-floating exchange rate, with movements that, in the medium term, are consistent with macroeconomic fundamentals. In particular, the development of the real exchange rate will be determined by the relative price trajectory between Uruguay and its main trading partners. The economic programme underpinning the National Budget Law 2025-2029 assumes that Uruguay's inflation in USD will converge with US inflation. This implies a stable trajectory for the bilateral real exchange rate with the US economy going forwards.

1.27. In summary, the economic outlook is underpinned by a policy framework aimed at strengthening macroeconomic stability, promoting investment and productivity, sustaining domestic demand through an incomes policy consistent with job creation, and consolidating low and stable inflation. Ultimately, this will enhance the Uruguayan economy's resilience to an uncertain and demanding global environment.

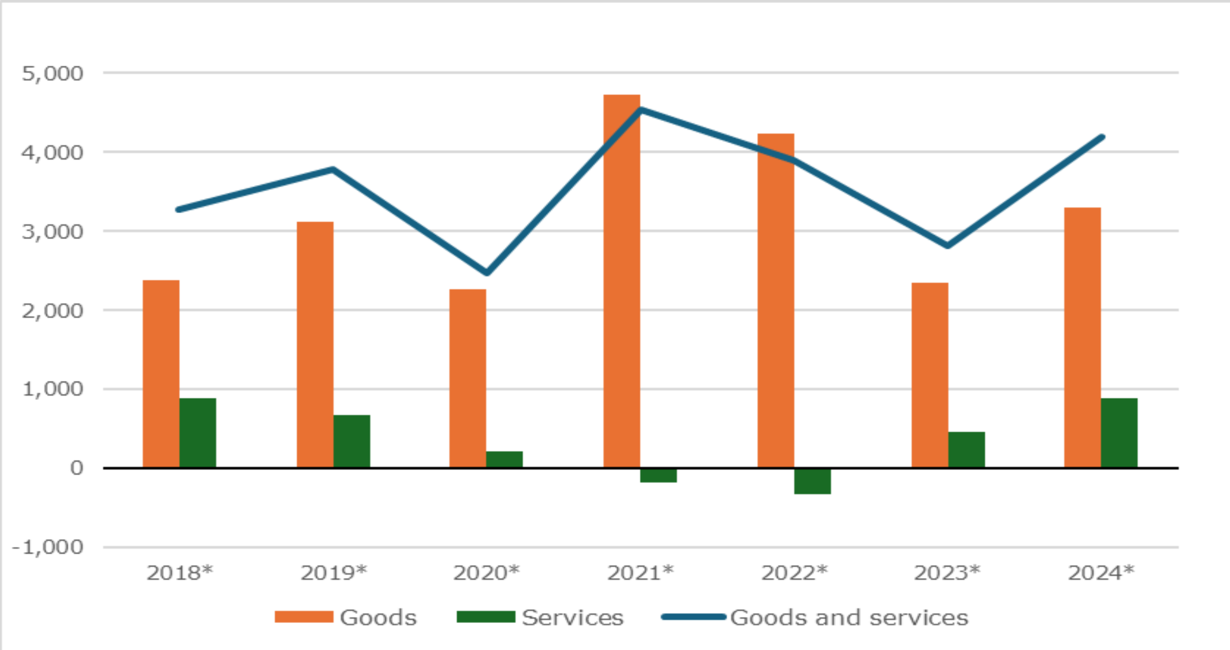
2 TRADE ENVIRONMENT AND TRADE POLICY

2.1 Trends in external trade and investment

2.1. Against a global backdrop still marked by elevated uncertainty, with geopolitical tensions, the gradual normalization of global financial conditions, and volatility in commodity prices, Uruguay maintained a relatively resilient external performance. In recent years, the goods and services balance has largely remained in surplus. This trend was primarily driven by trade in goods (with growing demand), while services showed greater variability.

Chart 2.1 Trade balance of Uruguay, 2018-2024

(USD million)

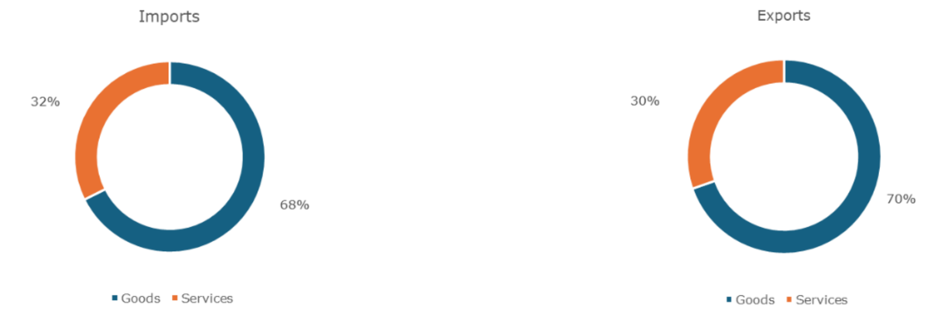


Note: *=Preliminary balance of payments data.

Source: Prepared by Uruguay XXI on the basis of BCU data.

2.2. Between 2018 and 2024, Uruguay's foreign trade (on a balance-of-payments basis, including goods and services) showed a sustained expansion. Over this period, exports rose from USD 17,251 to USD 23,407, a 36% increase (equivalent to an average annual growth rate of 5.2%), while imports grew from USD 13,973 to USD 19,220, a 38% increase over the period (an annual average of 5.5%). In this context, the degree of trade openness, measured as a percentage of GDP, rose from 48% in 2018 to 53% in 2024, reflecting the greater relative share of external trade in the economy in the final year.

Chart 2.2 Imports and exports of goods and services to/from Uruguay, 2024



Source: Prepared by Uruguay XXI on the basis of BCU data.

2.3. Services exports consolidated their share within Uruguay's export structure. Between 2015 and 2024, foreign sales of services grew by an average of 3.6% per year in USD. Compared to 2015, exports in this category expanded by 45%, reflecting a significant post-pandemic recovery, though the travel sector saw a slightly slower rebound. In the latest available year (2024), services exports reached a historic high of USD 7,105 million.

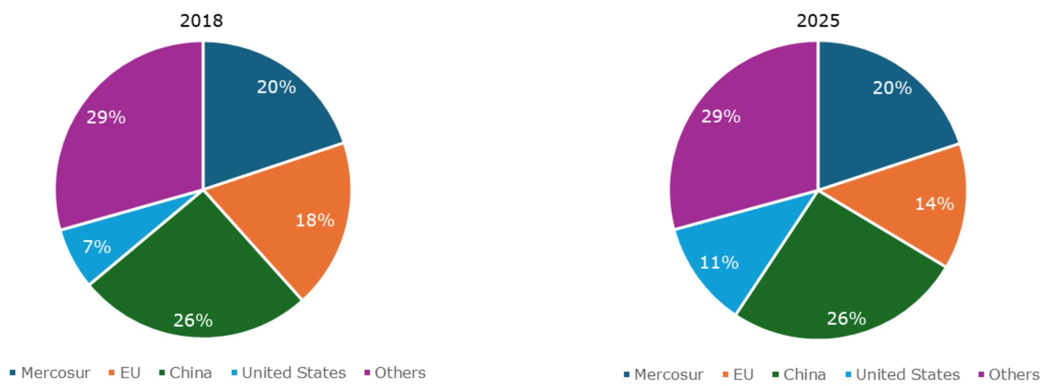
2.4. From a balance-of-services perspective, export performance exhibits a more diversified structure than in previous periods. In 2024, the main category was "other services", which accounted for approximately 59% of total services exports (USD 4,224 million), followed by travel (31%), with revenue amounting to USD 2,189 million, and transport (10%), with USD 692 million. This composition reflects a growing share of the categories grouped under "other services", in contrast to the previous heavy concentration in travel.

2.5. Services imports in 2024 were primarily concentrated in the categories of "other services" (USD 3,094 million, accounting for 50%), transport (USD 1,667 million, accounting for 27%), and travel (USD 1,459 million, accounting for 23%), out of a total of USD 6,221 million. The share of the transport category remained high, reflecting the incidence of transport-related costs.

2.6. In the goods market, exports were driven by growing external demand for Uruguay's key products, particularly meat and agricultural products, while imports have also showed an upward trend in recent years. In 2025, according to data from the National Customs Directorate, merchandise purchases amounted to USD 12,839 million, while merchandise sales stood at USD 13,493 million.

2.7. Between 2018 and 2025, Uruguay exported goods to approximately 200 destinations, with China notably consolidating its position as the country's main trading partner for goods over the period. Exports to MERCOSUR, the United States, and the European Union also accounted for a significant share of the total. Furthermore, new destinations across various regions have recently been added, such as Central America (for beverage concentrates) and African countries (for dairy products).

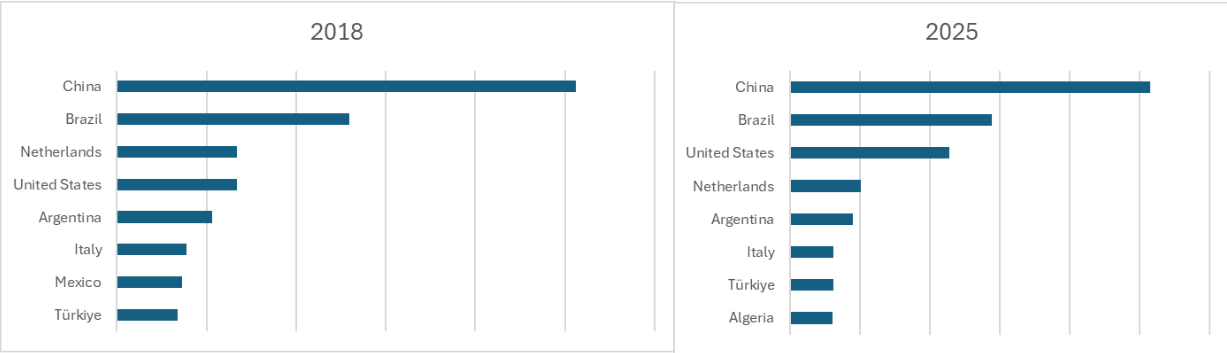
Chart 2.3 Uruguay's export matrix by destination, 2018 and 2025



Source: Prepared by Uruguay XXI on the basis of data from the National Customs Directorate and Free Zones.

2.8. As shown in the preceding chart, the structure of Uruguay's export destinations shows marked stability between 2018 and 2025. China remains the primary destination, accounting for a 26% share in both years, while MERCOSUR maintains a 20% share in the export structure. Meanwhile, the European Union's share declined from 18% to 14%, whereas the United States increased its relative share from 7% to 11%. The "other destinations" category remains stable at around 29%.

Chart 2.4 Main export destinations, 2018 and 2025

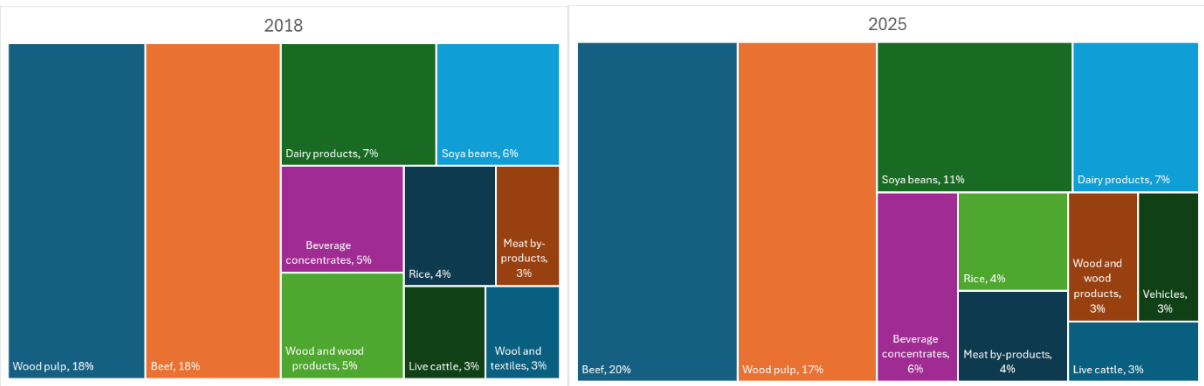


Source: Prepared by Uruguay XXI on the basis of data from the National Customs Directorate and Free Zones.

2.9. While China maintains a stable share in Uruguay's trade, the United States grew in prominence as an export destination between 2018 and 2025. Indeed, its share in the structure of export destinations increased by 4 percentage points. Meanwhile, Brazil also recorded a slight expansion in its share, which rose from 13% to 14% over the same period, while other destinations showed more marginal changes or declines in their relative share.

2.10. Uruguay's goods export basket remains rooted in its agro-industrial base, albeit with significant changes in its internal composition in recent years. Compared with 2018, the meat and agricultural sectors account for a larger relative share, driven in particular by the expansion of soya beans and the consolidation of beef as the primary export product. At the same time, wood pulp maintains a central role, but with a relatively smaller share within the overall structure.

Chart 2.5 Main export products, 2018 and 2025



Source: Prepared by Uruguay XXI on the basis of data from the National Customs Directorate and Free Zones.

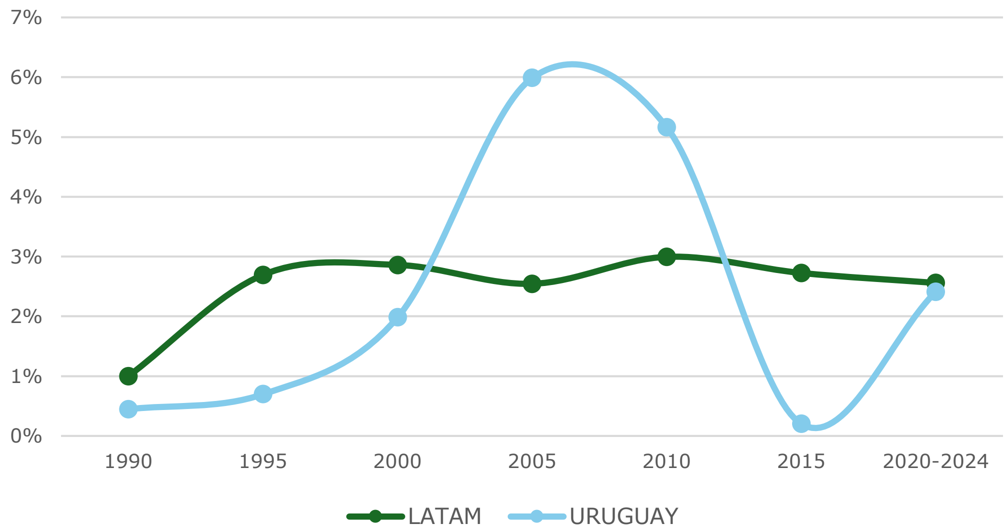
2.11. In contrast to its export structure, Uruguay's merchandise import basket in 2025 shows a predominantly industrial and productive-input profile, characterized by a strong presence of capital goods, parts, and equipment. The main imported categories include motor vehicles and parts, mineral fuels, and machinery and mechanical appliances. Additionally, intermediate inputs such as plastics, fertilizers, and pharmaceutical and chemical products account for a significant share.

2.12. In 2025, Uruguay's import markets of origin remained relatively concentrated in the MERCOSUR countries and China as the main suppliers. Collectively, Brazil (USD 2,742 million), Argentina (USD 1,627 million), and Paraguay (USD 171 million) accounted for approximately 35% of total imports, maintaining the regional bloc as the primary origin of foreign purchases.

Nevertheless, China's growing prominence is notable, with imports amounting to USD 2,976 million, making it Uruguay's main individual supplier. In terms of composition, imports from China are primarily concentrated in vehicles and auto parts, electrical machinery and equipment, and plastic and industrial products. Meanwhile, imports from MERCOSUR – particularly from Brazil and Argentina – are largely driven by vehicles, fuels, machinery, and intermediate industrial products, highlighting the regional bloc's role as a key supplier of consumer durables, energy, and productive inputs for the Uruguayan economy.

2.13. In 2024, inward FDI flows to Uruguay originated primarily from Europe, followed by North and Central America, while South America made a positive contribution, albeit of a smaller relative magnitude. Within Europe, Spain and other major European investors continue to stand out, whereas in North America, the United States accounts for the largest share. By way of regional comparison, FDI flows in Uruguay represented -2% of GDP in 2024, compared with an average of 2.3% of GDP in Latin America and the Caribbean. This positions Uruguay as an economy exhibiting a slower pace of investment in terms of flows relative to the region, although it remains in line with the regional average when analysing the most recent five-year period.

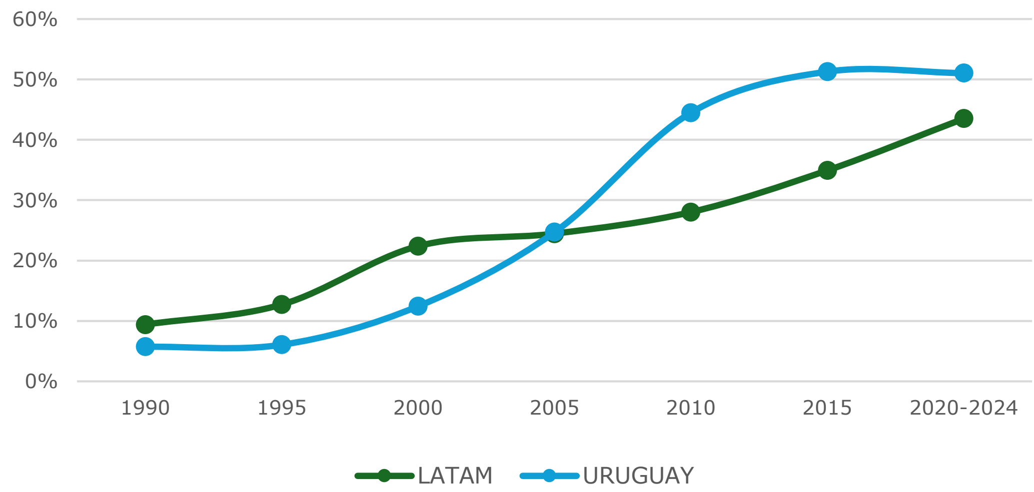
Chart 2.6 Development of FDI flows in Uruguay



Source: Prepared by Uruguay XXI on the basis of data from the BCU and UNCTAD.

2.14. In terms of stock, FDI in Uruguay maintains a structure clearly concentrated in Europe, followed by South America and North and Central America. Spain once again accounts for the highest percentage share, alongside Finland, while Argentina and Brazil remain major players within the South American bloc. In 2024, Uruguay's FDI stock represented 46% of GDP, slightly above the average of 41% of GDP for Latin America and the Caribbean. Over the past decade, Uruguay has continued to exhibit greater capital stock penetration compared to the regional average, reflecting its status as an economy with a high degree of foreign capital integration relative to its size.

Chart 2.7 FDI stock development in Uruguay



Source: Prepared by Uruguay XXI on the basis of data from the BCU and UNCTAD.

2.2 Trade policy and integration

2.15. The current international situation could be characterized as the close of a historical era. Twenty-first century globalization, driven by new information and communication technologies (ICTs), has led to the consolidation of "Global Value Chains" (GVCs) and the offshoring of tasks that, until a few years ago, were "non-tradable" internationally, which generated significant growth in trade in non-traditional services. Currently, external trade is increasingly composed of a combination of goods/services/ideas[1] that cross countries' borders several times before emerging as an end product. This shift is linked to an investment dynamic that is designed to generate these combinations of goods/services/ideas. For decades, the world operated on a foundation of implicit agreements that afforded predictability to trade, finance, and international politics. That institutional architecture enabled an extraordinary expansion of production, investment, and welfare. However, that cycle, as we have known it, appears to be coming to an end.

2.16. In recent years, the international economic environment has undergone significant transformations. Tensions stemming from distributional concerns tied to the process of globalization have been compounded by mounting geopolitical frictions, which have disrupted the functioning of the institutions and rules underpinning the international system.

2.17. At the same time, technological change, driven by automation and artificial intelligence, is reshaping production structures and labour markets at an unprecedented pace. Similarly, environmental challenges are prompting a global reassessment of production and consumption patterns.

2.18. Against this backdrop, governments are navigating a more complex and dynamic landscape that presents challenges for policymaking while also yielding opportunities.

2.19. For a country of Uruguay's size, international integration is a structural prerequisite for development. Accordingly, Uruguay's international strategy in this global context is anchored in diversifying ties, expanding markets, and striking a careful balance in an increasingly demanding global environment.

2.20. China is currently Uruguay's primary trading partner for goods. In services, its leading partner is the United States. Meanwhile, the European Union is Uruguay's primary source of foreign direct investment. At the same time, Uruguay maintains deep and strategic ties with Argentina and Brazil, which serve as export destinations for high value-added goods and services that, in many cases, have no substitute in other markets. Furthermore, major businesses from Argentina and Brazil have established operations in Uruguay, cementing both countries as highly significant sources of foreign investment.

[1] Baldwin (2016).

2.21. In line with the above, Uruguay considers it a priority to further deepen its integration into the global economy, driving negotiations to secure a competitive foothold in both regional and extra-regional markets, with a particular focus on the world's most dynamic geographic areas. This approach seeks to continue making the most of the country's traditional comparative advantages, while simultaneously fostering the development of more technology-intensive sectors capable of generating dynamic comparative advantages and higher value-added. In parallel, trade policy strives to provide the domestic productive sector with competitive access to capital goods and IT and telecommunications equipment, with the aim of streamlining cost structures and accelerating Uruguay's technological modernization.

2.22. Without prejudice to WTO-related aspects, which are addressed in a separate section, Uruguay has made notable progress at the multilateral level in intellectual property through the ratification of three international treaties under the auspices of WIPO: the Singapore Treaty on the Law of Trademarks, which entered into force in 2020; the Patent Cooperation Treaty (PCT); and the Budapest Treaty on the International Recognition of the Deposit of Microorganisms, which both entered into force in 2025.

2.23. At the regional level, Uruguay is a founding member of ALADI and MERCOSUR, which serve as vital platforms for expanding market access, and, to this end, aims to strengthen and modernize them. Uruguay actively engages in joint efforts within both organizations to achieve greater regulatory convergence, aimed at reducing technical barriers to trade, driving down transaction costs, promoting economies of scale, and contributing to the formation of new, and the strengthening of existing, global and regional value chains.

2.24. Notably, among other items on MERCOSUR's internal agenda, the bloc's origin regime was updated and modernized in 2023 to further facilitate trade. The new MERCOSUR Origin Regime (ROM) incorporates international best practices by simplifying existing rules, establishing a more streamlined verification and control mechanism, and affording greater legal certainty for business operators.

2.25. Among other provisions, the new ROM simplifies the rules of origin by eliminating the "general rule" concept, meaning that, across the entire tariff universe, a specific origin requirement set out in a schedule will apply whenever extra-regional imported inputs are used in the production process. It also introduces innovations that afford legal certainty to business operators, particularly in cases involving fungible materials, sets, and packaging. Furthermore, applying the *de minimis* rule to specific origin requirements introduces a degree of flexibility to the previous regime.

2.26. Separately, the new regulations introduce a major change regarding proof of origin, enabling the adoption of self-certification of origin, a practice already embedded in the international trade facilitation agenda. Equally noteworthy are the changes to origin verification and control, which allow the establishment of simplified consultation mechanisms in cases of reasonable doubt, without the need to initiate a formal process.

2.27. With regard to MERCOSUR's external agenda, efforts have sought to invigorate trade negotiations. In this vein, the Free Trade Agreement between MERCOSUR and the European Free Trade Association (EFTA) was signed on 16 September 2025, and the EU-MERCOSUR Partnership Agreement was concluded on 17 January 2026. Separately, the Free Trade Agreement between MERCOSUR and Singapore entered into force for Uruguay on 1 March 2026.

2.28. The EU-MERCOSUR Partnership Agreement encompasses a balanced and wide-ranging trade pillar linking both blocs, forging a free trade area of over 700 million people, which accounts for nearly a quarter of global GDP and exceeds USD 90 billion in bilateral trade in goods and services.

2.29. The negotiated agreement as a whole comprises a section on general principles and the institutional framework, a section covering political dialogue and cooperation, and a section dedicated to trade. As for the trade pillar, it is a broad, ambitious, and balanced instrument that will improve market access conditions for both parties concerning trade in goods and services. Furthermore, by incorporating chapters on, *inter alia*, trade facilitation, intellectual property, government procurement, and investment, it is a comprehensive agreement that promotes and reaffirms the commitment to trade underpinned by clear, transparent, and predictable rules.

2.30. The Free Trade Agreement between MERCOSUR and EFTA will establish a free trade area enabling the Parties to benefit from improved market access for over 97% of their exports, and from greater business opportunities for business operators in both blocs, particularly for the large number of small and medium-sized enterprises present in their respective jurisdictions. Moreover, the agreement will afford greater predictability and legal certainty to trade.

2.31. As a comprehensive and wide-ranging agreement, the instrument will encompass trade in goods and services, investment, intellectual property rights, government procurement, competition, rules of origin, trade remedies, sanitary and phytosanitary measures, technical barriers to trade, legal and horizontal issues, including dispute settlement, and a chapter on trade and sustainable development.

2.32. Meanwhile, the Free Trade Agreement between MERCOSUR and Singapore will contribute to greater liberalization of bilateral trade and the promotion of investment flows. The instrument incorporates modern disciplines that include services, investment, government procurement, and intellectual property rights, alongside traditional issues pertaining to market access for goods. This agreement is expected to help attract new FDI flows and, building on Singapore's status as a regional logistics and financial hub, foster closer ties between Southeast Asia and MERCOSUR, thereby driving an expansion in trade flows.

2.33. Additionally, some negotiating processes have reached an advanced stage, such as the negotiations with the United Arab Emirates, which are expected to conclude in the near term. Furthermore, the bloc is engaged in ongoing negotiations to conclude a free trade agreement with Canada and deepen the existing agreement with Peru, wherein substantive progress is expected, alongside the pending resumption of the process with the Republic of Korea. This complements the agreements in force with, *inter alia*, Egypt, Israel, the Southern African Customs Union (SACU), and India.

2.34. Uruguay seeks to participate in all international forums underpinned by clear rules, cooperation, and predictable dispute settlement mechanisms. The country's international integration strategy aims to be pragmatic, diversified, and geared towards generating concrete opportunities for those who invest, produce, and create jobs.

2.35. In this regard, on 1 December 2022, Uruguay submitted its request for accession to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). Following a review of the request from Uruguay, on 21 November 2025, the CPTPP Commission adopted a decision to begin an accession process for Uruguay and establish a working group to negotiate the terms thereof.

2.36. Similarly, at the plurilateral level, Uruguay has driven forward several initiatives, notably its accession to the Global Trade and Gender Arrangement (GTAGA), formalized in March 2026; its participation in the Future of Investment and Trade Partnership (FIT-P) since its official launch in September 2025; and its accession process to the Digital Economy Partnership Agreement (DEPA), initiated in July 2025.

2.37. The GTAGA is a non-binding agreement between Argentina, Australia, Brazil, Canada, Chile, Colombia, Costa Rica, Ecuador, New Zealand, Mexico, and Peru that seeks to promote complementary trade and gender policies to improve women's participation in trade and foster their economic empowerment and sustainable development. Among other provisions, it provides for non-discrimination in licensing procedures for the supply of services, gender equality in the workplace, transparency, and cooperation.

2.38. The FIT-P is an informal initiative bringing together a group of 16 small and medium-sized economies from different regions, united by the shared objectives of promoting open, inclusive, and rules-based trade, fostering FDI flows, and forging joint solutions to current trade challenges. At its inaugural ministerial meeting in November 2025, the initiative issued a Declaration on Supply Chain Resilience, which seeks to bolster cooperation and coordination to identify or mitigate risks and significant supply chain disruptions, and to mount agile and substantive responses. Additionally, the FIT-P has launched workstreams geared towards strengthening the rules-based multilateral trading system, developing digital and paperless trade, and adopting and integrating emerging technologies.

2.39. The DEPA is an agreement between Chile, New Zealand, Singapore, and the Republic of Korea whose primary objective is to establish foundational rules and disseminate best practices for participation in the digital economy and digital trade, spanning a broad range of issues. This instrument endeavours to create an enabling environment for information and communication technology enterprises, promoting the export of their digital services and products, while also regulating pillars of digital trade policy, such as free data flows, non-discrimination of digital products, and non-forced location of servers and computing facilities. The DEPA also addresses matters pertaining to artificial intelligence, digital identity, cybersecurity, privacy, personal data protection, and online consumer protection.

2.40. Among other provisions, the DEPA contains stipulations geared towards developing and promoting paperless trade standards, fostering the use of electronic invoicing, sharing best practices for the promotion and development of new technologies applied to logistics, and facilitating express shipments. It also reaffirms the commitment against imposing customs duties on electronic transmissions.

2.41. Separately, the Government is conducting exploratory work to identify potential regulatory gaps that must be bridged before Uruguay might consider, in the future, initiating a prospective accession process to the OECD, subject to the Organization's rules and procedures, recognizing that membership in this forum entails adopting high standards of institutional quality, transparency, and evidence-based public policymaking.

2.42. Lastly, Uruguay continues to develop strategic ties with its main trading partners through various existing institutional mechanisms, which it seeks to update and strengthen, and through official missions aimed at consolidating long-term economic and trade relations.

2.3 Trade and investment facilitation policies

2.43. Prompted by the assessment that the country's trade costs are higher than would be expected given its geographic characteristics and size, Uruguay has been conducting a review of its foreign trade practices for several years.

2.44. This review is structured around a set of principles. First, levies affecting foreign trade, whether taxes or fees, are being reviewed to assess whether their existence or level remains justified given current foreign trade conditions. In 2022, the external tariff was reduced by 10% for 1,606 tariff lines, which lowered the applied tariff by 1.8 percentage points. Additionally, the levy affecting most exports, which is earmarked for the Technological Laboratory of Uruguay (LATU), was reduced from 0.3% in 2020 to 0.2% in 2026. Similarly, the fee levied on food imports was reduced from 1.5% to 0.5%. Beginning in 2026, a gradual phase-out process was initiated, which is due for completion in 2029, of a 0.25% fee levied on maritime imports, which was formerly used to finance the Administration of Stevedoring Services (ANSE). Lastly, as of 2026, the special 15% advance payments of the tax on income from economic activities (IRAE) levied on imports of certain products, such as textiles and footwear, were eliminated. This review of charges and fees will continue in 2026.

2.45. Second, the review includes the practice of expanding the use of sworn declarations in lieu of requiring certificates to demonstrate compliance with certain regulations. This principle will be applied across several processes. In 2026, self-certification of origin will be implemented for exports under the MERCOSUR framework, which account for three quarters of the certificates of origin issued. This modality will also be used in the agreement between MERCOSUR and the European Union. Furthermore, the processing of negative certificates, which competent authorities issue to indicate that a given product is exempt from control, will be eliminated. Through enhanced information exchange among public agencies, other certificates required in these procedures will also be eliminated.

2.46. Where procedures remain necessary, the drive towards digitalization has been under way for several years. The Single Window for Foreign Trade (VUCE) has proved to be a highly successful tool in the digitalization of these procedures. It currently handles over 300 procedures from 30 different government agencies and interoperates with other single windows in various countries. This interoperability has facilitated the recognition of certificates issued by other countries (for example, certificates of origin from Chile or Colombia) and has expedited the rollout of the electronic phytosanitary certificate (e-phyto), which will be available in 2027. The digitalization of customs processes will be completed during this period, culminating in the elimination of paper-based processing and the lifting of physical archiving requirements.

2.47. Separately, the Government is spearheading an initiative to allow enterprises to self-clear their merchandise, removing the obligation to engage third parties. This measure requires legislation, which will be submitted for parliamentary consideration in 2026.

2.48. Another key component of the competitiveness agenda involves facilitating the registration of products subject to sanitary surveillance, provided they pose a low risk. To this end, automatic notification processes will be deployed, the validity period for the registration of cosmetics and household sanitary products will be doubled, and multiple importers will be authorized to operate under a single valid registration. For phytosanitary products, the procedure has been digitalized, reducing processing times and streamlining operations.

2.4 Trade policy and the environment

2.49. Uruguay recognizes that trade can and must serve as a pivotal instrument in addressing major global environmental challenges. Biodiversity loss, pollution, and climate change represent a global priority agenda, in response to which the country's trade policy seeks to actively contribute to delivering solutions that foster sustainable and inclusive development. In this vein, Uruguay approaches sustainability holistically, encompassing its economic, environmental, and social dimensions, and mainstreaming these principles as cross-cutting pillars of its policies.

2.50. In addition to participating actively in the WTO Committee on Trade and Environment, Uruguay is engaged in various plurilateral initiatives focused on environmental issues, such as the Trade and Environmental Sustainability Structured Discussions (TESSD), the Fossil Fuel Subsidy Reform (FFSR) initiative, and the Dialogue on Plastics Pollution and Environmentally Sustainable Plastics Trade (DPP). Moreover, Uruguay is an active member of the Coalition of Trade Ministers on Climate, a high-level political forum that seeks to integrate climate action into trade policies and foster international cooperation, enabling trade to make a positive contribution to tackling the climate crisis.

2.51. Uruguay was one of the first Latin American countries to deposit its instrument of acceptance of the WTO Agreement on Fisheries Subsidies, in February 2024, and it advocates the successful conclusion of the second wave of negotiations to establish meaningful disciplines on subsidies contributing to overcapacity and overfishing.

2.52. Uruguay closely monitors the growing adoption of trade-related measures aimed at achieving environmental objectives. Against this background, the country reaffirms the importance of designing and applying such measures in accordance with WTO rules, thereby avoiding arbitrary or unjustifiable discrimination and disguised restrictions on international trade. In tandem with national efforts to strengthen the sustainability of its production processes, Uruguay champions a complementary approach in relevant forums that, while respecting existing rules, prioritizes the design of positive trade incentives that foster sustainable production, for example, through improved market access conditions tied to the fulfilment of environmental commitments undertaken within multilateral frameworks.

2.53. In 2020, Law No. 19.889 established a State Secretariat with exclusive purview over environmental matters: the Ministry of Environment. This institutional decision reflects and reaffirms Uruguay's steadfast commitment to environmental protection and the advancement of sustainable development.

2.54. In November 2023, Uruguay became the first country to receive a multilateral loan from the World Bank linked to sustainability indicators in livestock production. This instrument includes a potential reduction in the interest rate if Uruguay overachieves its climate targets. Along the same lines, in 2022, Uruguay issued its first Sovereign Sustainability-Linked Bond (SSLB), which incorporates a positive incentive tied to the achievement of climate and biodiversity targets, thereby aligning its public financing strategy with national commitments to sustainability and low-carbon development.

2.55. Furthermore, Uruguay has developed the Environmental Value-Added System for Agricultural Production (SVAAPAG) platform, which certifies that agricultural products originate from deforestation-free land. This tool is underpinned by the country's robust and long-standing regulatory framework governing rural property registration and the protection of natural resources, which ensures sound land use and management, with a particular emphasis on the conservation of native forests, protected since 1987 under the Forestry Law (Law No. 15.939).

2.56. Uruguay views the strengthening of sustainable trade as part of a comprehensive development strategy that integrates competitiveness, environmental sustainability, and social cohesion. In this vein, the country continues to consolidate its institutional frameworks and public policy tools geared towards promoting responsible production systems, preserving its natural resources, and facilitating international integration based on high standards. This approach seeks not only to enhance the positioning of Uruguayan goods and services in global markets but also to generate positive domestic impacts, fostering the creation of high-quality jobs, the reduction of inequalities, and the strengthening of food security. In doing so, Uruguay reaffirms its commitment to a transition towards more sustainable, inclusive, and resilient development models, capable of harmonizing economic growth with social well-being and environmental protection.

2.5 Trade policy and gender

2.57. The contribution of women to the economy has a significant impact on job creation, economic diversification, innovation, entrepreneurship, poverty reduction, and sustainable development. According to WTO data, enterprises engaged in international trade employ proportionally more women than those serving exclusively the domestic market. Specifically, women account for 33% of the permanent workforce in exporting firms, compared with 24% in non-exporting enterprises and 28% in non-importing enterprises.

2.58. Against this background, Uruguay has demonstrated a steadfast commitment at the international level, championing initiatives geared towards promoting gender equality in trade. At the bilateral level, the Free Trade Agreement concluded between Uruguay and Chile in 2016 (ECA No. 73) marked a milestone by becoming the first agreement between two developing countries to include a chapter on Trade and Gender. This chapter establishes a dedicated institutional framework, the Trade and Gender Committee, tasked with reviewing its implementation, promoting information exchange, and developing biennial work programmes encompassing activities such as workshops and virtual seminars of mutual interest.

2.59. At the multilateral level, Uruguay actively participates in the WTO Informal Working Group on Trade and Gender, established in 2020 with the objective of intensifying efforts aimed at increasing women's participation in global trade. Within this framework, initiatives have been spearheaded in the areas of capacity building, research, and public policymaking, along with the collection and analysis of data pertaining to the role of women in international trade.

2.60. Furthermore, in March 2026, Uruguay officially acceded to the GTAGA, signed in 2020, which stands at the forefront of mainstreaming the gender perspective in trade.

2.61. Within the MERCOSUR framework, instruments have been adopted that incorporate specific provisions on trade and gender. Additionally, the establishment of a Women and Trade working sub-group is under consideration as an auxiliary body of the Common Market Group (GMC), with a view to deepening the regional agenda on this matter.

2.62. At the national level, Uruguay has supported the International Trade Centre's (ITC) SheTrades initiative since 2021, implemented locally by the Union of Exporters of Uruguay. This initiative seeks to foster synergies between the public and private sectors with the objective of supporting women entrepreneurs and domestic enterprises that integrate a gender perspective into their management practices. Similarly, since 2023, the country has participated in the SheTrades Outlook initiative, a tool that expands the availability of statistical and analytical data on trade and gender, thereby contributing to the design of evidence-based public policies.

2.6 Trade policy and micro, small and medium-sized enterprises (MSMEs)

2.63. In Uruguay, MSMEs represent a major source of economic dynamism. According to data from the National Institute of Statistics (INE), in 2023, there were 214,697 MSMEs in Uruguay, accounting for 99.6% of all enterprises in the country.

Table 2.1 Number of MSMEs and persons employed

(natural persons)

Year	Enterprises				Personnel			
	Micro	Small	Medium	Large	Micro	Small	Medium	Large
2018	154,586	21,649	4,906	836	231,651	187,085	187,271	288,473
2019	159,262	21,435	4,820	839	235,461	185,319	183,745	288,373
2020	161,807	19,931	4,200	735	236,645	171,924	161,646	260,271
2021	167,731	20,931	4,529	796	241,204	180,926	173,194	282,747
2022	178,759	21,698	4,934	862	253,807	187,736	189,151	303,136
2023	186,853	22,597	5,247	900	263,068	195,364	199,867	313,856

Source: INE.

Table 2.2 Number of MSMEs and persons employed

Year	Enterprises				Personnel			
	Micro	Small	Medium	Large	Micro	Small	Medium	Large
2018	84.9%	11.9%	2.7%	0.5%	25.9%	20.9%	20.9%	32.3%
2019	85.5%	11.5%	2.6%	0.5%	26.4%	20.8%	20.6%	32.3%
2020	86.7%	10.7%	2.2%	0.4%	28.5%	20.7%	19.5%	31.3%
2021	86.5%	10.8%	2.3%	0.4%	27.5%	20.6%	19.7%	32.2%
2022	86.7%	10.5%	2.4%	0.4%	27.2%	20.1%	20.3%	32.5%
2023	86.7%	10.5%	2.4%	0.4%	27.1%	20.1%	20.6%	32.3%

Source: INE.

2.64. Since 2018, Uruguay has been implementing the Proexport+ programme, geared towards enhancing MSME competitiveness by facilitating their international integration through capacity building and the promotion of entry into foreign markets.

2.65. In turn, specific provisions on MSMEs have been incorporated into various trade agreements. For instance, the Free Trade Agreement between Uruguay and Chile (ECA No. 73) includes a dedicated SME chapter. This chapter establishes bilateral cooperation mechanisms designed to enable SMEs to effectively make the most of the opportunities arising from the agreement, encompassing information exchange, the promotion of institutional contacts, and access to export support tools. It also provides for the designation of contact points in each country to channel business enquiries, improve regulatory transparency, and coordinate joint activities aimed at reducing informational and administrative barriers affecting smaller enterprises.

2.66. Similar provisions are found in recent regional trade agreements, such as the SME chapter in the EU-MERCOSUR Partnership Agreement and the MSME chapter in the Free Trade Agreement between MERCOSUR and Singapore.

2.67. At the multilateral level, between 2018 and 2023, Uruguay coordinated the WTO Informal Working Group on MSMEs. During this period, efforts sought to advance three main objectives: (i) delivering tangible results aimed at boosting MSME participation in international trade; (ii) broadening the membership of the Working Group on MSMEs, driving greater inclusivity to pave the way for the initiative's eventual multilateralization; and (iii) garnering ministerial endorsement at the WTO for a declaration of the Informal Working Group on MSMEs.

2.68. Notable outcomes achieved during this period include the presentation, in 2020, of the first set of recommendations and declarations on issues of relevance to MSMEs, together with the launch of the Trade4MSMEs web platform, designed as a centralized hub to facilitate the use of available information on trade procedures and best practices for small businesses. Furthermore, with the support of the WTO Secretariat, the Group developed two major databases: one on Trade Policy Reviews, and another on MSME-related provisions in regional trade agreements.

2.69. Separately, Uruguay was one of the primary proponents of the pioneering application of the SME Policy Index for Latin America and the Caribbean (IPPALC) between 2016 and 2019, within the framework of the partnership between the OECD Latin America and the Caribbean Regional Programme (LACRP), the Development Bank of Latin America and the Caribbean (CAF), and the Latin American and Caribbean Economic System (SELA). The second edition of the IPPALC was launched in 2022, including three new countries. Subsequently, in July 2025, Uruguay hosted the launch of the Network for Best Practices in SME Policy in Latin America and the Caribbean, reaffirming the priority that Uruguay attaches to this agenda.

2.7 Uruguay and the WTO

2.70. Uruguay remains firmly committed to multilateralism more broadly and to the multilateral trading system in particular. It was among the signatories to the 1947 Havana Charter, joined the GATT early, in 1953, and participated in all its negotiating rounds. Moreover, Uruguay had the honour of hosting, in Punta del Este, the 1986 Ministerial Meeting that marked the launch of the Uruguay Round of the GATT, a process that culminated in the creation of the WTO in 1995.

2.71. As a developing country with limited relative power, Uruguay has championed and will continue to champion multilateralism as a pivotal instrument for preserving and asserting its rights within the international system, particularly against a backdrop of significant challenges.

2.72. Uruguay reaffirms its conviction that trade liberalization, underpinned by a rules-based system that responds to the needs of its Members, constitutes a fundamental tool for economic growth, well-being, and sustainable development.

2.73. In the current context, a transparent, predictable, and rules-based multilateral trading system is essential for developing trade ties that contribute to economic growth, and for promoting favourable international integration. In this connection, Uruguay will continue to engage actively in the work of the WTO, recognizing that the multilateral system must play a fundamental role in providing stability and certainty to international trade, and in facilitating dialogue and negotiation on trade and related matters.

2.74. Uruguay recognizes the challenges facing the WTO, stemming from both structural and circumstantial factors, in fully discharging its role as a forum for negotiation, dispute settlement, and the monitoring of trade policies among its Members. Consequently, Uruguay supports the call to advance the WTO's reform process with a view to forging effective solutions to these challenges, while preserving the fundamental mechanisms and principles of the system.

2.75. Uruguay is a founding member of the Cairns Group, which played a decisive role in bringing agriculture under the disciplines of the multilateral trading system during the GATT Uruguay Round. Although the Agreement on Agriculture and the commitments undertaken pertaining to market access, domestic support, and export competition in 1995 represented a significant step forward compared to the pre-existing situation, the Agreement itself recognized that these disciplines were merely a first step towards the objective of achieving a fair and market-oriented agricultural trading system, thereby establishing the mandate to continue the reform process.

2.76. Notwithstanding certain partial outcomes, most notably the Nairobi Decision on Export Competition and the consequent elimination of export subsidies, the reform of agricultural trade remains, in Uruguay's view, the main unfinished business of the WTO. In this regard, multilateral negotiations in this area remain a priority, as they are one of the core arenas for promoting the country's trade interests, particularly with respect to the substantial reduction of domestic support and border protection.

2.77. Uruguay welcomes the entry into force, on 15 September 2025, of the Agreement on Fisheries Subsidies, following its acceptance by two thirds of WTO Members. The Agreement prohibits subsidies linked to illegal, unreported, and unregulated (IUU) fishing, to unregulated high seas fishing, and to the fishing of overfished stocks, making it the first agreement with environmental sustainability at its core within the multilateral trading system. Uruguay was one of the first Latin American countries to deposit its instrument of acceptance, in February 2024, and advocates the conclusion of the second phase of negotiations aimed at establishing meaningful disciplines on subsidies contributing to overcapacity and overfishing, in line with Target 14.6 of the United Nations Sustainable Development Goals.

2.78. Uruguay recognizes the importance of the dispute settlement system established during the Uruguay Round, and its contribution to safeguarding compliance with the rules of the multilateral trading system, preserving the rights and obligations of WTO Members, particularly for developing countries, and ensuring predictable, rules-based trade. Uruguay advocates the resumption of work on the reform of the dispute settlement system, when circumstances permit, in order to restore a fully functioning and accessible mechanism for all Members.

2.79. In the interim, Uruguay became an original member of the Multi-Party Interim Appeal Arbitration Arrangement (MPIA), with the understanding that it provides an alternative appeal mechanism, consistent with the provisions of the Dispute Settlement Understanding (DSU), until the appellate function of the WTO dispute settlement system is restored. In this regard, Uruguay invites all Members to join this mechanism as a transitional solution.

2.80. In its capacity as a staunch advocate of the multilateral trading system, Uruguay considers that plurilateral initiatives and agreements, provided for under the WTO Agreements, constitute an alternative that can facilitate tangible progress among groups of Members with common interests on specific issues, thereby averting the paralysis of the system in the face of difficulties in reaching consensus. Nevertheless, such initiatives must be conceived as complementary to, and not substitutes for, multilateral negotiations, in order to preserve the institutional balance and inclusive character of the WTO.

2.81. Within this framework, Uruguay has actively participated in the Joint Initiatives on Investment Facilitation for Development, E-commerce, and Services Domestic Regulation, and in the Informal Working Group on MSMEs, which it coordinated from 2018 to 2023. In this regard, Uruguay supports the incorporation of the instruments derived from the first two as plurilateral agreements under Annex 4 of the Marrakesh Agreement; meanwhile, the improvements related to services domestic regulation will enter into force and become part of Uruguay's Schedule of Specific Commitments in the near future, following the completion of the respective domestic parliamentary approval procedures.

2.82. Concerning e-commerce at the multilateral level, Uruguay champions the efforts of the Work Programme on Electronic Commerce and supports its continuation, while also maintaining its commitment to the moratorium on customs duties on electronic transmissions. Uruguay aspires to reach a solution that ensures the continuity of these elements, while deepening the WTO's work in this area.

3 CONCLUSIONS

3.1. The period under review has been characterized by a volatile international landscape, which has disrupted the normal functioning of global economic activity. As an economy that heavily utilizes global integration as a driver of development, Uruguay has not been immune to the effects of this volatility. Nevertheless, the country's characteristic domestic stability has allowed it to absorb some of the period's most severe shocks, sustaining the pace of economic growth without suffering significant long-term impacts on income distribution. In this vein, the country maintains robust foreign trade, dynamic labour markets, a comprehensive social security framework, and a stable macroeconomic environment, as reflected in the consolidation of its investment-grade credit rating by the major rating agencies.

3.2. In the coming years, the Government will endeavour to reinvigorate economic growth to underpin Uruguay's development and ensure high-quality jobs, an even more robust social protection system — with a special focus on childhood and adolescence as the pillars of the country's future — and, more broadly, long-term social cohesion.

3.3. To this end, the path forward will involve strengthening the country's international integration through a pragmatic, diversified strategy geared towards generating concrete opportunities, exploring all available avenues to that end, such as the conclusion of trade agreements, double taxation avoidance agreements, investment agreements, and other instruments aimed at facilitating trade across various disciplines.

3.4. Likewise, strengthening the business climate will prove essential to consolidate Uruguay's position as a country with a robust physical and legal infrastructure for economic activity. Efforts will continue to support and adapt investment promotion tools, and to advance the road map dedicated to simplifying and digitalizing procedures, the first steps of which have already been taken.

3.5. Uruguay reaffirms its commitment to multilateralism as the primary avenue for addressing global governance challenges, and to the rules-based multilateral trading system as an indispensable tool for promoting an open, transparent, predictable, and non-discriminatory trading environment. To advance towards sustainable and inclusive development, it is essential to preserve and strengthen this system to ensure that all countries can fully benefit from the opportunities offered by international trade.