
SUMMARY

1. Uruguay's economy is characterized by its macroeconomic stability and its reliance on the agricultural sector, and agricultural products are therefore the country's main exports. However, significant growth has recently been observed in the services sector, particularly in digitally delivered services. This diversification will enable Uruguay to reduce the vulnerability associated with a reliance on agricultural products, particularly in the event of fluctuations in international prices and in view of the effects of climate change. The expansion of the services sector has also helped to improve Uruguay's integration into global value chains. Uruguay stands out for having a small domestic market and a high level of dollarization. The small size of the market limits competition and contributes to relatively high prices, and state monopolies exist in various sectors of the economy. Furthermore, the extensive dollarization of the Uruguayan economy, historically attributed to a loss of confidence in the peso and periods of high inflation, can lead to higher prices, which affects competitiveness. Dollarization also impacts financial stability and the effectiveness of monetary policy, and exposes households, businesses, and the financial system to the consequences of the risk of devaluation, given the significant imbalance between local currency earnings and debts or deposits in dollars.

2. Uruguay is a high-income economy with a GDP per capita that stood at USD 22,628 in 2024 (USD 18,638 in 2018). Inflation remained above 6% until 2023, when it was brought down to the target range (between 3% and 6%). It has good social indicators relating to poverty and inequality, although these showed a slight decline during the review period. Uruguay maintains a high employment rate and prioritizes women's economic empowerment, although informal labour persists, particularly in sectors such as agriculture and certain services such as tourism. Tourism, recognized for its significant potential in terms of inclusion and synergy building, plays an important role in empowering women, including those in rural areas, with the sector continuing to develop not only along the coast but also in the country's interior.

3. Uruguay recorded annual average real growth of 1.2% between 2018 and 2024, reflecting economic performance that was limited by recurrent supply shocks. The COVID-19 pandemic, in particular, affected several productive sectors in 2020 and 2021, whilst the drought at the end of 2022 had a significant impact on agricultural production. These factors contributed to the decline in exports in those years. The GDP share of international trade in goods and services remains significant; during the review period it increased, rising from 47.8% in 2018 to 52.6% in 2024. The main change in trade was the upturn in trade in digitally delivered services, which accounted for around 50% of total services imports and exports over the review period, resulting in a surplus in the services balance. According to the revealed comparative advantage index, Uruguay has comparative advantages in professional consulting and computer services. This could be due to R&D incentives, technical assistance, and the fact that Uruguay has a skilled workforce. Foreign direct investment (FDI) has also played an important role in the development of the economy, as Uruguay is a net recipient of foreign investment, particularly in financial activities, commerce, and manufacturing. Despite fluctuating flows during the review period, FDI reached USD 3,386 million in 2022.

4. Despite accounting for just 6.6% of GDP in 2024, the agriculture sector continues to be an important source of foreign exchange, representing 66.6% of exports that same year. Therefore, while Uruguay has sought to diversify its export products and markets in respect of trade in goods, it remains primarily a net exporter of agricultural products such as beef, dairy, soya, and rice, which accounted for 47.2% of total exports in 2024. Goods imports are slightly more diversified: 60.5% consist of manufactured goods, such as machinery and transport equipment, and mineral and chemical products. There is also a certain degree of concentration as regards trading partners: in 2024, 56% of Uruguay's exports went to five markets (Brazil, China, the United States, the European Union, and Argentina) (57% in 2018), and products originating in China and Brazil accounted for 43.3% of total imports in 2024 (37.3% in 2018).

5. To further its integration into international markets, Uruguay is also seeking to improve its competitiveness. In this regard, a new railway line was brought into service to transport pulp to the port of Montevideo, where scanners and new cargo management systems were installed. Trucks with Uruguayan licence plates continue to benefit from a discount on toll charges in order to reduce logistics costs and improve the efficiency of freight transport. To facilitate trade, in line with its commitments on trade facilitation at the multilateral and regional levels, Uruguay continued to digitalize and streamline procedures, which has helped to reduce processing times. Uruguay also

introduced risk management for food and beverage imports, which has led to a reduction in the cost of conformity assessment analysis. Nevertheless, the country continues to levy various charges on trade, such as consular fees and port charges for cargo handling, which result in additional costs. Therefore, despite efforts to reduce costs, according to estimates by the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) and the World Bank, Uruguay's trade costs between 2018 and 2023 were 1.4 times higher than those of the world's largest economies.

6. Uruguay has prioritized innovation as a tool for boosting productivity, strengthening export capacity, and improving integration into international trade and value chains. In this regard, Uruguay has turned to biosecurity and biotechnology to steer its plant and animal health policy towards sustainability, traceability, and alignment with international standards. The country also runs a range of technical assistance and/or financial support programmes to promote research, development and innovation (R&D&I), and activities within the creative economy. In this context, Uruguay has strengthened its quality system through standardization and conformity assessment, as well as its intellectual property regime. In particular, the term of protection for copyright, under which software is protected, was extended from 50 to 70 years. A specific procedure was also introduced to encourage the registration of software, and the time taken to grant patents was reduced.

7. Uruguay's trade policy has not changed significantly since the last Review in 2018, and its main objective remains to ensure stable and predictable market access for its products. As a founding member of MERCOSUR, its trade policy is closely linked to that regional group. Nevertheless, Uruguay believes that its integration into international markets must be addressed simultaneously through bilateral, regional and multilateral negotiations. During the review period, intra-MERCOSUR integration advanced in a number of areas, including the adoption of a new origin regime, the incorporation of additional commitments in the services sector – particularly in telecommunications and postal services – and the deepening of digitalization through the mutual recognition of digital signature certificates. Furthermore, as a member of MERCOSUR, Uruguay signed regional agreements with the European Free Trade Association (EFTA), Singapore, and the European Union.

8. Uruguay remains firmly committed to the multilateral trading system and seeks predictable, rules-based market access. It supports the reinstatement of the dispute settlement mechanism, as well as WTO reform. As an economy with a strong focus on agricultural exports, Uruguay continues to advocate for substantive progress in the negotiations on agriculture. Since its last Review, it has participated in the WTO's joint initiatives on e-commerce, MSMEs, and services domestic regulation, as well as in discussions on gender, the environment, and sustainability. Against this backdrop, it accepted the Agreement on Fisheries Subsidies in 2024. During the review period, Uruguay generally notified its trade measures to the WTO.

9. Uruguay has a relatively open investment regime, although with certain restrictions on account of state monopolies in fixed telephony, fixed Internet (until 2022), the importation and refining of hydrocarbons, work accident and occupational disease insurance, and electricity transmission and distribution. However, during the review period, the foreign investment cap for national airlines, which stood at 49%, and the restriction on cabotage and domestic air transport services were removed. The main instrument for promoting investment remains the Law on Investment and Industrial Promotion, which provides tax benefits. During the review period, the promotion regime was modified with a view to attracting more investment in sectors considered to be strategic, and promoting growth in less-developed areas. Uruguay also has other regimes that provide tax incentives, which are aimed at promoting investment (domestic and foreign) and the export of goods and services. These include free zones, industrial parks, and science and technology parks; and the temporary admission, stock replacement, and drawback procedures. During the review period, Uruguay attracted large inflows of foreign investment, particularly for manufacturing activities, most notably agroforestry, which led to an increase in exports of wood, charcoal, and manufactured goods (HS Section 09) between 2023 and 2024.

10. In addition to these tax incentives, Uruguay promotes the development of MSMEs by using tools such as preferences and reserves to encourage their participation in government procurement procedures. Uruguay is also implementing support, training and funding programmes to integrate MSMEs into e-commerce. In 2019, a new export regime – *TUExporta* – was introduced to simplify export procedures for MSMEs.

11. Uruguay applies the Common External Tariff (CET), with exceptions. During the review period, the number of exceptions authorized by MERCOSUR increased. In 2025, they covered 4,273 tariff lines (35% of all tariff headings) and the rates generally remained below the CET. In addition, there was an increase in the number of duty-free tariff lines, most of which were previously subject to a rate of 2%. All of this helped to reduce the simple average of applied MFN duties from 9.4% in 2017 to 8.2% in 2025. Although the simple average tariff for agricultural products (WTO definition) fell slightly, it remains higher than the average for non-agricultural products. Uruguay does not use tariff quotas.

12. Export duties are prohibited by law, although exports of flowers, seeds, and fruit, vegetable and citrus products are subject to an additional IMEBA rate (2%) and INIA rate (4%).

13. Import or export prohibitions or restrictions are imposed to protect the environment, public health, or national security, or to fulfil commitments under international agreements. The number of tariff lines (at the HS 2022 10-digit level) subject to import prohibitions fell considerably during the review period, from 328 to 89. Amongst other things, the prohibitions on importing live animals and foodstuffs were lifted, and the scope of the prohibitions on chemical industry products and transport equipment was reduced. Uruguay continues to use automatic and non-automatic import licences; the products subject to import licensing have not changed substantially since the last Review. Uruguay is not a frequent user of trade defence measures, and only one definitive anti-dumping duty was in force in 2025. Uruguay reserved the right to invoke the special safeguard (seed wheat), but did not do so.

14. During the review period, Uruguay updated its competition regime to improve market efficiency. For example, two categories of anti-competitive practices were established – prohibited practices and explicitly prohibited practices – with the aim of improving legal certainty, and a requirement to obtain prior authorization for economic concentrations was introduced. Monopolies are, however, permitted under the Constitution. State enterprises therefore hold monopolies in certain sectors (energy and services) or a significant share in others (fuel, financial services, and mobile telephony).

15. Despite limited competition in the telecommunications sector, which has kept tariffs relatively high, digital infrastructure coverage in Uruguay is extensive. This has facilitated the development of e-commerce, supported by the introduction of new electronic payment methods. The new Financial Inclusion Law, in particular, played a decisive role in regulating the operation of credit and debit cards and electronic money instruments, creating the conditions needed to promote greater use of electronic payments.

16. During the review period, Uruguay also amended certain financial sector regulations with a view to promoting greater transparency. Financial sector indicators showed strong performance, despite the impact of the pandemic and the voluntary withdrawal of the last offshore financial institution. Uruguay's financial system remains highly dollarized, with 74% of deposits held in US dollars in 2025, and highly concentrated, with the three largest banks holding over 70% of assets and deposits between 2018 and 2025. In the insurance market, the main change since 2018 was the updating of the Insurance Law to include coverage of the agricultural sector, which enabled compensation to be paid to producers affected by the water crisis of 2022–2023. The State Insurance Bank still holds a monopoly on work accident and occupational disease insurance, which accounts for more than 10% of premiums. Although insurance penetration remains relatively low at the international level, it rose from 2.28% of GDP in 2018 to 3.41% in 2025.

17. Uruguay, an economy heavily reliant on agriculture and livestock farming, suffered the consequences of the unprecedented drought that affected the country from 2020 to 2023. This phenomenon severely impacted the economy, and agricultural activity in particular, resulting in a drop in exports of agricultural products such as soya and beef, with estimated losses of USD 1,883 million. This situation prompted the authorities to implement policies to tackle climate change and, in particular, the water deficit, as well as measures to promote efficient irrigation. The drought also affected the electricity supply - hydroelectric power accounts for 43% of the electricity produced in the country - and made it necessary to resort to hydrocarbon-based thermal power stations as an emergency measure, which led to an increase in hydrocarbon imports and generation costs.

18. In the manufacturing sector, Uruguay is seeking to incorporate higher value-added activities such as agri-food, pharmaceutical, chemical, and medical device industries, which have been identified as key elements in its strategy to establish itself as a strategic regional hub for attracting investment, centralizing operations, and developing R&D-intensive activities. This process is complemented by Uruguay's aim to become a regional leader in food and beverage biotechnology thanks to a strategy that combines the country's agroindustrial tradition with scientific innovation. In this context, food biotechnology is emerging as a pillar for diversifying the export matrix and developing next-generation products.

19. In conclusion, during the review period, Uruguay continued to benefit from foreign trade and foreign investment by maintaining a stable and transparent trade policy and a favourable investment regime. However, to further enhance its integration into international markets, Uruguay can continue to pursue its efforts to reduce costs and boost competitiveness, for instance by reducing the dollarization of the economy through greater use of the Uruguayan peso in pricing and contracts, the strengthening of the local currency financial market, and the expansion of savings and investment instruments in pesos, which would help to increase competition in the financial system and improve cost predictability for businesses and households. A regulatory framework that encourages competition in key sectors would also help to keep domestic costs in check and boost productivity. In turn, modernizing infrastructure and expanding the use of intermodal and multimodal transport would help to reduce logistics costs and cut times for exporters, particularly for MSMEs.

20. At the same time, Uruguay can continue to promote the diversification of its exports by incorporating more goods produced by MSMEs and increasing women's participation in the growth of services, not only in traditional activities such as tourism, but also in modern and digital services, such as consultancy, programming, and specialist support, where incentives and academic offerings aligned with these skills already exist. Given that Uruguay's economy is highly exposed to climate change, it is vital to consolidate the comparative advantage associated with its renewable energy matrix, using it to attract greater investment, develop green sectors, and promote low-carbon value chains. This combination of competitiveness, resilience, and diversification will enable Uruguay to sustain inclusive growth and achieve greater international integration.