

URUGUAY

A MARKET FOR SERVICES

Uruguay, the smallest of the four Mercosur countries, has a long history of democracy and is one of Latin America's pioneers in the implementation of social programs. Its liberal foreign-investment regime, good international credit rating and Mercosur membership combine to make Uruguay an attractive economic partner for Canada. Like Canada, Uruguay has an expanding service-based economy and a well-educated population, ideal for Canadian companies seeking to invest in, or establish, an export operation in Mercosur. Canadian firms can look to the EDC for unrestricted access to insurance and financing programs. As well, the CCC and the Foreign Investment Protection Agreement can lend a helping hand to Canadian businesses new to the region.

Although the economy has not yet fully recovered from the 1999 Brazilian currency crisis, observers predict that the GDP will finally begin to grow in 2001. Two-way trade between Canada and Uruguay, though relatively modest, has nevertheless been increasing. In 1997, it amounted to slightly more than \$90 million and had risen to \$127 million by 1999. Of this, Canadian exports totalled \$37.5 million, and imports accounted for the remainder. The negative trade balance has been offset by the expanding service sector in Uruguay, which is largely favourable to Canadian export interests. Indeed, Canadian companies have obtained service contracts in a number of areas,

notably in telecommunications, forestry and the environment — particularly in water treatment and sanitation. Canada and Uruguay have recently renewed the Memorandum of Understanding on environmental co-operation, which has already spawned transfer projects related to clean technologies, environmental risk-analysis, and oil-spill countermeasures and response.

Canada and Uruguay continue to enjoy friendly diplomatic relations, marked by the opening of the Canadian Embassy in Montevideo and the appointment of the first resident ambassador. President Batlle of Uruguay has underscored the importance of the bilateral relationship by dropping the visa requirements for Canadian visitors to Uruguay. The President's decree was implemented within days of the announcement in November 2000, and the decision was warmly received by the Canadian business community in Montevideo.



FAST FACTS ABOUT URUGUAY

Capital:	Montevideo
Population:	3.3 million (1999)
GDP:	\$19.3 billion (1999)
GDP Growth Rate:	-3.2% (1999)
Inflation Rate:	5.6% (1999)
Canadian FDI:	N/A
Memberships:	Andean Pact (observer), CCC, ECLAC, G-77, WTO, IADB, Mercosur, OAS, Rio Group, UN

Major Canadian Exports to Uruguay:
telephony equipment, computers, plastics, household paper products, news print, potatoes (seed and fresh), lentils

Major Canadian Imports from Uruguay:
meat (beef and lamb), raw hides, fish and seafood, citrus fruit, clothing (gloves and coats), seeds

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