
URUGUAY

Uruguay, a small country with a population of approximately 3 million was traditionally a democratic country until the closure of the Parliament in 1973. Since 1977, the country is ruled by General Gregoria Alvarez. Internal elections were held at the end of November 1982 with the parties officially recognized as follows: the National Party (Liberal) and the Civic Union (Catholic Conservative). This preliminary election subscribes in the promise of the present regime to re-establish democracy before March 1985.

The Economy

The Uruguay economy, like many of other countries, is currently in the grips of a recession. After a GDP growth of 1 per cent in 1981, the 1982 figure has declined to about 6 per cent and is predicted to fall by as much as 3 to 4 per cent in 1983. In the industrial sector the lifting of tariff barriers together with persistent high interest rates has caused many industries to reduce production and lay off workers. In 1981 industrial production fell 3.2 per cent interrupting a seven-year growth cycle. The overvalued peso has caused a decline in the tourist trade from Argentina and Brazil and has also resulted in a dramatic decline in the construction industry, particularly in tourist areas. Although preliminary figures for 1982 are not good the government is attempting to reduce some of the problems by opening the economy to free market forces thus forcing local industry to become more competitive. The government is also reducing its intervention in livestock markets. These domestic policies if accompanied by an improvement in the economies of Brazil and Argentina could result in a turnaround in recessionary conditions and a return to an annual GDP growth rate of 4 per cent.

Canada-Uruguay Trade

Most of Canada's exports to Uruguay are resource-based and include such products as newsprint, seed potatoes, polyethylene resins, and various specialized equipment. In addition to the export of individual products, Canadian firms are also pursuing projects in the communications, transmission lines and transportation sectors where good export potential exists over the longer term. Canadian imports from Uruguay include women's leather handbags and purses, worsted and woolen fabrics, luggage, sweaters, boots and shoes.