

INTERNATIONAL MONETARY FUND



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## **Uruguay—Recent Economic Developments**

This report on recent economic developments in Uruguay was prepared by a staff team of the International Monetary Fund as background documentation for the periodic consultation with this member country. As such, the views expressed in this document are those of the staff team and do not necessarily reflect the views of the Government of Uruguay or the Executive Board of the IMF.

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INTERNATIONAL MONETARY FUND

URUGUAY

Recent Economic Developments

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Approved by the Western Hemisphere Department

July 9, 1996

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Uruguay--Basic Data

**Social and demographic indicators**

Area	176,320 sq. kilometers
Population (first quarter 1996)	3.14 million
Annual rate of population increase (1980-94)	0.6 percent
Crude birth rate (1993)	17 per 1,000
Crude death rate (1993)	10 per 1,000
Infant mortality (1993)	19 per 1,000 live births
Population per physician (1992)	365
Population per hospital bed (1992)	238
Urban population with access to safe water (1992)	95 percent
Rural population with access to safe water (1992)	65 percent
Energy consumption per capita (1993)	715 kilograms of oil equivalent
Per capita protein intake (1991)	79 grams per day
Per capita intake of calories (1991)	2,791 per day
Primary school enrollment (1992)	108 percent
Unemployment rate (first quarter 1996)	12.3 percent

GDP (1995)

Ur\$113.3 billion  
US\$17.8 billion

GDP per capita (1995)

US\$5,668

	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>Pre-l. 1995</u>
<b>Ratios to GDP</b>			(Percent)		
Exports of goods and nonfactor services	22.2	21.6	19.1	20.1	18.4
Imports of goods and nonfactor services	19.8	21.2	20.5	21.5	19.6
Current account of the balance of payments	0.4	-1.0	-2.6	-2.7	-2.0
Central administration revenues	18.3	18.9	18.5	18.7	18.9
Central administration expenditure	17.9	18.1	19.5	20.9	21.1
Public sector savings (including losses of official banks)	2.3	4.0	3.0	2.6	2.6
Nonfinancial public sector overall surplus or deficit (-)	1.2	2.0	-1.0	-2.4	-1.1
Financial public sector balance	-2.9	-1.9	-0.9	-0.7	-0.6
Combined public sector balance	-1.7	0.1	-1.9	-3.1	-1.7
External public debt (end of period) 1/	35.3	31.4	28.2	26.0	25.0
Total external debt (end of period) 1/	43.1	40.9	37.9	34.4	33.3
Total debt service ratio (in percent of exports of goods and nonfactor services) 2/	52.4	25.3	29.7	24.8	28.3
Public interest payments (in percent of exports of goods and nonfactor services) 2/	13.5	10.3	11.3	9.7	10.8
National savings	13.9	12.3	12.0	12.0	12.1
Gross domestic investment	13.5	13.3	14.6	14.6	14.1
Money and quasi-money in domestic currency (M2)	8.7	8.2	8.4	7.7	7.2
<b>Annual changes in selected economic indicators</b>					
Real GDP per capita	2.6	7.3	2.4	6.2	-3.0
Real GDP	3.2	7.9	3.0	6.8	-2.4
GDP at current prices	107.2	76.9	52.0	50.2	38.4
Domestic expenditures (at current prices)	113.5	81.1	54.1	50.6	38.5
Investment	155.0	74.4	66.5	50.4	33.6
Consumption	108.1	82.2	52.1	50.7	39.4
GDP deflator	100.7	64.0	47.6	40.6	41.9
Wholesale prices (annual average)	87.6	58.3	33.4	34.2	37.6
Consumer prices (annual average)	101.8	68.5	54.1	44.7	42.3
Consumer prices (end of period)	81.5	58.9	52.9	44.1	35.4
Central administration revenues	117.0	82.3	49.3	51.5	39.3
Central administration expenditure	112.1	74.4	62.5	60.8	39.7
Central administration current expenditure	116.3	74.4	58.6	59.6	43.4
Money and quasi-money in domestic currency (M-2)	77.3	55.6	58.8	26.8	35.5
Money (M-1)	95.5	70.1	65.9	33.4	31.7
Quasi-money	58.4	32.6	47.2	14.7	43.7
Money and quasi-money in domestic and foreign currency (M-3) 3/	78.2	45.6	36.0	37.3	31.6
Real M-2	-2.3	-3.3	3.8	-12.0	0.1

	1991	1992	1993 (Percent)	1994	Prel. 1995
<u>Annual changes in selected economic indicators (continued)</u>					
Merchandise exports (f.o.b., in U.S. dollars)	-5.2	6.1	-3.4	16.3	10.6
Merchandise imports (c.i.f., in U.S. dollars)	21.9	25.0	13.7	17.4	2.6
Total external debt (in U.S. dollars)	-7.5	11.9	7.0	7.6	6.7
External public debt (in U.S. dollars)	-7.8	5.1	4.7	8.0	5.9
Terms of trade (deterioration -)	-0.2	0.2	-3.6	4.5	0.5
Nominal effective exchange rate (depreciation -)	27.3	30.3	78.2	95.5	-8.8
Real effective exchange rate (depreciation -)	6.9	4.3	12.5	3.9	3.0

(Millions of Uruguayan pesos)

<u>Central administration finances</u>					
Revenue	3,714	6,771	10,110	15,320	21,391
Current expenditure	3,291	5,881	9,344	14,910	21,190
Current account	423	890	766	410	201
Overall balance	77	285	-537	-1,796	-2,479
External financing 4/	357	697	697	1,256	1,580

(Millions of U.S. dollars)

<u>Balance of payments</u>					
Merchandise exports (f.o.b.)	1,605	1,703	1,645	1,913	2,117
Merchandise imports (c.i.f.)	1,637	2,045	2,326	2,730	2,802
Investment income (net)	-232	-187	-193	-243	-173
Other services and transfers (net)	307	414	521	621	510
Current account balance	42	-115	-353	-439	-348
Public sector capital (net) 5/	-562	114	190	427	228
Private sector capital (net), including errors and omissions	282	129	423	250	330
Overall balance (deficit -)	-237	128	259	238	209
Valuation adjustment 6/	9	133	31	--	--
Change in official net reserves (increase -)	228	-261	-290	-238	-209

(Millions of U.S. dollars, end of period)

<u>International reserve position and external debt</u>					
Central Bank international reserves (gross)	1,247	1,209	1,402	1,671	1,824
(in months of imports) 7/	6.1	5.0	5.1	5.0	5.4
Financial system international reserves (net) 8/	2,067	2,265	2,112	2,807	2,725
Total external debt 2/	4,328	4,845	5,185	5,577	5,949
Public external debt	3,543	3,725	3,899	4,210	4,459

IMF data (as of May 31, 1996)

<u>Article VIII status</u>		
Intervention currency and rate	U.S. dollar at Ur\$7.820 per U.S. dollar	
Quota	SDR 225.3 million	
Fund holdings of new Uruguayan pesos	SDR 219.9 million	
As percent of quota	97.6 percent	
Reserve position in Fund	SDR 15.4 million	
As percent of quota	6.8 percent	
Total Fund credit	SDR 10.0 million	
From Fund resources		
Credit tranche purchases (including SBA)	SDR 10.0 million	
From supplementary and enlarged access resources		
Stand-by purchases	--	
Special Drawing Rights Department		
Cumulative SDR allocation	SDR 50.0 million	
Net acquisition or utilization (-) of SDRs	--	
Holdings of SDRs	SDR 0.7 million	
Share of profits from gold sales	US\$10.9 million	

1/ Excluding reserve liabilities of the Central Bank and foreign currency deposits by nonresidents.

2/ On public and publicly guaranteed debt; excludes foreign currency deposits of nonresidents, reserve liabilities of the Central Bank, and short-term amortization.

3/ Includes foreign currency deposits of residents and nonresidents; foreign currency deposits converted at the end-of-period exchange rate.

4/ Refers to central government. Includes foreign-currency denominated liabilities of the Government held by unidentified Uruguayan residents.

5/ Figures for 1991 include the use of reserves for the buyback of commercial bank debt.

6/ Includes an adjustment to allow for the difference between the price at which gold is bought or sold and the price at which it is valued for reserve purposes.

7/ Gold valued at market prices.

8/ Gold valued at US\$42.00 per troy ounce.

9/ Includes private suppliers' credit and excludes reserve liabilities of the commercial banks and deposits of nonresidents.



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## I. Economic Activity and Prices

Real GDP expanded on average by over 4 percent a year in 1990-94 and fell by 2 1/2 percent in 1995. The rapid growth of output during 1990-94 reflected buoyant external demand from Uruguay's main trading partners (Argentina and Brazil), as well as progress in strengthening the public finances, reducing wage indexation, opening the economy and curtailing government intervention. The significant output fall in 1995 resulted from a sharp fall in demand from Argentina in the aftermath of the Mexican financial crisis and its adverse effects on domestic private investment, as well as a decline in absorption associated with measures to adjust the public finances and maintain confidence. Consumer price inflation fell steadily from almost 130 percent during 1990 to 35 percent during 1995. At the same time, the external current account deficit/GDP ratio swung from a surplus of 2 percent in 1990 to a deficit of 2 percent in 1995 as gross domestic investment rose from 11 percent of GDP in 1990 to over 14 percent of GDP in 1995, while a strong decline in private saving in relation to GDP was offset only partly by higher public saving (Table 1 and Chart 1).

In real terms, in 1990-94 domestic expenditure expanded on average by over 7 percent a year financed by higher private capital inflows (Table 2). Real consumption demand increased by 6 1/2 a year in 1990-94 reflecting trade liberalization in the context of significant pent-up demand for consumer durables, a strong appreciation of the peso in real effective terms, significant increases in real wages and a surge public sector current spending. In 1995, real domestic expenditure declined by 3 percent despite continuing strong private capital inflows. Real consumption demand fell by 3 3/4 percent as real economic activity contracted, employment and real wages declined, and rates of the value added tax and of the personal tax on wages and pensions and public prices and tariffs were raised.

The strong increase consumption that took place during 1990-94 was reflected in a decline in gross domestic saving from 17 percent of GDP in 1990 to 13 3/4 percent of GDP in 1994 (Table 3). At the same time, national saving only fell by 1 percentage point of GDP to 12 percent of GDP in 1994 as the decline in gross domestic saving was almost offset by declining factor payments relative to GDP associated with lower international interest rates, the decline in net external debt relative to GDP owing to the 1991 debt reduction agreement with foreign bank creditors and the real appreciation of the peso during this period. Between 1990 and 1994, private saving fell by about 3 1/2 percentage points of GDP, while public saving increased by 2 1/2 percentage points of GDP. In 1995, gross domestic saving relative to GDP fell to 13 1/4 percent, while national saving remained about unchanged.

Gross domestic investment increased from 11 percent of GDP in 1990 to 14 1/2 percent of GDP in 1994, before falling back to slightly over 14 percent of GDP in 1995, notwithstanding substantial inventory accumulation in that year (Tables 4 and 5). In real terms, gross fixed investment rose on average by 10 percent a year during 1990-94. At the same

time, private investment in machinery and equipment increased on average by 11 percent a year, while construction of housing and commercial real estate rose on average by 13 percent a year bolstered by the beneficial prospects for the tourism sector from the improved economic outlook in the region. Fixed capital formation by the public sector increased on average by 10 1/2 percent a year, with a marked acceleration in 1993-94 during the run-up to the 1994 national elections.

In 1995, real fixed investment contracted by about 7 1/2 percent as capital formation in construction fell by 17 percent and in machinery and equipment increased by over 3 percent. Fixed investment by the public sector was scaled back by about 30 percent to about its long-term average level. At the same time, fixed capital formation by the private sector rose by almost 4 percent as a 14 percent decline in investment in construction was more than offset by increases of over 20 percent in investment in both land improvements, and in machinery and equipment. To an important extent, this appears to have reflected higher international agricultural commodity prices, as well as improved prospects for Uruguay's exports of agricultural products and related manufactures to the region.

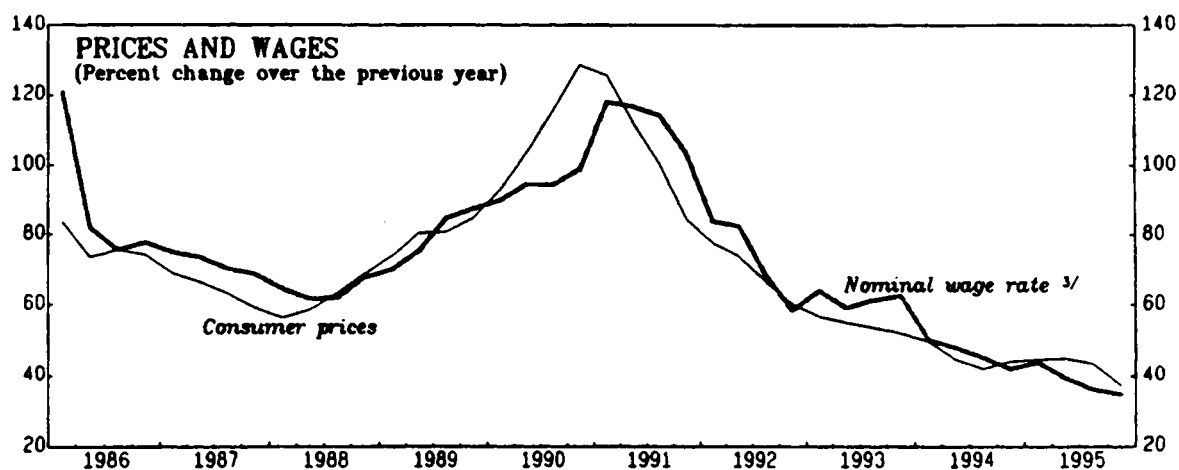
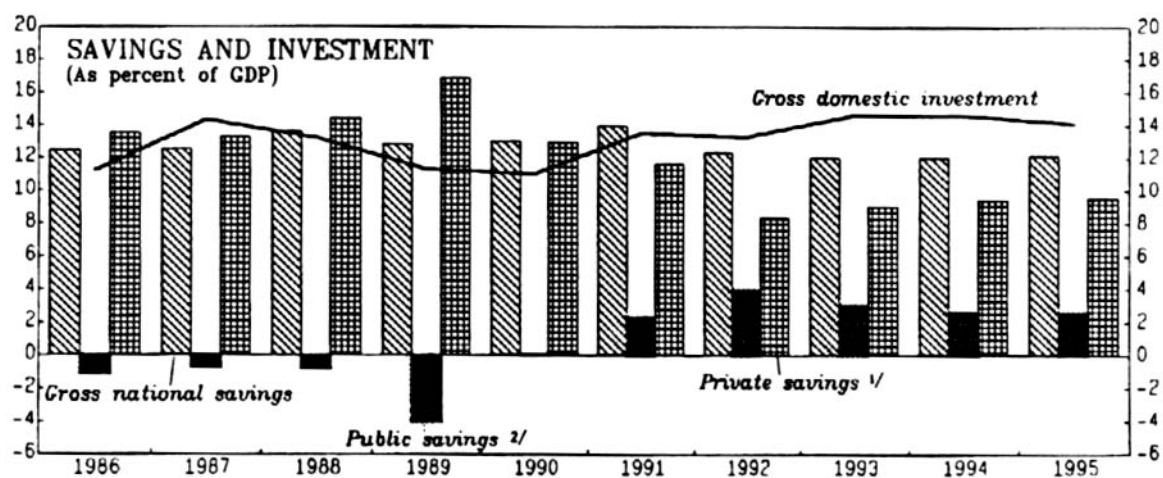
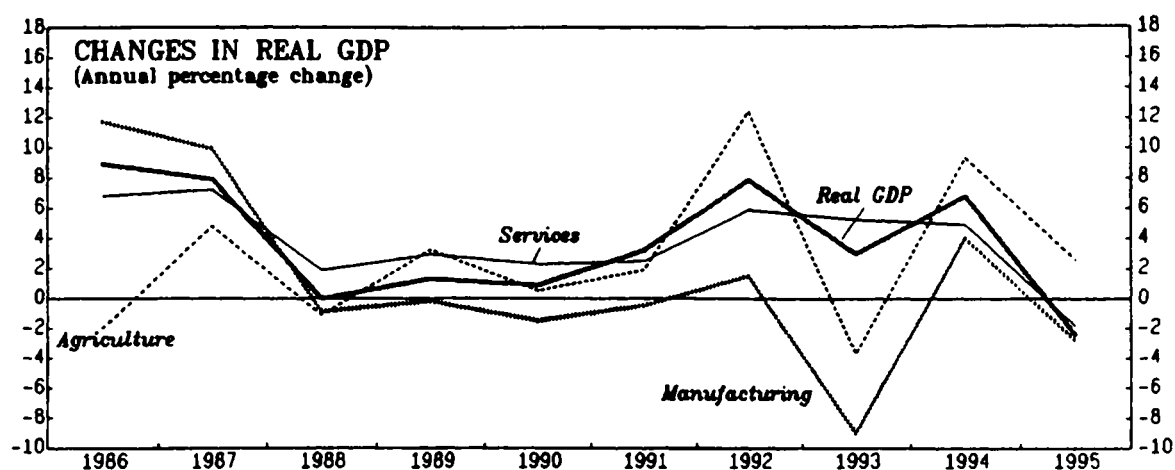
As domestic saving declined and gross investment increased, between 1990 and 1994 Uruguay's net use of external saving increased by almost 5 percentage points of GDP and its balance of trade on goods and nonfactor services declined by over 7 percentage points of GDP. Slightly over 3/4 of the former decline reflected increased investment and the remainder increased consumption. In 1995, Uruguay's net use of external saving fell by 3/4 percentage points of GDP, slightly above the decline in gross domestic investment.

In 1990-94, the expansion of real GDP varied widely among sectors (Table 6). Value added in agriculture and other primary activities, which accounted for over 10 percent of GDP in 1994, grew on average by about 4 percent a year largely reflecting increases of planted acreages of cereals and the recovery of output of beef and beef products (Tables 7-11). Despite the sustained expansion of domestic and external demand during this period, value added in manufacturing, which accounted for over 20 percent of GDP, on average declined by about 1 percent a year in this period (Tables 12-14). Output in food processing, beverages and transportation equipment expanded slowly, while output declined in other sectors largely reflecting increased competition from abroad and the closure of the oil refinery in 1993-94. At the same time, construction; commerce, restaurants and hotels; and transport and communications expanded vigorously under the stimulus of increased domestic demand and rising tourism from the region. In 1995, sharp contractions in construction; commerce, restaurants and hotels; and manufacturing output were partly offset by increased activity in the primary sectors and other service sectors.

Despite the rapid growth of economic activity between 1991 and 1994, labor demand grew slowly as the opening of the economy and the decline in the price of capital relative to labor led enterprises to improve

CHART 1

URUGUAY  
REAL SECTOR INDICATORS



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

1/ Private savings are measured as gross national savings minus public sector savings.

2/ Includes the operating losses of the financial public sector.

3/ Average of public and private sector wages.

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productivity and shed labor (Tables 15 and 16). The slow growth of employment, combined with increased labor force participation, particularly of women, left the unemployment rate virtually unchanged at about 9 1/4 percent between 1990 and 1994. In 1995, the decline in demand and economic activity resulted in a contraction in employment towards the end of the year. This, together with further increases in labor force participation, caused the unemployment rate to surge to almost 11 percent in 1995.

Inflation in consumer prices, which was about 130 percent during 1990, was reduced steadily to 35 percent during 1995 (Table 17). Inflation was relatively high in the nontradeable sectors, such as education, utilities and housing, and health services. Despite the steady 2 percent monthly depreciation of the exchange rate band vis-à-vis the U.S. dollar since 1992 and the gradual opening of the economy during this period, inflation declined relatively slowly in certain tradeable sectors-- such as food-- possibly reflecting the sharp increase in domestic demand and higher retail margins, as well as higher demand for these products from Brazil in 1994. Strong competition from abroad, however, put strong downward pressures on increases of clothing prices. Inflation in prices at the wholesale level declined from over 120 percent in 1990 to nearly 28 percent in 1995, with price inflation of industrial products declining sharply between 1990 and 1993 and falling more slowly since then.

Real wages increased by a cumulative 4 1/2 percent during 1990-94, despite the high level of unemployment and pressures to cut rising labor costs in certain sectors facing increased competition from abroad (Table 19). During this period, public sector real wages declined by a cumulative 1 3/4 percent, while private sector real wages increased by 8 1/2 percent in real terms and more than doubled in U.S. dollars. In contrast, in 1995 real wages are estimated to have declined by almost 3 percent reflecting restrained wage adjustments in the public sector, as well as slack conditions in the labor market.

## II. Public Finances

### 1. Overall trends

Following a substantial fiscal adjustment of the early 1990s, the combined public sector balance swung from a small surplus in 1992 to a deficit equivalent to 3.1 percent of GDP in 1994 reflecting sharp increases in outlays on social security and investment (Table 20 and Chart 2) 1/. In 1995, the implementation of tax and expenditure measures helped reduce the combined deficit to 1 3/4 percent of GDP despite the adverse revenue

---

1/ The combined public sector includes the nonfinancial public sector (including some local governments) and the operating losses of the Central Bank, the Mortgage Bank and the intervened commercial banks.

effects of the substantial drop in domestic demand and activity of that year.

The overall balance of the nonfinancial public sector shifted from a surplus of 2 percent of GDP in 1992 to a deficit of 1 percent of GDP in 1993 and a deficit of 2 1/2 percent of GDP in 1994. During this period, nonfinancial public sector revenue declined by about 1 percentage point of GDP as general government current revenue remained relatively unchanged, while the operating surpluses of the public enterprises declined. At the same time, strong increases in social security and investment outlays led total nonfinancial public sector expenditure to increase by about 3 1/2 percentage points of GDP to 32 1/2 percent of GDP in 1994. The weakening of the finances of the nonfinancial public sector in 1993-94 was partly offset by a 1 1/4 percentage point of GDP decline in the operating losses of the Central Bank (BCU), the Mortgage Bank (BHU), and the intervened commercial banks.

In 1995, the deficit of the nonfinancial public sector was lowered to slightly over 1 percent of GDP as capital expenditure was reduced from its historically high levels of 1993-94, public prices were adjusted by more than inflation and tax measures were implemented. Also, the operating losses of the financial public sector relative to GDP continued to decline.

A comprehensive reform of the social security system enacted in September 1995 is expected to slow the growth of pension benefits, improve revenue and benefit administration, and allowed the introduction of capitalized pension funds in the first half of 1996. In December 1995, Congress approved legislation for a reform of the Central Administration that is expected to result in a 30 percent reduction of budgetary units, a restructuring of salaries and lowering of employment, and the privatization of ancillary activities.

## 2. Operations of the nonfinancial public sector

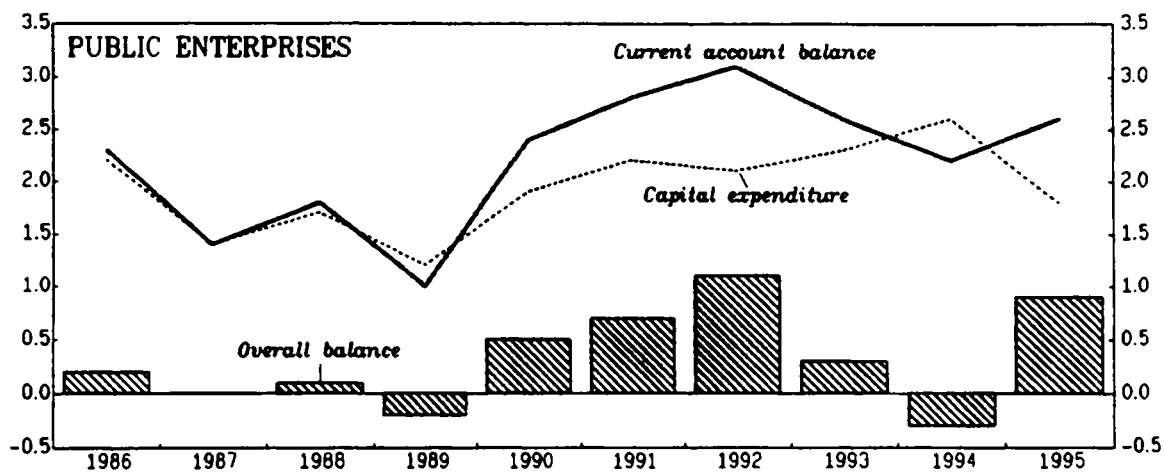
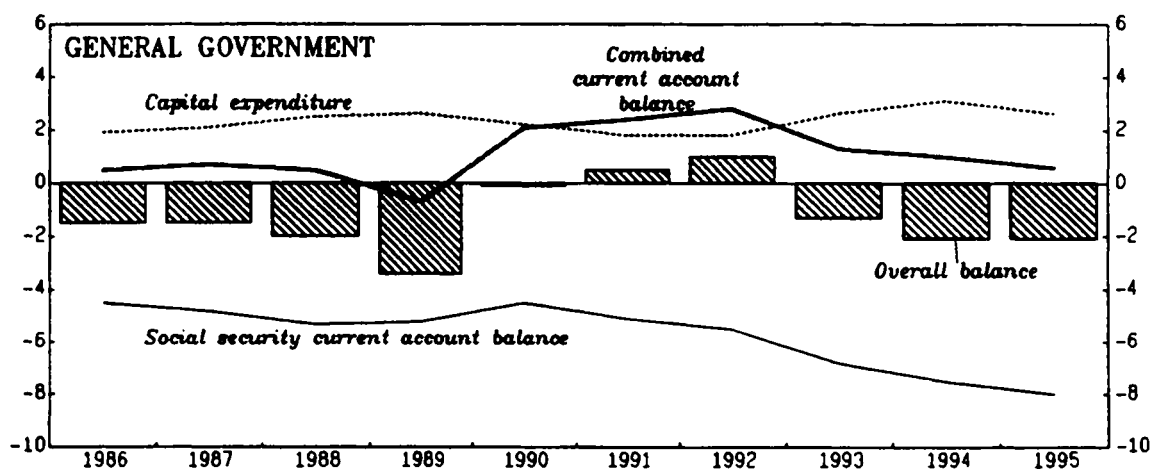
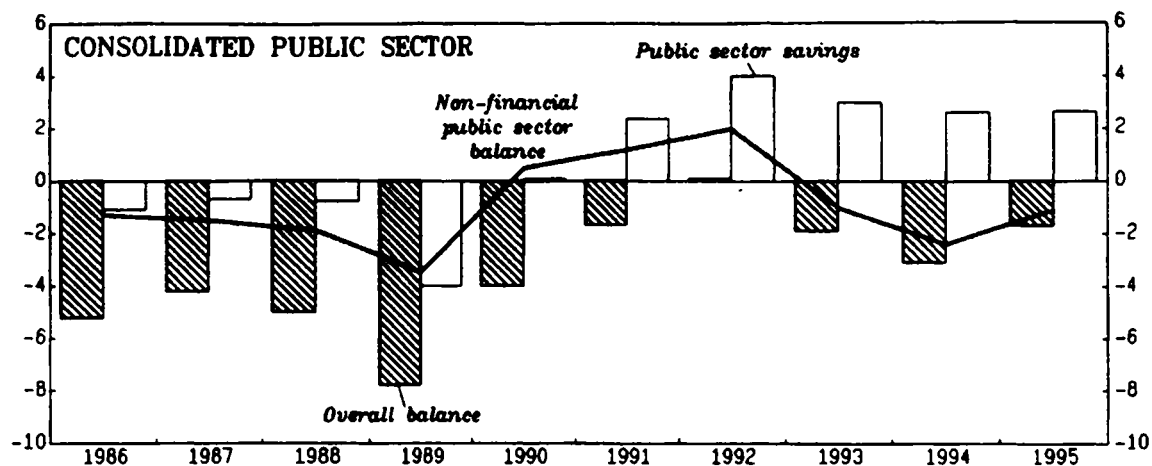
### a. Central Administration

The central administration finances shifted from a surplus of 3/4 percent of GDP in 1992 to a deficit of 2 1/4 percent of GDP in 1994 as capital expenditure and transfers to the social security system increased sharply, while total revenue fluctuated slightly in terms of GDP (Table 21). Despite the tax and expenditure measures implemented around mid-1995, the finances of the Central Administration did not strengthen because of the adverse effects of the economic recession on tax revenue, as well as increasing transfers to the social security system.

#### (i) Budgetary revenue

Total revenue of the central administration declined slightly from almost 19 percent of GDP in 1992 to 18 3/4 percent of GDP in 1994. Reflecting lower proceeds from import duties due to trade liberalization and

CHART 2  
URUGUAY  
SUMMARY OPERATIONS OF THE PUBLIC SECTOR  
(In percent of GDP)



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



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weaker collections of other indirect taxes, tax collections relative to GDP declined by 3/4 percentage point of GDP despite an increase in the corporate income tax from 1 2/3 percent to 2 1/2 percent in 1994. The decline in tax collections relative to GDP was largely offset by significant increases in nontax revenue due to larger transfers from the public enterprises.

In 1995, total revenue of the central administration increased slightly in relation to GDP led by a significant expansion of nontax revenue reflecting larger public enterprise transfers. Tax collections declined in relation to GDP as the effects of increases in the value added tax (VAT) rates were more than offset by the effects of lower domestic demand and output.

Between 1992 and 1994, indirect taxes on domestic transactions, which accounted for almost 70 percent of total tax revenue, remained at about 11 1/2 percent of GDP (8 percent of GDP from VAT and 3 1/2 percent of GDP from the excise tax (IMESI)). The increase in IMESI rates on beverages, tobacco products, lubricants, new cars, and gas oil introduced in mid-1993 only partly reversed a drop in tax rates that became effective in late 1992 and IMESI collections declined slightly in 1993-94. <sup>1/</sup> Despite the rapid growth of imports during this period, import duty collections relative to GDP fell reflecting the steady reduction in import duty rates associated with the process of tariff restructuring within MERCOSUR (the regional common market with Argentina, Brazil and Paraguay) and the real appreciation of the peso. In 1995, despite a sharp fall in domestic demand, indirect tax collection on domestic transactions increased by 1/3 percentage point of GDP as VAT rates were increased (from 22 percent to 23 percent the basic rate, and from 12 percent to 14 percent the lower rate) in the middle of the year. In contrast, the ratio of import duty collections to GDP continued to fall because of further reductions in import duty rates and problems in customs administration. Furthermore, in 1995, tax collections were affected adversely by the increase of tax credit certificates or rebates for exports.

Direct tax collections rose by almost 3/4 percentage point of GDP to about 2 1/2 percent of GDP between 1992 and 1994 as a result of higher income tax payments by the public enterprises and buoyant economic activity. At the same time, wealth tax collection declined by 1/4 percent of GDP to about 3/4 percent of GDP in 1994 despite an adjustment of land assessments used to compute the personal wealth tax and the introduction of an improved valuation system for taxable assets under the inheritance tax in 1992. In 1995, direct taxes fell slightly relative to GDP as the regularization of corporate income tax payments of two public companies (the electricity

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<sup>1/</sup> The tax rate on lubricants was increased from 25 percent to 30 percent; the rate on gas oil from 15 percent to 20 percent; the rate on tobacco products from 65 percent to 66 1/2 percent; and the rate on new cars from 12 percent to 17 percent. Moreover, part of the reduction of excise tax rates on oil products during 1992 was offset by the extension of the VAT to fuel oil.

company, and the water and sewage company) were not sufficient to offset the adverse effects of the economic recession.

Steps have been taken to strengthen revenue collection in recent years, with technical assistance from the Fund. Institutional changes have been made to improve control over large tax payers. Computerized systems introduced in the General Tax Office (DGI) with support from the Inter-American Development Bank (IDB) and the Interamerican Center of Tax Administration (CIAT) have helped improve tax administration, and the introduction of a single document for imports (DUI) in the Customs Office has facilitated control. Additionally, efforts are being made by DGI, the Customs Office, and the social security system (BPS) to cross-check tax returns and collections. In early 1996, a special force composed by members of DGI, the Customs Office, and the border police was created to curb smuggling activities.

(ii) Budgetary expenditure

Central administration expenditures increased from over 18 percent of GDP in 1992 to almost 21 percent of GDP in 1994 reflecting higher contributions to the social security system and increased capital expenditure. In 1995, total expenditure rose only slightly (0.2 percent of GDP to over 21 percent of GDP) as outlays on wages and transfers were restrained, the growth of transfers to the social security system was moderated, and investment expenditure was cut.

Current expenditure of the central administration increased from 16 1/2 percent of GDP in 1992 to 18 1/4 percent of GDP in 1994 owing to surge in transfers to the social security system of more than 2 percentage points of GDP. Investment spending by the Central Government averaged around 2 1/2 percent of GDP in 1993-94, 50 percent higher than in 1992. In 1995, central administration current expenditure rose by 1/2 percentage point of GDP to 18 3/4 percent of GDP as higher contributions to social security and interest payments were partly offset by lower wages payments and transfers and subsidies. At the same time, capital expenditure was reduced by 1/3 percent of GDP, but remained above historical levels as spending on many projects initiated in 1993-94 continued in the first quarter before being cut back around mid-year.

Since 1993, in an effort to control expenditure growth, the authorities curbed public sector real wage increases, froze hiring and limited the purchases of goods and services to an equivalent of 90 percent of their previous year level in real terms. <sup>1/</sup> At end-1995, employment in the central administration remained at 102,000 persons, about the same level of late 1993, but 5 percent lower than the level of July 1989 (Table 29).

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<sup>1/</sup> After increasing by 11 percent in 1993, average real wages in the central administration declined by 1.1 percent and 6.2 percent in 1994 and 1995, respectively.

b. Social security system

The deficit of the social security system (excluding transfers from the central administration) rose from about 5 1/2 percent of GDP in 1992 to about 7 1/2 percent of GDP in 1994 (Table 22). In 1995, the deficit widened by a further 1/2 percentage point of GDP to over 8 percent of GDP as the rapid growth of benefits exceeded the increase of contributions. 1/

Social security expenditure has increased rapidly since 1990, reflecting the changes in benefits mandated by the referendum and amendment to the Constitution in 1989, which raised pensions for new retirees and shortened the period of adjustment of pensions to past wage inflation. As real wages rose and inflation declined, outlays rose from an average of less than 11 percent of GDP in 1987-89 to 13 1/3 percent of GDP in 1992 and 15 percent of GDP in 1994. In 1995, social security current expenditure rose to 15 2/3 percentage point of GDP.

The system's revenue declined from 7 3/4 percent of GDP in 1992 to 7 1/2 percent of GDP in 1994. In 1995, because of increases in the rates of the tax on payrolls and pensions, 2/ revenue collections relative to GDP rose to 7 3/4 percent of GDP despite the reduction of employer social security contribution from 14 1/2 percent to 8 1/2 percent in the manufacturing sector in June 1995. Notwithstanding, evasion of social security contributions remains widespread and has been estimated at around 30 percent of collections. It is expected that evasion will be curtailed by administrative improvements in the BPS, and the linking of pension benefits to individual's effective contribution under the social security reform law that is entering in effect in 1996.

c. Public sector enterprises

The overall balance of the public enterprises shifted from a surplus of 1 percent of GDP in 1992 to a deficit of 1/3 of GDP in 1994 (Table 23). In 1995, despite larger tax payments to the Treasury, the enterprises' surplus recovered to about 1 percent of GDP. With the exception of telecommunication company (ANTEL), which showed a surplus in 1994, all the other public enterprises swung from deficits in 1994 to significant after-tax surpluses in 1995. The improvement in the enterprises' finances in 1995 took place despite the slow down in economic activity and reflected higher real public prices, efficiency gains and lower capital expenditure.

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1/ For a detailed description of issues related to the social security system, see Appendix I of SM/95/133 and Appendix II of SM/94/75.

2/ In May 1995 the rate applicable to wages between three and six minimum wages increased from 2 percent to 3 percent and the rate for wages higher than six minimum wages went from 2 percent to 6 percent. The rate on incomes lower than three minimum wages continued to be 1 percent.

On average, public sector tariffs fell in real terms between 1992-1993 as some prices were adjusted in line with the rate of depreciation of the peso (Table 18). Prices of oil products fell the most, partly reflecting the drop in the price of oil in international markets; as of mid-1993, the price of regular gasoline was 20 percent below its level of two years earlier in real terms while in the case of gas oil and fuel oil the drop was around 35 percent. 1/ Electricity tariffs also fell in this period, especially for household use, but to a more limited extent. As part of the efforts to strengthen the public finances, the Government stepped up the pace of adjustment of public sector prices beginning in mid-1993. As a result of this and increased sales volumes, the operating revenue of the public enterprises increased to 12 3/4 percent of GDP in 1995 from 12 percent of GDP in 1993-94.

Efficiency improvements and cost cutting measures have played an important role in the recent increase in the operating surplus of the public enterprises. Steps to improve efficiency have included actions to reduce employment, which led to declines in the enterprises' real wage bills, as well as technological advances, such as the upgrading of equipment by ANTEL. The public enterprises employed 30,617 persons at the end of 1995, 14 1/2 percent less than in 1992 and 33 2/3 less than in July 1989. Real wages in the public enterprises increased on average by 1 1/3 percent a year during 1992-94 and by a further 3/4 percent in 1995. Since mid-1993, a wage contract with employees in public enterprises has provided for the indexation of wages to about 75 percent of the accumulated inflation of the previous four months.

Capital expenditure increased from about 2 percent of GDP in 1992 to over 2 1/2 percent of GDP in 1994, before being cut back to 1 3/4 percent of GDP in 1995. However, about half of the decline of capital expenditure in 1995 was due to the conclusion of the refurbishment of ANCAP's refinery.

3. Operating losses of the Central Bank, the Mortgage Bank (BHU), and the intervened commercial banks

From a level of almost 4 1/2 percent of GDP in 1989, the operating losses of the financial public sector declined steadily to nearly 2 percent of GDP in 1992 and 3/4 percent of GDP in 1995. Various factors contributed to this reduction of the financial public sector deficit. In early 1991, a debt reduction agreement with foreign bank creditors was put into effect and in August 1992 the Central Bank transferred to the Treasury the outstanding external liabilities related to the mid-1980s purchase of loan portfolios from troubled domestic banks. 2/ Moreover, in June 1993 the Central Bank began replacing its own bills with treasury bills in the conduct of open

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1/ The drop in the price of fuel oil and gas oil also reflects the reduction in excise tax rates.

2/ The outstanding stock of these liabilities amounted to around US\$430 million on August 1992 (see SM/92/226).

market operations and by September of that year the entire stock of central bank bills had been replaced and the cost of open market operations was being borne by the Treasury. The reduction also reflects the decline in international interest rates and the real appreciation of the peso vis-à-vis the U.S. dollar.

Efforts have also been made to reduce the operational losses of the BHU by cutting lending subsidies and improving the collection of nonperforming loans. In addition, the BHU's employment has been reduced by almost 10 percent since 1990. The bank has also benefitted from the increase in the real wage since 1991 (its assets are adjusted in line with the wage index) and by the real appreciation of the peso vis-à-vis the U.S. dollars (its liabilities are denominated in U.S. dollars). Of the two remaining intervened banks, one was privatized in March 1994 and the other is expected to be privatized in 1996.

#### 4. Public sector reforms

Since 1990, some progress has been made toward restructuring the public sector: there have been advances in the deregulation process, certain government monopolies have been eliminated, and public sector employment has been reduced (by around 3 1/2 percent since mid-1989) through attrition and a voluntary retirement program.

In September 1995, the Government enacted legislation for a reform of the main social security system (the Social Security Bank (BPS), which covers 80 percent of the working population). The legislation aims at reducing benefits, improving the administration of contributions, and shifting some employee contribution to capitalized private pension funds. The reform is more ambitious than the proposal described in the 1995 Article IV consultation documents (see Appendix I of SM/95/133), as pension eligibility criteria are more restrictive and pension benefits are being lowered faster than had been envisaged. It is expected that the reform will lower pension outlays by 1 1/2 percentage points of GDP over the next five years. Consistent with the reform law, in early 1996 a system for tracking of individual contributions was introduced, and six pension fund administrators were established.

In December 1995 Congress passed legislation on a five-year framework for the reform of the Central Administration. Extrabudgetary revenues and expenditures have been incorporated into the budget and the technology for financial administration will be modernized in 1996. The number of budgetary units will be reduced by about 30 percent and unit managers will be given greater autonomy and will be required to link pay increases for individual workers to employee performance. The current hiring freeze will continue for ten years, and new voluntary retirement and separation programs combining cash incentives and retraining schemes will be introduced.

After the popular referendum in December 1992 that overturned legislation related to the partial privatization of the national

telecommunications company (ANTEL), outright privatization has been limited to the sale of the intervened commercial banks, two meat packing houses, the Montevideo Gas Company, several key activities at the Montevideo Port, and the sale of 51 percent of the Government's shares of the national airline (PLUNA) in June 1995. <sup>1/</sup> However, steps have been taken to allow private sector participation in a number of key areas previously carried out by the public sector. Deregulation and various forms of association with private capital are now allowed in the following areas: natural gas transportation and distribution, rail and road transportation, ports, water and sewage collection and treatment, the telecommunications sector, and cement and alcohol production. Also, a law currently being discussed in Congress would allow private sector participation in electricity generation and transmission.

### III. Financial Intermediation

#### 1. Overall trends

International financial conditions play an important role in the developments of the financial system in Uruguay because of the openness of the capital account of the balance of payments, Montevideo's role as a regional financial center and the managed exchange rate regime. The Uruguayan financial system is characterized by a high degree of currency substitution caused by years of high and variable rates of inflation. Also, legal obstacles to the collection of overdue obligations and the inefficiencies of the large state-owned banks have led to limited competition in financial intermediation and to very high interest rate spreads in lending to certain sectors.

The growth of nominal monetary aggregates has decelerated since 1990 (Table 30). The 12-month rate of growth of narrow money declined from about 110 percent during 1990 to an average of 32 1/2 percent in 1994-95. At the same time, the degree of monetization declined as the ratio of M2 to GDP fell from about 9 percent in 1990 to about 7 1/2 percent in 1994-95. The ratio of deposits denominated in U.S. dollars to total deposits of residents fell from 92 percent in 1990 to an average of 89 percent in 1993-95. Reflecting the appreciation of the peso in real terms, M4\* (which includes residents' quasi-money denominated in both pesos and U.S. dollars) declined from about 34 percent of GDP in 1990 to about 31 percent of GDP in 1995.

Relative to the stock of liabilities to the private sector at the beginning of each year, the expansion of the financial system's net domestic assets fell from 95 percent during 1990 to about 35 percent during 1995 (Table 32). After declining in 1990-92, net credit to the public sector (excluding valuation changes) by the financial system increased moderately

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<sup>1/</sup> In addition, ANCAP's sugar operations and the fishing company (ILPE) have been closed.

in 1993-1994 reflecting the weakening of the public finances, but declined again in 1995 as the fiscal deficit was lowered. In real terms, credit to the private sector declined in 1993 largely reflecting the large share of credit denominated in U.S. dollars and the real appreciation of the peso vis-à-vis the U.S. dollar (Table 40). In 1994-95, credit to the private sector increased in real terms reflecting large private capital inflows, lower interest rates (particularly in local currency) and the narrowing of the difference between exchange rate depreciation and domestic inflation. Private banks mainly provided loans of very short maturities, while long-term lending largely was provided by the state-owned banks.

In the context of Uruguay's open capital account, the decline in international interest rates, together with the slowing of currency depreciation contributed to the decline of interest rates between 1990 and 1994. As the peso depreciated by less than domestic inflation, real interest rates on local currency deposits have been negative throughout most of the recent past. In 1995, interest rates in Uruguay increased reflecting higher international interest rates.

## 2. Structure of the financial sector

As of the end-December 1995, the financial system in Uruguay consisted of the Central Bank, 2 state-owned banks (Bank of the Republic (BROU) and the Mortgage Bank (BHU)), 22 private commercial banks, 11 banking houses, 7 offshore financial institutions and 8 savings and credit cooperatives. Prudential regulations applying to financial intermediaries differ by type of institution and by the nature of the operations involved. Prudential regulations applying to commercial banks are consistent with the Basle Accord (the risk provision is 8 percent of capital to risk-weighted assets).

The BROU acts as a commercial and development bank by making long-term loans to the productive sectors, while its deposits liabilities are largely of short-term maturity. It also onlends international financial cooperation funds to certain sectors. The BHU makes long-term loans for housing construction and purchases, while raising funds of short- and medium-term maturities. Of the 22 private commercial banks, one is currently under government control, one is domestic, and the remaining 20 are all foreign owned. Banks receive deposits from residents and nonresidents both in local and foreign currencies and lend or invest resources in liquid assets in Uruguay or abroad. Banking houses and offshore institutions are allowed to receive funds only from nonresidents. The latter may lend only to nonresidents. The savings and credit cooperatives are only allowed to do operations with their shareholders, with other cooperatives and with the banking system.

The domestic financial market is highly segmented with the state-owned banks doing most lending for consumption, housing, agricultural activities and the wool and beef industries. In contrast, private banks have concentrated their lending to creditworthy companies and low risk trade credit. As of end-December 1995, the official banks accounted for over half



of the financial system credit to the private sector and for over 2/5 of the deposits in the financial system.

Off-shore banking is an important business for private banks. As of December 31, 1995, about 40 percent of dollar denominated deposits belonged to nonresidents, mainly Argentines who regularly keep deposits in Uruguayan banks off-shore. Banks are required to invest these resources abroad. In the aftermath of the Mexican financial crisis of 1994-95, during the year ending in December 1995 nonresidents' deposits in Uruguayan banks offshore rose by a third to US\$3.2 billion. At the end of 1995, about 60 percent of the deposits held by residents was denominated in foreign currency (Table 31).

### 3. Developments in monetary aggregates

The annual growth of monetary aggregates has slowed considerably since 1990. The growth of narrow money fell below 35 percent a year in 1994-1995, from a level in excess of 110 percent in 1990. At the same time, the growth of broad money held by residents (M4\*) declined steadily from 114 percent in 1990 to 31 percent in 1995 (see Table 30 and Chart 3).

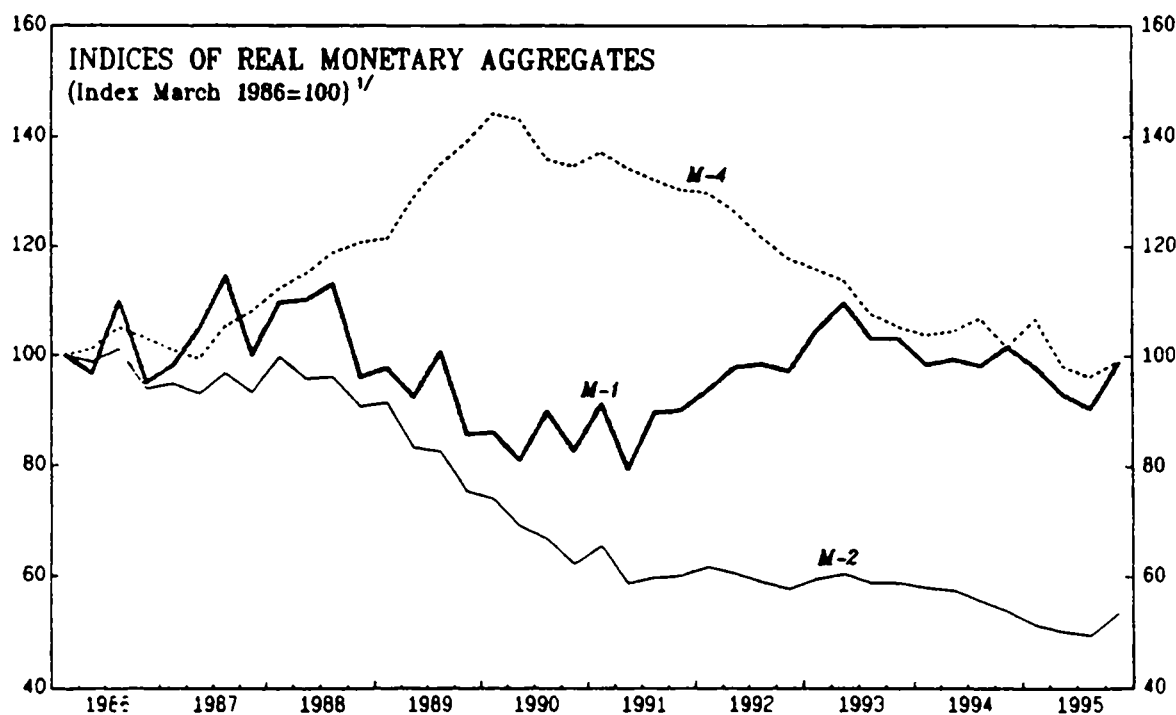
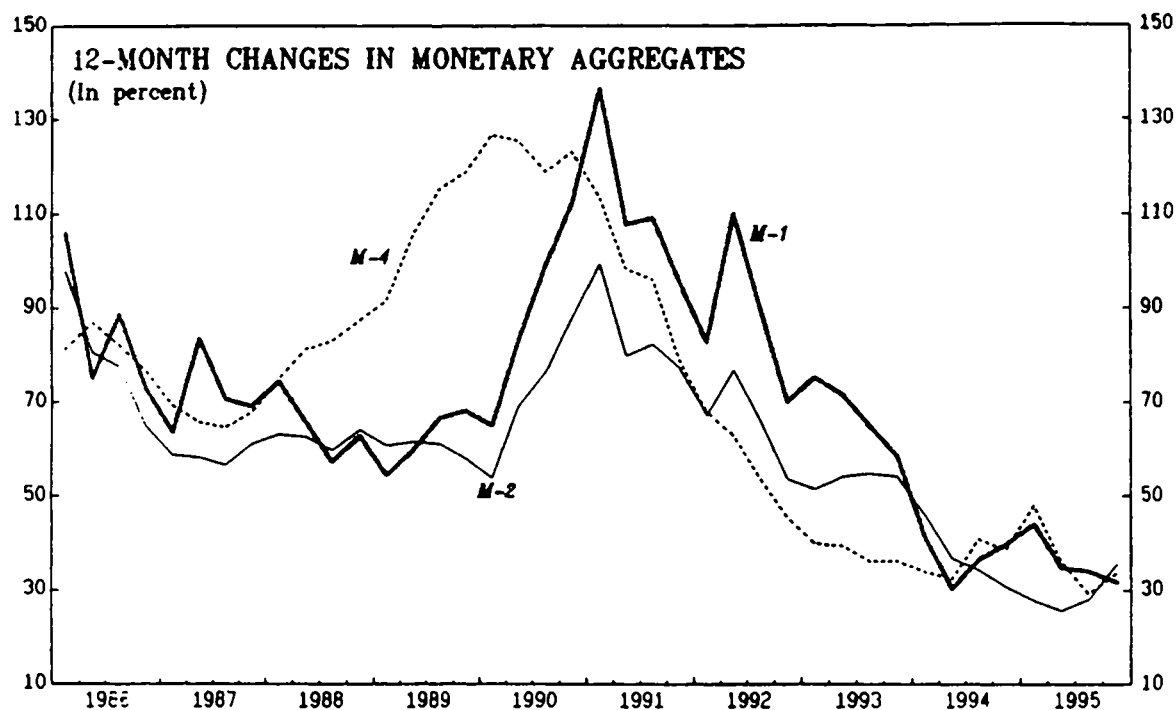
Despite the substantial reduction of inflation during 1990-95, as well as the sizeable private nonfinancial capital inflows since 1991, the annual growth of monetary aggregates generally fell short of the rate of inflation. This partly reflects the large share of deposits denominated in U.S. dollars and the real effective appreciation of the peso vis-à-vis the U.S. dollar that took place, as well as the fact that nominal peso interest rates generally were negative in real terms during this period. Demand for real narrow money rose by an average of about 8 percent a year in 1991-93, but subsequently fell by an average of 5 percent a year in 1994-95 and remained equivalent to less than 5 percent of GDP in 1995. In contrast, demand for real M4\* has declined almost every year since 1990 for a cumulative decline of over a fifth during 1990-95.

During 1993-95, the gain of international reserves was the main factor contributing to the expansion of the monetary base (Table 32). In 1993-94, the Central Bank's net domestic assets declined by an average of 12 1/2 percent a year (with respect to the monetary base at the beginning of the period) reflecting reductions in net credit to the public sector and the commercial banks, which more than offset credit expansion for the repayment of medium-term foreign liabilities and the expansion of other items net, including Central Bank losses. In 1995, the Central Bank's net domestic assets remained about constant.

### 4. Credit developments

After declining by 2 percent in 1993, credit to the private sector in real terms grew on average by 4 percent a year during 1994-95, facilitated by large private capital inflows from abroad (Table 40). In real terms, lending in domestic currency decelerated slightly in 1993 and increased by a

CHART 3  
URUGUAY  
INDICATORS OF MONETARY DEVELOPMENTS



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

<sup>1/</sup> M-1 and M-2 are seasonally adjusted series; M-4 has no significant seasonal patterns. Deflated by the consumer price index.

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cumulative 8 1/3 percent in 1994-95, while lending in foreign currency declined by a cumulative 3 1/2 percent during 1993-94 (reflecting the real effective appreciation of the peso) and rose by 8 3/4 percent in 1995 (possibly reflecting a surge in lending channelled to nonresidents).

Net credit to the public sector declined in 1991-92 reflecting the lowering of the fiscal deficit. In 1993-94, the weakening of the fiscal stance led to increases of net credit to the public sector averaging 3 percent a year, relative to M4 at the beginning of each year. As the public finances were strengthened in 1995, the net credit to the public sector declined by 1/2 percent of the stock of M4 at the beginning of the year (Table 32).

The share of credit to the private sector denominated in foreign currency in total credit to the private sector declined from 67 percent in 1990 to 63 percent in 1993-95 partly as a consequence of the real effective appreciation of the peso vis-à-vis the U.S. dollar during this period. During 1994-1995, state banks accounted for about 54 percent of credit to the private sector (80 percent of credit denominated in domestic currency and 38 percent of credit denominated in foreign currency).

## 5. Interest rates

Interest rates on foreign currency operations followed closely the movements in world interest rates because of the openness of the capital account of the balance of payments and the high degree of capital mobility during this period. Interest rates on domestic currency operations are freely determined, and deposit interest rates tend to move in line with international interest rates and the rate of depreciation of the domestic currency.

Nominal interest rates have declined significantly since 1990 (see Tables 30 and 41 and Chart 4). The interest rate on peso deposits of less than six months fell from an average of 98 percent in 1990 to an average of 37 percent in 1994, while time deposits rates on dollar deposits declined from 7 percent in 1990 to about 3 1/2 percent in 1994. A transitory increase in the interest rates took place during the first quarter of 1995, reflecting the uncertainty surrounding the change of government. However, the strengthening of confidence in economic management and the decline of inflation were reflected in a further reduction of the interest rates in local currency in the latter part of 1995. The interest rate on open market instruments declined from 105 percent in early 1990 to 36 percent in late 1995.

Reflecting improvements in the financial sector, between 1991 and 1995 interest rates spreads (measured as the difference between deposit and lending rates) have declined somewhat. During this period, spreads were substantially higher in domestic currency than in foreign currency because of reserve requirements and other regulations in the financial sector that make the intermediation in pesos more expensive. Also, the high degree of

competition in financial intermediation in foreign currency, combined with the limited competition in financial intermediation denominated in pesos has allowed banks, particularly the state-owned banks, to shift their high operational costs to domestic currency operations.

## 6. Financial sector reform

In late 1990, Uruguay started the reform of the financial sector with the technical and financial support from the World Bank and IDB. The program included structural measures to reduce financial distortions and make the financial system more competitive and safer. The most important areas of the reform were: a) monetary policy of the Central Bank; b) banking supervision; c) restructuring of the Bank of the Republic (BROU); d) streamlining operations of the Mortgage Bank (BHU); and e) reprivatization of the "administered banks" (i.e., the failed banks taken under the state intervention in the mid-1980s).

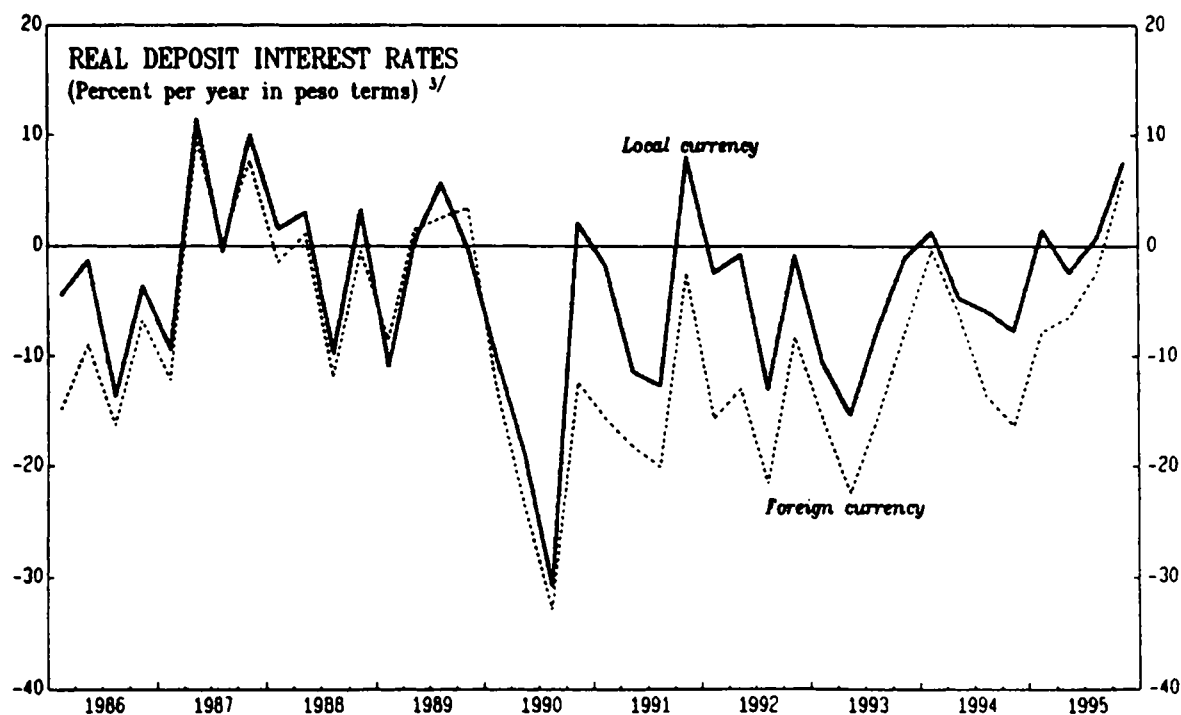
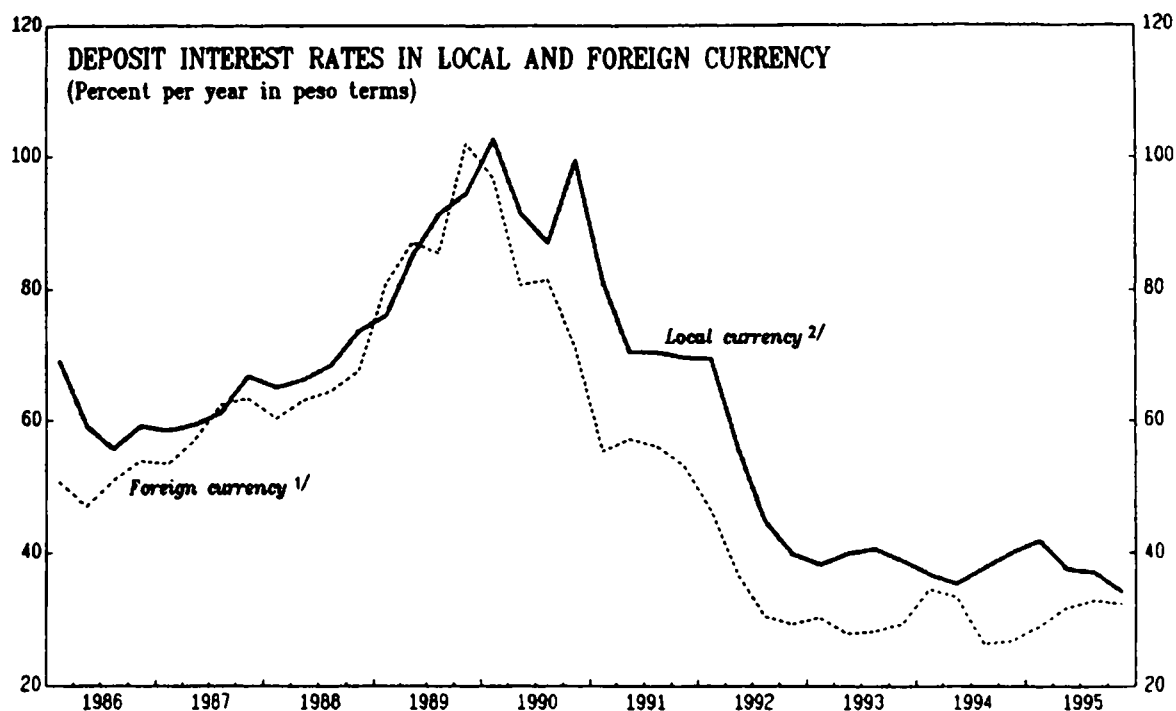
Some of the measures were gradually implemented. In the area of monetary policy, for instance, starting in 1991, the authorities acted to eliminate regulations that allowed banks to assume liquid liabilities without reserve requirements. The Central Bank moved to equalized reserve requirements on peso and dollar deposits; and the banks were allowed to assume reserve requirements as averages over each month, rather than permitting reserve deficiencies only on three working days, as before. These reforms improved the efficiency of banking operations and Central Bank's monetary control.

In the area of banking supervision, the reforms to the Financial Intermediation Law were enacted by Congress in late 1992. They augmented the supervisory powers of the Central Bank and brought greater transparency to regulations governing the creation of financial institutions. Also, the legislature approved a new charter for the Central Bank in 1994 which enhanced its supervisory role, in particular with regard to the state-owned banks and nonbank financial intermediaries. More recently, efforts are being made to strengthen the supervision of nonbank financial intermediaries.

Since 1992 the authorities also have carried out reforms of the BROU and BHU and eliminated some of the privileges enjoyed by these banks. In particular, they subjected the BROU to Central Bank control, and placed a reserve requirement of 100 percent on the deposits of the central administration and the social security system at the BROU; also, the subsidized credit operations of these banks were eliminated gradually, and steps were taken to improve their loan recovery and the quality of their loan portfolios. Also, quantitative ceilings were imposed on the expansion of credit to the private sector by these banks for prudential reasons.

At the present, the BROU is preparing a three year restructuring program that is expected to start in August 1996. The restructuring would reduce costs through employment reduction (voluntary early retirement and

CHART 4  
URUGUAY  
INTEREST RATE DEVELOPMENTS



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

1/ Interest rate on foreign currency deposits of up to six months, in peso equivalent terms (adjusted by the devaluation of the peso in the subsequent six-month period).

2/ Interest rate on local currency deposits of less than six months.

3/ Real rates are nominal rates, as defined in footnotes 1 and 2, deflated by the change in the CPI of the corresponding quarter.

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separation of selected workers) and the closing of branches, and would decentralize and streamline managerial procedures, and introduce new technologies. Meanwhile, the BHU has eliminated credit subsidies, restructured its operations through the reduction of its involvement in construction projects, and begun a process of lengthening the maturities of its liabilities and curtailing currency mismatches between assets and liabilities.

In May 1996, Congress approved a capital markets law ("Ley del Mercado de Valores") with a view to modernizing and deepening the Uruguayan capital market. It defines the legal framework for development of the local commercial paper market, and pursues competition in financial intermediation, as well as the transparency of transactions and associated information. It establishes legal requirements for the different types of intermediaries, and defines the regulatory role of the Central Bank. Similar legislation for the operation of mutual funds in Uruguay was passed by the Senate in May 1996 and is expected to be passed by the Lower House in the near future.

#### IV. External Sector

##### 1. Overall trends

After the strengthening of Uruguay's external payments position in 1990, Uruguay's balance of payments registered a sizable deficit in 1991 partly associated with payments to finance a debt restructuring agreement with its foreign commercial bank creditors (Table 43 and Chart 5). The external current account surplus narrowed from US\$170 million (2 percent of GDP) to US\$42 million (1/2 percent of GDP) and, despite a shift of private capital movements from a net outflow to a sizable net inflow, the capital account deficit widened on account of the debt restructuring agreement with foreign commercial bank creditors and the balance of payments registered a deficit of about US\$240 million (2 1/2 percent of GDP). The coverage of gross official reserves (including gold) in terms of months of imports of goods and services dropped from about 7 3/4 at end-1990 to 5 1/2 at end-1991 (Table 55), while the ratio of external debt to GDP fell from 56 percent to 43 percent.

During 1992-94, the trade balance deteriorated steadily as exports grew moderately and the value of merchandise imports rose considerably. As a result, the external current account swung to a deficit of about US\$440 million (2 3/4 percent of GDP) in 1994 despite the strong growth of receipts from tourism. The overall balance of payments, however, registered surpluses averaging more than US\$200 million a year (about 1 1/2 percent of GDP) in 1992-94 as private capital inflows (including errors and omissions) remained strong. The coverage of gross official reserves fluctuated slightly around 5 1/2 months of imports of goods and services during this period. At the same time, the ratio of external debt to GDP declined from 56 percent in 1990 to about 34 1/2 percent in 1994 largely because of the



debt restructuring agreement and the substantial real appreciation of the peso (Table 51).

The external payments position strengthened in 1995. Despite a sharp fall in tourism from Argentina, the external current account deficit fell to about US\$350 million (2 percent of GDP) as merchandise exports grew strongly in U.S. dollar terms, while the value of imports rose only slightly. Capital inflows (including errors and omissions) remained high and the overall balance of payments registered a surplus of about US\$210 million. At end-1995 gross reserves amounted to 5 1/2 months of imports of goods and services. The ratio of external debt to GDP fell slightly.

## 2. Merchandise trade

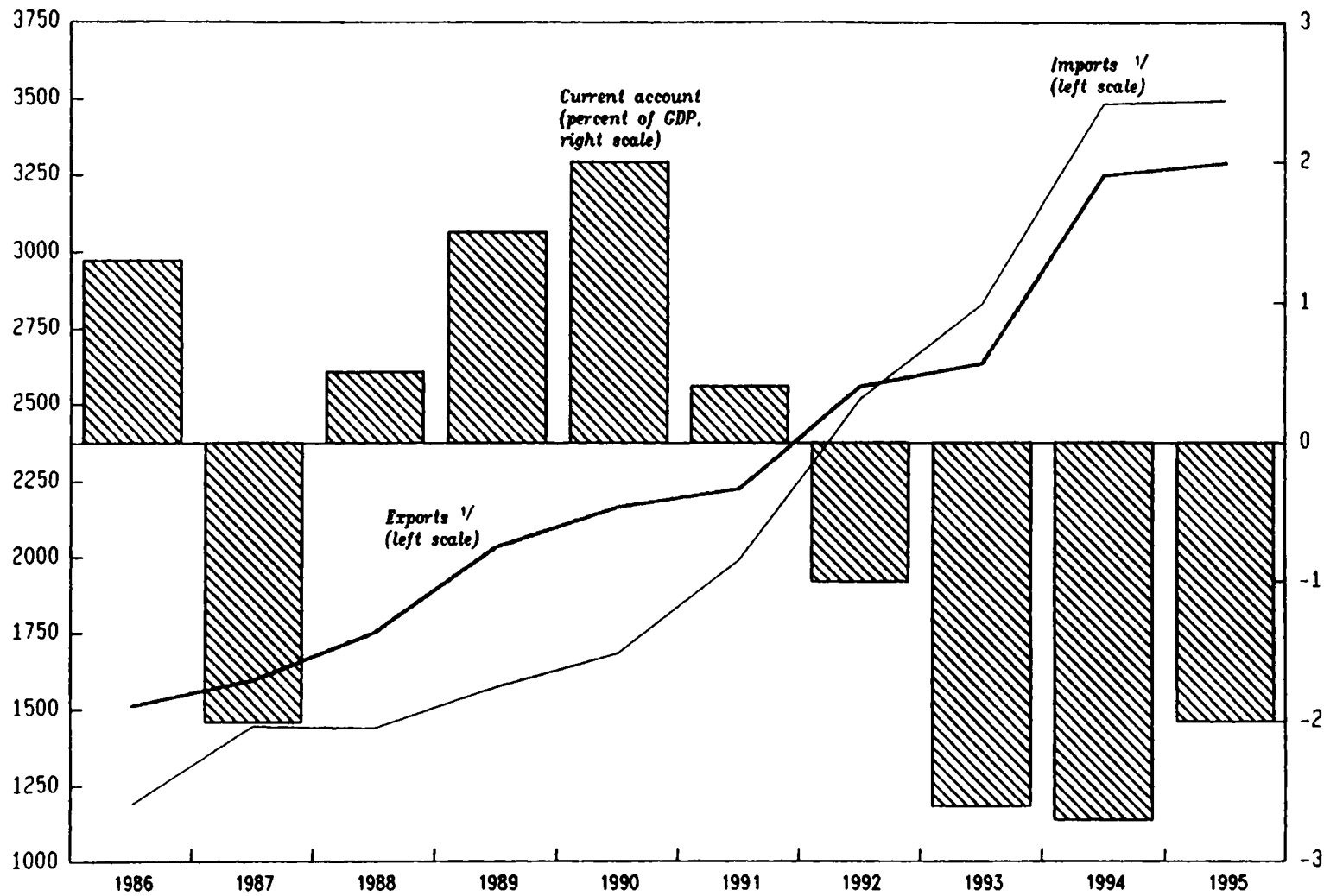
The trade balance shifted from a surplus of US\$350 million (about 4 1/4 percent of GDP) in 1990 to deficit of about US\$820 million (about 5 percent of GDP) in 1994. However, these figures probably overstate the deterioration because a substantial part of exports to neighboring countries are unrecorded and appear as positive errors and omissions in the balance of payments. In 1995, the trade deficit narrowed to about US\$690 million (about 3 3/4 percent of GDP).

### a. Exports

Merchandise exports fluctuated moderately around an average of US\$1.6 billion in 1990-93 mainly because of swings in the international demand for Uruguay's traditional exports. In particular, the effects of the collapse in international wool prices was accentuated by the loss of export markets for this commodity in Eastern Europe and China. Moreover, exports were adversely affected by a cyclical downturn in beef output, particularly in 1993 (Tables 45-47). In 1994 and 1995, merchandise exports grew by 16 1/3 percent and 10 1/2 percent, respectively, reflecting higher international commodity prices, a recovery of agricultural output and a surge in demand from Brazil following the implementation of the Real Plan (exports to Brazil, which constituted about 1/4 of the total in 1994, rose by 42 1/2 percent in 1995).

More than half of Uruguay's exports are directed to countries in the Western Hemisphere. Brazil is the single most important market (presently, at about 1/3 of total exports). However, during 1990-94, Uruguay's gain in bilateral competitiveness with Argentina and strong economic activity in that country led to an increase in Argentina's share of total exports from about 5 percent to 20 percent. In 1995, exports to Argentina declined by nearly 30 percent down to 12 3/4 percent of total exports; of this drop, 90 percent is explained by lower automobile exports. Exports to Europe have declined in recent years mainly because of lower demand for Uruguay's agricultural products in that region (Table 50).

CHART 5  
URUGUAY  
EXTERNAL SECTOR  
(Millions of US\$, unless otherwise indicated)



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

1/ Goods and non-factor services.

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b. Imports

The value of merchandise imports more than doubled from 1990 to 1994 (an average growth of about 20 percent a year) reflecting the expansion of domestic demand, the lowering of customs duties and import barriers, and the appreciation of the peso in real effective terms (Tables 48 and 49). The growth of merchandise imports decelerated from 17 percent in 1994 to 2 1/2 percent in 1995 led by a reduction in imports of raw materials and intermediate goods (largely non-oil imports) reflecting the contraction of economic activity.

Imports of consumer goods rose by more than three-fold in 1990-92, and expanded further by 42 percent and 19 percent in 1993 and 1994, respectively. Imports of consumer durables, including automobiles, have risen particularly strongly, in response to the liberalization of the automobile import regime that had featured stringent local content rules and other restrictions. Strong consumer demand by Argentine tourists also played an important role in the sharp increase in consumer goods from 1990 to 1994. In 1995, the expansion of the imports of consumer goods slowed to 6 1/2 percent, reflecting a slowdown in domestic demand and in tourism.

After declining in the late 1980s, imports of capital goods rose by almost 50 percent in 1991 largely as a result of investment in a hydroelectric power plant, and have expanded by an average of more than 10 percent a year since 1991 because of a rebound in private sector investment.

3. Services and transfers

From 1990 to 1994, the services balance shifted from a deficit of about US\$190 million (2 1/4 percent of GDP) to a surplus of about US\$340 million (more than 2 percent of GDP). The surplus in nonfactor services increased from about US\$130 million (about 1 1/2 percent of GDP) to US\$580 million (about 3 1/2 percent of GDP) on the strength of the growth of tourism receipts, largely from Argentina, which expanded at an annual average rate of approximately 30 percent in this period.

In 1995, however, the surplus in the services account fell to about US\$300 million (about 1 3/4 percent of GDP) mainly on account of a reduction in tourism receipts and receipts from freight and insurance. In particular, the surplus in nonfactor services declined to about US\$480 million (about 2 3/4 percent of GDP) largely reflecting lower per capita expenditure by tourists, reflecting economic uncertainty in Argentina (the main market), as the number of tourist arrivals remained virtually unchanged. Net outlays on factor services declined from about US\$320 million in 1990 to about US\$170 million in 1995 owing to lower international interest rates, and the debt and debt service reduction operation with commercial bank creditors in 1991.

#### 4. Capital movements and external debt

Following a significant net outflow in 1991 associated with the debt restructuring agreement, public sector net capital inflows averaged US\$240 million a year in 1992-95. At the same time, there was a sharp increase in private capital inflows. From a net outflow of over US\$110 million in 1990, private capital movements shifted to net inflows averaging more than US\$280 million a year in 1991-95. This development reflects capital inflows associated with the rise of investment, particularly in the tourism sector, and includes also unrecorded exports to neighboring countries which, as already mentioned, appear as positive errors and omissions in the balance of payments.

In 1992-93, the Uruguayan government was successful in placing two Eurobond issues of US\$100 million each, the first placement of Uruguayan financial instruments in international capital markets since the onset of the debt crisis in the early 1980s. 1/ More recently, the Government of Uruguay placed in international capital markets a three-year Samurai bond of approximately US\$100 million at a fixed rate of 5 percent in October 1994 and a five-year Euronote of about US\$140 million at a fixed rate of 8.8135 percent in September 1995. 2/

Uruguay's external debt is moderate by international standards and has declined steadily from 56 percent of GDP in 1990 to about 33 percent of GDP in 1995, partly because of debt restructuring agreement and the real appreciation of the peso vis-a-vis the U.S. dollar. Public sector debt fell from 46 percent of GDP to around 25 percent of GDP in the same period (Table 51). At the same time, the debt service ratio of the public sector dropped from about 35 percent of exports of goods and nonfactor services to 20 percent (Table 52).

#### 5. Exchange rate policy and developments

The Uruguayan peso is allowed to float freely within a band around a reference rate for the U.S. dollar. Uruguay's exchange system is free of restrictions on payments and transfers.

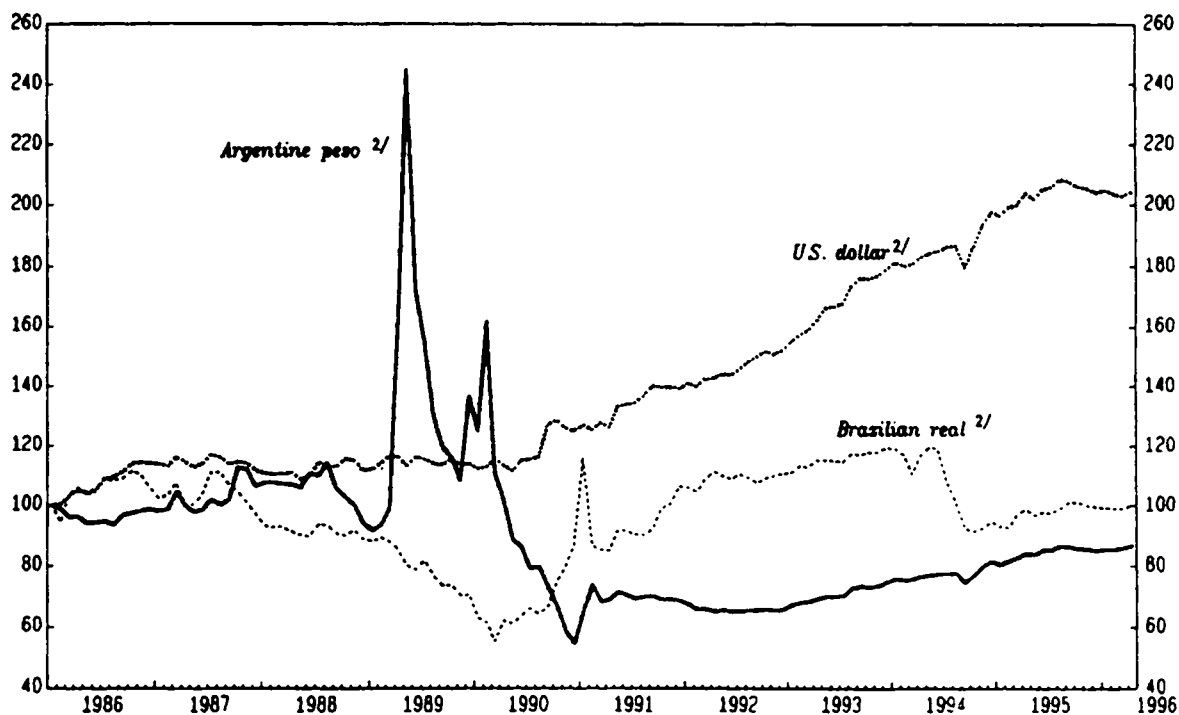
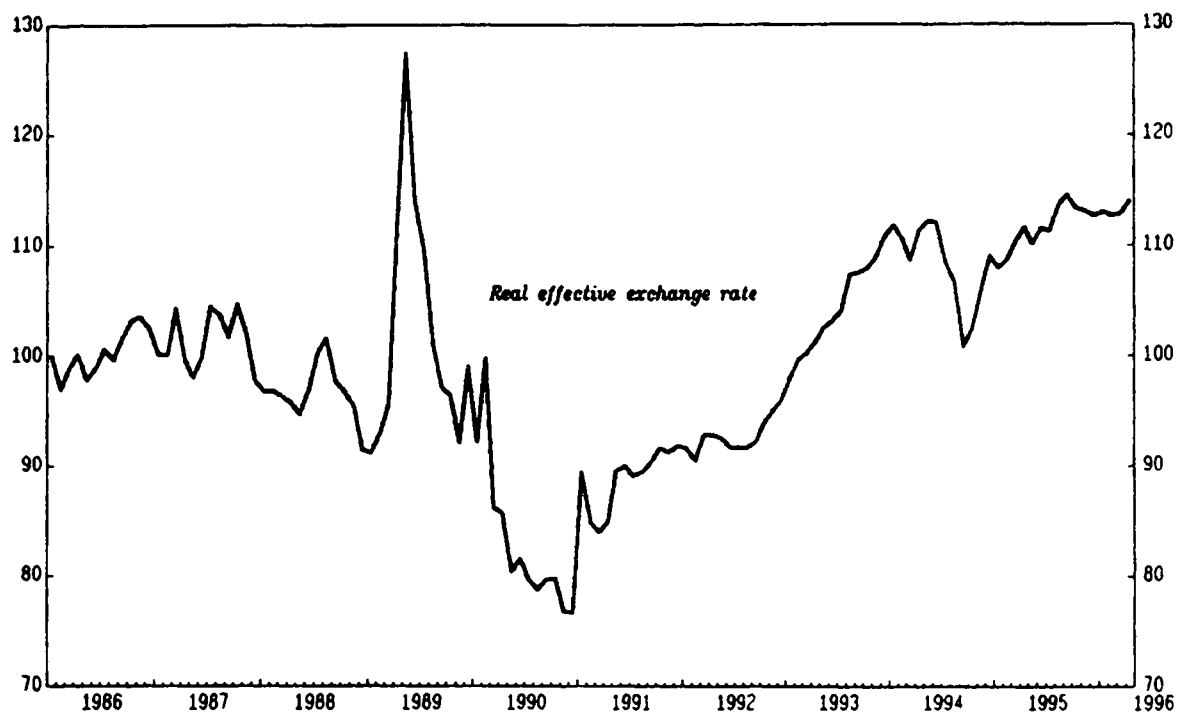
Between 1992 and March 1996, the peso has floated within a 7 percent band that depreciated at a monthly rate of 2 percent vis-à-vis the U.S. dollar. Beginning in April 1996, the band has been depreciated by 1.8 percent a month. Strong private capital inflows have kept the peso at the most appreciated intervention limit of the band during most of this period.

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1/ The placement of bonds in the Euromarkets made possible an equivalent reduction in domestic short-term debt.

2/ While these two issues were not followed by an equivalent reduction in short-term debt, they helped to strengthen the foreign reserve position.

CHART 6  
URUGUAY  
REAL EXCHANGE RATES <sup>1/</sup>  
(January 1986 = 100)



Source: Information Notice System.

1/ Trade weighted index of nominal exchange rates deflated by relative consumer prices. An increase indicates appreciation.

2/ Bilateral effective exchange rate against the currency indicated.

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According to the Fund's Information Notice System, at end-1995 the peso had appreciated in real effective terms by 20.1 percent relative to its average level in 1990-95 (Table 57 and Chart 6). This calculation is based on 1980-82 trade weights; based on weights reflecting the structure of Uruguay's trade in goods and nonfactor services in 1994, the real appreciation was 14.8 percent. Uruguay, however, has remained competitive with respect to Argentina and Brazil, which together account for over half of Uruguay's exports of goods and nonfactor services. Following a significant deterioration in the late 1980s, Uruguay's competitive position vis-à-vis Argentina improved substantially in 1990-92. After a relatively small appreciation since then, by December 1995 the Uruguayan peso had appreciated in real effective terms by 11.3 percent against the Argentine peso relative to the average level in 1990-95. On the other hand, the sharp real depreciation of the peso with respect to the Brazilian currency that occurred in the late 1980s was reversed gradually between 1991 and mid-1994. Afterwards, the peso depreciated strongly in real terms against the Brazilian real and by December 1995 the Uruguayan peso had appreciated in real effective terms by 1.3 percent against the Brazilian real relative to the average level in 1990-95. With respect to the U.S. dollar, the peso appreciated steadily in real terms since 1990 and by December 1995 the Uruguayan peso was 28.3 percent appreciated in real effective terms against the U.S. dollar relative to the average level in 1990-95.

## 6. Trade issues

In recent years, Uruguay has stepped up its efforts to liberalize and simplify the trade regime in the context of the MERCOSUR, the regional common market established in 1991 with Argentina, Brazil and Paraguay. In this regard, import quotas were eliminated, export procedures were simplified, the use of anti-dumping devices was curtailed, and domestic content and compensatory export requirements that protected the domestic car industry were removed. Additionally, import tariffs were reduced from a range of 0-55 percent (with five different tariff positions) in 1990 to 0-20 percent (with four different positions) in 1994 and the import surcharge of 5 percentage points was eliminated. Since January 1, 1995 duties on imports of most products from outside the MERCOSUR are set under a common external tariff (CET) ranging from 0 to 20 percent. However, changes in protection levels as a result of the CET would not take place fully until early in the next century and are product specific. <sup>1/</sup> Most remaining tariffs on intra-MERCOSUR trade were eliminated on January 1, 1995 and exemptions -- which cover products such as pharmaceuticals, plastics, automobile parts, textiles and dairy products -- will be reduced starting on January 1, 1997 to reach zero-tariff trade by January 1, 2000. Uruguay's list of products not subject to the MERCOSUR treaty is the largest of all

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<sup>1/</sup> Specifically, by 2006 import duties are expected to rise for capital goods (from 0-6 percent to 14 percent in general and to 16 percent for computer equipment) and to decline or remain unchanged for intermediate and most final goods.



partner countries, with 960 items originally, compared with 394 for Argentina, 324 for Brazil, and 439 for Paraguay.

With a view to streamlining import procedures, the unified import document (DUI) was introduced in July 1993. The DUI replaces a system under which importers were required to clear customs formalities with both the Customs Office and the state-owned BROU. <sup>1/</sup> The new system has reduced the time needed for clearing imports from an average of four days to around two and half days and cut other costs for importers. Also, simplified export procedures were implemented in July 1995.

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<sup>1/</sup> However, some formalities are still being carried out by the BROU.

Table 1. Uruguay: Selected Economic and Financial Indicators

	1990	1991	1992	1993	1994	Prel. 1995
<b>(Percentage change)</b>						
<b>Output, prices, and wages</b>						
Real GDP	0.9	3.2	7.9	3.0	6.8	-2.4
Nominal GDP	102.2	107.2	76.9	52.0	50.2	38.4
GDP deflator	100.4	100.7	64.0	47.6	40.6	41.9
Consumer prices (average)	112.5	101.8	68.5	54.1	44.7	42.3
(end of period)	129.0	81.5	58.9	52.9	44.1	35.4
Public sector wages (end of period)	85.0	94.4	50.9	70.2	41.1	35.8
Unemployment rate (percent, end of period)	9.7	8.3	8.3	7.6	9.9	11.1
<b>Monetary indicators</b>						
Currency	98.8	102.6	67.5	62.2	43.3	30.6
M-1 <sup>1/</sup>	112.5	95.5	70.1	65.9	33.4	31.7
M-2 <sup>2/</sup>	88.0	77.3	53.6	58.8	26.8	35.5
M-4* <sup>3/</sup>	113.9	84.3	52.3	41.9	41.2	30.8
Credit to the private sector <sup>4/</sup>	89.4	70.0	63.7	47.4	42.0	43.0
<b>Interest rates (percent, average)</b>						
Foreign currency deposits	6.5	4.9	3.4	3.1	3.4	4.5
Foreign currency loans <sup>5/</sup>	12.1	10.1	8.1	6.6	7.5	9.0
Domestic currency deposits	97.8	75.2	54.5	39.4	37.0	38.3
Domestic currency loans <sup>5/</sup>	120.3	104.9	74.7	60.9	59.7	61.8
Open-market instruments in domestic currency <sup>6/</sup>	104.7	72.1	62.9	48.2	44.7	39.4
<b>(In percent of GDP)</b>						
<b>Fiscal indicators</b>						
Nonfinancial public sector balance	0.5	1.2	2.0	-1.0	-2.4	-1.1
Total revenues <sup>7/</sup>	27.7	29.9	31.0	30.1	29.9	30.6
Total expenditures	27.2	28.7	29.0	31.1	32.3	31.7
Cash balance of the intervened banks	-0.3	-0.2	-0.1	--	--	--
Central bank quasi-fiscal balance	-3.5	-2.2	-1.5	-0.8	-0.6	-0.6
Cash balance of the Mortgage Bank	-0.6	-0.5	-0.3	-0.1	-0.1	--
Combined public sector balance	-4.0	-1.7	0.1	-1.9	-3.1	-1.7
<b>Savings and investment</b>						
Gross domestic investment	11.0	13.5	13.3	14.6	14.6	14.1
Public	4.0	4.0	3.9	4.9	5.7	4.3
Private <sup>8/</sup>	7.0	9.5	9.4	9.7	8.9	9.8
Gross national savings	13.0	13.9	12.3	12.0	12.0	12.1
Public <sup>9/</sup>	0.1	2.3	4.0	3.0	2.6	2.6
Private	12.9	11.6	8.3	9.0	9.4	9.5
Foreign savings	-2.0	-0.4	1.0	2.6	2.8	2.0
<b>(In millions of U.S. dollars)</b>						
<b>External indicators</b>						
Current account balance	170	42	-115	-353	-439	-348
(as percent of GDP)	(2.0)	(0.4)	(-1.0)	(-2.6)	(-2.7)	(-2.0)
Overall balance of payments	81	-237	128	259	238	209
(as percent of GDP)	(1.0)	(-2.4)	(1.1)	(1.9)	(1.5)	(1.2)
Public sector external debt	3,841	3,543	3,725	3,899	4,210	4,459
(as percent of GDP)	(46.0)	(35.3)	(31.4)	(28.2)	(26.0)	(25.0)
Gross official reserves	1,571	1,247	1,209	1,402	1,671	1,824
(months of imports) <sup>10/</sup>	(8.3)	(6.1)	(5.0)	(5.1)	(5.0)	(5.4)

Sources: Data provided by the Uruguayan authorities; and Fund staff estimates.

<sup>1/</sup> Currency plus demand deposits in domestic currency.

<sup>2/</sup> M-1 plus time and saving deposits in domestic currency.

<sup>3/</sup> M-2 plus foreign currency deposits of residents (valued at end-of-period exchange rate) and deposits in the Mortgage Bank.

<sup>4/</sup> Flows of credit in foreign currency valued at end-of-period exchange rates.

<sup>5/</sup> Prime rate.

<sup>6/</sup> Until the third quarter of 1993, interest rate on central bank bills (Letras de Regulación Monetaria); thereafter, interest rate on peso-denominated treasury bills used in open market operations by the Central Bank.

<sup>7/</sup> Includes the current account surplus of state enterprises.

<sup>8/</sup> Includes changes in inventories.

<sup>9/</sup> Nonfinancial public sector savings plus operating losses of the financial public sector.

<sup>10/</sup> Includes imports of goods and services and gold at market prices.

**Table 2. Uruguay: Output and Expenditure in Constant 1983 Prices**  
(Annual percentage change)

	1990	1991	1992	1993	1994	Prel. 1995
<b><u>Gross domestic product</u></b>	<b><u>0.9</u></b>	<b><u>3.2</u></b>	<b><u>7.9</u></b>	<b><u>3.0</u></b>	<b><u>6.8</u></b>	<b><u>-2.4</u></b>
<b><u>Domestic expenditure</u></b>	<b><u>-2.4</u></b>	<b><u>7.6</u></b>	<b><u>12.4</u></b>	<b><u>8.3</u></b>	<b><u>10.7</u></b>	<b><u>-3.0</u></b>
Consumption	-2.7	5.0	12.5	7.5	10.7	-3.7
General government	2.0	1.1	1.5	0.9	4.5	0.1
Private sector	-3.6	5.8	14.7	8.6	11.7	-4.3
Gross domestic investment	0.2	28.8	11.7	14.2	10.9	1.7
Of which:						
fixed capital formation	-10.9	24.2	18.2	16.3	4.5	-7.6
public sector	-32.5	50.9	-10.7	35.5	9.2	-29.9
private sector	3.1	12.9	34.7	9.1	2.3	3.6

Source: Central Bank of Uruguay.

Table 3. Uruguay: Savings and Investment  
(As percent of GDP at current market prices)

	1990	1991	1992	1993	1994	Prel. 1995
<u>Gross domestic investment</u>	<u>11.0</u>	<u>13.5</u>	<u>13.3</u>	<u>14.6</u>	<u>14.6</u>	<u>14.1</u>
Fixed capital formation	10.8	11.9	12.5	13.8	13.6	12.1
Public sector 1/	3.1	4.1	3.4	4.3	4.5	3.3
Private sector	7.7	7.8	9.0	9.5	9.0	8.8
Changes in stocks	0.2	1.6	0.8	0.7	1.0	2.0
<u>Gross national savings</u>	<u>13.0</u>	<u>13.9</u>	<u>12.3</u>	<u>12.0</u>	<u>12.0</u>	<u>12.1</u>
Public sector 2/	0.1	2.3	4.0	3.0	2.6	2.6
Private sector	12.9	11.6	8.3	9.0	9.4	9.5
<u>External savings - deficit of the current account of the balance of payments</u>	<u>-2.0</u>	<u>-0.4</u>	<u>1.0</u>	<u>2.6</u>	<u>2.7</u>	<u>2.0</u>
<u>Net capital flows</u>	<u>-1.0</u>	<u>-2.8</u>	<u>2.1</u>	<u>4.5</u>	<u>4.3</u>	<u>3.2</u>
Public	0.3	-5.6	1.0	1.4	2.7	1.3
Private	-1.3	2.8	1.1	3.1	1.6	1.9
<u>Memorandum items</u>						
Gross domestic saving	17.0	16.7	14.2	14.1	13.8	13.2
Balance of trade on goods and nonfactor services	6.0	3.2	0.9	-0.5	-0.8	-0.9

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

1/ Due to accounting methodologies, it may differ from the figures reported by Treasury and the Office of Planning.

2/ Computed from figures reported by Treasury and the Office of Planning. Includes operating losses of the Central Bank, the Mortgage Bank, and the intervened banks.

Table 4. Uruguay: National Accounts

(In millions of Uruguayan pesos)

	1990	1991	1992	1993	1994	Prel. 1995
<b>Domestic expenditure</b>	<b>2,193</b>	<b>19,630</b>	<b>35,548</b>	<b>54,769</b>	<b>82,508</b>	<b>114,315</b>
<b>Consumption</b>	<b>8,120</b>	<b>16,895</b>	<b>30,778</b>	<b>46,826</b>	<b>70,564</b>	<b>98,356</b>
General government	1,362	2,731	4,478	7,199	10,394	14,461
Private	6,758	14,164	26,300	39,627	60,170	83,895
<b>Gross domestic investment</b>	<b>1,073</b>	<b>2,735</b>	<b>4,770</b>	<b>7,944</b>	<b>11,944</b>	<b>15,959</b>
Fixed capital formation	1,055	2,418	4,469	7,543	11,114	13,702
Public sector	300	837	1,229	2,369	3,707	3,726
Construction	257	617	956	1,849	2,831	3,143
Machinery and equipment	43	220	273	520	876	583
Private sector	755	1,581	3,241	5,174	7,407	9,976
Construction	367	819	1,708	2,901	4,561	5,443
Land improvements	18	52	73	119	201	313
Machinery and equipment	370	709	1,460	2,155	2,645	4,220
Changes in inventories	18	317	300	401	830	2,257
<b>Balance of trade and nonfactor services</b>	<b>591</b>	<b>641</b>	<b>320</b>	<b>-256</b>	<b>-655</b>	<b>-1,005</b>
Exports of goods and nonfactor services	2,559	4,679	7,965	11,308	16,986	21,638
Imports of goods and nonfactor services	-1,968	-4,038	-7,645	-11,564	-17,641	-22,643
<b>Gross domestic product at market prices</b>	<b>2,784</b>	<b>20,271</b>	<b>35,868</b>	<b>54,513</b>	<b>81,853</b>	<b>113,310</b>

Source: Central Bank of Uruguay.

Table 5. Uruguay: National Accounts at Constant Prices

(In millions of Uruguayan pesos at 1983 prices)

	1990	1991	1992	1993	1994	Pre1. 1995
<b>Domestic expenditure</b>	<b>200.2</b>	<b>215.4</b>	<b>242.1</b>	<b>262.3</b>	<b>290.5</b>	<b>281.8</b>
<b>Consumption</b>	<b>178.3</b>	<b>187.2</b>	<b>210.6</b>	<b>226.4</b>	<b>250.7</b>	<b>241.4</b>
General government	30.1	30.4	30.9	31.2	32.6	32.6
Private	148.2	156.8	179.8	195.2	218.1	208.8
<b>Gross domestic investment</b>	<b>21.9</b>	<b>28.2</b>	<b>31.5</b>	<b>35.9</b>	<b>39.8</b>	<b>40.5</b>
Fixed capital formation	19.7	24.5	29.0	33.7	35.3	32.6
Public sector	5.9	8.9	7.9	10.8	11.8	8.2
Construction	4.9	5.8	5.7	7.6	8.0	6.4
Machinery and equipment	1.0	3.1	2.2	3.1	3.7	1.9
Private sector	13.8	15.6	21.0	23.0	23.5	24.3
Construction	6.6	7.3	9.4	10.7	11.6	9.9
Land improvements	0.4	0.7	0.7	0.7	0.9	1.1
Machinery and equipment	6.8	7.6	10.9	11.5	11.0	13.3
Changes in inventories	2.1	3.7	2.5	2.2	4.5	7.9
<b>Balance of trade and nonfactor services</b>	<b>11.2</b>	<b>2.8</b>	<b>-6.8</b>	<b>-19.9</b>	<b>-31.7</b>	<b>-29.4</b>
Exports of goods and nonfactor services	65.1	66.8	73.4	75.3	81.5	77.6
Imports of goods and nonfactor services	-53.9	-64.0	-80.2	-95.3	-113.2	-107.0
<b>Gross domestic product at market prices</b>	<b>211.3</b>	<b>218.1</b>	<b>235.3</b>	<b>242.4</b>	<b>258.7</b>	<b>252.5</b>

Source: Central Bank of Uruguay.

Table 6. Uruguay: Gross Domestic Product by Origin

	1990	1991	1992	1993	1994	Pre- 1995
(In millions of Uruguayan pesos at 1983 prices)						
<b>GDP at market prices</b>	<b>211.3</b>	<b>218.1</b>	<b>235.3</b>	<b>242.4</b>	<b>258.7</b>	<b>252.5</b>
Primary activities	24.0	24.5	27.5	26.5	28.9	29.7
Agriculture, livestock, and forestry	23.7	24.2	27.2	26.2	28.6	29.3
Fishing	0.3	0.4	0.3	0.3	0.3	0.3
Secondary activities	60.6	60.9	62.8	59.3	61.8	59.0
Manufacturing 1/	55.0	54.8	55.7	50.8	52.8	51.3
Construction	5.6	6.1	7.1	8.5	9.0	7.7
Services	136.0	139.4	147.8	155.6	163.1	160.1
Commerce	24.3	26.4	29.9	34.9	39.2	34.9
Transport and communications	14.7	16.0	18.0	20.1	23.3	24.0
Utilities	7.5	8.1	9.3	9.2	8.9	9.2
Finance, insurance and real estate	51.2	50.4	51.1	51.5	51.7	52.2
Other services 2/	38.4	38.5	39.4	39.9	39.3	39.9
Adjustment 3/	-9.3	-6.7	-2.7	1.0	4.9	3.7
(In percent)						
<b>GDP at market prices</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Primary activities	11.4	11.2	11.7	10.9	11.2	11.8
Agriculture, livestock, and forestry	11.2	11.1	11.6	10.8	11.1	11.6
Fishing	0.1	0.2	0.1	0.1	0.1	0.1
Secondary activities	28.7	27.9	26.7	24.5	23.9	23.4
Manufacturing 1/	26.0	25.1	23.7	21.0	20.4	20.3
Construction	2.7	2.8	3.0	3.5	3.5	3.0
Services	64.4	63.9	62.8	64.2	63.0	63.4
Commerce	11.5	12.1	12.7	14.4	15.2	13.8
Transport and communications	7.0	7.3	7.6	8.3	9.0	9.5
Utilities	3.5	3.7	4.0	3.8	3.4	3.6
Finance, insurance and real estate	24.2	23.1	21.7	21.2	20.0	20.7
Other services 2/	18.2	17.7	16.7	16.5	15.2	15.8
Adjustment 3/	-4.4	-3.1	-1.1	0.4	1.9	1.5
(Percent change)						
<b>GDP (at market prices)</b>	<b>0.9</b>	<b>3.2</b>	<b>7.9</b>	<b>3.0</b>	<b>6.8</b>	<b>-2.4</b>
Primary activities	0.4	2.1	12.2	-3.6	9.1	2.8
Agriculture, livestock, and forestry	0.4	2.1	12.4	-3.7	9.2	2.4
Fishing	...	33.3	-25.0	...	...	...
Secondary activities	-2.9	0.5	3.1	-5.6	4.2	-4.5
Manufacturing 1/	-1.6	-0.4	1.6	-8.8	3.9	-2.8
Construction	-13.8	8.9	16.4	19.7	5.9	-14.4
Services	2.3	2.5	6.0	5.3	4.8	-1.8
Commerce, restaurants, and hotels	...	8.6	13.3	16.7	12.3	-11.0
Transport and communications	0.7	8.8	12.5	11.7	15.9	3.0
Utilities	11.9	8.0	14.8	-1.1	-3.3	3.4
Finance, insurance, and real estate	2.4	-1.6	1.4	0.8	0.4	1.0
Other services 2/	2.7	0.3	2.3	1.3	-1.5	1.5

Source: Central Bank of Uruguay.

1/ Includes mining and quarrying.

2/ Includes commercial and personal services.

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

Table 7. Uruguay: Agricultural and Livestock Production 1/  
(Percentage change)

	1990	1991	1992	1993	1994	Prel. 1995
<b>Total agriculture and livestock</b>	<b>0.5</b>	<b>1.9</b>	<b>12.4</b>	<b>-3.7</b>	<b>9.3</b>	<b>2.6</b>
<b>Agricultural products</b>	<b>-7.6</b>	<b>4.3</b>	<b>14.0</b>	<b>-9.5</b>	<b>16.1</b>	<b>6.4</b>
Cereals	-11.3	-3.2	32.8	-12.0	21.6	...
Of which: wheat	-20.4	-52.1	62.5	3.6	38.8	-9.2
corn	17.6	-0.5	4.1	-28.3	15.1	4.0
rice	-4.1	30.0	18.9	0.5	8.9	12.1
Oilseed crops	-1.5	27.8	-23.3	11.2	44.3	...
Sugarbeet and sugarcane	-11.3	-1.7	-30.4	-44.1	-26.6	...
Potatoes	-4.9	17.5	-10.6	-17.1	8.5	...
Wine grapes	-9.0	-4.0	24.3	-21.5	1.9	...
Other	0.9	20.9	3.4	3.3	10.9	...
<b>Livestock products</b>	<b>6.7</b>	<b>0.6</b>	<b>5.6</b>	<b>2.6</b>	<b>1.2</b>	<b>0.3</b>
Beef	27.5	2.7	16.8	4.8	5.3	2.5
Other livestock	16.8	6.4	-23.4	-8.9	7.3	...
Wool	-2.8	-9.8	4.1	2.3	-9.2	-8.8
Milk	2.4	2.6	7.7	3.9	6.2	8.2
Other	-12.5	29.1	-3.8	0.3	5.0	...

Source: Central Bank of Uruguay.

1/ Calendar year estimates.



Table 8. 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)

	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95
<b><u>Cereals</u></b>						
<b><u>Wheat</u></b>						
Acreage	227.9	224.6	116.3	148.0	213.8	189.0
Production	542.4	415.7	187.5	340.9	342.5	485.0
Yield	2.380	1.851	1.613	2.303	1.602	2.566
<b><u>Corn</u></b>						
Acreage	60.7	69.5	74.1	65.3	51.0	44.2
Production	112.3	123.7	120.8	128.3	83.2	108.4
Yield	1.851	1.781	1.629	1.964	1.629	2.452
<b><u>Rice</u></b>						
Acreage	78.1	103.1	122.7	130.0	134.3	146.2
Production	347.3	492.6	602.8	650.0	620.1	804.1
Yield	4.447	4.777	4.759	5.200	4.616	5.500
<b><u>Barley</u></b>						
Acreage	90.6	70.8	82.5	124.4	88.1	73.0
Production	202.6	133.1	138.4	306.9	129.0	177.0
Yield	2.235	1.879	1.678	2.467	1.465	2.424
<b><u>Sorghum</u></b>						
Acreage	26.2	28.4	47.4	40.5	25.7	42.6
Production	59.4	90.2	136.6	129.5	63.1	135.8
Yield	2.268	3.174	2.882	3.195	2.452	3.186
<b><u>Oilseeds and industrial crops</u></b>						
<b><u>Linseed</u></b>						
Acreage	1.8	4.2	6.6	2.7	2.5	...
Production	1.0	3.4	6.0	2.4	2.1	...
Yield	0.592	0.809	0.909	0.878	0.850	...
<b><u>Sunflower seed</u></b>						
Acreage	58.7	55.0	62.5	57.6	60.8	106.3
Production	28.7	56.9	60.0	52.4	61.6	119.6
Yield	0.489	1.035	0.986	0.910	1.012	1.125
<b><u>Sugarbeet</u></b>						
Acreage	4.3	3.8	4.7	0.9	...	...
Production	208.5	114.3	155.6	32.0	...	...
Yield	48.123	30.419	33.394	36.754	...	...
<b><u>Soybeans</u></b>						
Acreage	28.5	15.0	9.2	8.8	12.0	7.5
Production	37.0	18.0	15.5	17.5	22.5	14.0
Yield	1.298	1.200	1.685	1.989	1.875	1.867
<b><u>Sugarcane</u></b>						
Acreage	10.3	10.8	9.5	6.6	9.8	...
Production	682.8	583.1	545.3	303.6	558.3	...
Yield	66.574	53.444	57.547	45.847	56.801	...

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

Table 9. Uruguay: Production and Exports of Wool 1/

(In thousands of metric tons)

	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95
<b>Supply</b>	<u>93.6</u>	<u>84.4</u>	<u>87.8</u>	<u>93.3</u>	<u>91.3</u>	<u>90.9</u>
Production	93.6	84.4	87.8	89.9	81.6	74.5
Imports	0.0	0.0	0.0	3.4	9.7	16.4
<b>Demand</b>	<u>93.6</u>	<u>84.4</u>	<u>87.8</u>	<u>93.3</u>	<u>91.3</u>	<u>90.9</u>
Domestic consumption	3.0	3.0	3.0	3.0	3.0	3.0
Exports	106.9	110.1	104.3	103.9	101.1	75.7
<b>Change in stocks 2/</b>	-16.3	-28.7	-19.4	-13.6	-12.8	12.2

Source: Central Bank of Uruguay.

1/ Greasy wool equivalent.

2/ The negative values since 1989/90 possibly reflect an error in the original estimated stock, cumulative errors in the flows, or unregistered border trade in wool.

Table 10. Uruguay: Fishing Production and Exports

	Tonnage Caught	Exports	
		Tons	Millions of US\$
1990	88,936	47,914	60.8
1991	143,804	67,012	101.6
1992	115,383	69,231	87.3
1993	113,320	65,728	73.5
1994	120,537	64,387	74.4
1995	126,120	65,350	82.2
First quarter	26,736	15,875	19.2
Second quarter	34,340	14,208	17.9
Third quarter	37,536	17,530	22.0
Fourth quarter	27,508	17,737	23.1

Source: Central Bank of Uruguay.

Table 11. Uruguay: Production and Consumption of Beef

	Production		Exports (Metric tons)	Consumption (Metric tons)
	Av. Weight (Kgs/Head)	Heads (Thousands)		
1990	490	1,559	185,454	149,098
1991	502	1,260	108,985	187,461
1992	506	1,334	109,828	218,789
1993	495	1,377	96,601	213,062
1994	484	1,612	146,209	215,190
1995	476	1,510	138,498	197,000
First quarter	478		31,555	
Second quarter	487		44,884	
Third quarter	462		33,472	
Fourth quarter	475		28,587	

Source: Central Bank of Uruguay.

Table 12. Uruguay: Manufacturing Output  
(Percentage change)

	1990	1991	1992	1993	1994	1995
<u>Total manufacturing output</u> 1/	<u>-1.5</u>	<u>-0.5</u>	<u>1.5</u>	<u>-9.0</u>	<u>4.0</u>	<u>-2.8</u>
Of which:						
food processing	-0.7	1.0	4.0	-6.6	9.6	2.9
electrical machinery	-7.9	-25.5	11.7	-8.9	3.5	-2.0
transportation equipment	2.9	8.6	-10.9	-3.7	34.4	-49.8
petroleum derivatives	6.8	1.7	-10.4	-67.0 2/	-93.3 2/	4,440.1 3/
textiles	3.6	7.5	0.8	-10.1	-0.1	-19.5
chemicals	-0.4	-5.2	-3.9	-4.4	6.6	-9.2
beverages	0.8	-0.2	8.7	2.6	0.3	-1.3

Source: Central Bank of Uruguay.

1/ Excludes mining and quarrying.

2/ Reflects the closure of the oil refinery for refurbishment.

3/ Reflects the reopening of the oil refinery.

Table 13. Uruguay: Index of Manufacturing Production

(Physical output: quarterly average 1983=100)

	1992	1993	1994	1995	1994				1995			
					I	II	III	IV	I	II	III	IV
Food	107.1	100.0	109.6	112.9	101.4	110.5	108.3	118.3	104.0	111.9	111.3	124.3
Beverages	128.1	131.5	131.8	130.1	142.9	112.6	113.1	158.4	146.5	110.1	104.4	139.3
Tobacco	148.2	135.1	134.7	120.6	127.2	135.1	124.4	152.2	117.3	116.1	121.9	127.2
Textiles	143.6	129.2	129.2	104.1	118.4	144.2	136.2	118.2	110.5	111.5	101.2	93.1
Clothing	102.2	97.6	88.0	76.6	70.4	108.1	93.9	79.6	69.2	92.0	74.8	70.3
Leather and leather products	68.4	62.0	75.4	73.5	63.4	76.8	79.9	81.5	68.7	79.5	73.4	72.3
Shoes	116.0	119.4	128.3	100.3	104.7	160.6	109.2	138.9	74.6	129.2	60.8	136.8
Paper and paper products	156.6	150.4	163.3	138.4	174.0	167.8	137.8	173.6	145.2	103.6	142.1	162.6
Printing	108.8	111.4	107.4	97.3	106.0	111.0	106.3	106.4	96.3	95.9	95.6	101.2
Chemicals	137.9	131.8	140.6	127.6	109.6	137.9	161.5	153.3	109.8	129.6	132.9	138.2
Oil refining	96.6	31.9	2.2	99.9	1.8	2.2	1.6	3.1	46.5	124.4	102.5	126.1
Rubber	142.9	142.5	144.6	149.8	103.1	152.6	160.8	161.8	151.8	183.9	102.9	160.5
Plastics	128.3	104.6	116.9	125.4	97.6	112.9	121.6	135.4	122.6	117.1	118.9	143.1
Clay and porcelain	500.6	463.4	530.7	473.8	489.6	532.1	524.3	576.7	471.1	497.0	492.9	434.4
Glass	121.6	169.8	112.7	92.6	94.2	82.0	128.5	146.0	93.0	56.9	88.6	132.0
Other nonmetallic mineral products	107.0	115.8	128.1	104.5	126.2	125.7	123.8	136.8	121.9	98.1	90.7	107.1
Metallics	117.2	101.2	92.7	87.8	81.1	97.1	99.8	92.7	66.8	92.8	103.2	88.4
Machinery and metallic products	123.4	109.1	123.1	90.2	111.7	136.7	126.0	117.7	90.4	101.3	81.9	87.4
Machinery and electric products	153.3	139.6	144.6	141.7	77.8	155.8	202.5	142.2	125.7	165.0	138.1	138.1
Transportation materials	326.1	314.2	422.3	211.9	239.8	469.2	516.1	464.3	297.8	278.5	150.2	121.0
Other manufacturing	101.2	90.2	94.9	89.9	82.2	97.7	98.6	101.1	85.9	93.3	85.3	94.9
<b>Total</b>	<b>124.3</b>	<b>113.2</b>	<b>117.7</b>	<b>114.4</b>	<b>104.4</b>	<b>120.4</b>	<b>120.4</b>	<b>125.7</b>	<b>108.2</b>	<b>117.6</b>	<b>109.3</b>	<b>122.5</b>

Source: Central Bank of Uruguay.

Table 14. Uruguay: Output and Output per Hour in Manufacturing

(Percentage change over corresponding period of previous year)

	Manufacturing Output	Hours Worked	Output per Hour
1988	-3.3	-6.0	2.9
1989	-1.5	-0.2	-1.4
1990	-0.2	-5.7	5.9
1991	0.8	-5.4	6.6
1992	-0.5	-9.2	9.6
1993	-11.7	-13.1	1.5
1994	1.9	-5.8	8.1
<u>1989</u>			
1st quarter	-4.9	-4.5	-0.5
2nd quarter	7.7	5.4	2.2
3rd quarter	-7.0	-0.2	-6.8
4th quarter	-1.4	-1.6	0.2
<u>1990</u>			
1st quarter	1.1	2.8	-1.6
2nd quarter	-7.6	-11.3	4.1
3rd quarter	5.4	-7.4	13.7
4th quarter	1.0	-5.8	7.2
<u>1991</u>			
1st quarter	0.1	-9.8	11.0
2nd quarter	-1.0	-0.8	-0.2
3rd quarter	3.3	-3.3	6.9
4th quarter	0.8	-7.6	9.1
<u>1992</u>			
1st quarter	4.0	-5.8	10.3
2nd quarter	5.6	-8.8	15.8
3rd quarter	-4.6	-12.6	9.2
4th quarter	-6.5	-9.6	3.4
<u>1993 (Prel.)</u>			
1st quarter	-2.7	-9.8	7.9
2nd quarter	-16.1	-14.9	-1.4
3rd quarter	-16.6	-13.2	-3.9
4th quarter	-10.9	-14.2	3.8
<u>1994 (Prel.)</u>			
1st quarter	-16.4	-7.9	-9.3
2nd quarter	6.8	-6.3	14.0
3rd quarter	9.1	-4.9	14.7
4th quarter	8.8	-4.0	13.4
<u>1995 (Prel.)</u>			
1st quarter	8.8	-3.7	13.0
2nd quarter	6.2	-9.2	17.0
3rd quarter	-4.9	-11.5	7.5
4th quarter	3.6	-13.1	19.2

Source: Central Bank of Uruguay.

Table 15. Uruguay: Labor Force and Employment 1/  
(As a percentage of population 14 years of age and older)

	<u>Labor Force</u>			<u>Employment</u>		
	Male	Female	Total	Male	Female	Total
<b><u>1988</u></b>						
First half	75.5	47.2	59.9	70.5	41.0	54.2
Second half	75.2	45.2	58.7	69.9	40.1	53.6
<b><u>1989</u></b>						
First half	75.5	47.1	59.8	70.6	41.8	54.7
Second half	74.8	47.1	59.5	69.9	41.9	54.4
<b><u>1990</u></b>						
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
<b><u>1991</u></b>						
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
<b><u>1992</u></b>						
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
<b><u>1993</u></b>						
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
<b><u>1994</u></b>						
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
<b><u>1995</u></b>						
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

Source: General Directorate of Statistics.

1/ For Montevideo.

Table 16. Uruguay: Unemployment Rate <sup>1/</sup>  
(As a percentage of the labor force)

	Male	Female	Total
<b>1987</b>			
First half	6.7	13.0	9.5
Second half	6.9	12.1	9.1
<b>1988</b>			
First half	6.7	13.1	9.7
Second half	6.6	11.4	8.8
<b>1989</b>			
First half	6.5	11.2	8.5
Second half	6.6	11.1	8.6
<b>1990</b>			
First half	6.7	11.7	8.9
Second half	8.0	11.9	9.7
<b>1991</b>			
First half	7.5	12.4	9.6
Second half	6.7	10.2	8.3
<b>1992</b>			
First half	7.1	13.0	9.7
Second half	6.3	10.7	8.3
<b>1993</b>			
First half	6.4	11.9	8.9
Second half	6.3	10.0	8.0
<b>1994</b>			
First half	6.7	10.9	8.5
Second half	7.2	13.0	9.8
<b>1995</b>			
First half	8.1	13.6	10.6
Second half	8.7	13.8	11.0

Source: General Directorate of Statistics.

<sup>1/</sup> For Montevideo.



Table 17. Uruguay: Price Movements

(Annual percentage change) 1/

	1990	1991	1992	1993	1994	1995
<u>Consumer prices</u>	<u>129.0</u>	<u>81.5</u>	<u>58.9</u>	<u>52.9</u>	<u>44.1</u>	<u>35.4</u>
Food	132.8	68.8	52.1	53.4	42.9	29.5
Housing	110.2	90.2	64.6	62.1	50.0	41.6
Clothing	130.8	94.2	58.3	35.9	30.8	33.7
<u>Wholesale prices</u>	<u>120.7</u>	<u>68.6</u>	<u>46.8</u>	<u>31.1</u>	<u>41.0</u>	<u>27.7</u>
Manufactures	127.0	68.7	44.3	34.7	34.9	31.3
Agricultural products	98.7	67.9	58.1	21.4	60.1	18.4

Source: General Directorate of Statistics.

1/ End of period indices.

Table 18. Uruguay: Public Utility and Petroleum Prices

	Electricity House- hold	Indus- trial	Water	Natural Gas	Montevideo Transport	Regular Gasoline	Gas Oil	Fuel Oil
I. <u>Percentage Change During Period</u>								
1990	99	103	111	141	106	143	144	142
1991	65	65	120	69	90	43	43	63
1992	51	50	64	37	56	36	15	23
1993	61	67	77	44	43	38	27	4
1994	64	55	57	35	58	38	38	8
1995	52	47	46	39	59	34	37	22
1993								
January	--	--	11	--	4	--	--	--
February	13	16	--	7	--	--	--	--
March	--	--	--	4	1	3	3	--
April	6	8	--	--	15	--	--	--
May	--	--	18	7	--	--	--	--
June	10	9	--	--	--	8	3	3
July	--	--	16	8	--	7	5	--
August	6	6	--	--	19	--	--	--
September	--	--	18	5	--	3	1	1
October	8	7	--	2	--	4	4	--
November	--	--	--	--	--	--	--	--
December	8	8	--	6	8	7	8	--
1994								
January	--	11	20	--	--	--	--	--
February	11	--	--	--	--	--	--	--
March	--	--	--	6	--	--	--	--
April	6	8	--	--	9	9	9	--
May	--	--	11	9	--	--	--	--
June	7	7	--	--	--	10	9	--
July	--	6	5	6	--	--	--	--
August	6	--	--	--	9	--	--	--
September	10	--	12	9	1	7	8	--
October	5	7	--	--	--	--	--	--
November	--	--	--	--	--	--	--	--
December	6	7	--	--	22	8	8	8
1995								
January	--	--	11.5	11.4	--	--	--	--
February	6.5	6.2	--	--	--	--	--	--
March	--	--	--	--	--	--	8.3	8.5
April	6.1	6.3	--	7.1	17.3	8.0	--	--
May	--	--	--	--	--	--	--	--
June	7.0	9.6	23.7	--	--	6.4	7.7	8.9
July	--	--	--	6.2	--	--	--	--
August	6.0	6.4	--	--	15.1	4.0	5.6	0.5
September	--	--	1.9	--	--	--	--	--
October	5.1	4.8	--	4.6	--	--	--	--
November	--	--	--	--	--	5.8	4.5	4.8
December	3.7	3.8	--	--	10.4	--	--	--
II. <u>End of Period Index Deflated by Cost of Living (1983=100)</u>								
1990	94.4	105.9	121.5	91.5	92.4	82.3	93.0	99.7
1991	85.9	96.4	146.7	85.2	96.5	65.0	73.1	89.6
1992	81.6	91.1	151.2	73.5	94.7	63.5	52.9	69.6
1993								
March	82.5	94.7	150.5	73.1	89.0	59.0	49.0	62.4
June	84.3	97.9	156.0	68.7	90.1	56.2	44.5	56.8
September	80.3	93.4	190.8	70.1	96.5	55.9	42.5	51.6
December	85.9	99.9	175.3	69.4	96.0	57.3	43.9	47.4
1994								
March	88.1	102.5	194.9	68.4	89.0	53.2	40.7	44.0
June	91.7	107.9	197.6	68.4	88.6	58.0	44.3	40.2
September	96.9	104.3	211.9	72.2	88.3	56.3	43.3	36.5
December	97.4	107.3	190.8	65.0	97.2	54.8	42.2	35.5
1995								
March	95.4	104.8	195.6	66.6	89.4	50.4	42.0	35.4
June	99.3	112.0	221.9	65.4	96.1	53.1	41.5	35.4
September	97.5	110.3	209.3	64.3	102.4	51.1	40.6	32.9
December	100.5	113.5	198.0	63.6	107.0	51.2	40.1	32.6

Source: Central Bank of Uruguay.

Table 19. Uruguay: Wage Developments

(Percentage change over the corresponding period the previous year: period average)

	Public Sector		Private Sector			Overall Wage Index	
	Nominal	Real <sup>1/</sup>	Nominal	Real <sup>1/</sup>	In US\$	Nominal	Real <sup>1/</sup>
1990	90.9	-9.3	97.6	-6.0	2.1	94.9	-7.3
1991	104.8	0.3	116.7	6.1	25.3	112.0	3.8
1992	66.2	-0.7	74.9	4.0	17.1	71.6	2.2
1993	66.2	7.4	59.0	3.3	22.1	61.7	4.8
1994	45.6	0.6	46.3	1.2	14.6	46.1	1.0
1995	38.6	-2.6	37.8	-3.1	9.6	38.1	-2.9
<b>1990</b>							
1st quarter	80.4	-6.5	96.6	2.0	6.6	89.9	-1.5
2nd quarter	95.8	-4.0	93.7	-4.7	-2.0	94.5	-4.4
3rd quarter	92.2	-11.1	95.7	-9.3	0.2	94.3	-10.0
4th quarter	93.2	-15.3	102.3	-11.8	3.7	98.7	-13.2
<b>1991</b>							
1st quarter	114.9	-4.7	120.0	-2.5	14.6	118.0	-3.3
2nd quarter	108.6	-1.8	122.3	4.7	27.0	116.8	2.1
3rd quarter	101.6	0.7	123.0	11.2	32.7	114.3	6.9
4th quarter	98.8	7.8	106.2	12.0	27.2	103.4	10.4
<b>1992</b>							
1st quarter	87.2	5.3	82.0	2.5	17.4	84.0	3.6
2nd quarter	75.0	0.9	87.2	7.9	21.7	82.5	5.2
3rd quarter	61.0	-3.3	73.4	4.1	15.8	68.7	1.3
4th quarter	50.9	-5.9	63.0	1.7	14.0	58.5	-1.1
<b>1993</b>							
1st quarter	60.5	2.5	66.1	6.0	21.7	64.0	4.6
2nd quarter	65.3	6.6	55.6	0.4	18.9	59.2	2.7
3rd quarter	67.8	9.3	57.6	2.6	22.7	61.3	5.0
4th quarter	70.0	11.9	58.3	4.2	25.0	62.5	6.9
<b>1994</b>							
1st quarter	49.7	0.1	50.7	0.8	18.9	50.3	0.5
2nd quarter	45.6	0.7	49.3	3.3	18.1	47.9	2.3
3rd quarter	45.1	2.3	45.1	2.2	12.4	45.1	2.3
4th quarter	43.0	-0.7	41.3	-1.9	9.4	41.9	-1.4
<b>1995</b>							
1st quarter	43.5	-0.7	43.8	-0.5	12.4	43.7	-0.6
2nd quarter	39.3	-3.9	39.3	-3.9	9.6	39.3	-3.9
3rd quarter	36.6	-4.8	35.8	-5.3	9.5	36.1	-5.2
4th quarter	35.9	-0.9	34.0	-2.4	7.2	34.7	-1.8

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

<sup>1/</sup> Deflated by the consumer price index.

Table 20. Uruguay: Summary Operations of the Public Sector

(In percent of GDP)

	1990	1991	1992	1993	1994	Pre1. 1995
<b>General government current</b>						
<b>account balance</b>	<u>2.1</u>	<u>2.4</u>	<u>2.8</u>	<u>1.3</u>	<u>1.0</u>	<u>0.6</u>
Revenue	25.3	27.1	27.9	27.5	27.7	28.0
Current expenditure	23.2	24.7	25.1	26.2	26.7	27.4
<b>Public enterprises current</b>						
<b>account balance</b>	2.4	2.8	3.1	2.6	2.2	2.6
<b>Nonfinancial public sector</b>						
<b>capital expenditure</b>	4.0	4.0	3.9	4.9	5.7	4.3
<b>Nonfinancial public sector</b>						
<b>overall balance 1/</b>	<u>0.5</u>	<u>1.2</u>	<u>2.0</u>	<u>-1.0</u>	<u>-2.4</u>	<u>-1.1</u>
Central administration	--	0.4	0.8	-1.0	-2.2	-2.2
Autonomous agencies 2/	--	--	--	--	--	--
Social security	--	--	--	-0.3 3/	0.1	0.1
Local governments 4/	-0.1	0.1	0.2	--	--	--
Public enterprises	0.5	0.7	1.1	0.3	-0.3	0.9
<b>Financing</b>	<u>-0.5</u>	<u>-1.2</u>	<u>-2.0</u>	<u>1.0</u>	<u>-2.4</u>	<u>1.1</u>
Dollar-denominated bonds and bills	1.6	0.4	0.7	0.5	0.8	1.1
Foreign loans (net)	0.5	0.7	0.8	0.6	0.9	--
Domestic financial system	-1.8	-3.1	-3.9	0.4	--	--
Adjustments 5/	-0.2	-0.8	0.4	-0.4	-0.2	-0.2
Other financing	-0.6	1.6	--	-0.2	0.8	0.2
<b>Operating losses of the</b>						
<b>financial public sector (-)</b>	<u>-4.5</u>	<u>-2.9</u>	<u>-1.9</u>	<u>-0.9</u>	<u>-0.7</u>	<u>-0.6</u>
Intervened banks 6/	-0.3	-0.2	-0.1	--	--	--
Mortgage Bank (BHU)	-0.6	-0.5	-0.3	-0.1	-0.1	--
Central Bank (BCU)	-3.5	-2.2	-1.5	-0.8	-0.6	-0.6
<b>Combined overall balance</b>	<u>-4.0</u>	<u>-1.7</u>	<u>0.1</u>	<u>-1.9</u>	<u>-3.1</u>	<u>-1.7</u>
<b>Memorandum item</b>						
Public sector saving 7/	0.1	2.3	4.0	3.0	2.6	2.6

Sources: Tables 8, 28, and 32.

1/ After receipts from (and transfers to) the rest of the public sector.

2/ National Colonization Institute only.

3/ Includes expenditure of Ur\$156 million of retroactive payments to the military and police pension plans.

4/ Montevideo only.

5/ These adjustments are partly for changes in the financial position of public entities that are not included in the above-the-line consolidated nonfinancial public sector.

6/ Operating losses of the commercial banks intervened by the Central Bank in 1985. In the period through 1989, these losses were covered by the Bank of the Republic; until 1988, they were not included in the combined public sector deficit.

7/ Nonfinancial public sector saving plus the operating losses of the financial public sector.

Table 21. Uruguay: Summary Operations of the Central Administration

(In percent of GDP)

	1990	1991	1992	1993	1994	Prel. 1995
<b>Total revenue</b>	<b>17.5</b>	<b>18.3</b>	<b>18.2</b>	<b>18.5</b>	<b>18.7</b>	<b>18.9</b>
Tax revenue	16.9	17.1	17.8	16.9	17.0	16.8
Corporate income	1.3	1.4	1.8	2.1	2.5	2.4
Farm income	0.2	0.1	0.1	0.1	0.1	0.1
Wealth tax	0.9	0.6	0.9	0.7	0.7	0.7
General sales and VAT	7.4	7.7	8.0	8.0	7.9	8.4
Selective excises on goods	3.7	3.9	3.8	3.6	3.6	3.4
Import duties	2.3	2.1	1.8	1.3	1.3	1.0
Other	1.1	1.4	1.4	1.1	1.0	0.9
Nontax revenue	1.4	1.9	1.7	2.2	2.3	2.8
Adjustment 1/	-0.8	-0.6	-0.6	-0.6	-0.6	-0.8
<b>Total expenditure</b>	<b>17.5</b>	<b>17.9</b>	<b>18.1</b>	<b>19.5</b>	<b>20.9</b>	<b>21.1</b>
Current expenditure	15.5	16.2	16.4	17.1	18.2	18.7
Wages and salaries	5.3	5.1	4.8	5.3	4.8	4.7
Transfers to social security 2/	4.5	5.1	5.5	6.8	7.6	8.1
Other goods and services	2.6	2.8	3.0	2.4	2.9	3.0
Interest payments	1.8	1.7	1.4	1.4	1.3	1.5
Transfers and subsidies	1.3	1.6	1.7	1.2	1.5	1.4
Capital expenditure	2.0	1.7	1.7	2.4	2.7	2.4
<b>Overall balance</b>	<b>--</b>	<b>0.4</b>	<b>0.8</b>	<b>-1.0</b>	<b>-2.2</b>	<b>-2.2</b>
<b>Memorandum item</b>						
Current account balance	1.9	2.1	2.5	1.4	0.5	0.2

Sources: Tables 8 and 29.

1/ Mainly taxes paid with tax credit certificates for exports.

2/ Includes employer contribution for central administration employees.

Table 22. Uruguay: Summary Operations of the Social Security System

(In percent of GDP)

	1990	1991	1992	1993	1994	Pre1. 1995
Current revenue (before transfers from the Central Administration)	6.8	7.6	7.8	7.7	7.5	7.7
Current expenditure	11.4	12.7	13.3	14.5	15.0	15.7
<u>Current account balance</u>	<u>-4.5</u>	<u>-5.1</u>	<u>-5.5</u>	<u>-6.8</u>	<u>-7.6</u>	<u>-8.0</u>
Capital expenditure	--	--	--	--	--	--
Transfers from the Central Administration 1/	4.5	5.1	5.5	6.8	7.6	8.1
<u>Overall balance</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>0.1</u>

Sources: Tables 8 and 28.

1/ Includes employer contributions for central administration employees.

Table 23. Uruguay: Summary Operations of the Public Enterprises

(In percent of GDP)

	1990	1991	1992	1993	1994	Prel. 1995
<b><u>Operating revenue</u></b>	<b><u>14.5</u></b>	<b><u>13.7</u></b>	<b><u>13.0</u></b>	<b><u>12.1</u></b>	<b><u>12.0</u></b>	<b><u>12.7</u></b>
ANCAP	7.2	6.5	5.6	4.6	4.3	4.5
ANTEL	2.3	2.3	2.3	2.5	2.6	2.9
UTE	3.5	3.2	3.4	3.2	3.3	3.9
Other	1.5	1.7	1.7	1.8	1.8	1.5
<b><u>Operating expenditure</u></b>	<b><u>8.5</u></b>	<b><u>6.9</u></b>	<b><u>6.3</u></b>	<b><u>6.1</u></b>	<b><u>6.0</u></b>	<b><u>5.8</u></b>
ANCAP	4.0	3.0	2.7	2.3	2.2	2.2
ANTEL	0.9	0.8	0.7	0.8	0.9	0.9
UTE	2.3	1.7	1.5	1.7	1.7	1.8
Other	1.3	1.4	1.4	1.3	1.2	1.0
<b><u>Operating balance 1/</u></b>	<b><u>6.0</u></b>	<b><u>6.8</u></b>	<b><u>6.7</u></b>	<b><u>6.0</u></b>	<b><u>6.1</u></b>	<b><u>6.9</u></b>
ANCAP	3.1	3.5	2.9	2.3	2.1	2.3
ANTEL	1.4	1.5	1.6	1.7	1.7	2.0
UTE	1.2	1.5	1.8	1.6	1.6	2.1
Other	0.3	0.3	0.3	0.5	0.6	0.5
<b><u>Net current transfers 2/</u></b>	<b><u>-3.6</u></b>	<b><u>-4.0</u></b>	<b><u>-3.7</u></b>	<b><u>-3.4</u></b>	<b><u>-3.8</u></b>	<b><u>-4.2</u></b>
ANCAP	-3.1	-3.1	-2.6	-2.0	-2.0	-2.1
ANTEL	-0.4	-0.5	-0.8	-0.9	-0.8	-1.0
UTE	-0.2	-0.4	-0.4	-0.5	-0.8	-1.0
Other	0.1	--	0.1	-0.1	-0.2	-0.2
<b><u>Current account balance</u></b>	<b><u>2.4</u></b>	<b><u>2.8</u></b>	<b><u>3.1</u></b>	<b><u>2.6</u></b>	<b><u>2.2</u></b>	<b><u>2.6</u></b>
ANCAP	--	0.3	0.3	0.3	0.1	0.2
ANTEL	1.0	1.0	0.9	0.9	0.9	1.0
UTE	1.0	1.2	1.4	1.1	0.9	1.1
Other	0.4	0.3	0.4	0.3	0.4	0.2
<b><u>Capital revenue</u></b>	<b><u>--</u></b>	<b><u>0.1</u></b>	<b><u>0.1</u></b>	<b><u>--</u></b>	<b><u>0.1</u></b>	<b><u>0.1</u></b>
<b><u>Capital expenditure</u></b>	<b><u>1.9</u></b>	<b><u>2.2</u></b>	<b><u>2.1</u></b>	<b><u>2.3</u></b>	<b><u>2.6</u></b>	<b><u>1.8</u></b>
ANCAP	0.1	0.1	0.4	0.1	0.5	0.1
ANTEL	0.7	0.6	0.6	0.9	0.8	0.7
UTE	0.9	1.3	0.8	0.9	1.0	0.7
Other	0.1	0.2	0.2	0.4	0.3	0.3
<b><u>Overall balance</u></b>	<b><u>0.5</u></b>	<b><u>0.7</u></b>	<b><u>1.1</u></b>	<b><u>0.3</u></b>	<b><u>-0.3</u></b>	<b><u>0.9</u></b>
ANCAP	-0.1	0.2	-0.1	0.2	-0.4	0.1
ANTEL	0.3	0.4	0.2	--	0.1	0.4
UTE	0.1	--	0.7	0.2	-0.1	0.5
Other	0.3	0.1	0.2	-0.1	--	--

Sources: Tables 8 and 27.

1/ Before net current transfers.

2/ Tax payments and net transfers from the Central Government.

Table 24. Uruguay: Nonfinancial Public Sector Operations

(In millions of Uruguayan pesos)

	1990	1991	1992	1993	1994	Pre- 1995
<b>I. Central Administration</b>						
Current revenue	1,712	3,714	6,771	10,110	15,320	21,391
Of which taxes from:						
autonomous agencies	--	--	--	--	--	--
public enterprises	321	725	1,204	1,567	2,610	4,129
Current expenditure	1,521	3,291	5,891	9,344	14,910	21,190
Of which transfers to:						
autonomous agencies	1	--	3	1	4	7
social security	443	1,034	1,981	3,723	6,258	9,142
public enterprises	34	43	118	63	64	179
<u>Current account surplus or deficit (-)</u>	<u>190</u>	<u>423</u>	<u>880</u>	<u>766</u>	<u>410</u>	<u>201</u>
Capital expenditure	193	346	597	1,303	2,206	2,680
Of which transfers to:						
autonomous agencies	--	--	--	--	--	--
municipalities	--	7	--	--	--	--
public enterprises	2	21	23	--	18	86
<u>Overall surplus or deficit (-)</u>	<u>-3</u>	<u>77</u>	<u>283</u>	<u>-537</u>	<u>-1,796</u>	<u>-2,479</u>
<u>Financing 1/</u>	<u>3</u>	<u>-77</u>	<u>-283</u>	<u>537</u>	<u>1,796</u>	<u>2,479</u>
Foreign currency-denominated						
bonds and bills 2/	155	83	250	74	602	1,254
Foreign loans (net)	41	274	352	534	654	326
Other	-193	-435	-885	-71	541	899
<b>II. Autonomous Agencies 3/</b>						
Current revenue	3	6	10	21	27	31
Current expenditure	2	6	8	12	17	25
Net current transfers	1	-1	1	-1	1	5
Transfers from central administration	1	--	3	1	4	10
Tax payments (-)	--	--	--	--	--	--
Contributions to social security (-)	--	-1	-2	-2	-3	-5
<u>Current account surplus or deficit (-)</u>	<u>2</u>	<u>--</u>	<u>3</u>	<u>8</u>	<u>11</u>	<u>11</u>
Capital transfers from						
Central Administration	--	--	--	--	--	--
Capital expenditure	--	--	--	6	5	5
<u>Overall surplus or deficit (-)</u>	<u>1</u>	<u>--</u>	<u>3</u>	<u>2</u>	<u>6</u>	<u>6</u>
Internal financing (net)	-1	--	-3	-2	-6	-6
Foreign loans (net)	--	--	--	--	--	--



Table 24. Uruguay: Nonfinancial Public Sector Operations (Continued)

(In millions of Uruguayan pesos)

	1990	1991	1992	1993	1994	Prel. 1995
<b>III. Social Security System</b>						
Current revenue	592	1,382	2,522	3,738	5,483	7,676
Current expenditure	1,111	2,577	4,776	7,906	12,312	17,742
Net current transfers	521	1,168	2,258	4,165	6,881	10,155
Contributions from Central Administration	443	1,034	1,981	3,723	6,155	9,142
Contributions from autonomous agencies	--	1	2	2	3	5
Contributions from municipalities	14	26	49	70	119	183
Contributions from public enterprises	64	128	226	370	605	826
<u>Current account surplus or deficit (-)</u>	<u>2</u>	<u>-7</u>	<u>5</u>	<u>-3</u>	<u>53</u>	<u>89</u>
Capital expenditure	--	--	--	--	--	--
<u>Overall surplus or deficit (-)</u>	<u>2</u>	<u>-7</u>	<u>5</u>	<u>-3</u>	<u>53</u>	<u>89</u>
Internal financing (net)	-2	7	-5	3	-53	-89
<b>IV. Central Government (IV = I + II + III)</b>						
Current revenue	2,384	5,256	9,579	14,308	21,553	30,107
Of which:						
transfers from municipalities	14	26	49	70	119	183
taxes from public enterprises	321	725	1,204	1,567	2,610	4,129
social security contributions						
from public enterprises	64	128	226	370	605	826
Current expenditure	2,190	4,840	8,691	13,537	20,977	29,805
Of which:						
transfers to public enterprises	34	43	118	63	64	179
<u>Current account surplus or deficit (-)</u>	<u>194</u>	<u>417</u>	<u>888</u>	<u>771</u>	<u>577</u>	<u>302</u>
Capital expenditure	194	346	597	1,309	2,211	2,685
Of which:						
transfers to municipalities	--	7	--	--	--	--
transfers to public enterprises	2	21	23	--	18	86
<u>Overall surplus or deficit(-)</u>	<u>1</u>	<u>70</u>	<u>291</u>	<u>-538</u>	<u>-1,635</u>	<u>-2,386</u>
<u>Financing 1/</u>	<u>-1</u>	<u>-70</u>	<u>-291</u>	<u>538</u>	<u>1,635</u>	<u>2,386</u>
Foreign currency-denominated						
bonds and bills 2/	155	83	250	74	602	1,254
Foreign loans (net)	41	274	352	534	654	326
Other (net)	-196	-428	-893	-70	379	806

Table 24. Uruguay: Nonfinancial Public Sector Operations (Continued)

(In millions of Uruguayan pesos)

	1990	1991	1992	1993	1994	Preli. 1995
<b>V. Municipalities 4/</b>						
Current revenue	109	268	471	734	1,232	1,764
Current expenditure	78	180	353	564	878	1,233
Net current transfers	-16	-17	-44	-62	-119	-204
Contributions to social security (-)	-14	-26	-49	-70	-119	-183
Transfers from Central Government	-2	9	5	8	--	-22
<u>Current account surplus or deficit (-)</u>	<u>15</u>	<u>71</u>	<u>73</u>	<u>108</u>	<u>235</u>	<u>327</u>
Capital transfers from Central Government	--	7	--	--	--	--
Capital expenditure	23	54	69	87	316	321
<u>Overall surplus or deficit (-)</u>	<u>-8</u>	<u>24</u>	<u>5</u>	<u>22</u>	<u>-81</u>	<u>6</u>
<u>Financing</u>	<u>8</u>	<u>-24</u>	<u>-5</u>	<u>-22</u>	<u>81</u>	<u>-6</u>
Foreign loans (net)	2	--	--	--	28	--
Other (net)	6	-24	-5	-22	53	-6
<b>VI. General Government (VI = IV + V)</b>						
Current revenue	2,479	5,499	10,000	14,972	22,667	31,688
Of which:						
taxes from public enterprises	321	725	1,204	1,567	2,610	4,129
social security contributions						
from public enterprises	64	128	226	370	605	826
Current expenditure	2,269	5,011	9,039	14,249	21,855	31,059
Of which:						
transfers to public enterprises	34	43	118	63	64	179
military and police pension plans	--	--	--	156	--	--
<u>Current account surplus or deficit (-)</u>	<u>209</u>	<u>488</u>	<u>961</u>	<u>723</u>	<u>812</u>	<u>629</u>
Capital expenditure	217	394	666	1,395	2,527	3,006
Of which:						
transfers to public enterprises	2	21	23	--	18	86
<u>Overall surplus or deficit (-)</u>	<u>-7</u>	<u>94</u>	<u>295</u>	<u>-672</u>	<u>-1,715</u>	<u>-2,377</u>
<u>Financing</u>	<u>7</u>	<u>-94</u>	<u>-295</u>	<u>672</u>	<u>1,715</u>	<u>2,377</u>
Foreign currency-denominated						
bonds and bills 2/	155	83	250	74	602	1,254
Foreign loans (net)	43	274	352	534	682	326
Other (net)	-191	-452	-897	64	432	797

Table 24. Uruguay: Nonfinancial Public Sector Operations (Concluded)

(In millions of Uruguayan pesos)

	1990	1991	1992	1993	1994	Prel. 1995
<b>VII. Public Enterprises 5/</b>						
Operating surplus or deficit (-)	583	1,381	2,411	3,279	4,961	7,783
Net current transfers	-351	-810	-1,312	-1,875	-3,152	-4,809
<u>Current account surplus or deficit (-)</u>	<u>232</u>	<u>571</u>	<u>1,099</u>	<u>1,404</u>	<u>1,809</u>	<u>2,974</u>
Capital receipts	2	21	23	22	78	106
Of which:						
transfers from Central Government	2	21	23	--	18	86
Capital expenditure	182	443	743	1,263	2,146	2,010
<u>Overall surplus or deficit (-)</u>	<u>53</u>	<u>148</u>	<u>378</u>	<u>163</u>	<u>-259</u>	<u>1,070</u>
<u>Financing</u>	<u>-53</u>	<u>-148</u>	<u>-378</u>	<u>-163</u>	<u>259</u>	<u>-1,070</u>
Foreign loans (net)	10	-125	23	8	41	-445
Other (net)	-64	-23	-402	-171	219	-565
<b>VIII. Nonfinancial Public Sector (VIII = VI + VII)</b>						
<u>Current account surplus or deficit (-)</u>	<u>442</u>	<u>1,059</u>	<u>2,060</u>	<u>2,128</u>	<u>2,622</u>	<u>3,603</u>
Capital receipts	--	--	--	22	59	20
Capital expenditure	396	817	1,386	2,659	4,655	4,930
<u>Overall surplus or deficit 6/</u>	<u>46</u>	<u>242</u>	<u>674</u>	<u>-510</u>	<u>-1,974</u>	<u>-1,307</u>
<u>Financing 1/</u>	<u>-46</u>	<u>-242</u>	<u>-674</u>	<u>510</u>	<u>1,974</u>	<u>1,307</u>
Foreign currency-denominated						
bonds and bills 2/	153	83	250	74	602	1,254
Foreign loans (net)	54	149	375	542	722	-119
Domestic financial system	-177	-628	-1,407	-130	34	-190
Other internal financing (net)	-77	153	109	24	616	362
Of which:						
public entities excluded						
from above the line 7/	-8	-52	-66	-132	122	69
other (net)	-69	205	174	156	494	293

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

1/ Since 1990 these figures are obtained by converting the monthly financing flows in foreign currency at the average exchange rate of each month.

2/ Held by the nonbank private sector.

3/ Includes only the National Colonization Institute (INC). Data for 1994 and 1995 are estimated.

4/ Includes only the Municipality of Montevideo. Data for the second semester of 1995 are estimated.

5/ Excludes operations of the Salto Grande electricity plant. Corresponds to the consolidation of Table 31.

6/ Above-the-line estimates excluding operations of Salto Grande, municipalities outside Montevideo, and autonomous agencies other than INC.

7/ Overall balance of other nonfinancial public sector entities excluded from the above the line including operations of Salto Grande, municipalities outside Montevideo and other autonomous agencies.

Table 25. Uruguay: Operations of the Central Administration  
(In millions of Uruguayan pesos)

	1990	1991	1992	1993	1994	Prel. 1995
<b>Total revenue</b>	<b>1,712</b>	<b>3,714</b>	<b>6,771</b>	<b>10,110</b>	<b>15,320</b>	<b>21,391</b>
<b>Tax revenue</b>	<b>1,653</b>	<b>3,469</b>	<b>6,372</b>	<b>9,193</b>	<b>13,947</b>	<b>19,059</b>
Taxes on net income and profits	145	303	690	1,193	2,073	2,788
Company taxes	126	279	650	1,138	2,017	2,671
Private enterprises	95	196	485	934	1,419	2,116
Public entities	21	82	166	204	598	555
Farm income	19	24	39	56	56	117
Taxes on property	89	128	307	399	589	775
Personal wealth	62	61	152	168	223	244
Corporate wealth	28	67	155	231	366	531
Taxes on goods and services	1,108	2,459	4,427	6,469	9,918	13,847
Value added tax	719	1,552	2,853	4,359	6,444	9,474
Excise taxes on goods	362	794	1,352	1,940	2,950	3,801
Other	26	112	221	170	524	572
Taxes on financial assets	31	77	138	218	245	367
Taxes on sales of foreign exchange	40	67	143	207	60	92
Taxes on foreign trade	240	436	668	706	1,062	1,190
Import duties	227	424	650	695	1,042	1,181
Export duties	13	12	17	11	20	28
<b>Nontax revenue 1/</b>	<b>134</b>	<b>376</b>	<b>626</b>	<b>1,217</b>	<b>1,902</b>	<b>3,184</b>
<b>Adjustment 2/</b>	<b>-75</b>	<b>-131</b>	<b>-227</b>	<b>-300</b>	<b>-528</b>	<b>-851</b>
<b>Total expenditure</b>	<b>1,715</b>	<b>3,637</b>	<b>6,487</b>	<b>10,647</b>	<b>17,116</b>	<b>23,870</b>
<b>Current expenditure</b>	<b>1,521</b>	<b>3,291</b>	<b>5,881</b>	<b>9,344</b>	<b>14,910</b>	<b>21,190</b>
Wages and salaries	518	1,029	1,705	2,900 3/	3,958	5,360
Other goods and services	255	571	1,091	1,309 3/	2,399	9,155
Contributions to social security	443	1,034	1,981	3,723	6,258	3,419
Transfers and subsidies	131	315	593	643	1,240	1,565
National Housing Fund 4/	5	10	31	--	--	--
Provincial governments	--	--	--	--	--	--
Public enterprises	40	64	102	49	69	264
From earmarked revenue	34	114	218	300	579	429
Export prefinancing	5	5	1	--	--	--
Transfers to BHU	29	53	63	85	40	46
Other transfers	18	69	176	209	556	826
Interest payments	175	342	510	769	1,055	1,691
<b>Current account surplus or deficit(-)</b>	<b>190</b>	<b>423</b>	<b>890</b>	<b>766</b>	<b>410</b>	<b>201</b>
<b>Capital expenditure</b>	<b>193</b>	<b>346</b>	<b>606</b>	<b>1,303</b>	<b>2,206</b>	<b>2,680</b>
Domestic resources	154	294	503	923	1,470	1,845
Ministry of Finance	56	109	195	362	546	632
Ministry of Public Works	94	176	290	448	616	697
Other 4/	3	9	17	113	308	469
Foreign resources	39	52	103	380	736	835
<b>Overall surplus or deficit(-)</b>	<b>-3</b>	<b>77</b>	<b>284</b>	<b>-537</b>	<b>-1,796</b>	<b>-2,479</b>
<b>Financing 5/</b>	<b>3</b>	<b>-77</b>	<b>-284</b>	<b>537</b>	<b>1,796</b>	<b>2,479</b>
Central Bank (net)	-29	-511	-483	-221	-84	1,419
Foreign currency-denominated						
bonds and bills 6/	155	83	250	74	602	1,254
Foreign loans (net)	41	274	352	534	654	326
Other	-164	76	-403	150	624	-520

Source: Ministry of Economy and Finance.

1/ Includes transfers from public enterprises and official banks.

2/ Mainly taxes paid with tax certificates for exports.

3/ Figures have been adjusted to include as wages and salaries certain wage payments reported in the official data as expenditure on goods and services.

4/ From 1989 to 1992, the accounts of the central administration reported the earmarked transfers to the National Housing Fund (FNV) independently of their actual use by the FNV. Since 1993, the accounts report only the amount actually invested by the FNV, as capital expenditure.

5/ Since 1990 these figures are obtained by converting the monthly financing flows in foreign currency at the average exchange rate of each month.

6/ Held by the nonbank private sector.

Table 26. Uruguay: Functional Classification of  
Central Government Expenditure

	1990	1991	1992	1993	Prel. 1994
<u>(In millions of Uruguayan pesos)</u>					
<u>Total expenditure</u>	<u>2,356</u>	<u>5,034</u>	<u>10,198</u>	<u>18,103</u>	<u>28,717</u>
General public services	273	541	1,006	1,575	2,420
Defense 1/	147	326	814 2/	974	2,083
Education	185	368	673	1,188	1,875
Of which: universities and colleges	36	75	142	...	...
Health	137	296	566	862	1,661
Social Security and welfare	1,111	2,543	5,357	10,836	16,871
Housing	31	63	25	48	54
Other social services	25	45	46	139	112
Economic services	228	406	838	1,294	2,011
Unallocated and other purposes	219	445	873	1,187	1,630
Public debt interest	182	342	629	866	1,614
Other	37	103	244	321	16
<u>(In percent of total)</u>					
<u>Total expenditure</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
General public services	11.6	10.8	9.9	8.7	8.4
Defense	6.2	6.5	8.0	5.4	7.3
Education	7.9	7.3	6.6	6.6	6.5
Health	5.8	5.9	5.5	4.8	5.8
Social Security and welfare	47.1	50.5	52.5	59.9	58.7
Housing	1.3	1.3	0.2	0.3	0.2
Other social services	1.0	0.9	0.5	0.8	0.4
Economic services	9.7	8.1	8.2	7.1	7.0
Public debt interest	7.7	6.8	6.2	4.8	5.6
Other expenditure	1.6	2.1	2.4	1.8	0.1

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

1/ Excludes extrabudgetary outlays.

2/ Includes 0.5 percent of GDP in retroactive transfers from the Treasury to the Military Pension Plan and extraordinary expenditures to outfit transport airplanes donated to the Uruguayan Air Force.

Table 27. Uruguay: Operations of the Public Enterprises  
(In millions of Uruguayan pesos)

	1990	1991	1992	1993	1994	Prel. 1995
<b>I. State Telephone Company (ANTEL)</b>						
Operating revenue	220	471	838	1,370	2,103	3,251
Operating expenditure	84	158	255	431	699	965
<u>Operating surplus</u>	<u>137</u>	<u>312</u>	<u>583</u>	<u>939</u>	<u>1,405</u>	<u>2,286</u>
Net current transfers	-41	-104	-270	-466	-659	-1,109
Transfers from Central Government	--	--	--	--	--	--
Tax payments	-17	-55	-209	-298	-392	-654
Taxes on public entities	-12	-25	-20	-89	-129	-259
Contributions to social security	-12	-24	-41	-80	-138	-196
<u>Current account surplus or deficit(-)</u>	<u>96</u>	<u>208</u>	<u>313</u>	<u>473</u>	<u>746</u>	<u>1,177</u>
Capital receipts	--	--	--	--	--	--
Capital expenditure	65	124	225	491	686	741
<u>Overall surplus or deficit(-)</u>	<u>31</u>	<u>84</u>	<u>88</u>	<u>-18</u>	<u>60</u>	<u>436</u>
<u>Financing</u>	<u>-31</u>	<u>-84</u>	<u>-88</u>	<u>18</u>	<u>-60</u>	<u>-436</u>
Foreign loans (net)	-1	-71	-55	25	-43	-69
Other (net)	-30	-13	-33	-7	-17	-368
<b>II. State Power Company (UTE)</b>						
Operating revenue	338	652	1,205	1,748	2,735	4,372
Operating expenditure	221	342	542	900	1,394	2,002
<u>Operating surplus</u>	<u>118</u>	<u>310</u>	<u>663</u>	<u>848</u>	<u>1,341</u>	<u>2,370</u>
Net current transfers	-21	-73	-156	-255	-630	-1,084
Transfers from Central Government	--	--	--	--	--	--
Tax payments	--	--	-6	-69	-124	-695
Taxes on public entities	--	-34	-80	-60	-303	-101
Contributions to social security	-21	-38	-70	-127	-203	-287
<u>Current account surplus or deficit(-)</u>	<u>97</u>	<u>238</u>	<u>507</u>	<u>593</u>	<u>711</u>	<u>1,286</u>
Capital receipts	--	18	5	22	59	106
Capital expenditure	91	259	277	490	815	845
<u>Overall surplus or deficit(-)</u>	<u>6</u>	<u>-4</u>	<u>235</u>	<u>125</u>	<u>-46</u>	<u>547</u>
<u>Financing</u>	<u>-6</u>	<u>4</u>	<u>-235</u>	<u>-125</u>	<u>46</u>	<u>-547</u>
Foreign loans (net)	-21	34	11	-70	-106	-288
Other (net)	15	-30	-246	-55	152	-259

Table 27. Uruguay: Operations of the Public Enterprises (Continued)

(In millions of Uruguayan pesos)

	1990	1991	1992	1993	1994	Prel. 1995
<b>III. Petroleum, Alcohol and Cement Company (ANCAP)</b>						
Operating revenue	700	1,314	2,010	2,526	3,542	5,111
Operating expenditure	396	613	965	1,278	1,786	2,530
<u>Operating surplus</u>	<u>304</u>	<u>701</u>	<u>1,046</u>	<u>1,247</u>	<u>1,757</u>	<u>2,581</u>
Net current transfers	-302	-635	-923	-1,078	-1,661	-2,370
Transfers from Central Government	--	--	--	--	--	--
Tax payments	-282	-587	-804	-959	-1,411	-2,038
Taxes on public entities	-9	-23	-81	-65	-153	-193
Contributions to social security	-12	-25	-38	-55	-98	-139
<u>Current account surplus or deficit(-)</u>	<u>2</u>	<u>66</u>	<u>123</u>	<u>162</u>	<u>93</u>	<u>211</u>
Capital receipts	--	--	--	--	--	--
Capital expenditure 1/	14	24	156	64	385	149
<u>Overall surplus or deficit(-)</u>	<u>-12</u>	<u>41</u>	<u>-33</u>	<u>105</u>	<u>-282</u>	<u>62</u>
<u>Financing</u>	<u>12</u>	<u>-41</u>	<u>33</u>	<u>-105</u>	<u>282</u>	<u>-62</u>
Foreign loans (net)	46	-71	77	7	178	-114
Other (net)	-34	30	-44	-112	111	51
<b>IV. National Railways Company (AFE) 2/</b>						
Operating revenue	9	15	24	43	52	76
Operating expenditure	25	46	66	95	112	232
<u>Operating surplus</u>	<u>-16</u>	<u>-31</u>	<u>-43</u>	<u>-52</u>	<u>-60</u>	<u>-156</u>
Net current transfers	19	32	53	55	55	177
Transfers from Central Government	20	32	53	55	55	177
Tax payments	--	--	--	--	--	--
Taxes on public entities	--	--	--	--	--	--
Contributions to social security	-1	--	--	--	--	--
<u>Current account surplus or deficit(-)</u>	<u>3</u>	<u>1</u>	<u>10</u>	<u>3</u>	<u>-5</u>	<u>21</u>
Capital receipts	2	3	17	--	18	--
Capital expenditure	2	2	2	81	19	20
<u>Overall surplus or deficit(-)</u>	<u>3</u>	<u>2</u>	<u>26</u>	<u>-78</u>	<u>-6</u>	<u>--</u>
<u>Financing</u>	<u>-3</u>	<u>-2</u>	<u>-26</u>	<u>78</u>	<u>6</u>	<u>--</u>
Foreign loans (net)	-2	-3	-5	69	2	4
Other (net)	-1	1	-21	9	4	-5

Table 27. Uruguay: Operations of the Public Enterprises (Continued)

(In millions of Uruguayan pesos)

	1990	1991	1992	1993	1994	Prel. 1995
<b>V. National Port Administration (ANP)</b>						
Operating revenue	48	90	154	211	310	386
Operating expenditure	28	61	127	141	212	246
<u>Operating surplus</u>	<u>20</u>	<u>30</u>	<u>27</u>	<u>71</u>	<u>98</u>	<u>139</u>
Net current transfers	-9	-18	27	-45	-63	-105
Transfers from Central Government	--	--	57	--	--	-1
Tax payments	-1	-1	-3	-9	-9	-45
Taxes on public entities	--	--	--	-5	-8	--
Contributions to social security	-8	-16	-27	-32	-47	-59
<u>Current account surplus or deficit (-)</u>	<u>11</u>	<u>12</u>	<u>54</u>	<u>26</u>	<u>35</u>	<u>34</u>
Capital receipts	--	--	--	--	--	--
Capital expenditure	--	1	9	6	15	40
<u>Overall surplus or deficit (-)</u>	<u>11</u>	<u>12</u>	<u>45</u>	<u>20</u>	<u>20</u>	<u>-6</u>
<u>Financing</u>	<u>-11</u>	<u>-12</u>	<u>-45</u>	<u>-20</u>	<u>-20</u>	<u>6</u>
Foreign loans (net)	-5	-11	-8	-16	-7	2
Other (net)	-6	-1	-38	-4	-13	4
<b>VI. Sanitary Works Company (OSE)</b>						
Operating revenue	59	150	278	485	812	1,198
Operating expenditure	40	94	158	277	405	635
<u>Operating surplus</u>	<u>19</u>	<u>56</u>	<u>120</u>	<u>208</u>	<u>406</u>	<u>563</u>
Net current transfers	-4	-19	-45	-80	-186	-318
Transfers from Central Government	5	--	--	2	2	3
Tax payments	-1	--	--	-14	-76	-143
Taxes on public entities	--	--	--	--	--	--
Contributions to social security	-9	-19	-45	-67	-112	-178
<u>Current account surplus or deficit (-)</u>	<u>15</u>	<u>37</u>	<u>75</u>	<u>128</u>	<u>220</u>	<u>244</u>
Capital receipts	--	--	--	--	--	--
Capital expenditure	10	32	75	132	230	215
<u>Overall surplus or deficit (-)</u>	<u>5</u>	<u>5</u>	<u>--</u>	<u>-4</u>	<u>-10</u>	<u>30</u>
<u>Financing</u>	<u>-5</u>	<u>-5</u>	<u>--</u>	<u>4</u>	<u>10</u>	<u>30</u>
Foreign loans (net)	-2	4	9	3	17	19
Other (net)	-2	-9	-9	1	-7	11



Table 27. Uruguay: Operations of the Public Enterprises (Concluded)

(In millions of Uruguayan pesos)

	1990	1991	1992	1993	1994	Prel. 1995
<b>VII. Uruguayan Airlines (FLUMA) 2/</b>						
Operating revenue	45	86	156	217	285	--
Operating expenditure	43	84	141	199	282	--
<u>Operating surplus</u>	<u>2</u>	<u>2</u>	<u>16</u>	<u>18</u>	<u>3</u>	<u>--</u>
Net current transfers	7	7	1	-6	-3	--
Transfers from Central Government	8	11	8	6	7	--
Tax payments	--	--	-1	-1	-1	--
Taxes on public entities	--	--	--	--	--	--
Contributions to social security	-1	-4	-6	-10	-9	--
<u>Current account surplus or deficit(-)</u>	<u>2</u>	<u>2</u>	<u>16</u>	<u>13</u>	<u>--</u>	<u>--</u>
Capital receipts	--	--	--	--	--	--
Capital expenditure	--	--	--	--	--	--
<u>Overall surplus or deficit(-)</u>	<u>2</u>	<u>2</u>	<u>16</u>	<u>13</u>	<u>--</u>	<u>--</u>
<u>Financing</u>	<u>-9</u>	<u>-8</u>	<u>-16</u>	<u>-13</u>	<u>--</u>	<u>--</u>
Foreign loans (net)	-5	-8	-5	1	--	--
Other (net)	-4	-1	-11	-14	--	--

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

1/ Includes changes in stocks.

2/ 1994 data are actual for January-June and estimated for the rest of the year.

Table 28. Uruguay: Summary Quasi-Fiscal Operations of the Central Bank

(In millions of Uruguayan pesos)

	1990	1991	1992	1993	1994	Prel. 1995
<b>Total deficit (-)</b>	<b>-347</b>	<b>-446</b>	<b>-536</b>	<b>-443</b>	<b>-501</b>	<b>-687</b>
<b>In foreign currency</b>	<b>-187</b>	<b>-241</b>	<b>-232</b>	<b>-197</b>	<b>-145</b>	<b>-194</b>
Expenditure	229	323	315	360	404	1,102
Of which: interest on foreign currency denominated debt	127	184	180	196	228	778
Revenue	42	63	83	163	259	908
Of which: interest on foreign reserves	40	58	67	124	187	407
<b>In local currency</b>	<b>-160</b>	<b>-186</b>	<b>-304</b>	<b>-246</b>	<b>-356</b>	<b>-493</b>
Expenditure	169	205	329	298	391	533
Of which: interest on bills for monetary regulation	136	89	120	64	--	--
Revenue	9	19	25	52	35	40

Source: Central Bank of Uruguay.

Table 29. Uruguay: Employment in the Public Sector, 1989-95

(In thousands of employees)

	July 1989	October 1/ 1993	December 1995
Central administration	107.3	102.0	102.0
Of which:			
Ministry of Defense	34.8	33.4	32.6
Ministry of the Interior	25.5	24.6	24.9
Local administration	41.4	37.1	38.2
Official banks	10.1	10.1	9.6
Public enterprises	46.0	33.3	30.5
Education	52.7	60.6	68.2
Legislative	1.3	1.8	1.8
Judiciary power	5.2	5.3	5.1
BPS	6.4	5.6	5.3
<b>Total</b>	<b>270.4</b>	<b>255.8</b>	<b>260.7</b>

Source: National Office of the Civil Service.

1/ Extracted from the Survey on Public Employees.

Table 30. Uruguay: Selected Monetary and Credit Indicators

	December					
	1990	1991	1992	1993	1994	1995
(Percentage change with respect to a year ago)						
<b>Monetary aggregates 1/</b>						
Currency	98.8	102.6	67.5	62.2	43.3	30.6
M-1	112.5	95.5	70.1	65.9	33.4	31.7
M-2	88.0	77.3	53.6	58.8	26.8	35.5
M-3* 2/	110.5	84.2	53.8	41.8	41.2	27.7
M-3 2/	121.8	78.2	45.6	36.0	37.3	31.6
M-4* 2/	113.9	84.3	52.3	41.9	41.2	30.8
M-4 2/	123.0	78.8	45.4	36.7	37.7	33.5
<b>Credit aggregates 3/</b>						
Total banking system credit	84.1	59.1	60.8	48.3	41.5	37.0
Of which: private sector credit	88.7	73.6	67.1	49.8	47.3	43.4
<b>Real money holdings</b>						
M-1	-7.2	7.7	7.1	8.5	-7.5	-2.7
M-2	-17.9	-2.3	-3.3	3.8	-12.0	0.1
M-3* 2/	-8.1	1.5	-3.2	-7.3	-2.0	-5.7
M-3 2/	-3.2	-1.8	-8.4	-11.0	-4.7	-2.8
M-4* 2/	-6.6	1.6	-4.1	-7.2	-2.0	-3.4
M-4 2/	-2.6	-1.5	-8.5	-10.6	-4.4	-1.4
(In percent)						
<b>Selected ratios</b>						
Monetary base to GDP 4/	5.6	5.5	4.7	5.0	4.7	4.4
Foreign currency deposits of residents to total banking system deposits	91.9	91.2	90.1	88.7	90.0	89.0
M1 to GDP 5/	4.4	4.4	4.7	5.2	4.9	4.7
M2 to GDP 5/	8.9	8.7	8.2	8.4	7.7	7.2
M4 to GDP 5/	65.2	62.2	56.0	51.3	46.6	45.8
M4* to GDP 5/	33.9	34.5	35.2	34.3	32.3	31.1
<b>Selected interest rates (12-month averages)</b>						
Foreign currency deposits 6/	6.5	4.9	3.4	3.1	3.4	4.5
Foreign currency loans 7/	14.0	12.2	11.8	11.2	11.7	13.9
Domestic currency deposits 6/	97.8	75.2	54.5	39.4	37.0	38.3
Domestic currency loans 7/	174.4	152.9	117.8	97.3	95.1	99.1
<b>Memorandum item</b>						
Consumer price inflation 8/	129.0	81.5	58.9	52.9	44.1	35.4

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 non-residents; M-4\* is M-3\* plus liabilities of the mortgage bank to the private sector; M-4 is M-3 plus liabilities of the mortgage bank to the private sector.

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

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

4/ End of period monetary base including deposits of the rest of the banking system in the Central Bank.

5/ Average monetary aggregates to GDP.

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

7/ Non-prime rate.

8/ End of period.

Table 31. Uruguay: Composition of Private Sector Financial Assets 1/

	December					
	1990	1991	1992	1993	1994	1995
(In millions of Uruguayan pesos)						
<b>Total financial assets</b>	<b>11,345.1</b>	<b>19,856.4</b>	<b>29,017.6</b>	<b>39,450.6</b>	<b>54,038.4</b>	<b>73,058.7</b>
<b>Banking system</b>	<b>8,235.8</b>	<b>14,675.4</b>	<b>21,360.9</b>	<b>29,053.9</b>	<b>39,899.2</b>	<b>52,526.0</b>
Money	681.9	1,333.3	2,268.1	3,761.9	5,017.0	6,608.7
Currency	420.2	851.3	1,426.0	2,312.7	3,313.8	4,327.1
Demand deposits	261.7	482.0	842.1	1,449.2	1,703.2	2,281.6
Quasi-money	7,553.9	13,342.1	19,092.9	25,292.0	34,882.1	45,917.3
Local currency deposits	658.9	1,043.4	1,383.6	2,036.1	2,334.9	3,354.5
Foreign currency deposits	6,778.2	12,119.3	17,587.0	23,072.4	32,183.3	41,945.2
held by residents	3,475.9	6,533.5	10,206.8	13,843.5	20,281.2	25,167.1
held by non-residents	3,302.3	5,585.8	7,380.2	9,229.0	11,902.1	16,778.1
Other	116.8	179.4	122.2	183.6	363.9	617.6
<b>Treasury bills and bonds</b>	<b>2,136.5</b>	<b>3,455.3</b>	<b>5,124.0</b>	<b>6,679.6</b>	<b>9,105.0</b>	<b>13,256.3</b>
<b>Letras de Regulación Monetaria</b>	<b>94.1</b>	<b>98.6</b>	<b>192.4</b>	<b>375.1</b>	<b>198.0</b>	<b>20.0</b>
<b>Other financial system</b>	<b>878.7</b>	<b>1,627.1</b>	<b>2,340.3</b>	<b>3,342.0</b>	<b>4,836.2</b>	<b>7,256.3</b>
Deposits in BHU	825.2	1,602.1	2,303.2	3,319.8	4,685.2	7,012.5
Mortgage bonds	53.5	25.0	37.1	22.1	151.0	243.8
(In percent of total)						
<b>Total financial assets</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Banking system</b>	<b>72.6</b>	<b>73.9</b>	<b>73.6</b>	<b>73.6</b>	<b>73.8</b>	<b>71.9</b>
Money	6.0	6.7	7.8	9.5	9.3	9.0
Currency	3.7	4.3	4.9	5.9	6.1	5.9
Demand deposits	2.3	2.4	2.9	3.7	3.2	3.1
Quasi-money	66.6	67.2	65.8	64.1	64.6	62.8
Local currency deposits	5.8	5.3	4.8	5.2	4.3	4.6
Foreign currency deposits	59.7	61.0	60.6	58.5	59.6	57.4
held by residents	30.6	32.9	35.2	35.1	37.5	34.4
held by non-residents	29.1	28.1	25.4	23.4	22.0	23.0
Other	1.0	0.9	0.4	0.5	0.7	0.8
<b>Treasury bills and bonds</b>	<b>18.8</b>	<b>17.4</b>	<b>17.7</b>	<b>16.9</b>	<b>16.8</b>	<b>18.1</b>
<b>Letras de Regulación Monetaria</b>	<b>0.8</b>	<b>0.5</b>	<b>0.7</b>	<b>1.0</b>	<b>0.4</b>	<b>--</b>
<b>Other financial system</b>	<b>7.7</b>	<b>8.2</b>	<b>8.1</b>	<b>8.5</b>	<b>8.9</b>	<b>9.9</b>
Deposits in BHU	7.3	8.1	7.9	8.4	8.7	9.6
Mortgage bonds	0.5	0.1	0.1	0.1	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 32. Uruguay: Summary Accounts of the Financial System 1/

(Annual percentage change)

	December					
	1990	1991	1992	1993	1994	1995
<b>Central Bank 2/</b>						
Net international reserves	85.2	-87.7	63.1	73.2	48.3	32.0
Net domestic assets	30.7	189.5	-10.7	-14.0	-8.4	-0.4
Credit to public sector (net)	1.7	-68.7	48.7	-9.1	-12.2	6.2
Net claims on rest of banking system	-218.9	-51.9	-37.6	-50.6	-18.8	-6.0
Credit to Mortgage Bank (net)	41.6	9.1	-0.2	3.6	8.3	6.0
Medium- and long term foreign liabilities	21.5 3/	274.3	24.5	16.0	6.1	0.9
Other	184.8	26.7	-46.1	26.1	8.2	-7.6
Monetary base 4/	115.9	101.8	52.4	61.2	39.8	31.5
<b>Banking system 5/</b>						
Net international reserves	31.1	8.5	4.7	1.8	13.4	-1.5
Net domestic assets	90.7	69.7	40.9	34.2	23.9	33.1
Credit to public sector	-4.6 3/	-5.9	-1.3	3.1	0.9	-2.5
Credit to private sector	13.7	21.7	24.7	30.4	17.9	18.6
Local currency	9.8	6.4	7.5	5.3	4.6	3.4
Foreign currency	-1.2	6.6	7.8	14.6	7.6	9.7
Of which: Central Bank	2.9 6/	-1.2	-0.7	0.2	-0.2	-0.1
Of which: Rest of banking system	-4.1	7.8	8.5	8.7	7.8	9.7
Medium- and long-term foreign liabilities	1.4	17.8	1.3	-1.4	0.7	0.1
Other	80.2	36.2	16.2	2.1	4.5	16.9
M-3 7/	121.8	78.2	45.6	36.0	37.3	31.6
<b>Financial System 8/</b>						
Net international reserves	28.3	7.7	4.2	-2.9	12.0	-1.3
Net domestic assets	94.7	71.1	41.2	39.5	25.7	34.8
Credit to public sector	-2.0	-3.3	-1.0	3.3	2.6	-0.5
Credit to private sector	16.0	19.2	21.0	19.4	19.8	18.7
Local currency	17.1	13.3	13.9	11.3	12.9	10.1
Foreign currency	-1.1	5.9	7.1	8.1	6.9	8.7
Medium- and long-term foreign liabilities	1.6	16.0	1.1	1.2	0.6	0.5
Other	79.1	39.2	20.1	15.6	2.7	16.1
M-4	123.0	78.8	45.4	36.7	37.7	33.5

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

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

2/ Changes with respect to the monetary base outstanding at the beginning of the period.

3/ Reflects the reclassification of borrowing under the World Bank's SAL-II loan (US\$105 million) from the Central Bank to the non-financial public sector.

4/ Excludes the Bank of the Republic's vault cash and its deposits at the Central Bank.

5/ Changes with respect to the stock of M-3 at the beginning of the period.

6/ Reflects the portfolio purchase of "The Commercial Bank" by the Central Bank for its privatization.

7/ M-3 includes foreign currency deposits of nonresidents.

8/ Changes with respect to the stock of liabilities to the private sector (M-4) at the beginning of the period.

Table 33. Uruguay: Accounts of the Financial System 1/

(In millions of Uruguayan pesos)

	1990		1991		1992		1993		1994		1995
	Dec. 2/	Dec. 3/	Dec. 2/	Dec. 3/	Dec. 2/	Dec. 3/	Dec. 2/	Dec. 3/	Dec. 2/	Dec. 3/	Dec. 2/
<b>Net international reserves</b>	<b>2,843</b>	<b>4,440</b>	<b>5,143</b>	<b>7,194</b>	<b>7,883</b>	<b>10,003</b>	<b>9,327</b>	<b>11,830</b>	<b>15,721</b>	<b>19,960</b>	<b>19,379</b>
Foreign assets	4,002	6,250	7,057	9,871	10,876	13,801	13,550	17,186	20,121	25,545	26,141
Foreign liabilities	-1,159	-1,810	-1,914	-2,677	-2,993	-3,798	-4,223	-5,357	-4,400	-5,586	-6,762
<b>Net domestic assets</b>	<b>9,243</b>	<b>13,530</b>	<b>14,517</b>	<b>19,106</b>	<b>21,040</b>	<b>25,395</b>	<b>29,332</b>	<b>35,173</b>	<b>37,027</b>	<b>44,336</b>	<b>50,082</b>
Public sector (net)	1,323	2,028	1,731	2,533	2,367	3,174	3,951	4,832	5,673	6,710	6,498
Central government (net)	290	475	86	296	312	623	1,448	1,831	2,205	2,562	2,802
Rest of public sector (net)	1,033	1,553	1,645	2,236	2,055	2,551	2,503	3,002	3,468	4,147	3,696
Credits to banks in liquidation	40	56	-23	-31	-29	-36	-43	-53	-109	-137	-155
Credit to private sector	4,865	6,691	8,444	10,685	14,107	16,531	21,134	24,720	31,132	36,302	44,659
Local currency	1,615	1,615	2,826	2,826	5,094	5,094	7,774	7,774	11,956	11,956	16,443
Foreign currency	3,250	5,077	5,619	7,859	9,013	11,437	13,361	16,946	19,176	24,346	28,216
Nonmonetary international organizations	61	76	109	124	165	179	228	244	317	341	449
Valuation adjustment	-515	-493	-345	-867	-834	-1,720	-945	-2,056	-1,917	-4,800	-2,035
Other accounts	3,527	5,126	4,756	6,816	5,494	7,496	6,003	8,605	3,965	6,727	2,677
Interbank float	39	145	-54	-53	-205	-203	-997	-1,119	-2,035	-806	-668
Central bank bills (LRMs)	-99	-99	-100	-100	-26	-26	--	--	--	--	-1,342
<b>Medium and long-term foreign liabilities</b>	<b>2,779</b>	<b>4,341</b>	<b>2,883</b>	<b>4,032</b>	<b>3,848</b>	<b>4,883</b>	<b>4,587</b>	<b>5,819</b>	<b>5,612</b>	<b>7,125</b>	<b>6,904</b>
<b>Allocation of SDRs</b>	<b>113</b>	<b>176</b>	<b>178</b>	<b>249</b>	<b>240</b>	<b>304</b>	<b>304</b>	<b>385</b>	<b>409</b>	<b>519</b>	<b>528</b>
<b>Liabilities to private sector</b>	<b>9,194</b>	<b>13,453</b>	<b>16,600</b>	<b>22,019</b>	<b>24,835</b>	<b>30,211</b>	<b>33,767</b>	<b>40,799</b>	<b>46,727</b>	<b>56,652</b>	<b>62,029</b>
Money	680	680	1,337	1,337	2,294	2,294	4,340	4,340	5,818	5,818	7,742
Currency in circulation	417	417	854	854	1,423	1,423	2,304	2,304	3,313	3,313	4,326
Demand deposits	262	262	483	483	871	871	2,036	2,036	2,504	2,504	3,415
Quasi-money	8,514	12,773	15,263	20,682	22,540	27,916	29,427	36,458	40,909	50,834	54,287
Time and savings deposits in											
local currency	849	849	1,581	1,581	2,413	2,413	3,032	3,032	3,755	3,755	5,736
Foreign currency deposits	7,366	11,504	13,032	18,228	18,932	24,024	24,739	31,377	34,647	43,988	45,770
Residents	4,051	6,327	7,167	10,025	10,413	13,213	13,606	17,257	19,056	24,193	25,174
Nonresidents	3,315	5,177	5,864	8,202	8,519	10,811	11,132	14,120	15,591	19,795	20,597
Mortgage bonds	54	54	25	25	37	37	22	22	151	151	244
Other liabilities in local currency	30	30	66	66	103	103	171	171	190	190	344
Other liabilities in foreign currency	216	337	559	782	1,055	1,339	1,463	1,856	2,166	2,750	2,192
<b>Memorandum item</b>											
Exchange rate	1.593	2.488	2.488	3.480	3.480	4.416	4.416	5.601	5.601	7.111	7.111

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

1/ Includes the the Central Bank of Uruguay, the Banco de la República Oriental del Uruguay, the private commercial banks, and the Mortgage Bank. Liabilities to the private sector in this table may differ from the monetary aggregates in Tables 34-36 owing to revisions of data not incorporated in the published balances of financial institutions.

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

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

Table 34. Uruguay: Accounts of the Banking System 1/

(In millions of Uruguayan pesos)

	1990		1991		1992		1993		1994		1995
	Dec. 2/	Dec. 3/	Dec. 2/	Dec. 3/	Dec. 2/	Dec. 3/	Dec. 2/	Dec. 3/	Dec. 2/	Dec. 3/	Dec. 2/
<b>Net international reserves</b>	<b>2,839</b>	<b>4,433</b>	<b>5,136</b>	<b>7,184</b>	<b>7,873</b>	<b>8,923</b>	<b>9,315</b>	<b>11,814</b>	<b>15,702</b>	<b>19,935</b>	<b>19,345</b>
Foreign assets	3,998	6,244	7,050	9,862	10,866	12,315	13,538	17,171	20,101	25,520	26,107
Foreign liabilities	-1,159	-1,810	-1,914	-2,677	-2,993	-3,392	-4,223	-5,357	-4,400	-5,586	-6,762
<b>Net domestic assets</b>	<b>8,400</b>	<b>12,404</b>	<b>12,941</b>	<b>17,161</b>	<b>18,759</b>	<b>20,756</b>	<b>26,138</b>	<b>31,586</b>	<b>32,370</b>	<b>39,073</b>	<b>43,220</b>
Public sector (net)	1,149	1,866	1,379	2,207	2,013	2,437	3,096	4,040	4,300	5,433	4,439
Central government (net)	279	464	104	329	367	528	1,575	1,984	2,306	2,723	2,805
Rest of public sector (net)	870	1,401	1,275	1,878	1,646	1,908	1,522	2,056	1,995	2,710	1,634
Credit to Mortgage Bank	812	1,259	1,307	1,822	1,824	2,064	2,376	3,003	3,268	4,128	4,407
Credits to banks in liquidation	40	56	-23	-31	-29	-32	-43	-53	-109	-137	-155
Credit to private sector	4,137	5,963	7,032	9,272	11,513	12,714	16,969	20,545	24,089	29,243	34,452
Local currency	886	886	1,413	1,413	2,508	2,508	3,642	3,642	4,969	4,969	6,324
Foreign currency	3,250	5,077	5,619	7,859	9,005	10,206	13,327	16,903	19,120	24,274	28,128
Nonmonetary international organizations	61	76	109	124	165	172	228	244	317	341	449
Valuation adjustment	-515	-493	-345	-867	-834	-1,273	-945	-2,056	-1,917	-4,880	-2,035
Other accounts	2,799	3,661	3,654	4,810	4,352	4,920	5,473	7,002	4,403	5,697	3,755
Interbank float	16	115	-71	-74	-219	-218	-1,017	-1,138	-1,981	-831	-751
Central bank bills (LRMs)	-99	-99	-100	-100	-26	-26	--	--	--	--	-1,342
<b>Medium and long-term foreign liabilities</b>	<b>2,779</b>	<b>4,341</b>	<b>2,883</b>	<b>4,032</b>	<b>3,848</b>	<b>4,361</b>	<b>4,587</b>	<b>5,819</b>	<b>5,612</b>	<b>7,125</b>	<b>6,904</b>
Liabilities to Mortgage Bank	32	49	44	58	50	54	136	161	160	192	360
<b>Allocation of SDRs</b>	<b>113</b>	<b>176</b>	<b>178</b>	<b>249</b>	<b>240</b>	<b>272</b>	<b>304</b>	<b>385</b>	<b>409</b>	<b>519</b>	<b>528</b>
<b>Liabilities to private sector</b>	<b>8,315</b>	<b>12,273</b>	<b>14,973</b>	<b>20,007</b>	<b>22,494</b>	<b>24,992</b>	<b>30,426</b>	<b>37,035</b>	<b>41,891</b>	<b>51,172</b>	<b>54,772</b>
Money	679	679	1,336	1,336	2,290	2,290	3,818	3,818	5,033	5,033	6,680
Currency in circulation	417	417	854	854	1,423	1,423	2,304	2,304	3,313	3,313	4,326
Demand deposits	262	262	482	482	867	867	1,515	1,515	1,720	1,720	2,354
Quasi-money	7,636	11,594	13,637	18,671	20,204	22,702	26,607	33,217	36,858	46,139	48,092
Time and savings deposits in											
local currency	561	561	944	944	1,370	1,370	1,804	1,804	2,244	2,244	3,376
Foreign currency deposits	6,829	10,666	12,067	16,879	17,676	20,033	23,169	29,386	32,258	40,954	42,179
Residents	3,756	5,866	6,637	9,283	9,722	11,018	12,743	16,162	17,742	22,525	23,199
Nonresidents	3,073	4,800	5,430	7,595	7,954	9,015	10,426	13,224	14,516	18,429	18,981
Other liabilities in local currency	30	30	66	66	103	103	171	171	190	190	344
Other liabilities in foreign currency	216	337	559	782	1,055	1,196	1,463	1,856	2,166	2,750	2,192
<b>Memorandum item</b>											
Exchange rate	1.593	2.488	2.488	3.480	3.480	4.416	4.416	5.601	5.601	7.111	7.111

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

1/ Includes the Central Bank of Uruguay, the Banco de la República Oriental de Uruguay and the private commercial banks.

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

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



Table 35. Uruguay: Accounts of the Central Bank 1/

(In millions of Uruguayan pesos)

	1990		1991		1992		1993		1994		1995
	Dec. 2/	Dec. 3/	Dec. 2/	Dec. 3/	Dec. 2/	Dec. 3/	Dec. 2/	Dec. 3/	Dec. 2/	Dec. 3/	Dec. 2/
<b>Net international reserves</b>	<b>736</b>	<b>1,149</b>	<b>668</b>	<b>934</b>	<b>1,633</b>	<b>2,072</b>	<b>3,343</b>	<b>4,240</b>	<b>5,554</b>	<b>7,051</b>	<b>8,269</b>
Foreign assets	1,197	1,869	1,312	1,836	2,004	2,543	3,715	4,712	6,025	7,650	8,557
Foreign liabilities	-461	-720	-645	-902	-371	-471	-372	-472	-471	-598	-288
<b>Net domestic assets</b>	<b>4,689</b>	<b>6,744</b>	<b>6,331</b>	<b>8,170</b>	<b>8,195</b>	<b>9,752</b>	<b>9,695</b>	<b>11,366</b>	<b>11,331</b>	<b>13,079</b>	<b>14,824</b>
Public sector (net)	1,013	1,445	1,067	1,518	2,058	2,633	2,480	2,968	2,636	2,848	3,085
Central government (net)	-49	-216	-641	-871	-230	-270	419	353	-1	-503	490
Rest of public sector (net)	1,062	1,660	1,708	2,389	2,288	2,904	2,061	2,615	2,638	3,351	2,595
Credit to banking system	248	365	312	394	347	430	371	534	435	548	954
Banco de la República	187	283	229	293	462	535	789	940	683	776	746
Other commercial banks	60	81	83	101	-116	-105	-418	-406	-248	-228	209
Credit to Mortgage Bank	800	1,247	1,297	1,812	1,809	2,293	2,354	2,981	3,206	4,066	4,294
Credits to banks in liquidation	40	56	-23	-31	-29	-36	-43	-53	-109	-137	-155
Credit to private sector	145	221	108	151	62	74	145	174	130	154	157
Local currency	12	12	1	1	16	16	38	38	43	43	76
Foreign currency	134	209	107	150	46	58	107	136	88	111	81
Nonmonetary international organizations	61	76	109	124	165	179	228	244	317	341	449
Valuation adjustment	--	714	--	175	290	191	641	490	364	239	162
Other accounts	2,382	2,621	3,460	4,028	3,494	3,988	3,520	4,029	4,351	5,020	5,877
Central bank bills (LRMs)	184	184	126	126	192	192	--	--	--	--	1,342
<b>Medium and long-term foreign liabilities</b>	<b>2,772</b>	<b>4,329</b>	<b>2,836</b>	<b>3,966</b>	<b>3,721</b>	<b>4,722</b>	<b>4,413</b>	<b>5,598</b>	<b>5,393</b>	<b>6,846</b>	<b>6,626</b>
Liabilities to Mortgage Bank	30	46	33	46	20	23	61	71	110	137	322
<b>Allocation of SDRs</b>	<b>113</b>	<b>176</b>	<b>178</b>	<b>249</b>	<b>240</b>	<b>304</b>	<b>304</b>	<b>385</b>	<b>409</b>	<b>519</b>	<b>528</b>
<b>Liabilities to banking system</b>	<b>1,909</b>	<b>2,740</b>	<b>2,973</b>	<b>3,863</b>	<b>4,233</b>	<b>5,160</b>	<b>5,957</b>	<b>7,248</b>	<b>7,660</b>	<b>9,314</b>	<b>9,948</b>
Banco de la República	1,180	1,675	1,776	2,291	2,518	3,055	3,531	4,284	4,268	5,141	5,275
Commercial banks	729	1,065	1,197	1,573	1,715	2,105	2,425	2,963	3,392	4,173	4,672
<b>Currency in circulation</b>	<b>417</b>	<b>417</b>	<b>854</b>	<b>854</b>	<b>1,423</b>	<b>1,423</b>	<b>2,304</b>	<b>2,304</b>	<b>3,313</b>	<b>3,313</b>	<b>4,326</b>
<b>Memorandum item</b>											
Exchange rate	1.593	2.488	2.488	3.480	3.480	4.416	4.416	5.601	5.601	7.111	7.111

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

1/ Includes the effect of the external debt reduction operation of February 1991.

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

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

Table 36. Uruguay: Accounts of the Banco de la República Oriental del Uruguay

(In millions of Uruguayan pesos)

	1990		1991		1992		1993		1994		1995
	Dec. 1/ Dec. 2/	Dec. 2/ Dec. 1/	Dec. 1/ Dec. 2/	Dec. 2/ Dec. 1/	Dec. 1/ Dec. 2/	Dec. 2/ Dec. 1/	Dec. 1/ Dec. 2/	Dec. 2/ Dec. 1/	Dec. 1/ Dec. 2/	Dec. 2/ Dec. 1/	Dec. 1/
<b>Net international reserves</b>	<b>485</b>	<b>757</b>	<b>1,560</b>	<b>2,183</b>	<b>2,250</b>	<b>2,855</b>	<b>2,518</b>	<b>3,193</b>	<b>2,474</b>	<b>3,141</b>	<b>3,512</b>
Foreign assets	485	757	1,560	2,183	2,250	2,855	2,518	3,193	2,474	3,141	3,512
Foreign liabilities	--	--	--	--	--	--	--	--	--	--	--
Claims on Central Bank	1,228	1,845	1,858	2,405	2,562	3,111	3,568	4,330	3,035	5,174	5,309
<b>Net domestic assets</b>	<b>1,033</b>	<b>1,450</b>	<b>1,624</b>	<b>2,168</b>	<b>2,562</b>	<b>3,082</b>	<b>3,917</b>	<b>4,752</b>	<b>7,389</b>	<b>7,857</b>	<b>9,191</b>
Public sector (net)	-340	-328	-627	-630	-1,215	-1,258	-1,365	-1,410	-1,397	-1,312	-1,523
Central government (net)	-155	-76	-207	-133	-596	-552	-859	-882	-810	-727	-609
Rest of public sector (net)	-185	-252	-420	-497	-619	-706	-506	-528	-587	-585	-914
Credit to private commercial banks	36	52	3	3	13	13	18	18	17	17	11
Credit to Mortgage Bank	4	4	--	--	1	1	--	--	52	52	--
Credit Banks in liquidation (net)	--	--	--	--	--	--	--	--	--	--	--
Credit to private sector	1,878	2,599	3,026	3,903	4,690	5,595	6,836	8,165	9,835	11,807	14,048
Local currency	596	596	828	828	1,323	1,323	1,882	1,882	2,520	2,520	3,176
Foreign currency	1,282	2,003	2,198	3,075	3,366	4,272	4,954	6,284	7,315	9,287	10,872
Valuation adjustment	-51	-585	--	-595	--	-619	-53	-859	1,372	-723	43
Other accounts	-555	-352	-780	-513	-1,055	-778	-1,520	-1,163	-2,290	-1,984	-3,389
Central bank bills (LRMs)	60	60	--	--	128	128	--	--	--	--	--
<b>Medium and long-term foreign liabilities</b>	<b>7</b>	<b>11</b>	<b>47</b>	<b>66</b>	<b>127</b>	<b>161</b>	<b>174</b>	<b>221</b>	<b>220</b>	<b>279</b>	<b>279</b>
Liabilities to Central Bank	134	201	211	277	355	409	696	843	480	572	539
Liabilities to private commercial banks	9	14	13	17	21	25	14	16	18	21	32
Liabilities to Mortgage Bank	3	3	11	11	31	35	75	89	50	55	38
<b>Liabilities to private sector</b>	<b>2,593</b>	<b>3,824</b>	<b>4,759</b>	<b>6,384</b>	<b>6,841</b>	<b>8,418</b>	<b>9,044</b>	<b>11,107</b>	<b>12,331</b>	<b>15,245</b>	<b>17,124</b>
Demand deposits	75	75	124	124	187	187	396	396	326	326	461
Time and savings deposits in local currency	302	302	500	500	707	707	825	825	1,050	1,050	1,586
Foreign currency deposits	2,173	3,394	4,046	5,659	5,820	7,385	7,641	9,691	10,725	13,617	14,676
Residents	1,195	1,866	2,225	3,113	3,201	4,062	4,202	5,330	5,899	7,489	8,072
Nonresidents	978	1,527	1,821	2,547	2,619	3,323	3,438	4,361	4,826	6,128	6,604
Other liabilities in local currency	26	26	58	58	83	83	134	134	146	146	304
Other liabilities in foreign currency	17	27	31	43	44	56	48	61	83	106	97
<b>Memorandum item</b>											
Exchange rate	1.593	2.488	2.488	3.480	3.480	4.416	4.416	5.601	5.601	7.111	7.111

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

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

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

Table 37. Uruguay: Accounts of the Private Commercial Banks 1/

(In millions of Uruguayan pesos)

	1990		1991		1992		1993		1994		1995
	Dec. 2/	Dec. 3/	Dec. 2/	Dec. 3/	Dec. 2/	Dec. 3/	Dec. 2/	Dec. 3/	Dec. 2/	Dec. 3/	Dec. 2/
<b>Net international reserves</b>	<b>1,619</b>	<b>2,528</b>	<b>2,908</b>	<b>4,068</b>	<b>3,991</b>	<b>5,064</b>	<b>3,454</b>	<b>4,381</b>	<b>7,673</b>	<b>9,742</b>	<b>7,564</b>
Foreign assets	2,316	3,618	4,178	5,843	6,613	8,391	7,305	9,265	11,602	14,729	14,038
Foreign liabilities	-698	-1,090	-1,269	-1,775	-2,622	-3,327	-3,851	-4,884	-3,928	-4,987	-6,474
<b>Claims on Central Bank</b>	<b>536</b>	<b>781</b>	<b>929</b>	<b>1,254</b>	<b>1,412</b>	<b>1,756</b>	<b>1,729</b>	<b>2,140</b>	<b>2,636</b>	<b>3,281</b>	<b>3,460</b>
<b>Net domestic assets</b>	<b>3,141</b>	<b>4,711</b>	<b>5,519</b>	<b>7,444</b>	<b>8,788</b>	<b>10,823</b>	<b>13,948</b>	<b>17,177</b>	<b>19,912</b>	<b>19,566</b>	<b>22,286</b>
Public sector (net)	476	748	938	1,319	1,170	1,492	1,981	2,481	3,061	3,897	2,877
Central government (net)	484	756	951	1,332	1,193	1,515	2,014	2,513	3,117	3,953	2,923
Of which: Treasury bills (L/C)	--	--	--	--	--	--	167	167	21	21	--
Rest of public sector (net)	-7	-7	-13	-13	-23	-23	-33	-32	-56	-56	-46
Credit to Banco de la República	11	16	20	24	15	18	16	18	29	33	22
Credit to Mortgage Bank	7	7	9	9	14	14	22	22	11	11	113
Credit to private sector	2,113	3,143	3,898	5,219	6,761	8,266	9,988	12,206	14,123	17,282	20,248
Local currency	278	278	584	584	1,168	1,168	1,723	1,723	2,406	2,406	3,073
Foreign currency	1,834	2,865	3,313	4,635	5,593	7,098	8,265	10,483	11,717	14,876	17,175
Valuation adjustment	-464	-622	-345	-447	-1,123	-1,292	-1,532	-1,686	-3,653	-4,316	-2,241
Other accounts	971	1,392	974	1,295	1,913	2,287	3,474	4,136	2,342	2,660	1,267
Central bank bills (LRMs)	26	26	25	25	38	38	--	--	--	--	--
<b>Medium and long-term foreign liabilities</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
Liabilities to Central Bank	--	--	--	--	--	--	--	--	--	--	--
Liabilities to Banco de la República	-9	-12	-4	-4	-41	-49	53	72	-25	-24	-12
Liabilities to Mortgage Bank	--	--	--	--	--	--	--	--	--	--	--
<b>Liabilities to private sector</b>	<b>5,305</b>	<b>8,032</b>	<b>9,360</b>	<b>12,769</b>	<b>14,231</b>	<b>17,672</b>	<b>19,078</b>	<b>23,625</b>	<b>26,246</b>	<b>32,613</b>	<b>33,322</b>
Demand deposits	186	186	358	358	680	680	1,119	1,119	1,393	1,393	1,893
Time and savings deposits in local currency	259	259	444	444	663	663	978	978	1,193	1,193	1,790
<b>Foreign currency deposits</b>	<b>4,656</b>	<b>7,273</b>	<b>8,021</b>	<b>11,220</b>	<b>11,857</b>	<b>15,046</b>	<b>15,328</b>	<b>19,695</b>	<b>21,532</b>	<b>27,337</b>	<b>27,503</b>
Residents	2,561	4,000	4,412	6,171	6,521	8,275	8,541	10,832	11,843	15,036	15,127
Nonresidents	2,095	3,273	3,610	5,049	5,336	6,771	6,988	8,863	9,690	12,302	12,376
Other liabilities in local currency	4	4	8	8	20	20	37	37	44	44	40
Other liabilities in foreign currency	198	310	528	739	1,011	1,283	1,415	1,795	2,083	2,645	2,096
<b>Memorandum item</b>											
Exchange rate	1.593	2.488	2.488	3.480	3.480	4.416	4.416	5.601	5.601	7.111	7.111

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

1/ Includes the intervened banks.

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

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

Table 38. Uruguay: Accounts of the Mortgage Bank

(In millions of Uruguayan pesos)

	1990		1991		1992		1993		1994		1995
	Dec. 1/	Dec. 2/	Dec. 1/	Dec. 2/	Dec. 1/	Dec. 2/	Dec. 1/	Dec. 2/	Dec. 1/	Dec. 2/	Dec. 1/
<b>Net international reserves</b>	<b>4</b>	<b>5</b>	<b>7</b>	<b>9</b>	<b>10</b>	<b>12</b>	<b>12</b>	<b>15</b>	<b>20</b>	<b>25</b>	<b>34</b>
Foreign assets	4	5	7	9	10	12	12	15	20	25	34
Foreign liabilities	--	--	--	--	--	--	--	--	--	--	--
<b>Claims on banking system</b>	<b>40</b>	<b>60</b>	<b>54</b>	<b>72</b>	<b>52</b>	<b>60</b>	<b>138</b>	<b>163</b>	<b>78</b>	<b>198</b>	<b>380</b>
Central Bank	31	48	36	49	25	28	70	81	126	153	355
Of which: currency	2	2	3	3	5	5	9	9	17	17	33
Banco de la Republica	9	12	18	23	28	32	68	82	40	45	25
Private Banks	--	--	--	--	--	--	--	--	-87	--	--
<b>Net domestic assets</b>	<b>1,631</b>	<b>2,356</b>	<b>2,866</b>	<b>3,745</b>	<b>4,091</b>	<b>4,901</b>	<b>5,550</b>	<b>6,570</b>	<b>7,979</b>	<b>9,366</b>	<b>11,187</b>
Public sector (net)	174	163	352	325	354	307	855	793	1,373	1,277	2,058
Central government (net)	11	11	-18	-32	-55	-69	-127	-153	-101	-161	-3
Of which: Treasury bills (L/C)	--	--	--	--	--	--	7	7	--	--	--
Rest of public sector (net)	164	152	370	358	408	376	981	946	1,474	1,438	2,062
Credit to private sector	728	728	1,412	1,412	2,594	2,596	4,165	4,174	7,044	7,059	10,207
Local currency	728	728	1,412	1,412	2,587	2,587	4,131	4,131	6,987	6,987	10,119
Foreign currency	--	--	--	--	8	10	34	43	56	71	88
Other accounts	729	1,465	1,102	2,007	1,143	1,998	530	1,603	-437	1,030	-1,078
<b>Liabilities to banking system</b>	<b>797</b>	<b>1,241</b>	<b>1,300</b>	<b>1,814</b>	<b>1,812</b>	<b>2,296</b>	<b>2,358</b>	<b>2,985</b>	<b>3,241</b>	<b>4,108</b>	<b>4,345</b>
Central Bank	796	1,241	1,299	1,814	1,811	2,294	2,356	2,983	3,239	4,106	4,342
Banco de la República	--	--	1	1	2	2	2	2	2	2	3
Other commercial banks	--	--	--	--	--	--	--	--	--	--	--
<b>Liabilities to private sector</b>	<b>879</b>	<b>1,180</b>	<b>1,627</b>	<b>2,012</b>	<b>2,340</b>	<b>2,678</b>	<b>3,342</b>	<b>3,763</b>	<b>4,836</b>	<b>5,480</b>	<b>7,256</b>
Demand deposits	1	1	1	1	4	4	522	522	785	785	1,061
Time and savings deposits in local currency	288	288	636	636	1,043	1,043	1,229	1,229	1,511	1,511	2,360
Time and savings deposits in foreign currency	536	838	964	1,349	1,256	1,593	1,570	1,991	2,390	3,034	3,591
Mortgage bonds	54	54	25	25	37	37	22	22	151	151	244
<b>Memorandum item</b>											
Exchange rate	1.593	2.488	2.488	3.480	3.480	4.416	4.416	5.601	5.601	7.111	7.111

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

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

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

Table 39. Uruguay: Financial System Credit to the Private Sector

	December					Prel.
	1990	1991	1992	1993	1994	1995
<b>I. Local Currency Credit</b>						
<b>(In millions of Uruguayan pesos)</b>						
<b>Total</b>	<b>1,614.5</b>	<b>2,825.7</b>	<b>3,094.3</b>	<b>7,773.5</b>	<b>11,956.4</b>	<b>16,443.3</b>
BCU 1/	11.8	0.9	16.0	37.5	42.6	76.0
BROU 2/	596.0	828.0	1,323.4	1,881.6	2,520.4	3,175.8
Private Banks 3/	278.4	584.5	1,168.3	1,723.3	2,406.1	3,072.6
BHU 4/	728.4	1,412.4	2,586.7	4,131.1	6,987.3	10,118.9
<b>(12-month percentage change)</b>						
<b>Total</b>	<b>76.5</b>	<b>75.0</b>	<b>80.3</b>	<b>52.6</b>	<b>53.8</b>	<b>37.5</b>
BCU 1/	990.4	-92.4	1,690.1	135.2	13.5	78.5
BROU 2/	72.1	38.9	59.8	42.2	33.9	26.0
Private Banks 3/	60.0	110.0	99.9	47.5	39.6	27.7
BHU 4/	85.1	93.9	83.1	59.7	69.1	44.8
<b>II. Foreign Currency Credit</b>						
<b>(In millions of U.S. dollars)</b>						
<b>Total</b>	<b>2,040.5</b>	<b>2,258.3</b>	<b>2,589.9</b>	<b>3,025.5</b>	<b>3,423.6</b>	<b>3,967.9</b>
BCU 1/	83.9	43.0	13.2	24.3	15.6	11.4
BROU 2/	805.0	883.5	967.3	1,121.9	1,306.0	1,528.9
Private Banks 3/	1,151.5	1,331.8	1,607.2	1,871.6	2,092.0	2,415.3
BHU 4/	--	--	2.2	7.7	10.0	12.3
<b>(12-month percentage change)</b>						
<b>Total</b>	<b>-1.4</b>	<b>10.7</b>	<b>14.7</b>	<b>16.8</b>	<b>13.2</b>	<b>15.9</b>
BCU 1/	385.5	-48.7	-69.4	85.0	-35.7	-27.4
BROU 2/	1.1	9.8	9.5	16.0	16.4	17.1
Private Banks 3/	-8.3	15.7	20.7	16.4	11.8	15.5
BHU 4/	...	...	...	256.7	29.6	23.0
<b>III. Total Credit 5/</b>						
<b>(In millions of Uruguayan pesos)</b>						
<b>Total</b>	<b>4,865.0</b>	<b>8,444.3</b>	<b>14,107.1</b>	<b>21,134.3</b>	<b>31,132.2</b>	<b>44,659.0</b>
BCU 1/	145.5	107.9	61.7	145.0	130.2	156.8
BROU 2/	1,878.3	3,026.1	4,689.7	6,835.8	9,835.3	14,047.9
Private Banks 3/	2,112.8	3,897.9	6,761.5	9,988.2	14,123.2	20,247.7
BHU 4/	728.4	1,412.4	2,594.3	4,165.3	7,043.5	10,206.6
<b>(12-month percentage change)</b>						
<b>Total</b>	<b>88.7</b>	<b>73.6</b>	<b>67.1</b>	<b>49.8</b>	<b>47.3</b>	<b>43.4</b>
BCU 1/	871.3	-25.8	-42.8	134.9	-10.2	20.4
BROU 2/	90.4	61.1	55.0	45.8	43.9	42.8
Private Banks 3/	78.6	84.5	73.5	47.7	41.4	43.4
BHU 4/	85.1	93.9	83.7	60.6	69.1	44.9
<b>Memorandum items</b>						
Consumer price index (1994 = 100)	15.7	28.6	45.4	69.4	100.0	135.4
Consumer price inflation (percent)	129.0	81.5	58.9	52.9	44.1	35.4
End of year exchange rate	1.593	2.488	3.480	4.416	5.601	7.111

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

1/ Central Bank of Uruguay.

2/ Banco de la República.

3/ Includes the intervened banks.

4/ Banco Hipotecario (Mortgage Bank).

5/ Foreign exchange stocks valued at end of period exchange rates.

Table 40. Uruguay: Financial System Credit to the Private Sector in Real Terms 1/

	December					
	1990	1991	1992	1993	1994	1995
(Index 1994 = 100)						
<u>Local currency</u>						
BCU 2/	176.0	7.3	82.5	126.9	100.0	131.9
BROU 3/	150.3	115.0	115.7	107.6	100.0	93.1
Private banks 4/	73.5	85.0	107.0	103.2	100.0	94.3
BHU 5/	66.2	70.8	81.6	85.2	100.0	107.0
Subtotal	85.8	82.7	93.9	93.7	100.0	101.6
<u>Foreign currency 6/</u>						
BCU 2/	969.3	427.6	115.1	176.7	100.0	68.1
BROU 3/	111.4	105.2	101.4	97.6	100.0	109.8
Private banks 4/	99.5	99.0	105.2	101.6	100.0	108.3
BHU 5/	--	--	29.6	87.7	100.0	115.4
Subtotal	107.7	102.6	103.6	100.4	100.0	108.7
<u>Total (Local plus foreign currency)</u>	<u>99.3</u>	<u>95.0</u>	<u>99.8</u>	<u>97.8</u>	<u>100.0</u>	<u>105.9</u>
(12-month percentage change)						
<u>Local currency</u>	<u>-22.9</u>	<u>-3.6</u>	<u>13.5</u>	<u>-0.2</u>	<u>6.7</u>	<u>1.6</u>
BCU 2/	376.2	-95.8	1,026.6	53.8	-21.2	31.9
BROU 3/	-24.8	-23.5	0.6	-7.0	-7.0	-6.9
Private banks 4/	-30.1	15.7	25.8	-3.5	-3.1	-5.7
BHU 5/	-19.2	6.8	15.3	4.5	17.4	7.0
<u>Foreign currency 6/</u>	<u>-14.7</u>	<u>-4.8</u>	<u>0.9</u>	<u>-3.0</u>	<u>-0.4</u>	<u>8.7</u>
BCU 2/	320.1	-55.9	-73.1	53.5	-43.4	-31.9
BROU 3/	-12.5	-5.6	-3.6	-3.7	2.5	9.8
Private banks 4/	-20.6	-0.5	6.2	-3.4	-1.6	8.3
BHU 5/	...	...	...	196.0	14.0	15.4
<u>Total (Local plus foreign currency)</u>	<u>-17.6</u>	<u>-4.4</u>	<u>5.1</u>	<u>-2.0</u>	<u>2.2</u>	<u>5.9</u>
(Percent of total credit)						
<u>Local currency</u>	<u>33.2</u>	<u>33.5</u>	<u>36.1</u>	<u>36.8</u>	<u>38.4</u>	<u>36.8</u>
BCU 2/	0.2	--	0.1	0.2	0.1	0.2
BROU 3/	12.3	9.8	9.4	8.9	8.1	7.1
Private banks 4/	5.7	6.9	8.3	8.2	7.7	6.9
BHU 5/	15.0	16.7	18.3	19.5	22.4	22.7
<u>Foreign currency 6/</u>	<u>66.8</u>	<u>66.5</u>	<u>63.9</u>	<u>63.2</u>	<u>61.6</u>	<u>63.2</u>
BCU 2/	2.7	1.3	0.3	0.5	0.3	0.2
BROU 3/	26.4	26.0	23.9	23.4	23.5	24.3
Private Banks 4/	37.7	39.2	39.6	39.1	37.6	38.5
BHU 5/	--	--	0.1	0.2	0.2	0.2
<u>Total (Local plus foreign currency)</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>

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/ Foreign exchange stocks valued at end of period exchange rate.

Table 41. Uruguay: Nominal Short-Term Interest Rates

(Percent per year)

Period Averages	Deposits			Loans				Open-market Instruments 1/
	In Local Currency	In Foreign Currency		In Local Currency	In Foreign Currency			
	31-180 Days	Time Deposits	Sight Deposits	Prime Rate	Other	Prime Rate	Other	
1990	97.8	6.5	4.3	120.3	174.4	12.1	14.0	104.7
1991	75.2	4.9	3.4	104.9	152.9	10.1	12.2	72.1
1992	54.5	3.4	2.2	74.7	117.8	8.1	11.8	62.9
1993	39.4	3.1	1.8	60.9	97.3	6.6	11.2	48.2
1994	37.0	3.4	1.6	59.7	95.1	7.5	11.7	44.7
1995	38.3	4.5	1.7	61.8	99.1	9.0	13.9	39.4
<b>1990</b>								
1st quarter	112.6	6.6	4.3	117.8	172.0	12.3	14.3	112.3
2nd quarter	91.4	6.9	4.3	112.2	189.6	11.9	13.8	113.0
3rd quarter	87.0	6.6	4.3	112.2	162.0	11.8	13.9	87.7
4th quarter	99.4	6.8	4.2	122.0	178.0	12.6	14.2	105.5
<b>1991</b>								
1st quarter	81.2	4.3	3.9	114.4	166.0	10.3	12.1	86.6
2nd quarter	70.4	5.0	3.2	101.4	148.2	10.2	12.0	64.3
3rd quarter	70.4	4.6	3.2	101.6	145.6	9.7	13.1	66.4
4th quarter	69.6	4.2	3.0	91.4	137.8	8.9	10.3	70.9
<b>1992</b>								
1st quarter	69.4	3.9	2.5	85.0	136.8	8.9	11.5	83.8
2nd quarter	55.8	3.5	2.2	77.0	113.4	8.7	12.6	71.0
3rd quarter	46.2	3.2	2.0	67.5	109.9	7.9	11.9	53.5
4th quarter	39.7	3.0	1.8	63.2	100.7	7.4	11.3	43.5
<b>1993</b>								
1st quarter	39.3	2.9	1.8	56.7	98.6	6.5	10.8	44.5
2nd quarter	38.1	3.2	1.8	57.5	93.8	6.4	11.3	46.3
3rd quarter	40.7	3.2	1.8	65.6	96.0	6.8	11.4	56.0
4th quarter	39.4	3.1	1.7	60.0	100.9	6.7	11.1	46.5
<b>1994</b>								
1st quarter	37.5	3.1	1.7	55.8	97.4	6.9	11.2	40.6
2nd quarter	35.0	3.3	1.6	57.3	93.6	7.3	11.2	39.6
3rd quarter	36.5	3.6	1.5	59.3	93.6	7.7	11.8	46.0
4th quarter	38.9	3.8	1.5	66.5	96.7	8.3	12.5	52.9
<b>1995</b>								
1st quarter	40.9	4.6	1.5	67.9	101.1	8.8	13.1	49.6
2nd quarter	38.6	4.6	1.6	65.6	102.8	9.1	14.1	37.0
3rd quarter	37.7	4.4	1.8	58.1	101.3	8.8	14.2	35.6
4th quarter	35.8	4.5	1.7	55.4	91.3	9.2	14.0	35.5

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

<sup>1/</sup> Until the third quarter of 1993, interest rates on central bank bills (Letras de Regulación Monetaria); thereafter, interest rate on peso-denominated treasury bills of maturity of up to 63 days used in open-market operations.

Table 42. Uruguay: Private Banks' Required Reserve Ratios on Selected Dates 1/

(In percent of deposits)

	<u>Required Reserves</u>			<u>Obligatory holdings of</u>			Total Reserve Requirements
	In local currency (nonremu- nerated)	In local currency (remu- nerated)	In foreign currency	treasury bills	Central Bank bills	Adjustable mort. oblig.	
<u>(Situation as of December 31, 1991)</u>							
<u>Local currency deposits 2/</u>							
Sight deposits and time deposits of less than 30 days	23.0	13.0	--	--	--	1.0	37.0
Time deposits of more than 30 days but less than 180 days	10.0	13.0	--	--	--	1.0	24.0
Time deposits of more than 180 days	6.0	13.0	--	--	--	1.0	20.0
<u>Foreign currency deposits 3/</u>							
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
<u>(Situation as of December 31, 1992)</u>							
<u>Local currency deposits 2/</u>							
Sight deposits and time deposits of less than 30 days	10.0	10.0	--	--	--	1.0	21.0
Time deposits of more than 30 days but less than 180 days	4.0	10.0	--	--	--	1.0	15.0
Time deposits of more than 180 days	2.0	10.0	--	--	--	1.0	13.0
<u>Foreign currency deposits 3/</u>							
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

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Table 42. Uruguay: Private Banks' Required Reserve Ratios on Selected Dates (Continued) 1/

(In percent of deposits)

	Required Reserves			Obligatory holdings of			Total Reserve Requirements
	In local currency (nonremu- nerated)	In local currency (remu- nerated)	In foreign currency	Treasury bills	Central Bank bills	Adjustable mort. oblig.	

(Situation as of December 31, 1993)

<u>Local currency deposits 2/</u>							
Sight deposits and time deposits of less than 30 days	10.0	10.0	--	--	--	1.0	21.0
Time deposits of more than 30 days but less than 180 days	4.0	10.0	--	--	--	1.0	15.0
Time deposits of more than 180 days	2.0	10.0	--	--	--	1.0	13.0
<u>Foreign currency deposits 3/</u>							
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 December 31, 1994)

<u>Local currency deposits 2/</u>							
Sight deposits and time deposits of less than 30 days	10.0	10.0	--	--	--	1.0	21.0
Time deposits of more than 30 days but less than 180 days	4.0	10.0	--	--	--	1.0	15.0
Time deposits of more than 180 days	2.0	10.0	--	--	--	1.0	13.0
<u>Foreign currency deposits 3/</u>							
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

Table 42. Uruguay: Private Banks' Required Reserve Ratios on Selected Dates (Concluded) 1/

(In percent of deposits)

	<u>Required Reserves</u>			<u>Obligatory holdings of</u>			<u>Total Reserve Requirements</u>
	<u>In local currency (nonremu- nerated)</u>	<u>In local currency (remu- nerated)</u>	<u>In foreign currency</u>	<u>Treasury bills</u>	<u>Central Bank bills</u>	<u>Adjustable mort. oblig.</u>	
<u>(Situation as of December 31, 1995)</u>							
<u>Local currency deposits 2/</u>							
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
<u>Foreign currency deposits 3/</u>							
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).

Table 43. Uruguay: Summary Balance of Payments

	1990	1991	1992	1993	1994	Prel. 1995
(In millions of U.S. dollars)						
<b>Current account</b>	<b>169.9</b>	<b>42.4</b>	<b>-115.5</b>	<b>-353.3</b>	<b>-438.6</b>	<b>-348.2</b>
Trade balance	350.0	-31.8	-342.5	-680.4	-817.0	-685.6
Exports, f.o.b.	1,692.9	1,604.7	1,702.5	1,645.3	1,913.4	2,116.7
Imports, c.i.f.	1,342.9	1,636.5	2,045.0	2,325.7	2,730.4	2,802.3
Nonfactor services (net)	133.2	266.5	385.6	482.5	580.3	477.9
Factor services (net)	-321.3	-232.4	-187.2	-193.0	-243.1	-172.5
Transfers (net)	8.1	40.1	28.6	37.6	41.2	32.0
<b>Capital account</b>	<b>-89.0</b>	<b>-279.4</b>	<b>243.2</b>	<b>612.8</b>	<b>676.6</b>	<b>557.6</b>
Public sector, total	23.1	-561.8	113.9	190.1	427.1	227.5
Medium- and long-term	10.1	-163.9	327.3	266.1	314.1	135.1
Nonfinancial	62.4	164.3	352.8	195.5	316.4	167.0
Central administration 1/	35.8	147.4	155.4	37.6	128.5	55.4
Public enterprises	-32.0	7.5	-34.1	5.1	-31.7	-34.6
Other 2/	58.6	9.4	231.5	152.8	219.5	146.2
Financial	-52.3	-328.2	-25.5	70.6	-2.3	-31.9
Central Bank	-98.2	-304.9 3/	-27.6	66.9	4.0	-24.6
BROU	46.5	-23.1	2.1	3.7	-2.4	-5.0
BHU	-0.6	-0.2	--	--	-3.8	-2.3
Public sector short-term	13.0	-397.9 4/	-213.4	-76.0	113.0	92.4
Private sector, total	-112.1	282.4	129.3	422.7	249.5	330.2
Commercial banks	-138.4	-142.7	-104.4	12.1	51.4	16.3
Reserves (net)	-419.9	-99.1	17.7	210.6	-163.4	-291.7
Other liabilities (net) 5/	281.5	-43.6	-122.1	-198.5	214.8	308.0
Private nonfinancial 6/	26.3	425.1	233.7	410.6	198.1	313.9
<b>Overall balance</b>	<b>80.9</b>	<b>-237.0</b>	<b>127.7</b>	<b>259.5</b>	<b>238.0</b>	<b>209.0</b>
Valuation adjustment	0.7	9.5	133.0	30.7	--	--
Official reserve movement (increase -)	-81.6	227.5	-260.7	-290.2	-238.0	-209.4
(In percent)						
<b>Memorandum items</b>						
Current account/GDP	2.0	0.4	-1.0	-2.6	-2.7	2.0
Overall balance/GDP	1.0	-2.4	1.1	2.0	1.5	1.2

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

1/ Excludes treasury notes and bonds.

2/ Local governments, suppliers' credits to rest of public sector, and Treasury bonds denominated in foreign currency not in the hands of residents.

3/ Includes outflow of US\$257 million related to the use of reserves for the buyback of commercial bank debt.

4/ Includes a withdrawal of US\$118 million by BROU to unwind an operation to bolster central bank reserves in earlier years.

5/ Mostly changes in foreign currency deposits in the banking system.

6/ Includes suppliers' credits and errors and omissions.

Table 44. Uruguay: Balance of Payments, 1991-95

(In millions of U.S. dollars)

	1991			1992			1993		
	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net
<b>Current account balance</b>	<b>2,509.6</b>	<b>2,467.2</b>	<b>42.4</b>	<b>2,819.3</b>	<b>2,934.8</b>	<b>-115.5</b>	<b>3,022.3</b>	<b>3,375.6</b>	<b>-353.3</b>
Goods and services	2,459.5	2,457.2	2.3	2,783.3	2,927.4	-144.1	2,981.9	3,372.8	-390.9
Merchandise 1/	1,604.7	1,636.5	-31.8	1,702.5	2,045.0	-342.5	1,645.3	2,325.7	-680.4
Freight and insurance	113.1	--	113.1	158.0	--	158.0	216.8	--	216.8
Travel	332.5	99.7	232.8	381.3	104.3	277.0	446.8	128.7	318.1
Investment income	234.7	467.1	-232.4	224.9	412.1	-187.2	249.9	442.9	-193.0
Other services	174.5	253.9	-79.4	316.6	366.0	-49.4	423.1	475.5	-52.4
Transfers	50.1	10.0	40.1	36.0	7.4	28.6	40.4	2.8	37.6
<b>Capital account</b>	<b>1,584.9</b>	<b>1,864.3</b>	<b>-279.4</b>	<b>1,349.4</b>	<b>1,106.2</b>	<b>243.2</b>	<b>1,550.4</b>	<b>937.6</b>	<b>612.8</b>
Public sector, total	496.5	1,058.3	-561.8	604.5	490.6	113.9	554.5	364.4	190.1
Medium and long-term	462.7	626.6	-163.9	492.8	165.5	327.3	423.0	156.9	266.1
Nonfinancial	357.5	193.2	164.3	476.7	123.9	352.8	327.3	131.8	195.5
Central administration 2/	191.6	44.2	147.4	193.6	38.2	155.4	86.8	49.2	37.6
Local government	--	--	--	2.4	--	2.4	3.2	2.0	1.2
Public enterprises	54.7	47.2	7.5	45.3	79.4	-34.1	58.9	53.8	5.1
Suppliers' credits	1.8	101.8	-100.0	--	--	--	20.1	26.8	-6.7
Bonds 3/	109.4	--	109.4	235.4	6.3	229.1	158.3	--	158.3
Financial	105.2	433.4	-328.2	16.1	41.6	-25.5	95.7	25.1	70.6
Central Bank	91.5	396.4	-304.9	12.7	40.3	-27.6	90.0	23.1	66.9
BROU 3/	13.7	36.8	-23.1	3.4	1.3	2.1	5.7	2.0	3.7
BHU	--	0.2	-0.2	--	--	--	--	--	--
Public sector short-term	33.8	431.7	-397.9	111.7	325.1	-213.4	131.5	207.5	-76.0
Treasury notes	--	62.0	-62.0	--	145.7	-145.7	--	129.0	-129.0
BROU	33.8	369.7	-335.9	111.7	179.4	-67.7	131.5	78.5	53.0
Other	--	--	--	--	--	--	--	--	--
Private sector, total	1,088.4	806.0	282.4	744.9	615.6	129.3	995.9	573.2	422.7
Commercial banks	588.7	731.4	-142.7	494.1	598.5	-104.4	580.5	568.4	12.1
Reserves (net)	342.7	441.8	-99.1	413.0	395.3	17.7	441.2	230.6	210.6
Other liabilities (net) 4/	246.0	289.6	-43.6	81.1	203.2	-122.1	139.3	337.8	-198.5
Private nonfinancial	499.7	74.6	425.1	250.8	17.1	233.7	415.4	4.8	410.6
Commercial credit (net)	11.1	74.6	-63.5	66.6	17.1	49.5	31.9	4.8	27.1
Errors and omissions	488.6	--	488.6	184.2	--	184.2	383.5	--	383.5
<b>Overall balance</b>			<b>-237.0</b>			<b>127.7</b>			<b>259.5</b>
<b>Valuation adjustment</b>	<b>2.5</b>		<b>2.5</b>	<b>133.0</b>		<b>133.0</b>	<b>30.7</b>		<b>30.7</b>
<b>Official reserve movement</b>									
(increase -)			<b>227.5</b>			<b>-260.7</b>			<b>-290.2</b>
Assets			261.0			-125.1			-264.3
Liabilities			-33.5			-135.6			-25.9

Table 44. Uruguay: Balance of Payments, 1991-95 (Concluded)

(In millions of U.S. dollars)

	1994			1995		
	Credit	Debit	Net	Credit	Debit	Net
<b>Current account balance</b>	<b>3,578.4</b>	<b>4,018.0</b>	<b>-438.6</b>	<b>3,729.2</b>	<b>4,077.4</b>	<b>-348.2</b>
Goods and services	3,530.2	4,010.0	-479.8	3,689.2	4,069.4	-380.2
Merchandise 1/	1,913.4	2,730.3	-816.9	2,116.6	2,802.4	-685.8
Freight and insurance	205.4	--	205.4	169.6	--	169.6
Travel	632.2	234.4	397.8	610.9	236.6	374.4
Investment income	282.0	525.1	-243.1	401.2	573.7	-172.5
Other services	497.3	520.2	-22.9	390.8	456.8	-66.0
Transfers	49.2	8.0	41.2	40.0	8.0	32.0
<b>Capital account</b>	<b>1,990.6</b>	<b>1,314.0</b>	<b>676.7</b>	<b>1,748.1</b>	<b>1,190.4</b>	<b>557.7</b>
Public sector, total	841.0	413.9	427.1	688.4	460.9	227.5
Medium and long-term	535.7	221.7	314.1	433.2	298.2	135.0
Nonfinancial	514.5	198.1	316.3	431.5	264.5	166.9
Central administration 2/	182.9	54.4	128.6	121.6	66.2	55.4
Local government	9.7	4.2	5.5	10.4	4.7	5.7
Public enterprises	37.3	69.0	-31.7	23.4	58.0	-34.6
Suppliers' credits	44.0	8.0	36.0	--	42.8	-42.8
Bonds 3/	240.5	62.5	177.9	276.0	92.9	183.1
Financial	21.3	23.6	-2.2	1.8	33.7	-31.9
Central Bank	20.0	16.0	4.0	0.2	24.8	-24.6
BROU 3/	1.3	3.7	-2.4	1.6	6.5	-5.0
BHU	--	3.8	-3.8	--	2.3	-2.3
Public sector short-term	305.2	192.2	113.0	255.1	162.7	92.4
Treasury notes 4/	42.1	61.9	-19.8	174.0	68.2	105.8
BROU	261.2	125.2	136.0	77.0	89.6	-12.6
Other	2.0	5.1	-3.1	4.1	4.9	-0.8
Private sector, total	1,149.6	900.1	249.5	1,059.7	729.5	330.2
Commercial banks	908.8	857.3	51.4	683.9	667.6	16.3
Reserves (net)	582.6	745.9	-163.4	304.0	595.7	-291.7
Other liabilities (net) 5/	326.2	111.4	214.8	379.9	71.9	308.0
Private nonfinancial	240.9	42.8	198.1	375.8	61.9	313.9
Commercial credit (net)	81.5	42.8	38.7	67.0	61.9	5.1
Others (net)	159.4	--	159.4	308.8	--	308.9
<b>Overall balance</b>			<b>238.0</b>			<b>209.4</b>
<b>Valuation adjustment</b>			<b>--</b>			<b>--</b>
<b>Official reserve movement (increase -)</b>			<b>-238.0</b>			<b>-209.4</b>
Assets			-243.1			-162.4
Liabilities			5.1			-47.0

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

1/ Exports f.o.b. and imports c.i.f.

2/ Excludes treasury bonds, notes, and debt certificates.

3/ Excludes bonds issued on behalf of COMIPAL and treasury notes.

4/ Includes notes issued by the Central Bank of Uruguay on behalf of the Central Government.

5/ Mostly changes in foreign currency deposits in the banking system.

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

(Percentage change)

	1990	1991	1992	1993	1994	Prel. 1995
<b>Total exports</b>						
Volume	8.5	-4.9	7.3	2.4	9.2	4.1
Unit value	-2.4	-0.3	-1.1	-5.6	6.5	6.2
Value	5.9	-5.2	6.1	-3.4	16.3	10.6
<b>Total imports</b>						
Volume	7.3	22.0	26.4	19.1	15.2	-2.9
Unit value	4.0	-0.2	-1.2	-4.5	1.9	5.7
Value	11.6	21.9	25.0	13.7	17.4	2.6
<b>Terms of trade</b>	<b>-6.2</b>	<b>-0.2</b>	<b>--</b>	<b>-1.2</b>	<b>4.5</b>	<b>0.5</b>
<b>Detail on major export commodities</b>						
<b>Refrigerated beef</b>						
Volume	51.9	-62.7	-2.4	-9.4	67.9	28.9
Unit value	-22.7	68.4	9.3	1.6	-10.9	-18.3
Value	17.4	-37.2	6.7	-7.9	49.6	5.3
<b>Wool</b>						
Volume	49.9	-7.2	-2.6	-3.1	-26.6	-6.3
Unit value	-28.7	-12.5	9.6	-15.8	43.8	12.7
Value	6.9	-18.9	6.7	-18.4	5.6	5.6
<b>Hides</b>						
Volume	-1.2	-5.5	-6.0	0.9	11.4	29.3
Unit value	7.7	0.1	1.9	-7.1	8.5	1.5
Value	6.4	-5.4	-4.2	-6.2	20.9	31.2
<b>Rice</b>						
Volume	10.4	-7.1	21.6	54.6	-11.2	-9.1
Unit value	6.0	22.2	-25.3	-7.7	13.6	19.1
Value	17.0	13.5	-9.2	42.7	0.8	8.3
<b>Fish (refrigerated filets)</b>						
Volume	-24.3	40.5	12.9	-13.4	5.3	-11.9
Unit value	28.1	17.6	-19.3	-15.3	3.3	31.4
Value	-3.0	65.3	-8.9	-26.6	8.8	15.8

Source: Central Bank of Uruguay.

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

	1990	1991	1992	1993	1994	Prel. 1995
(In millions of U.S. dollars)						
<b>Total exports</b>	<b>1,692.9</b>	<b>1,604.7</b>	<b>1,702.5</b>	<b>1,645.3</b>	<b>1,913.4</b>	<b>2,116.7</b>
<b>Traditional exports</b>	<b>623.8</b>	<b>470.7</b>	<b>514.4</b>	<b>432.6</b>	<b>562.0</b>	<b>651.1</b>
Wool	308.2	249.5	266.8	217.8	229.6	242.9
Meat	258.4	170.5	171.4	146.5	219.2	230.8
Other	57.2	50.7	76.2	68.3	113.2	177.4
<b>Nontraditional exports</b>	<b>1,069.1</b>	<b>1,134.0</b>	<b>1,188.1</b>	<b>1,212.8</b>	<b>1,351.4</b>	<b>1,465.6</b>
Rice	102.0	115.8	105.2	150.1	151.3	163.9
Fish and shellfish	61.7	101.8	93.8	69.6	75.7	87.7
Chemical products	111.8	82.4	73.4	63.1	76.3	86.2
Textile manufactures	178.6	181.1	199.6	170.7	162.9	180.8
Shoes and others	17.7	19.7	24.2	25.6	21.9	17.8
Leather manufactures	60.2	50.7	46.8	67.3	78.6	85.6
Other nontraditional	537.1	582.5	645.1	733.5	861.0	843.6
(Percentage change)						
<b>Memorandum items</b>						
Exports	5.9	-5.2	6.1	-3.4	16.3	10.6
Traditional exports	5.2	-24.5	9.3	-15.9	29.9	15.9
Wool	6.9	-19.0	6.9	-18.4	5.4	5.8
Meat	20.0	-13.6	0.5	-14.5	49.6	5.3
Nontraditional exports	6.3	6.1	4.8	2.1	11.4	8.4

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: Exports, f.o.b.

	1990	1991	1992	1993	1994	Prel. 1995
(In millions of U.S. dollars)						
<b>Total exports</b>	<b>1,692.9</b>	<b>1,604.7</b>	<b>1,702.5</b>	<b>1,645.3</b>	<b>1,913.4</b>	<b>2,116.7</b>
Live animals, meat, and fish	422.3	391.7	382.8	355.5	489.2	562.6
Beef	215.6	183.6	144.5	146.5	246.2	251.9
Mutton and lamb	31.3	25.8	18.7	18.6	19.3	17.0
Fish and shellfish	61.7	101.8	93.8	69.6	75.7	87.7
Other	113.7	80.5	125.8	120.8	148.0	206.0
Vegetable products	192.2	207.4	180.9	250.1	248.3	308.7
Rice	102.0	115.8	105.2	150.1	151.3	163.9
Malting barley	23.7	35.9	22.3	...	...	...
Other	66.5	55.7	53.4	100.0	97.0	144.8
Fats and oils	6.7	7.0	8.4	5.3	8.8	9.4
Food, beverages, and tobacco	66.5	70.6	76.8	57.6	58.0	74.2
Mineral products	6.6	28.5	84.4	42.7	13.9	30.0
Cement	2.1	--	2.3	...	...	...
Other 1/	4.5	28.5	82.1	...	...	...
Plastic, rubber, and related products	49.6	43.2	52.9	58.6	63.3	75.5
Hides, leather, and related products	234.3	216.2	207.1	175.9	211.6	251.4
Hides and skins	129.4	118.0	114.2	108.6	133.0	165.9
Leather manufactures	60.2	50.7	46.8	...	...	...
Other	44.7	47.5	46.1	67.3	78.6	85.5
Textile materials and products	486.8	430.7	461.4	388.5	392.5	423.7
Greasy wool	86.7	38.2	33.8	33.4	34.2	25.8
Washed wool	31.0	26.4	25.7	19.3	20.1	14.5
Combed wool	190.5	185.0	207.3	165.0	175.2	202.6
Other	178.6	181.1	194.6	170.8	163.0	180.8
Shoes and others	17.7	19.7	24.2	25.6	21.9	17.8
Stone, ceramic, and glass products	20.6	22.4	26.8	30.2	28.3	25.5
Other	189.6	167.4	196.8	255.3	377.6	337.9
(Percentage change)						
<b>Memorandum items</b>						
Total	5.9	-5.2	6.1	-3.4	16.3	10.6
Live animals, meat, and fish	7.8	-7.2	1.8	-7.1	39.6	15.0
Other food and food products	18.6	7.4	-6.6	17.6	1.0	24.3
Hides, leather, and related products	-0.4	-7.7	-4.2	-15.1	20.3	18.8
Textile materials and products	0.4	-11.5	7.1	-15.8	1.0	7.9
Other	8.0	4.5	29.7	7.1	22.0	-3.6

Source: Central Bank of Uruguay.

1/ Includes exports of electricity to Argentina.



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

	1990	1991	1992	1993	1994	Prel. 1995
<u>(In millions of U.S. dollars)</u>						
<b>Total imports</b>	<b>1,342.9</b>	<b>1,636.5</b>	<b>2,045.1</b>	<b>2,325.7</b>	<b>2,730.4</b>	<b>2,802.3</b>
Consumer goods	199.9	270.4	453.0	642.9	763.2	811.8
Intermediate goods	964.0	1,099.2	1,253.2	1,298.8	1,556.9	1,532.0
Petroleum and derivatives	202.2	238.9	222.7	193.1	237.0	276.6
Other	761.8	860.3	1,030.5	1,105.7	1,319.9	1,260.4
Capital goods	179.0	266.9	338.9	384.1	410.3	458.5
<u>(Percentage change)</u>						
<b>Memorandum items</b>						
Imports	11.6	21.9	25.0	13.7	17.4	2.6
Consumer goods	28.6	35.3	67.5	41.9	18.7	6.4
Intermediate goods	8.2	14.0	14.0	3.6	19.9	-1.6
Petroleum and derivatives	2.5	18.2	-6.8	-13.3	22.7	16.7
Other	9.8	12.9	19.8	7.3	19.4	-4.5
Capital goods	14.5	49.1	27.0	13.3	6.8	11.7
Oil imports	2.5	18.2	-6.8	-13.3	22.7	16.7
Non-oil imports	13.5	22.5	30.4	17.0	16.9	1.3
Total imports as percent of GDP	16.1	16.3	17.3	16.8	16.9	15.7

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

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

	1990	1991	1992	1993	1994	Prel. 1995
<u>(In millions of U.S. dollars)</u>						
<b>Total imports, c.i.f.</b>	<b>1,342.2</b>	<b>1,636.5</b>	<b>2,045.1</b>	<b>2,325.7</b>	<b>2,730.4</b>	<b>2,802.3</b>
Vegetable products	57.1	62.8	103.1	88.1	119.2	105.2
Fats and oils	7.7	6.9	9.2	13.7	19.9	19.6
Food, beverages and tobacco	30.3	49.3	74.9	97.8	150.4	171.1
Mineral products, including fuels	223.7	265.4	250.5	225.9	283.5	306.6
Petroleum	175.3	206.9	157.7	18.5	22.8	177.3
Other	48.4	58.4	92.8	207.4	260.7	129.3
Chemicals and related products	219.1	231.6	258.9	268.1	319.7	340.1
Plastics, resins, and rubber	114.6	119.9	141.2	142.5	165.5	201.1
Hides, leather, and related products	28.5	37.4	36.5	28.1	35.9	40.3
Paper, cellulose, and printed matter	33.8	47.6	53.5	60.1	74.7	97.1
Textile materials and products	65.7	87.5	105.7	125.9	167.7	194.6
Stone, ceramic, and glass products	13.4	16.9	25.0	37.3	28.0	29.8
Metals and metal products	80.0	84.4	111.3	132.2	146.9	153.3
Machinery and equipment	253.5	345.9	416.2	543.1	585.6	599.5
Transport equipment	140.0	183.7	324.5	407.0	428.8	387.8
Precision instruments	44.5	50.9	67.3	52.1	92.0	64.7
Miscellaneous goods	31.0	46.3	67.1	103.9	112.6	91.5
<u>(Percentages changes)</u>						
<b>Memorandum items</b>						
Total imports	11.6	21.9	25.0	13.7	17.4	2.6
Consumer goods	28.6	35.3	67.5	42.6	18.7	6.4
Raw materials and intermediate goods	8.2	14.0	27.0	3.4	19.9	-1.6
Capital goods	14.5	49.0	14.0	13.0	6.8	11.7

Source: Central Bank of Uruguay.

Table 50. Uruguay: Direction of Merchandise Trade

(In percent)

	1990	1991	1992	1993	1994	Prel. 1995
<b>I. Exports</b>						
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Western Hemisphere	50.9	53.4	55.7	62.1	62.0	60.1
ALADI	39.3	41.0	44.0	51.7	53.7	52.9
Argentina	4.8	11.8	19.3	19.2	20.0	12.7
Brazil	29.6	22.6	16.6	22.3	25.7	33.2
Others	4.8	6.7	8.0	10.2	8.0	7.1
United States	9.6	10.1	10.4	9.0	6.8	5.8
Rest of Western Hemisphere	2.0	2.3	1.3	1.3	1.5	1.4
Europe	32.8	29.3	27.4	22.2	22.2	22.8
EC	24.6	24.0	24.5	20.3	19.9	20.0
Germany	7.7	8.5	7.7	6.4	6.3	5.6
Italy	4.4	3.8	4.4	3.0	3.2	3.1
United Kingdom	4.2	3.7	3.8	3.9	3.8	4.2
Others	8.3	8.0	8.5	7.0	6.6	7.1
Rest of Europe	8.2	5.3	2.9	1.9	2.3	2.8
Asia	7.3	10.9	10.8	10.0	10.3	11.8
Japan	1.2	1.2	1.2	0.8	1.1	0.9
Rest of Asia	6.1	9.7	9.6	9.2	9.2	10.9
Middle East	6.2	4.4	4.0	4.2	4.1	3.7
Africa	1.5	0.5	0.4	0.3	0.3	0.7
Other countries	1.3	1.4	1.7	1.2	1.1	0.9
<b>II. Imports</b>						
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Western Hemisphere	60.3	60.9	61.4	65.3	64.3	62.9
ALADI	48.6	47.4	49.1	52.8	52.9	51.3
Argentina	16.5	17.2	18.9	20.8	23.4	21.2
Brazil	22.5	27.5	24.3	27.3	25.5	24.4
Others	9.5	2.6	5.9	4.7	4.0	5.7
United States	10.2	12.0	8.7	9.6	9.3	9.8
Rest of Western Hemisphere	1.6	1.5	3.6	2.9	2.1	1.8
Europe	27.1	20.6	20.2	20.5	23.3	22.9
EC	19.3	16.6	17.3	17.6	19.6	19.7
Germany	6.6	4.9	4.8	3.9	3.6	3.6
Italy	3.6	2.8	3.9	4.2	4.8	5.2
United Kingdom	2.9	2.3	1.9	1.8	1.5	1.4
Others	6.2	6.7	6.6	7.7	9.7	9.5
Rest of Europe	7.8	3.9	2.9	3.0	3.7	3.2
Asia	7.3	7.7	10.6	12.1	10.1	9.6
Japan	3.3	3.6	5.1	5.2	2.8	2.6
Rest of Asia	4.0	4.1	5.6	6.9	7.2	7.0
Middle East	4.1	5.2	4.5	1.1	1.3	2.4
Africa	1.0	5.4	2.0	0.5	0.5	1.4
Other countries	0.2	0.2	1.3	0.5	0.6	0.8

Source: Central Bank of Uruguay.

Table 51. Uruguay: Summary of External Debt

	1990	1991	1992	1993	1994	Prel. 1995
(In millions of U.S. dollars)						
<u>Medium and long-term debt</u>	<u>3,479.5</u>	<u>3,122.4</u>	<u>3,500.8</u>	<u>3,821.0</u>	<u>4,208.9</u>	<u>4,355.8</u>
Public sector 1/	3,071.8	2,837.3	3,165.0	3,458.1	3,789.5	3,934.3
Private sector 2/	407.7	285.1	335.8	362.9	419.4	421.5
<u>Short-term debt</u>	<u>1,200.6</u>	<u>1,205.2</u>	<u>1,343.8</u>	<u>1,373.9</u>	<u>1,366.5</u>	<u>1,593.0</u>
Public sector	769.6	705.2	559.5	441.4	419.4	525.1
Treasury notes	769.6	705.2	559.5	441.4	419.4	525.1
BROU	--	--	--	--	--	--
Private sector	431.0	500.0	784.3	932.5	947.1	1,067.9
Commercial banks	431.0	500.0	784.3	932.5	947.1	1,067.9
<u>Total external debt</u>	<u>4,680.1</u>	<u>4,327.6</u>	<u>4,844.6</u>	<u>5,194.9</u>	<u>5,575.4</u>	<u>5,948.8</u>
Public	3,841.4	3,542.5	3,724.5	3,899.4	4,209.0	4,459.4
Private	838.7	785.1	1,120.1	1,295.5	1,366.4	1,489.4
(In percent)						
Ratio of total debt to GDP	56.0	43.1	40.9	37.9	34.4	33.3
Ratio of public debt to GDP	46.0	35.3	31.4	28.2	26.0	25.0
Ratio of total debt to export of goods and nonfactor services	216.4	194.5	189.4	197.0	171.7	180.9

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

1/ Includes long-term debt of the Central Bank.

2/ Suppliers' credits (including short-term).

Table 52. Uruguay: Summary of Public External Debt Service

	1990	1991	1992	1993	1994	Prel. 1995
(In millions of U.S. dollars)						
<b>Debt service payments 1/</b>	<b>1,428.8</b>	<b>1,738.8</b>	<b>1,159.6</b>	<b>1,128.4</b>	<b>987.8</b>	<b>1,082.2</b>
Amortization	1,058.1	1,437.7	896.5	830.1	673.6	727.3
Medium- and long-term	378.7	668.1 2/	191.3	270.6	232.2	307.9
Short-term 3/	679.4	769.6	705.2	559.5	441.4	419.4
Interest	370.7	301.1	263.1	298.3	314.2	354.9
Medium- and long-term	302.2	243.8	217.9	269.5	284.8	317.2
Short-term	68.5	57.3	45.2	28.8	29.4	37.7
<b>Debt service payments excluding short-term amortization</b>	<b>749.4</b>	<b>969.2</b>	<b>454.4</b>	<b>568.9</b>	<b>546.4</b>	<b>662.8</b>
<b>Memorandum items</b>						
IMF repurchases	124.3	41.5	25.8	14.3	10.8	9.7
IMF charges	19.1	10.5	5.8	6.9	4.7	4.2
(In percent)						
<b>Debt service ratios 4/</b>						
Public debt service including the Fund	34.6	43.6	17.8	21.6	16.8	20.2
Interest	17.1	13.5	10.3	11.3	9.7	10.8
Amortization	17.5	30.0	7.5	10.3	7.2	9.4
Public debt service excluding the Fund	28.0	41.3	16.6	20.8	16.4	19.7
Interest	16.2	13.1	10.1	11.1	9.5	10.7
Amortization	11.8	28.2	6.5	9.7	6.8	9.1

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

1/ After rescheduling. Includes payments to the Fund.

2/ Includes US\$461 million related to the debt buy-back and interest and principal collateral components of the debt and debt service reduction operation with commercial banks of February 1991.

3/ All short-term debt is assumed to be "rolled over" once a year.

4/ In relation to exports of goods and nonfactor services; includes amortization of treasury bonds and notes denominated in foreign currency in hands of nonresidents, and medium-term suppliers' credits. Debt service ratios in 1991 include the cost of the debt reduction operation. Excludes short-term debt rollover.

Table 53. Uruguay: Disbursements, Amortization, and Outstanding External Public Debt

(In millions of U.S. dollars)

	Transactions during 1993			1993 Outstand- ing
	Disburse- ments	Amorti- sation	Adjust- ment 1/	
<u>Medium- and long-term debt</u>	<u>402.9</u>	<u>136.2</u>	<u>26.4</u>	<u>3,458.1</u>
<u>Central Government 2/</u>	<u>176.9</u>	<u>56.9</u>	<u>44.6</u>	<u>1,214.7</u>
University of Labor (UTU)	--	0.3	0.1	0.6
Treasury	128.3	26.0	47.4	880.3
Ministry of Agriculture and Fishing (MAP)	10.1	1.0	-2.8	84.2
Ministry of Industry and Energy	--	0.3	-4.6	--
Commission of Agricultural Planning	--	2.3	0.3	3.7
Ministry Public Works and Transportation	24.0	26.5	2.6	227.2
Ministry of Education and Culture	2.1	--	0.1	2.4
University of Montevideo	1.3	--	0.1	3.3
Air Force	--	0.5	--	0.5
Ministry of Public Health (MSP)	10.3	--	--	10.3
National Public Education Adm. (ANEP)	--	--	--	--
Official Broadcasting Services (SOORE)	0.8	--	1.4	2.2
Customs	--	--	--	--
Ministry of Housing	--	--	--	--
Ministry of Defense	--	--	--	--
<u>Local governments</u>	<u>3.2</u>	<u>2.0</u>	<u>0.1</u>	<u>53.6</u>
<u>Official banks</u>	<u>5.7</u>	<u>2.0</u>	<u>-12.0</u>	<u>211.7</u>
BROU	5.7	2.0	-3.3	77.3
BHU	--	--	-8.7	134.4
<u>Monetary authorities 3/</u>	<u>--</u>	<u>16.3</u>	<u>13.5</u>	<u>42.5</u>
<u>Public enterprises</u>	<u>58.8</u>	<u>53.9</u>	<u>-30.6</u>	<u>724.3</u>
UTE	8.9	37.4	-19.1	479.2
ANTEL	22.5	6.4	1.7	80.1
ANCAP	9.8	2.0	-0.5	18.9
OSE	--	2.6	-1.0	24.7
ANP	--	4.1	0.2	6.0
Salto Grande	--	1.4	-9.9	73.7
FLUNA	--	--	-1.6	24.5
AFE	17.6	--	-0.4	17.2
<u>Treasury bonds</u>	<u>158.3</u>	<u>--</u>	<u>--</u>	<u>1,071.2</u>
<u>Suppliers' credits</u>	<u>--</u>	<u>5.1</u>	<u>10.8</u>	<u>140.1</u>
<u>Memorandum items</u>				
Treasury notes	--	129.0	10.9	441.4
BROU, net nonresident deposits	--	28.7	--	276.2
BHU, net nonresident deposits	32.1	--	--	32.1
<u>Total, including treasury notes, BROU and BHU</u>	<u>435.0</u>	<u>293.9</u>	<u>37.3</u>	<u>4,207.8</u>

Table 53. Uruguay: Disbursements, Amortization, and Outstanding External Public Debt (Continued)

(In millions of U.S. dollars)

	Transactions during 1994			1994 Outstand- ing
	Disburse- ments	Amorti- zation	Adjust- ment 1/	
<u>Medium- and long-term debt</u>	<u>535.7</u>	<u>212.2</u>	<u>-7.9</u>	<u>3,789.5</u>
<u>Central Government 2/</u>	<u>202.9</u>	<u>56.3</u>	<u>-8.0</u>	<u>1,353.1</u>
University of Labor (UTU)		0.3	--	0.3
Treasury	92.5	27.6	-11.2	934.0
Ministry of Agriculture and Fishing (MAP)	11.3	0.9	0.1	94.7
Ministry of Industry and Energy			--	--
Commission of Agricultural Planning		2.0	-0.2	1.5
Ministry of Public Works and Transportation	39.2	24.0	3.1	245.5
Ministry of Education and Culture	2.7	0.2	0.2	5.1
University of Montevideo	0.3	0.6	--	3.0
Air Force		0.5	--	--
Ministry of Public Health (MSP)	21.3		--	31.6
National Public Education Adm. (ANEP)	16.9		--	16.9
Official Broadcasting Services (SODRE)	3.4	0.2	--	5.4
Customs	--	--	--	--
Ministry of Housing	0.5		--	0.5
Ministry of Defense	14.8	0.2	--	14.6
<u>Local governments</u>	<u>9.7</u>	<u>4.2</u>	<u>4.6</u>	<u>63.7</u>
<u>Official banks</u>	<u>1.3</u>	<u>6.9</u>	<u>1.8</u>	<u>207.9</u>
BROU	1.3	3.7	1.1	76.0
BHU		3.2	0.7	131.9
<u>Monetary authorities 3/</u>	<u>--</u>	<u>3.7</u>	<u>-2.6</u>	<u>36.2</u>
<u>Public enterprises</u>	<u>37.3</u>	<u>70.1</u>	<u>11.3</u>	<u>702.8</u>
UTE	14.7	50.0	5.6	449.5
ANTEL	11.7	7.1	0.1	84.8
ANCAP	5.8	2.2	-0.1	22.4
OSE	--	2.7	2.3	24.3
ANP	--	4.4	0.6	2.2
Salto Grande	--	3.1	0.5	71.1
FLUNA	--	0.6	0.2	24.1
AFE	5.1		2.1	24.4
<u>Treasury bonds</u>	<u>240.5</u>	<u>62.5</u>	<u>--</u>	<u>1,249.2</u>
<u>Suppliers' credits</u>	<u>44.0</u>	<u>8.3</u>	<u>0.8</u>	<u>176.6</u>
<u>Memorandum items</u>				
Treasury notes	42.0	61.9	-2.1	419.4
BROU, net nonresident deposits	6.8	--	--	283.0
BHU, net nonresident deposits	--	3.1	--	29.0
<u>Total, including treasury notes.</u>				
<u>BROU and BHU</u>	<u>584.5</u>	<u>277.2</u>	<u>5.8</u>	<u>4,520.9</u>

Table 53. Uruguay: Disbursements, Amortization, and Outstanding External Public Debt (Concluded)

(In millions of U.S. dollars)

	Transactions during 1994			1994 Outstand- ing
	Disburse- ments	Amorti- zation	Adjust- ment <sup>1/</sup>	
<u>Medium- and long-term debt</u>	<u>432.8</u>	<u>292.7</u>	<u>4.6</u>	<u>3,934.3</u>
<u>Central Government <sup>2/</sup></u>	<u>121.6</u>	<u>83.9</u>	<u>7.9</u>	<u>1,398.8</u>
University of Labor (UTU)	2.3	0.3	--	2.3
Treasury	14.7	42.7	6.8	912.8
Ministry of Agriculture and Fishing (MAP)	9.1	7.4	-0.9	95.5
Ministry of Industry and Energy	--	--	--	--
Commission of Agricultural Planning	--	0.9	-0.6	--
Ministry of Public Works and Transportation	33.7	29.5	2.6	252.3
Ministry of Education and Culture	7.6	--	--	12.7
University of Montevideo	0.2	0.7	--	2.5
Air Force	--	--	--	--
Ministry of Public Health (MSP)	3.8	0.9	-0.1	34.5
National Public Education Adm. (ANEP)	11.3	--	--	28.2
Official Broadcasting Services (SODRE)	0.3	0.4	--	5.3
Customs	0.2	--	--	0.2
Ministry of Housing	32.0	--	0.1	32.6
Ministry of Defense	6.4	1.2	0.1	19.9
<u>Local governments</u>	<u>10.4</u>	<u>4.7</u>	<u>4.6</u>	<u>71.8</u>
<u>Official banks</u>	<u>1.2</u>	<u>3.3</u>	<u>-1.4</u>	<u>204.4</u>
BROU	1.2	3.3	-0.2	73.7
BHU	--	--	-1.2	130.7
<u>Monetary authorities <sup>3/</sup></u>	<u>--</u>	<u>7.2</u>	<u>1.1</u>	<u>30.1</u>
<u>Public enterprises</u>	<u>23.5</u>	<u>58.0</u>	<u>-2.6</u>	<u>665.7</u>
UTE	12.8	42.8	-2.0	417.5
ANTEL	9.0	6.6	-0.1	87.1
ANCAP	0.7	2.0	--	21.1
OSE	--	2.8	1.0	22.5
ANP	--	2.3	0.3	0.2
Salto Grande	--	--	-2.1	69.0
PLUNA	--	1.4	1.1	23.8
AFE	1.0	--	-0.9	24.5
<u>Treasury bonds</u>	<u>240.5</u>	<u>62.5</u>	<u>--</u>	<u>1,429.8</u>
<u>Suppliers' credits</u>	<u>44.0</u>	<u>8.3</u>	<u>0.8</u>	<u>133.7</u>
<u>Memorandum items</u>				
Treasury notes	174.0	68.2	-0.1	525.1
BROU, net nonresident deposits	43.4	--	--	326.4
BHU, net nonresident deposits	4.1	7.2	--	25.9
<u>Total, including treasury notes.</u>				
<u>BROU and BHU</u>	<u>654.3</u>	<u>368.1</u>	<u>4.5</u>	<u>4,811.7</u>

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

<sup>1/</sup> Reflects valuation adjustments due to changes in exchange rates.

<sup>2/</sup> Excludes treasury bills and bonds.

<sup>3/</sup> Excludes use of IMF credit.



Table 54. Uruguay: Amortization for Medium- and Long-Term Public Sector External Debt

(In millions of U.S. dollars)

	Amortization									
	Outstanding Debt		1996	1997	1998	1999	2000	2001	After 2001	Without Definite Maturity Date
	1994	1995								
<b>Total</b>	<b>3,812.4</b>	<b>4,051.3</b>	<b>448.7</b>	<b>413.1</b>	<b>414.5</b>	<b>287.0</b>	<b>382.3</b>	<b>223.9</b>	<b>1,582.0</b>	<b>299.8</b>
By debtor										
Central Government	1,353.1	1,398.6	79.8	107.6	119.1	119.5	109.0	102.9	760.7	--
Local government	63.7	71.8	5.6	5.6	5.6	5.6	5.6	5.6	38.2	--
Public enterprises	702.8	665.7	40.9	38.4	47.3	47.2	46.8	42.6	402.5	--
Official banks	207.9	204.4	1.9	3.6	13.3	13.3	13.3	13.3	145.7	--
Monetary authorities 1/	66.1	147.3	114.2	16.5	7.6	2.8	0.1	0.1	0.5	5.5
Supplier's credits	176.6	133.7	60.8	22.5	20.2	11.3	3.8	0.7	13.6	0.8
Treasury bonds	1,249.2	1,429.8	145.5	218.9	201.4	87.3	203.7	58.7	220.8	293.5
By creditor										
Official	1,426.2	1,457.1	111.1	149.9	133.3	133.7	122.7	112.4	688.5	5.5
Multilateral 1/	1,199.1	1,205.8	100.7	135.1	117.3	117.7	107.2	96.9	525.4	5.5
Bilateral	227.1	251.3	10.4	14.8	16.0	16.0	15.5	15.5	163.1	--
Private	2,393.2	2,594.0	337.6	263.2	281.2	153.3	259.6	111.5	893.5	294.1
Suppliers	176.6	133.7	60.8	22.5	20.2	11.3	3.8	0.7	13.6	0.8
Financial markets	2,216.6	2,460.3	276.8	240.7	261.0	142.0	255.8	110.8	879.9	293.3
Commercial banks	993.4	985.1	40.8	27.9	65.6	60.7	58.2	58.2	673.7	--
Other	1,223.2	1,475.2	236.0	212.8	195.4	81.3	197.6	52.6	206.2	293.3

Source: Central Bank of Uruguay.

1/ Includes IMF credit.

Table 55. Uruguay: Net International Reserves of the Central Bank

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

	1990	1991	1992	1993	1994	1995
<b>Assets</b>	<b>1,389.5</b>	<b>1,067.9</b>	<b>1,053.2</b>	<b>1,286.7</b>	<b>1,516.2</b>	<b>1,824.0</b>
Gold 1/	736.9	640.4	541.1	496.2	522.0	663.8
SDRs	11.0	4.7	--	--	--	4.0
Correspondents 2/	345.2	162.1	16.3	1.4	2.0	7.9
Other assets	296.4	260.7	495.8	789.1	922.2	1,148.3
<b>Liabilities</b>	<b>291.6</b>	<b>241.4</b>	<b>106.4</b>	<b>84.9</b>	<b>86.6</b>	<b>56.1</b>
IMF	100.0	57.8	52.6	38.4	29.9	21.0
Other liabilities	191.6	183.6	53.8	46.5	56.7	35.1
<b>Net international reserves</b>	<b>1,097.9</b>	<b>826.5</b>	<b>946.8</b>	<b>1,201.8</b>	<b>1,429.6</b>	<b>1,767.9</b>
<b>Memorandum items</b>						
Gold (millions of fine troy ounces)	2.395	2.263	2.028	1.700	1.704	1,715
Gross reserves (in months of imports of goods and services)	7.7	5.6	5.9	5.6	5.0	5.4

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

1/ Price of gold per troy ounce: US\$307.71 in 1990, US\$283.04 in 1991, US\$266.80 in 1992, US\$291.89 in 1993, US\$306.36 in 1994, and US\$387.05 in 1995.

2/ Overnight accounts.

1  
85  
1

Table 56. Uruguay: Exchange Rates 1/

	Period Average	End of Period
<u>(New Uruguayan pesos per U.S. dollar)</u>		
1977	4.65	5.40
1978	6.05	7.04
1979	7.84	8.44
1980	9.08	10.00
1981	10.79	11.56
1982	13.85	33.50
1983	34.38	43.00
1984	55.89	74.00
1985	101.16	124.75
1986	151.43	180.00
1987	225.52	276.09
1988	359.44	451.00
1989	634.70	805.00
<u>1990</u>		
March	933.14	969.00
June	1,148.40	1,182.00
September	1,308.53	1,320.00
December	1,550.33	1,593.00
<u>1991</u>		
March	1,756.88	1,773.00
June	1,955.63	1,988.00
September	2,192.81	2,236.00
December	2,449.00	2,488.00
<u>1992</u>		
March	2,723.65	2,774.00
June	3,005.62	3,048.00
September	3,245.00	3,282.00
December	3,457.00	3,480.00
<u>(Uruguayan pesos per U.S. dollar) 2/</u>		
<u>1993</u>		
March	3.67	3.69
June	3.95	4.02
September	4.12	4.16
December	4.37	4.42
<u>1994</u>		
March	4.56	4.69
June	4.84	4.99
September	5.25	5.57
December	5.54	5.60
<u>1995</u>		
March	5.84	5.95
June	6.14	6.26
September	6.51	6.64
December	6.92	7.11

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 the financial foreign exchange markets and on December 26, 1978, the Government announced that the new peso would be depreciated each month according to a preannounced rate. On November 26, 1982, a managed floating system was implemented.

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

Table 57. Uruguay: Measures of Competitiveness

	Real	Wages Deflated by	Bilateral Real Exchange Rate 2/		
	Effective Exchange Rate	Real Effective Exchange Rate 1/	Argentina	Brazil	United States
(Indices, 1982 = 100)					
<b>1990</b>					
First quarter	111.6	117.1	146.4	89.3	96.0
Second quarter	99.3	100.0	101.7	93.0	95.8
Third quarter	95.5	92.9	85.5	97.8	101.1
Fourth quarter	93.6	89.9	66.3	120.0	107.1
<b>1991</b>					
First quarter	103.6	106.4	76.5	143.2	107.2
Second quarter	106.1	107.6	77.8	133.5	110.9
Third quarter	107.8	110.1	77.1	135.5	116.1
Fourth quarter	110.2	114.8	76.2	152.3	118.0
<b>1992</b>					
First quarter	110.3	116.0	73.4	159.1	119.5
Second quarter	111.1	116.7	72.1	164.3	121.3
Third quarter	110.6	112.4	72.2	163.1	125.2
Fourth quarter	114.4	116.4	72.5	164.2	128.2
<b>1993</b>					
First quarter	119.5	131.6	74.9	167.7	132.8
Second quarter	123.2	133.4	77.0	171.9	139.5
Third quarter	128.0	138.0	79.7	173.6	145.8
Fourth quarter	131.5	144.7	81.5	176.9	150.0
<b>1994</b>					
First quarter	132.8	146.8	83.4	172.5	152.9
Second quarter	134.7	149.2	85.1	177.1	155.7
Third quarter	126.9	140.1	84.5	149.9	155.9
Fourth quarter	127.6	138.4	87.9	138.6	162.9
<b>1995</b>					
First quarter	131.3	144.5	90.1	140.6	167.9
Second quarter	133.7	142.6	93.1	146.1	172.2
Third quarter	136.3	142.6	95.0	148.3	175.3
Fourth quarter	136.1	145.0	94.2	149.7	173.6
(Average annual percentage change)					
1983	-33.9	-28.2	-31.0	-28.0	-44.5
1984	-8.4	-4.8	-17.2	-4.2	-8.6
1985	-0.2	7.3	6.8	-1.7	-8.2
1986	1.6	3.3	-0.5	6.2	15.3
1987	1.1	1.6	6.3	-1.5	6.4
1988	-4.6	-5.0	3.3	-12.1	-2.1
1989	5.9	5.3	28.1	-12.9	2.3
1990	-18.9	-4.9	-33.2	-15.9	3.3
1991	6.9	13.9	-23.1	41.1	13.1
1992	4.4	3.9	-5.7	15.3	9.2
1993	12.5	18.5	7.9	6.1	15.0
1994	3.9	5.2	8.9	-7.5	10.4
1995	2.9	1.5	9.3	-8.4	9.8

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

<sup>1/</sup> Private sector wages expressed in terms of foreign currency (i.e. multiplied by the nominal effective exchange rate) and deflated by prices abroad; increase indicates a loss in competitiveness.

<sup>2/</sup> Against the currency of the country indicated.

### An Estimation of the Effectiveness of Credit Policy in Uruguay

This appendix examines the degree of independence of the credit policy of the Central Bank of Uruguay (BCU) during the period 1990-95. The estimates of credit policy offset coefficients presented in this appendix provide support for the idea that, notwithstanding the managed exchange rate system and an exchange system free of restrictions on payments and transfers for current and capital international transactions, as well as the existence of widespread financial dollarization, imperfect substitution between assets and other impediments to capital mobility (such as transaction costs) appear to have allowed the BCU to conduct credit policy with significant effectiveness in the short run.

#### 1. Background

Since late 1974 there have been practically no restrictions on payments and transfers for current and capital transactions. Foreign currency moneys circulate freely, banking regulations hardly discriminate between foreign currency and peso operations, and U.S. dollar is the dominant unit of account for financial transactions. Average reserve requirements are about the same for both domestic and foreign currency denominated deposits (around 17 percent). <sup>1/</sup>

Dollarization is widespread. It became significant in the 1970s following the liberalization of the capital account, and surged after the 1982 financial crisis and the high and unstable rates of inflation and sharp swings in relative prices that followed. Foreign currency deposits were around 60-80 percent of broad money in the 1980s, and amounted to 80 percent of broad money in 1995. In 1995, narrow money denominated in pesos amounted to less than 5 percent of GDP, and the share of credit denominated in pesos to total credit to the private sector was about 20 percent.

The Uruguayan peso is allowed to float freely within a 7 percent band around a reference rate for the U.S. dollar. Since 1990, the reference rate has been adjusted broadly in line with targeted inflation. The monthly depreciation of the reference rate was set at 2 percent between October 1992 and March 1996, and was reduced to 1.8 percent in April 1996.

The BCU sets quarterly limits on its net domestic assets consistent with achievement of the authorities' inflation and the balance of payments objectives. The policy instruments used for limiting the BCU's credit expansion during 1990-95 were: the discount rate, open market operations, the interest rate on remunerated reserves, and the shifting of nonfinancial public sector deposits to the BCU. Open market operations are predominantly conducted with dollar denominated Treasury bills, with less than 1 percent

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<sup>1/</sup> Before 1992, the average reserve requirement on peso deposits were 50 percent higher than on dollar deposits.

of open market bills and notes outstanding at end-1995 denominated in Uruguayan pesos. 1/

## 2. An estimation of the degree of independence of the BCU's credit policy

The above particularities of the Uruguayan financial market raise the question of whether the BCU can affect domestic credit conditions.

A small aggregative model of Uruguay's money market and capital account is used to estimate the extent by which credit policy is offset by private capital flows (the "offset coefficient"). The underlying portfolio balance model of the capital account assumes that peso-denominated non-monetary assets and foreign assets are imperfect substitutes in private portfolios; also, the model allows for the gradual adjustment of portfolio holding to their desired values.

The real peso value of the desired stock of net foreign liabilities ( $NFL^d/P$ ) is assumed to be a function of domestic ( $r$ ) and foreign interest rates ( $r^*$ ), a peso premium ( $f$ ), and domestic real income ( $Y/P$ ), --assuming that foreign holdings of peso-denominated assets are negligible, foreign income effects are ignored. It is assumed that private agents may not adjust portfolio allocation instantaneously; instead, they are assumed to revise their allocations to their optimal levels through an error correction process. Equation (1) below presents a linear approximation of such relationship.

$$(1) \quad \frac{NFL_t}{P_t} = a_0 + a_1 r_t + a_2 r_t^* + a_3 f_t + a_4 \frac{Y_t}{P_t} + \alpha \mu_{eat-1} + \mu_{at}$$

The demand for real money ( $M2$ ) is assumed to depend on the domestic and covered interest rates, and real income. Again assuming an error correction process, the money demand function can be written as follows:

$$(2) \quad \frac{M_t}{P_t} = b_0 + b_1 r_t + b_2 r_t^* + b_3 f_t + b_4 \frac{Y_t}{P_t} + \beta \mu_{ebt-1} + \mu_{bt}$$

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1/ The main instrument used to conduct credit policy has changed over time. For instance, between mid-1993 and mid-1994 peso denominated Central Bank notes (Letras de Regulacion Monetaria) were frequently used (reaching 15 percent of total open market bills and notes outstanding) and in 1995 dollar denominated Central Bank notes were the main instruments of credit control. In the wake of the Mexican devaluation, the use of dollar denominated treasury bills of 60 days maturity was temporarily replaced by treasury bills of two and one week maturity.

The supply of money by the private banks is related with the real monetary base adjusted by the amount of required reserves ( $AB$  and  $\kappa_t$ , respectively), and the opportunity cost of holding excess reserves, such as expression (3).

$$(3) \quad \frac{M_t^s}{P_t} = c_0 + c_1 r_t + c_2 \frac{AB_t}{P_t} + \gamma \mu_{e_{ct}-1} + \mu_{ct}$$

where

$$AB_t = \frac{\kappa_0}{\kappa_t} B_t$$

The model is completed by adding two identities: equation (4) from the Central Bank balance-sheet, and equation (5) from the BOP identity.

$$(4) \quad NDACB_t + NFACB_t = B_t$$

$$(5) \quad \Delta NFL_t = \Delta NFACB_t - TB_t^@$$

where  $TB_t^@$  is the sum of the current account balance and the capital account balance for the public sector.

The system of equations described above provides a framework for the empirical estimation. Two approaches can be followed to estimate the offset coefficient: the structural approach and the reduced-form approach. In the structural approach, the asset-demand equations are estimated and the offset coefficients are calculated from the structural parameters. In the reduced-form approach, the relation between net foreign assets and net domestic assets is estimated directly from the bond and money market equilibrium. This would involve estimating equation (6) below,

$$(6) \quad \Delta \frac{NFL_t}{P_t} = \varphi \left( \Delta \frac{NDACB_t}{P_t}, \Delta r_t^* + \Delta f_t, \Delta \frac{Y_t}{P_t}, TB_t^@, \Delta \mu_{e_{at}-1}, \Delta \mu_{e_{bt}-1}, \Delta \mu_{e_{ct}-1} \right)$$

The offset coefficient is the coefficient of  $\Delta NDACB/P$ , which has the following expression for the very short-run (a period of one month or less).

$$(7) \quad - \frac{a_1 c_2 \left( \frac{\kappa_0}{\kappa_t} \right)}{c_1 - b_1 + a_1 c_2 \left( \frac{\kappa_0}{\kappa_t} \right)}$$

The reduced-form approach has a number of advantages with respect to the structural approach. One, it does not have the domestic interest rate as explanatory variable, which avoids possible endogeneity problems. Two, it may be more robust given the possibility of specification errors in the structural equations. Three, it can be implemented even when there is perfect substitutability between assets. Four, it does not require modeling explicitly the extent by which people internalize the government budget constraint. However, the reduced-form approach suffers from a important econometric problem due to the fact that net domestic credit is endogenous when the Central Bank follows a sterilization policy. <sup>1/</sup>

In this appendix, the two approaches are estimated. To prevent the endogeneity problem of the reduced-form approach, equation (6) is estimated along with a Central Bank reaction function similar to equation (8) below. This reaction function takes into account possible responses of monetary policy ( $\Delta MP$ ) to changes in the level of the BCU's international reserves ( $\Delta NFACB$ ), public sector borrowing ( $GB$ ), and real output, as well as seasonal fluctuations in money demand. In the case of Uruguay, monetary policy may also respond to the real exchange rate ( $re$ ).

$$(8) \quad \Delta MP_t = d_0 + d_1 \Delta NFACB_t + d_2 GB_t + d_3 re_{t-1} + d_4 \ln \left( \frac{y_{t-1}}{y_{t-2}} \right) + \sum_{i=1}^{11} d_{4+i} D_i + \mu_{ct}$$

where the natural target of monetary policy would be the increase in overall domestic credit,

$$(9) \quad \Delta MP_t = \frac{\kappa_0}{\kappa_t} \Delta NDACB_t + \frac{\kappa_0 (\kappa_{t-1} - \kappa_t)}{\kappa_{t-1} \kappa_t} B_t$$

The estimation results using monthly data for the period 1990-1995 are reported in the tables below. Regarding the structural equations, it is interesting to note that the relevant domestic interest rate in the demand

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<sup>1/</sup> Though the BCU has not attempted to offset capital inflows in the recent past, it may have done so to smooth money supply.



equations was the rate on dollar denominated assets 1/ possibly because of the importance of financial dollarization in Uruguay.

The results derived from the reduced form estimates are broadly satisfactory, even though the interest rate coefficients were not significantly different from zero. The estimation of BCU's reaction function revealed that sterilization has been important, at least in one month or less, which could reflect the BCU's actions to smooth seasonal fluctuations of money demand. The offset coefficients estimated using both approaches are reported below. 2/

#### Offset Coefficients

	Structural <u>*/</u> Equations	Reduced Form
One month or less	-0.52	-0.72
One year or more	-0.92	-0.71

\*/ These offset coefficients are calculated using the average reserve requirement ratio ( $\kappa$ ) that has prevailed since 1992.

The estimates clearly support the view that, notwithstanding the managed exchange rate policy, the high degree of financial openness and the widespread dollarization, the BCU can affect significantly domestic credit conditions. These estimates imply that a change in Central Bank's net domestic assets of Ur\$100 is on average offset by a change in net foreign assets of Ur\$52 to Ur\$72 in a month or less, and US\$71 to Ur\$92 in a year or more. The results also strongly suggest that an effective credit policy would be more difficult to carry out over relatively longer periods of time when offsetting capital flows can fully react to domestic credit conditions. However, even then credit policy could continue to affect domestic credit conditions to some extent. 3/

1/ Interest rates on peso denominated papers were not significant or had the wrong signs.

2/ Robustness of these results were checked by: first, excluding the first semester of 1995, the period most affected by the Mexican crisis; second, including the BROU in the working definition of NFACB and NDACB; and third, including the ratio of public sector net liabilities to GDP in the asset demand functions to take into account the possibility that individuals may internalize the effects of these liabilities on their future income streams.

3/ Similar results were reported for Bolivia in SM/96/61.

## Structural Equations

	Net Foreign Liabilities Demand	Money Demand	Money Supply
Constant	1,393.19* (259.39)	259.05* (37.46)	43.73* (25.09)
$\Delta r_t$	44.58* (18.14)	-14.04* (5.37)	0.55* (0.20)
$\Delta r^*_t$	-37.61 (19.79)	-4.14 (7.59)	...
$\Delta f_t$	-0.09 (0.45)	0.63 (0.33)	...
$\Delta Y_t/P_t$	51.31* (18.19)	54.68* (22.79)	...
$\Delta AB_t/P_t$	...	...	0.32* (0.05)
Lagged dependent variable	0.79* (0.03)	0.38* (0.04)	0.80* (0.05)
$\bar{R}^2$	0.98	0.65	0.67
SEE	55.56	22.21	21.75
WALD TEST (Sig. level)	0.00	0.00	0.00

Notes: The coefficients on lagged explanatory variables are omitted. Robust errors were used due to serial correlation, and all regressions were estimated with 2SLS using the following instruments: current and lagged labor rate, interest rate on US Treasury bills, real effective exchange rate, real bilateral exchange rate with Argentina and Brazil, and index of industrial production for Argentina and Brazil; lagged NFPS balances, current account balances, real GDP and financial wealth; and a constant and seasonal dummies. NFI = the stock of foreign denominated assets held in commercial banks plus foreign currency denominated open market instruments minus the accumulated current account balance, M2 = broad money in Uruguayan pesos, P = CPI, r = interest rate on Uruguay's Treasury bills denominated in dollars (rates on peso denominated Treasury bills minus expected depreciation for the money supply equation),  $r^*$  = interest rate on US' Treasury bills, f = the lagged difference between interest rates on peso and dollar denominated Uruguay's Treasury bills or Central Bank notes, Y = nominal quarterly GDP weighted by monthly activity indicators. The significance level of the Wald test reports the pin-number for the whole equation to be significantly different from zero. Numbers in parenthesis below the estimates correspond to standard errors. An asterisk indicates that a coefficient is statistically significant at the 5 percent level.

Reduced Form Equation

	Short Run	Long Run
$\Delta NDACB_t/P_t$	-0.72* (0.07)	-0.71* (0.07)
$\Delta r^*_t$	9.13 (14.33)	3.20 (2.56)
$\Delta f_t$	0.14 (0.45)	15.56 (27.35)
$\Delta Y_t/P_t$	-19.03 (31.89)	4.14 (5.46)
$TB@_t$	-0.86* (0.05)	-0.90* (0.04)
$\bar{R}^2$	0.86	0.89
SEE	23.03	22.69
WALD TEST (Sig. Level)	0.00	0.00

Notes: The coefficients on lagged explanatory variables and the ECU's reaction function are omitted. Robust errors were used due to serial correlation, and 3SLS applied to the two equation system. The set of instruments is the one described in the previous Table 59. Estimated sterilization's coefficients were -0.92 for the short run and -1.25 for the long run; both significant at 5 percent level of confidence. NDACB = net domestic assets of the Central Bank excluding capital gains or losses from gold holdings, TB@ = the change in net foreign assets of the Central Bank minus the change in net foreign liabilities of the private sector. The significance level of the Wald test provides the pin-number for the whole equation to be significantly different from zero. Numbers in parenthesis below the estimates correspond to standard errors. An asterisk indicates that a coefficient is statistically significant at the 5 percent level.

5. References

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### Measures of Real Effective Exchange Rate

At the time of the 1995 Article IV consultation various measures of competitiveness were presented, including: (1) the real effective exchange rate (REER) index based on relative consumer prices as measured by the Fund's Information Notice System; (2) an updated REER index based on relative consumer prices and 1994 trade weights -the INS is based in the 1980-82 trade pattern-; (3) an updated REER index adjusted for export subsidies (or taxes) and the estimated effects of deregulation, to approximate changes in relative prices faced by exporters; (4) and an updated REER index adjusted for import taxes (or subsidies) and the effects of deregulation, to approximate changes in relative prices faced by importers. Bilateral REER indices were also reported for Uruguay's major trading partners: Argentina and Brazil. 1/

This appendix updates estimates of changes in Uruguay's external competitiveness incorporating some new developments. As mentioned in the chapter on public finances, fiscal measures introduced around mid-1995 included a reduction in employer's social security contribution rates for the manufacturing sector. In addition, imports tariffs were reduced in the context of the regional common market (MERCOSUR) and tax rebates for exports were increased in 1995.

According to the Fund's information Notice System (INS), by December 1995 Uruguay's REER had appreciated by 28 1/2 percent relative to its average level in 1985-1995. Using 1994 trade weights, the REER appreciation for the same period was almost 14 percent.

Using the updated trade weights and adjusting for increases in tax rebate for exports, the effects of deregulation on export activities, and the reduction in employer's social security contribution rates, the appreciation of Uruguay's REER for exports as of December 1995 relative to its average level in 1985-95 amounted to about 9 1/2 percent. 2/ The REER for imports adjusted for changes affecting import costs appreciated by over 19 percent in the same period.

Uruguay appears to have remained competitive vis-à-vis Argentina and Brazil in recent years. The bilateral REER indices show that by December 1995 the Uruguayan peso had depreciated in real effective terms by over 6 percent against the Argentine peso and had appreciated against the Brazilian real by 2 1/2 percent relative to the corresponding average levels in 1985-95.

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1/ For details see Appendix II of Uruguay - Appendices and Statistical Annex (SM/95/133).

2/ The reduction of 6 percentage points in employer's social security contribution rates for the manufacturing sector is estimated to have represented a reduction of almost 4 percent in unit costs of manufacturing activities or 1 percent in unit costs of exporting and import competing activities.

Uruguay: Measures of the Real Effective  
Exchange Rate (REER) 1/

	Average 1985-89	Average 1990-95	Average 1985-95	December 1995
(Index numbers, January 1985=100)				
1. REER, IMS weights 2/	94.7	110.5	103.3	132.8
2. REER, 1994 weights 3/	104.1	102.2	103.1	117.4
3. Adjusted REER for exporters 4/	102.2	100.7	101.4	110.4
4. Adjusted REER for importers 5/	106.8	113.4	110.4	131.5
5. Bilateral REER with Argentina 6/	119.0	84.6	100.2	94.1
6. Bilateral REER with Brazil 7/	102.2	104.9	103.7	106.2
(December 1995 relative to the corresponding period, in percent)				
1. REER, IMS weights 2/	40.25	20.09	28.49	...
2. REER, 1994 weights 3/	12.77	14.82	13.88	...
3. Adjusted REER for exporters 4/	8.76	10.37	9.63	...
4. Adjusted REER for importers 5/	23.16	15.92	19.10	...
5. Bilateral REER with Argentina 6/	-20.92	11.27	-6.10	...
6. Bilateral REER with Brazil 7/	3.91	1.28	2.46	...

Sources: Information Notice System and Fund staff estimates.

1/ An increase in the REER indicates a real appreciation.

2/ The information Notice System (IMS) calculations are based on 1980-82 merchandise trade weights.

3/ The 1994 weights are based on merchandise and nonfactor service trade flows.

4/ REER, 1994 weights, adjusted for changes in payroll and export taxes, and the effects of deregulation.

5/ REER, 1994 weights, adjusted for changes in payroll and import taxes, and the effects of deregulation.

6/ REER of the Uruguayan peso against the Argentine peso.

7/ REER of the Uruguayan peso against the Brazilian real.