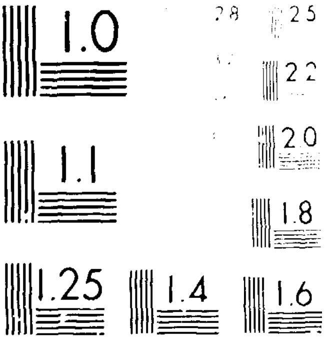
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UNITED NATIONS INDUSTRIAL
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COUNTRY INDUSTRIAL DEVELOPMENT PROFILE

OF

URUGUAY**

Prepared by the

Division for Industrial Studies

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PREFACE

The Division for Industrial Studies, Regional and Country Studies Branch, undertakes under its work programme, the preparation of Country Industrial Development Profiles. These profiles are desk studies, providing statistical and economic analyses of the industry sector, its growth, present status and future prospects. It is hoped that the profiles will provide analyses of use in activities relating to technical assistance, industrial redeployment and investment co-operation.

This profile on Uruguay is based on documents, reports and studies available at UNIDO Headquarters. No field survey has been undertaken and some of the data on industry are not up-to-date.

The views or comments contained in this document do not reflect those of the Government of Uruguay nor do they officially commit the United Nations Industrial Development Organization to any particular course of action.

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Chapter I

GENERAL BACKGROUND

Basic data

The República Oriental del Uruguay has a surface area of approximately 177,000 square kilometres, of which 88 per cent is suitable for agriculture and cattle raising, both of which profit from the temperate climate. The main urban centres in order of their population are Montevideo, Salto, Paysandú, Rivera, Las Piedras and Melo. Since 1975 the currency used is the new peso, for which the exchange rate on 30 June 1980 was US $1 = 9 pesos. A two-level exchange rate system has been in use since March 1972, the financial rate being allowed to float freely while the official (commercial) rate is periodically adjusted and tends to follow the gradual depreciation of the financial peso. The Government announced that the peso would be devalued at a rate of 6.4 per cent during the first half of 1980.[1/] The official time is three hours behind GMT; the metric system of measurement is used. The native language of Uruguay is Spanish.

Macroeconomic framework

The per capita gross domestic product (measured in 1970 prices) was US $1,046 in 1978. Its growth rate in recent years has been as follows: 0.8 per cent in 1973; 3.1 per cent in 1974; 4.4 per cent in 1975; 2.6 per cent in 1976; 3.4 per cent in 1977; and 2.5 per cent in 1978.[2/]

The imports of goods and services amounted to 13.2 per cent of GDP in 1978. Gross domestic investment amounted to 14.5 per cent of GDP; total consumption to 79.7 per cent. The rest of total supply (comprised of GDP and imports) is absorbed by the forei n demand of Uruguayan goods and services.[3/]

1/ See, Bank of London and South America, Review, Vol. 14, No. II/80, May 1980, p. 143.

2/ See, CEPAL, Economic Survey of Latin America, 1978, E/CEPAL/G.1103/Add.1, 27 December 1979, p. 862.

3/ CEPAL, ibid., Table 2, p. 864.

The percentage breakdown of the main sectors that contributed to [illegible] is as follows:[4]

	Percentage
Agriculture	10.4
Mining and manufacturing	27.2
Construction	4.9
Electricity, gas and water	1.7
Transport, storage and communication	9.5
Other services	46.3

Population and employment

The population of Uruguay is estimated at 2,924 thousand inhabitants in 1980 and is expected to reach 3,448 thousand inhabitants in the year 2000.[5] The growth of population is the slowest registered in Latin America, averaging only an annual increase of 1.2 per cent between 1970 and 1977, which was due to a combination of the lowest fertility rate of the region with one of the highest emigration rates.[6] It is estimated that in the period 1980-1985 the growth rate of the population will be 7.5 per thousand, that the birth rate will be 19.9 per thousand and that the mortality rate will be 10.2 per thousand.

About 45 per cent of the population lives in Montevideo, 36 per cent in other urban zones, and 19 per cent in rural zones, with an average density of 16 inhabitants per square kilometre. The population of less than 15 years of age accounts for 28 per cent, that between 15 and 60 years, for 59 per cent, and that of more than 60 years accounts for 15 per cent of total population.[7] Life expectancy is approximately 70 years. About 90 per cent of those who are

4/ Ibid., Table 3, p. 865.

5/ It has been estimated that at least 8 per cent of the population left Uruguay between 1963 and 1975. See, "The Economist Intelligence Unit", Quarterly Economic Review of Uruguay, Paraguay, Annual Supplement 1979, p. 4.

6/ CEPAL, Estimaciones recientes sobre la población de América Latina y el Caribe, Notas sobre la economía y el desarrollo de América Latina, No. 314, March 1980.

7/ Banco Comercial, Uruguay en Cifres, 1978.

older than 7 years are able to read and write. About 77 per cent of the children between 8 and 14 years of age go to school as do approximately 57 per cent among those between 15 and 19 years of age.8/ Slightly more than 48 per cent of the population is economically active, the sectoral distribution of which is as follows:9/

	Percentage
Agriculture, pasture, hunting, fishing	19.7
Manufacturing industries	23.7
Construction	5.9
Trade	11.8
Transport and communication	5.5
Government	7.1
Other services	26.3

The unemployment rate fell from 13 per cent in 1976 to around 11 per cent in 1979 and 1978.10/ The sectoral breakdown of unemployment for 1977 and some earlier years is shown in Table 1.

Transport - Infrastructure

The railway system in Uruguay fans out from the capital and reaches into the interior of the country covering a total of 2,975 kilometres; but the tracks and rolling stock are in poor condition. Transportation by rail is a state monopoly and is run by the "Administración de Ferrocarriles del Estado 'AFE'". The system is connected with the Brazilian system at Rivera, Rio Branco and Cuareim. In 1974, a total of one million tons of freight was transported by rail, of which limestone, cement, fuel, cereals, beverages and fruits were the most representative items.

Like the railway system, the roads also extend radially from Montevideo with very few lateral connections although more east-west connections are being built. World Bank and IADB loans have been granted to maintain and

8/ See footnote 5/.

9/ Banco Comercial, ibid.

10/ The Economist Intelligence Unit, op.cit., p. 5.

Table 1. Unemployment rates by branch of economic activity in Montevideo, 1970-1977

(Percentage)

Branch	1970 First semester	1971 First semester	1972 January-May	1973 February-June	August 1974 - February 1975	1976 First semester	1977 First semester	1977 Second semester
Agriculture	6.3	3.2	4.9	3.3	3.9	7.6	11.6	5.2
Manufacturing[a]	7.5	7.5	8.0	8.5	6.9	11.2	11.0	10.1
Construction	10.1	13.0	9.6	15.2	14.8	16.5	17.7	14.5
Trade	5.5	4.9	6.6	6.7	5.3	9.0	9.4	6.5
Transport and communication	3.0	3.0	4.9	3.1	1.2	6.2	3.0	5.0
Electricity, gas and water	1.4	0.8	0.7	2.1	...	1.2	1.3	6.3
Government services	...	0.7	1.0	2.8	1.5	1.8	3.5	2.7
Other services[b]	4.3	5.1	3.9	5.2	3.4	9.4	8.2	7.4
Total unemployment[c]	7.7	7.6	7.7	8.9	8.1	12.7	12.8	10.8

Source: World Bank Report No. 2241-UR, Economic Memorandum on Uruguay, on the basis of the "Encuesta de Hogares, Dirección General de Estadística y Censo", December 1978.

a/ Includes mining and quarrying.

b/ Includes other unspecified activities.

c/ Includes persons seeking work for the first time.

improve the radial road system, most of which is unpaved. A four-year construction programme of access roads to Montevideo starting in 1980 will be financed by a loan of US $35.5 million from the IADB.

There are two international bridges over the Rio Uruguay that link Uruguay with Argentina; one connects Paysandú with Colón and the other Fray Bentos with Puerto Unzué. A dam which is under construction at Salto Grande will provide a third road link with Argentina.

In addition to an extensive coastal line along the Atlantic and the Río de la Plata, the Uruguay River allows the entry of vessels with a draught of up to six metres. The main port is Montevideo itself, the operating capacity of which is sufficient to cater to all the needs of overseas commerce. The principal harbours along the Rio Uruguay are Nueva Palmira, Fray Bentos, Colonia and Paysandú.

Uruguay has a national airline company PLUNA which operates services to southern Brazil, Paraguay, Bolivia and Argentina in addition to providing connections to the several smaller airports within the Republic, while the country's main airport is Carrasco, located just outside Montevideo.

Free trade zones

There are two free trade zones in Uruguay, one at Colonia and the other at the port of Nueva Palmira. According to the law under which they were established, these zones permit the installation of plants processing foreign raw materials, provided there is no similar industry in the country for which this would represent competition. These industrial and manufacturing plants are exempt from taxes for ten years, provided that at least 75 per cent of the labour force they employ is domestic.

Energy

Not possessing either oil or coal, Uruguay's only source of energy is hydroelectric power. The two most important hydroelectric plants are on the Río Negro: The Rincón de Bonete power station comprises four units of 32,000 kilowatts each and the Rincón de Baygorria plant has three units of 36,000 kilowatts each. Argentina and Uruguay are building jointly at Salto Grande a hydroelectric plant with an annual capacity of 2 billion kilowatt-hours. Three turbines of the Salto Grande complex are already operating with three more to come before the end of 1980. Argentina and Uruguay signed an agreement on feasibility studies for a new hydroelectric plant downstream from Salto Grande. The country is engaged in another hydroelectric scheme, El Palmar, with Brazil. Total installed electric capacity in 1976 was 800 megawatts, producing 2,800 million kilowatt-hours of power for public use.

Imported oil is refined at the state-owned refinery in Montevideo, which has a capacity of 49,000 barrels per day. The Government was actively interested in the exploration and production of possible oil reserves on the sea bed of the River Plate estuary, but the company that had won the bids suspended drilling after two dry wells. Exploration studies on the River Santa Lucia are due to start soon.

Natural resources

Uruguay is practically devoid of metallic mineral resources with the exception of a fairly large (30 million tons) deposit of 40 per cent iron ore in the central part of the country. Feasibility studies have been undertaken for the installation of an iron and steel complex. As far as non-metallic minerals are concerned, the country possesses good quality marble, granite, talc, limestone, building stone and sand which are produced for both the domestic and export markets.

With such limited mineral endowment, agriculture has been and will continue to be at least for the foreseeable future the main support of the Uruguayan economy, and the greatest source of raw material for the country's manufacturing industry.

Chapter II

THE MANUFACTURING SECTOR

Sectoral composition

The sector of manufacturing industries is diversified, embracing all branches beginning with traditional consumer goods such as food, beverages and tobacco, including the production of more complex intermediate goods, e.g. basic chemicals and fertilizers, and encompassing finally the manufacture of capital goods such as machinery, tractors and other agricultural equipment. Table 2 shows the structure of industrial production in terms of value added. Nearly one-half of the manufacturing production originated in the sub-sector of traditional manufactures and within this group, food and textiles carried the greatest weight in 1977 with 21 per cent and 12 per cent of total production, respectively. Within the non-traditional product group the most important single branch was that of the non-metallic minerals representing 11 per cent of total production. The heritage of the import substitution days when those branches developed fastest which were easiest to substitute for imports still weigh heavily on the structure of manufacturing production; hence the nearly 50 per cent represented by traditional goods.

A close analysis of Table 3 indicates, however, that the trend is towards higher growth rates in non-traditional or dynamic manufactures rather than in the traditional sub-sectors. In terms of value added, only textiles registered a significant growth rate in the latter group, i.e. 14 per cent in 1977. On the other hand, capital goods as a whole and the printing and publishing as well as the rubber-producing branches have all attained growth rates of over 15 per cent in the same year; metal products even reached 23 per cent.

According to the 1977 industrial census, the ratio of value added over total production for the entire sector of manufacturing industry is 36 per cent (see Table 4). Disregarding the tobacco industry, which has the highest value added (76 per cent) but only a very small share in total production, the branches with the highest value added are footwear and wearing apparel, paper, printing, chemicals, non-metallic minerals, metal products and machinery, all

Table 2. Structure of industrial production in terms of value added according to categories and branches of industry

(percentage)

Category/Branch	1971	1974	1977
Traditional manufactures	50.4	48.6	46.5
Food	20.3	21.3	20.9
Beverages	11.5	9.6	7.7
Tobacco	4.2	4.0	3.0
Textiles	9.6	9.8	11.5
Shoes and clothing	4.8	3.9	3.4
Non-traditional manufactures	32.2	34.2	32.6
Intermediate goods	27.6	30.6	28.3
Paper, etc.	2.7	2.8	2.6
Printing	2.7	2.7	2.6
Rubber	1.5	2.2	1.8
Chemicals	7.4	7.7	6.2
Petroleum	4.9	4.8	4.0
Non-metallic minerals	8.4	10.4	10.9
Capital goods	4.6	3.6	4.3
Metal products	1.8	1.4	1.6
Electric appliances and machinery	2.8	2.2	2.7
Other	17.4	17.2	...
Total	100.0	100.0	100.0

Source: COMCORDE, data from the BCU and Dirección General de Comercio Exterior.

Table 3. Growth of industrial production in terms of value added

(Percentage)

	1971	1972	1973	1974	1975	1976	1977
Traditional manufactures	- 5.7	- 0.4	- 3.7	3.7	7.5	3.0	1.8
Food	-11.2	- 0.8	1.5	7.4	8.0	11.0	- 3.6
Beverages	1.4	- 6.9	- 7.6	0.4	...	9.7	4.3
Tobacco	13.7	- 1.4	- 1.0	- 0.5	1.0	...	-11.6
Textiles	- 8.1	18.9	- 9.3	1.8	22.6	- 1.6	14.0
Shoes and clothing	- 5.6	-11.5	- 7.2	2.1	- 8.6	5.1	8.7
Non-traditional manufactures	4.9	0.2	5.3	3.3	0.3	5.4	6.2
Intermediate goods	4.8	1.4	7.1	5.1	0.2	3.9	4.7
Paper, etc.	14.9	- 4.6	14.4	...	- 7.7	5.3	13.8
Printing and publishing	- 6.1	...	14.5	-10.7	...	6.5	19.4
Rubber	- 9.5	12.0	8.3	21.2	5.3	20.5	17.0
Chemicals	9.9	- 7.4	10.9	4.5	-11.5	0.5	7.2
Petroleum	2.1	1.2	- 4.5	4.7	9.3	- 4.5	- 5.6
Non-metallic minerals	6.1	9.6	6.4	6.7	5.5	15.7	1.3
Capital goods	5.6	- 7.1	- 7.2	- 6.2	1.1	17.9	17.0
Metal products	2.3	- 3.4	- 3.5	-11.0	- 5.5	12.5	22.5
Electric appliances and machinery	7.9	- 9.5	- 9.7	- 2.7	5.3	20.6	15.4
Other	- 1.9	- 1.3	- 0.3	3.1	...	...	...
Total	- 1.8	- 0.4	- 0.2	3.7	6.7	4.0	6.1

Source: Estadísticas Básicas de la Industria, Comisión Coordinadora para el Desarrollo Económico, Montevideo, Uruguay, 1978.

Table 4. Gross values of production, inputs and value added according to main branches of industry, 1977

(in thousand Uruguayan pesos)

Branch[a]	Gross value of production	Value of inputs	Gross value added	Percentage of value added	Percentage of total production
Food industries	3,970.313	2,821.843	1,148.470	28.93	24.98
Beverages	844.397	411.267	433.130	51.29	5.31
Tobacco	436.542	103.885	332.657	76.20	2.[illegible]5
Textiles	1,908.880	1,332.427	576.453	30.20	12.01
Footwear, leather and textile wearing apparel	1,360.753	314.942	545.811	40.11	8.56
Wood and cork industries, except furniture	106,283	73.979	32.304	30.39	0.67
Furniture and fixtures	106.450	74.166	32.284	30.33	0.67
Paper and paper products	236.381	142.626	93.755	39.66	1.49
Printing and publishing	275.472	153.154	122.318	44.40	1.73
Leather and leather products, except shoes	1,493.752	906.235	587.517	39.33	9.40
Rubber products	247.887	178.522	69.365	27.98	1.56
Chemical substances and products	776.533	445.456	331.077	42.64	4.89
Products of petroleum and coal	1,555.312	1,250.261	305.051	19.61	9.79
Products of non-metallic minerals, except petroleum and coal derivatives	568.465	291.752	276.713	48.68	3.58
Basic metal industries	123.212	38.099	85.113	28.50	0.78
Metal products, except trnasport machinery and equipment	435.868	249.220	186.648	42.82	2.74
Manufacture of machinery, except electrical	158.370	68.111	90.259	56.99	1.00
Manufacture and repair of electrical machinery, apparatuses, appliances and supplies	425.839	236.576	189.263	44.44	2.68
Manufacture of transport equipment	615.566	384.695	230.871	37.51	3.87
Other manufacturing industries	246.823	111.768	135.055	54.72	1.55
Total	15,893.098	10,138.984	5,754.114	36.21	100.00

Source: Annual Production Census, Industrial Sector, 1977, Secretaría de Planeamiento, Coordinación y Difusión.

[a] According to international classification adjusted by the "Dirección General de Estadística y Censos".

of which have 40 per cent or more of value added. If one reads these data in conjunction with the growth rates indicated in Table 3, one comes to the conclusion that the Government's efforts to encourage the development of industries with higher value added seem to be bearing fruit.

Employment

The manufacturing sector in Uruguay is characterized by the predominance of small-scale or artisanal establishments. Nearly 95 per cent of industrial enterprises employ less than nine workers and the average number of workers employed per establishment within this group is three. At the other extreme, only 1.4 per cent of all industrial establishments employ fifty or more workers.

Among the main industrial branches, textiles, footwear and wearing apparel, wood industries, furniture industry as well as the paper industry employed a higher percentage of the labour force than their share of total industrial production (see Tables 4 and 5).

It will be noted that there is hardly any fluctuation in the percentage share of people employed by the different branches of manufacturing industry. so that there was a uniform increase in employment throughout the sector. This increase represented between 1968 and 1975 an average growth rate of employment in industry of 3.1 per cent compared to 0.5 per cent in net population growth rate.

Industrial policies

The main economic objectives of the industry policy followed in Uruguay are to dismantle the protection enjoyed by traditional industries and to diversify exports. Among the liberalization measures one notes the abolition of quantitative restrictions (except in the automobile sector) and the introduction, in January 1979, of a two-level import tariff, one at 90-103 per cent for goods with national counterparts and the other at 35 per cent for the remaining goods. Lower rates are applied to many essential raw materials such as oil products. It has further been decided that, beginning in 1980, an annual reduction of 16 per cent would be applied to the difference between

Table 5. Number of hours worked according to industrial branches, 1977

Branch[a]	Thousands of hours	Percentage of total
Food industries	64,274.0	16.85
Beverages	11,631.2	3.05
Tobacco	1,193.8	0.31
Textiles	53,876.1	14.13
Footwear, leather and textile wearing apparel	70,397.2	18.46
Wood and cork industries, except furniture	10,147.4	2.66
Furniture and fixtures	6,463.6	1.69
Paper and paper products	8,592.7	2.25
Printing and publishing	8,744.7	2.29
Leather and leather products, except shoes	22,094.2	5.79
Rubber products	6,951.4	1.82
Chemical substances and products	10,256.5	2.69
Products of petroleum and coal	5,995.1	1.57
Products of non-metallic minerals, except petroleum and coal derivatives	18,849.5	4.94
Basic metal industries	3,369.5	0.88
Metal products, except transport machinery and equipment	16,108.2	4.22
Manufacture of machinery, except electrical	5,335.6	1.40
Manufacture and repair of electrical machinery, apparatuses, appliances and supplies	17,970.7	4.71
Manufacture of transport equipment	28,957.8	7.59
Other manufacturing industries	10,184.5	2.67
Total	381,393.7	100.00

Source: Annual Production Census, Industrial Sector 1977, Secretaría de Planeamiento, Coordinación y Difusión, Dirección General de Estadística y Censos.

a/ According to international classification adjusted by the "Dirección General de Estadística y Censos".

prevailing rates and a basic tariff of 35 per cent which it is intended to achieve in 1985. The impact of this tariff decrease is expected to be felt mostly by the food processing (except meat packing), chemical, metalworking, electrical appliances and textile branches.[11] The export promotion policy includes basically consistent exchange rate adjustments. The rate adjustment of 6 per cent has taken place through two devaluations in the first half of 1980. Compared with the total devaluation of 20 per cent during 1979, the annual rate of adjustment practiced up to now in 1980 (12 per cent) exhibits a slowing down in the devaluation of the peso, which has been imposed by the necessity of fighting the growing domestic inflation.

Export industries

The National Development Plan of 1972 set as a target for the first time to achieve economic growth through the liberalization of domestic prices and controls and the promotion of manufactured exports at internationally competitive prices. It was the sudden increase of oil prices and the closure of the EEC market to meat imports, however, that led to a more effective export-oriented growth strategy in 1974. The liberalization of the exchange market and a more active implementation of the system of mini-devaluations, together with the introduction of the Industrial Promotion Law, resulted in a substantial increase in non-traditional manufactured exports and a consequential revitalization of the industrial sector.

Table 6 gives a breakdown of export values by the different industrial branches. According to norms set for external trade and exchange by the Central Bank of Uruguay, non-traditional exports are those other than dirty wool, tops and sub-products of combing and spinning, linseed and linseed oil, flour, wheat and derivatives, beef, mutton and horse, meat of any kind and preparation, hides and skins, dry or salted. Between 1971 and 1977 the structure of export industries underwent an almost complete reversal. While in 1971 the share of traditional export products originating in industry was of the order of 51 per cent compared to 24.8 per cent representing non-traditional industrial exports, in 1977 the percentages were 33.2 and 54.4, respectively.

11/ See, Bank of London and South America, Review, Vol. 14, May 1980, No. II/80, p. 142.

Table 6. Industrial exports by category and branches subdivided into traditional (T) and non-traditional (NT)

(in thousand US dollars FOB)

		1971	1972	1973	1974	1975	1976	1977
Non-durable consumer goods	T	102,178	133,610	195,197	174,091	142,706	208,914	195,099
	NT	42,455	39,983	65,954	98,985	135,667	219,685	260,717
Food industries	T	68,537	100,723	125,852	140,816	94,920	134,132	125,306
	NT	16,220	12,570	25,845	43,552	56,658	81,877	75,643
Beverages	NT	523	497	516	809	946	1,393	3,971
Tobacco	NT	13	8	20	72	89	45	95
Textiles	T	29,744	29,243	65,463	31,973	45,806	72,734	68,814
	NT	4,388	3,150	7,078	11,820	13,097	18,376	28,129
Footwear, leather and textile wearing apparel	NT	1,849	2,274	5,397	13,705	30,580	56,252	82,813
Wood and cork industries, except furniture	NT	81	13	50	504	37	84	187
Furniture and fixtures	NT	...	...	...	2	130	198	321
Leather and leather products, except shoes	T	3,897	3,644	3,882	1,302	1,980	2,048	979
	NT	18,725	20,874	26,221	27,593	31,966	58,873	64,658
Other manufacturing industries	NT	655	597	827	928	2,164	2,587	4,900
Intermediate goods	T	3,319	1,300	3,939	5,907	7,089	8,241	6,993
	NT	6,598	5,574	8,821	23,613	34,284	43,019	53,813
Paper and paper products	NT	6	12	217	1,702	2,257	864	3,472

Table 6. Industrial exports by category and branches subdivided into traditional (T) and non-traditional (NT)

(in thousand US dollars FOB) (continued)

		1971	1972	1973	1974	1975	1976	1977
Printing and publishing	NT	10	...	...	5	62	117	159
Rubber products	NT	254	951	1,442	5,341	5,605	4,738	7,866
Chemical substances and products	T	3,319	1,300	3,939	5,907	7,089	8,241	6,993
	NT	2,190	1,741	1,998	5,228	4,642	6,564	10,657
Products of petroleum and coal	NT	11	62	20	2,223	3,062	7,009	4,900
Products of non-metallic minerals except petroleum and coal derivatives	NT	3,824	2,426	4,668	8,457	16,864	21,395	23,425
Basic metal industries	NT	303	382	546	657	1,792	2.332	3,374
Capital and durable consumer goods	T	...	...	...	...	...	...	...
	NT	1,980	1,609	4,298	7,687	7,452	14,074	15,826
Metal products, except transport machinery and equipment	NT	239	84	104	773	1,450	1,183	1,650
Manufacture of machinery, except electrical	NT	158	76	130	410	1,900	1,134	3,693
Manufacture and repair of electrical machinery, apparatus, appliances and supplies	NT	1,181	931	1,100	1,731	2,112	2,282	3,521
Manufacture of transport equipment	NT	402	518	2,964	4,773	3,990	9,475	6,962
Total of industrial exports	T	105,497	134,910	199,136	179,998	149,795	217,155	202,092
	NT	51,033	47,166	79,143	130,285	177,403	276,778	330,356
		156,530	182,076	278,279	310,283	327,198	493,933	532,448
Total exports		205,693	214,077	321,510	382,182	383,847	546,476	607,523

Source: COMCORDE, data from the BCU and Dirección General de Comercio Exterior.

The branches responsible to the greatest extent for this increase in non-traditional exports were footwear and other leather products, representing 13.6 per cent and 10.6 of total industrial exports, as well as a number of intermediate and capital goods, some of which appeared for the first time on the export market in the mid-1970's.

These data on the export sector should be read in conjunction with the growth rates of the export sector as a whole. As can be derived from Table 1, the share of exports in total GDP grew from 11.7 per cent in 1970 to 16.0 per cent in 1977 at constant prices. As can be seen from the tabulation below, the unit value of exports has gone down considerably while the physical volume of exports has grown by as much as 45.0 in one single year.

Concomitant with the export promotion drive, the Government undertook measures to facilitate the importation of capital goods to enhance the production of non-traditional exports. This explains the very sharp increase in imported capital goods, particularly machinery, since 1975, a trend which continued also in 1978 and 1979.

Table 7. Main indicators of exports

Exports of goods (FOB)	Growth rates					
	1972	1973	1974	1975	1976	1977 a/
Value	23.3	35.4	16.4	0.9	46.8	7.4
Volume	- 5.3	- 3.9	19.0	16.8	45.0	- 2.7
Unit value	30.2	40.9	- 2.2	13.6	1.2	10.4

Source: E/CEPAL/1050, Vol. 2, Economic Survey of Latin America.

a/ Preliminary figures.

Uruguay's main trading partners are the countries of LAFTA followed by the European Common Market. The percentage of Uruguayan imports destined from LAFTA countries has remained nearly constant over the past ten years, while the share of exports from Uruguay to Latin American countries has nearly trebled during the same period. As far as the European Common Market is concerned, the share of imports has remained constant over the last ten years while exports have reached a peak of 47 per cent in 1973 before dropping as a consequence of the closure of the Common Market to meat imports. In 1975 imports from that origin have a share of 34 per cent in total imports, which was just under 4 per cent higher than in 1967. The greatest shift in the pattern of import distribution was brought about by the increase in oil prices. Kuwait has become as a result the largest single supplier to Uruguay and occupies nearly one-fifth of the country's import market.

Financing system

The banking system in Uruguay includes both state and private banks. Among the former, the Central Bank of Uruguay (BCU) is the issuing bank and monetary authority. The Banco de la República Oriental del Uruguay (BROU) is the state commercial bank. Furthermore, there are two specialized state banks, the Banco Hipotecario (BHO) and the Banco de Seguros del Estado.

Industrial credits are available from the BROU, which has an extensive network of branch offices throughout the country. Apart from granting credits to the industrial sector, it has extensive operations in the agricultural and livestock credit and plays a very important role in financing exports. The BROU also caters to the needs of medium- and long-term financing, particularly as far as the requirements of the import of capital goods is concerned.

The most important source of investment funds is, however, the Fondo de Financiamiento de Inversiones para el Desarrollo, commonly referred to as the FONDO. The FONDO was established in 1975 within the Banco Central del Uruguay to finance investment for the development of the agricultural, industrial and agro-industrial sectors with special emphasis on export potential.

The FONDO is made up of two sub-funds: one in the amount of US $ 5 million, provided by the US AID and complemented by a Government contribution of US $2.5 million in local currency. The AID sub-fund provides short- and medium-term credit to finance productive investment in the export-oriented agro-industries sector (food processing). The larger share is applied to the importation of capital goods such as machinery, equipment, spare parts, etc., and a revolving capital for importing essential raw materials such as those employed in packaging; a small portion of the sub-fund is available for financing agricultural machinery.

Loans under the AID sub-fund are available for projects involving the increased production of export-oriented food-processing industries, except meat processing, fish processing and those involving the production or commercialization of alcoholic beverages; auxiliary industries, such as packaging, and loans facilitating increased agricultural production.

The larger sub-fund is constituted by a loan of US $10 million from the World Bank with a Government counterpart contribution of US $2.5 million in local currency. This sub-fund provides medium- and long-term credit facilities for investment to increase the export potential of non-traditional industrial goods through the establishment of new production facilities or the increase or rehabilitation of the capacity of existing production facilities of non-traditional exporter enterprises. As in the case of the AID sub-fund, projects relating to non-processed meat, raw and semi-processed hides and skins are excluded from these credits, the same as those involving "dirty" wool, non-processed grains and cars and spare parts. In general terms, eligible investment projects have to export at least 40 per cent of their annual physical production starting from the third year of operation of the project.

A guarantee fund, the "Fondo de Garantía", was established within the BCU at the same time as the above investment fund for the operation of credit lines and funds of the Central Bank in order to reduce the guarantee requirements of the banking system.

In addition to the state banks mentioned above, there are two national private banks and ten foreign banks in Uruguay as well as representatives of some overseas banks. Until recently these banks have not played an important role as recipients of savings in the form of long-term deposits in view of the continuous inflationary process which does not encourage this type of activity. They operate mainly in short-term activities providing working capital through revolving credit facilities.

The proposed strategy for attaining the goals set by the last industrial development plan included the improvement of the institutional infrastructure for industry. Among the measures to be undertaken was the strengthening of the planning mechanism, in particular the reorganization of the Ministry of Industry and Energy (formerly called the Ministry of Industry and Commerce).

Simultaneously with the adoption of the Industrial Promotion Law in 1974, plans were made to establish a mechanism for the examination of projects which would qualify to be declared of national interest under the Promotion Law. As a result, the "Unidad Asesora de Promoción Industrial" was established within the Ministry of Industry and Energy to co-ordinate all industrial activities at Government level. It implements the plans and programmes of the Government related to the industrial sector, monitors pre-investment activities and plays a co-ordinating role between the different sections of the Ministry of Industry and Energy as well as other Governmental institutions to facilitate the carrying out of required action. This "Unidad" is also in charge of the study and evaluation of loan applications made to the FONDO. Also within the Ministry of Industry and Energy, the "Unidad de Asistencia Técnica para el Desarrollo Industrial" is integrated with the Unidad Asesora de Promoción Industrial to form a basic unit within the system of industrial promotion. It is furthermore responsible for the technical, financial and economic evaluation of the projects submitted to the Ministry and also for the supervision of the projects from inception until the amortization of the loan granted by the FONDO.

Projects are finally approved by the Co-ordinating Committee composed of the Director of the Unidad de Asistencia Técnica para el Desarrollo Industrial and representatives of the Ministry of Industry, Ministry of Economy, the Office of Planning and Budget and the Central Bank.

The criteria applied for the approval of industrial projects for financing by the FONDO are those in force for the determination of industries of national interest. Consequently, approved projects are simultaneously declared of national interest and are eligible for other promotional benefits.

The main criterion for declaration of national interest of any project according to the Industrial Promotion Law of 1974 is compliance with the objectives of the latest national development plan. Within this framework eligible industrial projects have to comply with one or more of the following objectives:

- increased efficiency in the production and commercialization process;
- increased and more diversified exports of industrial goods with highest possible value added;
- establishment of new or enlargement or transformation of existing industries whenever this implies better use of available raw materials and labour force.

The Unidad's work in promoting investment to improve industrial production capacity is backed up by the services of the Laboratorio Técnico del Uruguay and the Centro Nacional de Tecnología y Productividad Industrial. While the former provides for technical support, particularly in the form of quality control, the latter has now adopted a system of integral assistance to selected branches of industry which means that advice is offered in the simultaneous analysis of the interrelationship of all aspects of an enterprise such as production, management and human resources, commercialization, economics and financing.

In this way, through the selection of industrial branches for which Government, bilateral and multilateral assistance is made available, the Ministry of Industry indirectly influences the production of the different sectors of industry.

The Government's main channels for giving this kind of indirect guidance are therefore the Unidad de Asistencia Técnica para el Desarrollo Industrial, the Centrol Nacional de Tecnología y Productividad and, to a lesser extent, the Laboratorio Técnico del Uruguay.

External financing

In order to encourage foreign investment a new Foreign Investment Law was passed by the Government in 1974, according to which foreign investment is admitted in all sectors of the economy as long as these are considered to be of national interest. Foreign investment in the following sectors, however, requires special Government authorization: electricity, hydrocarbons, basic petrochemicals, atomic energy, strategic minerals, agriculture and cattle-raising, meat-packing, financial institutions, railways, telecommunications, radio, television, the press and in activities assigned by law to State agencies. The majority of basic economic activities, especially those involving wool, meat and wheat, are predominantly in Uruguayan ownership.

Under the above law the State guarantees the unrestricted remittance of profits and the Central Bank undertakes to provide the foreign exchange therefor at the financial rate in force at the end of the fiscal year in which the profits were realized. As an investment incentive, there are partial tax exemptions on profits reinvested in machinery or factory construction. This Foreign Investment Law no longer has much applicability since the regulations established for the remittance of principal and interests no longer act as incentives in view of the establishment of a free foreign exchange market for financial transactions in 1975.

Recent evolution

In the first three quarters of 1979 the production of the manufacturing industry increased by 10.1 per cent.[12/] Chemicals, electrical goods, machinery and transport equipment led that expansion. Due to the imapct of expected inflation on demand for consumer durables, the automobile assembly industry also boomed in 1979 with 11,000 cars assembled (48 per cent more than in 1978).

The textile industry is reported to have suffered from the apparition of Brazilian imports following the reduction of protective tariffs. The shoe industry claims that countervailing duties applied in the United States market and rising prices have caused a 50-per-cent drop in exports during 1979.[13/]

The Inter-American Development Bank has approved a loan for US $15 million to help finance the development of private meat-packing enterprises. A Uruguayan-Brazilian group is planning to invest US $65 million in installing a cement factory with an annual capacity of 300,000 tons.[14/]

The export promotion policies are bearing fruit. The most dynamic sector of the economy in 1979 was the fishing industry, which exports 90 per cent of its production. Other export-oriented industries include the shoe industries (with 60 per cent of the production exported); leatherwear with 95 per cent; glass with 30 per cent; cement and ceramics with 35 per cent.

12/ The average growth rate of manufacturing was 4.8 per cent in 1974-1976; 6.4 per cent in 1977; and 5 per cent in 1978.

13/ See, The Economist Intelligence Unit, Quarterly Economic Review of Uruguay, Paraguay, First Quarter 1980, pp. 5, 9 and 10.

14/ Lloyds Bank, Economic Report, Uruguay, p. 10.

Chapter III

DEVELOPMENT PLANS

During the past several years the Government of Uruguay has drawn up several development plans, but none of the targets set for real growth in GDP was reached. The first plan covered the period 1965-1974, calling for a growth rate of 5.2 per cent in GDP which, in actual fact, grew only at an average annual rate of 2.3 per cent during the period 1965-1970. A revision of planned targets was made for the period 1968-1972, but this revised plan also failed to be fully implemented. Finally, the latest - the Second National Development Plan - was established for the period 1973-1977. This Plan put particular emphasis on private enterprise, increased exports and foreign investment. The incentives introduced by the Government to help achieve the goals of these priority areas are discussed under the respective headings.

As regards the industrial sector in particular, the Plan foresaw a change in the productive structure of industry in the following ways:

- diversification of the sector with particular emphasis on exports;
- development and improvement of agro-based industries which, through their relative advantage, could be made internationally competitive;
- activities geared to satisfying local demand such as improvement of productive efficiency of the consumer goods sector which might also trigger off new forms of import substitution;
- development of those industries which provide basic inputs to the determinant factors of general economic growth as foreseen;
- development of labour-intensive industries and reduction of unemployment.

An analysis of Table 8 shows that, while the real growth rate of GDP fell short of expectations, having achieved only an estimated average of 2.6 per cent as opposed to the 3.8 per cent mentioned in the Plan, the industrial sector exceeded its targets by 0.4 per cent and is estimated to have reached an average annual growth rate of 5.4 per cent. This development resulted in an industrialization co-efficient of 28.1 in 1977, which is more than 2 per cent over the estimated value foreseen in the Plan.

Table 8. Comparison between growth rates actually achieved and targets set in the Second National Development Plan, 1973-1977

(Percentage)

	Average annual cumulative growth rates		
	Target		Actual[a]
GDP	3.8		2.6
Industrial output	5.0		5.4
Per capita GDP	2.5		1.6
Per capita industrial output	3.8		4.3
Population	1.2		1.0
	Planned		Actual
	1972	1977	1977
Degree of industrialization	24.6	26.2	28.4

Source: Second National Development Plan and ECLA estimates.

a/ Provisional estimates.

As far as the other sectors of the economy are concerned, the proposed targets included an annual growth of agricultural output of 5 per cent; the expansion of insufficient crops in order for the country to be self-supporting; and, if possible, attaining a production level which would permit exporting; creation of a fleet of fishing vessels, reduction of the annual rate of inflation and the improvement of real salary values.

The agricultural sector has not been able to achieve the targets which the Government had set. Although growth rates have been gradually increasing over the last few years, i.e. during all the years of the development plan, from a negative growth rate of -2.6 per cent for the period 1971-1973 to 3.2 per cent in 1976 (see Table 9), the anticipated 5 per cent seemed unattainable. As it is, the unusually high growth rate achieved in the output of the crop farming sub-sector was responsible for the results that were achieved. The production of some of the crops achieved growth rates as high as 50 per cent or more (see sunflowers, linseed and wheat). This sudden high increase in production of some of the crops reflects the decrease in stock-raising as many areas previously utilized for the cultivation of forage grass and grain have been turned over to the cultivation of other crops.

Table 9. Indicators of agricultural production

	1970	1974	1975	1976	1977[a]	Annual growth rates 1971-1973	1975	1976	1977[a]
Index of agricultural production (1961=100)	116.8	106.3	108.3	111.8	109.7	- 2.6	1.9	3.2	- 1.9
Crop farming[b]	128.5	134.3	140.2	150.0	140.3	- 0.1	4.4	7.0	- 6.5
Stock-raising	105.4	93.4	93.7	94.3	95.9	- 2.6	0.3	0.7	1.7
Production of some important crops (thousands of tons)[c]									
Wheat	447	297	527	456	505	-25.3	77.4	-13.5	10.8
Maize	189	225	157	210	121	6.5	-30.2	33.9	-42.5
Rice	139	158	189	217	228	- 0.4	19.4	14.8	5.5
Linseed	90	26	39	62	46	-30 9	4[illegible].4	57.0	-24.8
Sunflower	52	48	51	77	34	10.7	6.2	49.9	-55.4
Sugar beet	275	429	573	833	597	10.4	33.6	45.3	-28.4
Indicators of stock-raising production									
Number of cattle (thousands)	8,564	10,961	11,362	10,635	10,364	4.8	3.7	- 6.4	- 2.5
Number of animals slaughtered (thousands)	1,791	1,573	1,755	2,129	1,709	-11.9	11.6	21.3	-19.7
Slaughtering co-efficient (percentage)	20.9	14.4	15.4	20.0	16.5	...	...	...	...

Source: On the basis of Central Bank of Uruguay, on the basis of data supplied by the Ministry of Agriculture and fisheries. E/CEPAL/1014/Add.2, p. 730 and E/CEPAL/1050, p. 872.

a/ Preliminary figures. b/ Including plantations and permanent pastures. c/ Crop year. d/ At 30 June of each year.

More recently, however, the crop farming sub-sector suffered again a setback partly due to bad weather conditions and floods and to a reduction in the area cultivated. The lack of direction with regard to a definite agrarian policy and the lack of new capital investment have resulted in a slackening interest among producers and consequent reduction of the cultivated area by one-third. A negative growth rate of -6.5 per cent in crop farming in 1977 experienced by the crop farming sub-sector brought down the growth rate of the entire agricultural sector to a negative value of -1.9 per cent.

During the many years of inward-looking industrialization efforts the agricultural sector had been neglected and a considerable amount of income was transferred from rural to urban activities. This resulted in a stagnating agricultural sector which, in turn, put the brakes on overall economic development. As stated earlier, however, the cornerstone of the Uruguayan economy remains the agricultural sector and the very successfully initiated growth achieved by non-traditional exports is also heavily dependent on the supply of raw material originating in this sector.

Recognizing the deficiencies of agricultural performance, the Government announced a number of measures in August 1978 which would bring about fundamental reforms in this sector with particular emphasis on the livestock sub-sector where Uruguay enjoys comparative advantages. The proposed measures include:

- elimination of fixed livestock prices;
- removal of geographic barriers for beef marketing;
- sale of state-owned meat plants to the private sector and elimination of financial controls on the industry;
- establishment of maximum 10 per cent import surcharge on assembled tractors and farm machinery;
- abolition of the 10 per cent import surcharge on all other agricultural inputs;
- change of the tax on potential land productivity from a gross to a net income basis.

The planned sale of Government-owned meat plants to the private sector goes in accordance with Government policy applied to the industrial sector, which is gradually giving free play to market forces by lifting protection from non-viable industries. Where the Government does intervene and has been proved right by the rapid increase in exports, particularly non-traditional, is in the field of domestic macro-economic policies, i.e. the successive exchange rate adjustments or mini-devaluations to compensate for domestic inflation above the international level, reduction of tax rebates and the reduction of tariff protection.

There is, however, at present no indication of an industrial development plan as such that would be under preparation. The economic aims introduced by the Government for 1979 are prioritarily to reduce the rate of deflation, to develop the agricultural sector and to aim at an increase in employment and the improvement of the balance of payments.

Chapter IV

INTERNATIONAL AGREEMENTS CONCERNING INDUSTRY

The position occupied by Uruguay between Brazil and Argentina makes it particularly propitious for co-operation agreements with these countries. In 1974, Argentina and Uruguay signed an Economic Co-operation Agreement by virtue of which Argentina committed itself to allowing the duty-free entry of Uruguayan goods into the Argentine market up to the limit of five per cent of Argentina's production of any one item in the previous year and provided that such imports did not prejudice Argentine production to any significant extent. This liberalization does not apply to farm products. The Agreement became effective on 1 January 1975 for a period of five years with a provision for automatic extension for successive five-year periods. The Government of Argentina establishes by decree the list of items to be included under the terms of the Agreement. There are some 800 products on this list and the Government sets the quantity and quality standards for each item included.

Uruguay and Argentina have furthermore agreed to join forces henceforth in matters of international bids for meat in order to be able to influence the market. For the same purpose, Uruguay joined the three big meat producers, Argentina, Australia and New Zealand, for the elaboration of a joint meat policy.

Considering the volume of meat exports and its significance within the context of the country's total exports, it is very important for the Government to follow a price policy that is conducive to at least maintaining Uruguay's share on the international meat markets.

Economic and commercial relationships with Brazil were reinforced through the Protocol of Commercial Expansion signed between the two countries in 1975. Under this agreement both countries give commercial concessions to the other for a list of products established for this purpose and quotas are set for each product included in the list. The list established by Brazil for Uruguayan products, the nominal value of which was fixed at US $90 million, includes the following main sectors of industry: agro-industries, chemicals, plastics and rubber, common metals and their products, machinery and electric apparatus and textiles.

A further bilateral agreement was signed by the Government of Uruguay with Bolivia, granting tax concessions of 100, 50 or 30 per cent to a total of 62 Uruguayan goods including, inter alia, livestock, cereals, chemical products, paper, textiles, siderurgical products, electromechanical products and domestic products.

Other bilateral agreements were signed with Chile and Paraguay but the exact extent of tax concessions and lists of products to which they may be applied had not yet been determined at the end of 1977.

Uruguay is one of the founding members of the Latin American Free Trade Association, which was set up in 1960 by the Treaty of Montevideo and the Uruguayan capital was chosen as the Association's headquarters. All Spanish-speaking Latin American countries and Brazil are members of LAFTA, the ultimate aim of which is the removal of all restrictions on the greatest part of trade between its members. It was originally hoped that this could be attained by 1973, but at the moment even the newly-set target date of 1980 for "substantially free" trade seems too optimistic. Within this group Uruguay enjoys special privileges together with Bolivia, Ecuador and Paraguay as less developed countries, for which LAFTA provides a cushion against the impact of increasing free trade. One of the clauses of the treaty provides for reciprocity of benefits, but some of the member countries, Uruguay among them, felt that they were not receiving this reciprocity and have been very keen on transforming LAFTA from a free trade area to a regular common market. Regional planning would then act against the tendency of free trade to concentrate growth in areas which are already the richest Proposals put forward to hasten the process were not accepted, however, and further discussion on this subject is presently planned to begin in 1980.

One of the means whereby tariff reduction is sought is the national list. Each member draws up a national list of products on which it is prepared to make tariff concessions and those on which it seeks concessions. The concessions are negotiated bilaterally, but apply to all members. The national list of Uruguay includes foodstuffs, shell fish, vegetables and tropical fruits; Portland cement products, mineral products such as iron; fertilizers (sodium nitrates); timber; electrolytic copper, etc. Uruguayan exchange surcharges and prior deposits are not usually applied to goods on its ALALC preference lists. The country is party to an industrial complementation agreement on statistical machines and radio valves.[15/]

15/ See, The Economist Intelligence Unit, op.cit., p. 17.

The limited effectiveness of its association with the other LAFTA countries led the Government of Uruguay to sign bilateral agreements with Argentina and Brazil in 1975. The objectives of these agreements are:

- to expand and diversify commercial trade;
- to stimulate and co-ordinate investments;
- to foster regional integration through joint infrastructure projects.16/

The most important mechanism for achieving these goals has thus far been the reduction of customs duties and non-tariff barriers and the creation of credit lines (US $50 million each) to finance Uruguayan import of capital goods from the two countries. The success of these agreements is documented by the complete utilization of the credit lines by early 1978 (they are being renewed) and by Uruguayan exports17/ to these countries in the amount of US $40 million in 1977.

In 1967 LAFTA gave its approval, in principle, to the creation of trading blocs within the region. In this manner the Basin of the River Plate Association was created in 1969 by Argentina, Bolivia, Brazil, Paraguay and Uruguay. This has become an effective group within LAFTA which, due to the limited number of its members, is in a position to follow policies of closer economic co-operation and integration than would be possible on a LAFTA-wide basis. The main efforts of this sub-group are now directed towards the creation of a more extensive and efficient regional infrastructure and a development fund was established as an initial step in the direction of an integrated development policy.

Uruguay is party to another sub-regional association within LAFTA, the URUPABOL, comprising Uruguay, Paraguay and Bolivia. This group was established in 1963 but has had very little economic significance thus far. At the Third Meeting of URUPABOL Experts held in Asunción, Paraguay, in March 1978, the subcommittee on industry reached the following conclusions regarding common action in this field:

- Automobile industry possibilities for co-operation were limited due to Bolivia's commitments within the framework of the Cartagena Agreement (Andean Group);
- Metal mechanics: It was proposed to request INTAL (Instituto para la Integración de América Latina) or another organization

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16/ The World Bank, Economic Memorandum on Uruguay, IBRD Report No. 2241-UR, December 1978, p. 33.

17/ Among these exports figure many "non-traditional" manufactures such as synthetic fibres, chemical, electronic and metal products.

to carry out a study on the possibilities of establishing joint enterprises;

- Iron and steel (steel mills); It was proposed to have a study carried out on the medium-term prospects of an integrated approach in this sector taking into account available resources. The study could be carried out by INTAL or another organization;
- Interest was expressed in particular by Uruguay and Paraguay for co-operation in the furniture sector at the plant level;
- Keeping in mind the market within and outside URUPABOL, the preparation of investment projects wherever applicable was thought to be of interest.

As can be seen from the above, all the proposals which were put forward as recently as the beginning of 1978 are still of a tentative nature. The same applies to the suggestions relating to intensified trade among the three members. It was recognized that increased commercial activity would be beneficial to the economies, but that this would have to follow industrial co-operation in a more integrated manner as described above. In the meantime, some mechanisms for increased co-operation were identified such as periodic meetings of entrepreneurs, use of joint commissions, market surveys, etc.

Uruguay is also a member of the Latin American Economic System (SELA).[18/] Comprising 25 Latin American and Caribbean states, this organization aims at the establishment of fair commodity prices and the encouragement of exports, at forming a common economic policy towards organizations and groups of countries outside Latin America and at encouraging the formation of Latin American multinational companies.

Uruguay is also a contracting part to the General Agreements on Tariffs and Trade (GATT).[19/]

18/ See, Lloyds Bank, Economic Report, Uruguay, p. 3.

19/ Ibid.

Chapter V

THE PUBLIC SECTOR

From the institutional point of view the Uruguayan public sector is composed of the Central Government, ten autonomous agencies, the Social Security Bank and several pension funds, 19 local governments and the National Housing Fund.[20]

The role of the public sector in the economy of Uruguay is relatively small and its share in total GDP has been decreasing slowly but steadily since the beginning of the 1970's. Apart from those sectors of the economy which are traditionally run by the State, such as communications, electricity, water and sanitation, the public sector's contribution to a small number of individual sectors in 1977 did not exceed 10 to 15 per cent. Its share in fishing was 11.6 per cent, down from 36.5 per cent in 1970, and 12.4 per cent in transport and storage compared to 27.3 per cent in 1970. Its share in banking amounted to 15.8 per cent, reduced from nearly 50 per cent in 1970 see Table 10).

The manufacturing sector was among the least affected by changes in the relative shares of the private and the public sector, the latter having had only 6.8 per cent in GDP generated by manufacturing industries in 1970 and 3.5 per cent in 1977. These diminishing shares of the public sector in the different sectors of the economy reflect the efforts on the part of the authorities to limit the influence of the Government in the national economy.

The national autonomous enterprises include, inter alia, the Administración Nacional de Combustibles, Alcohol y Portland (ANCAP) and ILPE, Industrias Loberas y Pesqueras del Estado. In 1977 over 60 per cent of the income generated by the State enterprises was earned by ANCAP, which is therefore the most important autonomous State enterprise belonging to the goods producing sector.

20/ The World Bank, Economic Memorandum on Uruguay, IBRD Report 1336a-UR, Annex 2, p. 1.

Table 10. The share of the public and private sectors in total GDP at factor cost

(Percentages at current prices)

	1970			1971			1972			1973			1974			1975			1976			1977 a/		
	Private	Public	Total	Private	Public	Total	Private	Public	Total	Private	Public	Total	Private	Public	Total	Private	Public	Total	Private	Public	Total	Private	Public	Total
Agriculture	99.1	0.9	100.0	98.9	1.1	100.0	99.3	0.7	100.0	99.5	0.5	100.0	99.4	0.6	100.0	99.1	0.9	100.0	99.0	1.0	100.0	99.2	[illegible]	100.0
Fishing	63.5	36.5	100.0	62.0	38.0	100.0	82.0	18.0	100.0	60.4	39.6	100.0	69.1	30.9	100.0	73.7	26.3	100.0	81.8	18.2	100.0	88.4	11.6	100.0
Manufacturing industries b/	93.2	6.8	100.0	91.5	8.5	100.0	91.5	8.5	100.0	93.7	6.3	100.0	93.9	6.1	100.0	94.9	5.1	100.0	95.6	4.4	100.0	96.5	3.5	100.0
Construction c/	100.0	(-)	100.0	100.0	(-)	100.0	100.0	(-)	100.0	100.0	(-)	100.0	100.0	(-)	100.0	100.0	(-)	100.0	100.0	(-)	100.0	100.0	(-)	100.0
Trade	99.0	1.0	100.0	98.6	1.4	100.0	98.6	1.4	100.0	99.0	1.0	100.0	99.0	1.0	100.0	99.3	0.7	100.0	99.5	0.5	100.0	99.6	[illegible]	100.0
Transport and storage	72.7	27.3	100.0	71.0	29.0	100.0	76.0	24.0	100.0	73.8	26.2	100.0	76.5	23.5	100.0	81.0	19.0	100.0	85.8	14.2	100.0	87.6	12.4	100.0
Communications	2.1	97.9	100.0	2.4	97.6	100.0	3.9	96.1	100.0	0.7	98.3	100.0	0.7	99.3	100.0	1.0	99.0	100.0	8.9	91.1	100.0	17.4	82.6	100.0
Electricity, gas, water and sanitation	5.4	94.6	100.0	5.4	94.6	100.0	4.0	96.0	100.0	3.5	96.5	100.0	0.8	97.2	100.0	3.6	96.4	100.0	28.3	71.7	100.0	40.5	59.5	100.0
Banking, insurance and other	54.0	46.0	100.0	45.9	54.1	100.0	41.7	58.3	100.0	44.4	55.6	100.0	49.1	50.9	100.0	41.6	58.4	100.0	57.8	42.2	100.0	84.2	15.8	100.0
Housing property	100.0	(-)	100.0	100.0	(-)	100.0	100.0	(-)	100.0	100.0	(-)	100.0	100.0	(-)	100.0	100.0	(-)	100.0	100.0	(-)	100.0	100.0	(-)	100.0
Central Government	(-)	100.0	100.0	(-)	100.0	100.0	(-)	100.0	100.0	(-)	100.0	100.0	(-)	100.0	100.0	(-)	100.0	100.0	(-)	100.0	100.0	(-)	100.0	100.0
Other services	97.2	2.8	100.0	97.7	2.3	100 0	97.5	2.5	100.0	97.2	2.8	100.0	97.2	2.8	100.0	97.7	2.3	100.0	97.7	2.3	100.0	97.6	2.4	100.0
GDP at current factor cost	77.2	22.8	100.0	76.0	24.0	100.0	78.5	21.5	100.0	78.3	21.7	100.0	77.7	22.3	100.0	79.3	20.7	100.0	81.7	18.3	100.0	84.8	15.2	100.0

Source: Central Bank of Uruguay.

a/ Provisional figures.

b/ Includes mining and quarrying.

c/ Including construction carried out by the private sector on behalf of the public sector.

Recent UNIDO Technical Assistance

DP/URU/72/013	Institutional Organization of Industrial Services (US $13,500)
DP/URU/78/001	Asistencia Técnica Integral a Empresas de Ramas Seleccionadas (US $339,030) - Continuation of DP/URU/72/014
UF/URU/78/059	Pilot Unit for Processing of Sheepskin with Wool on (US $126,108)
DP/URU/77/001	Strengthening of the Technological Laboratory of Uruguay (US $243,455)
SI/URU/77/801	Pilot Plant Scale Investigation of Pelletizing Characteristics of Valentines Iron Ores for Establishing a Mini Steel Plant (US $40,000)
SI/URU/79/801	Assessment of the Situation of the Plastics Industry in Uruguay (US $13,950)
SI/URU/79/802	Development of the Shoe Industry for the European Market (US $2,500)

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