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Who is benefiting from trade liberalization in Uruguay?

A GENDER PERSPECTIVE

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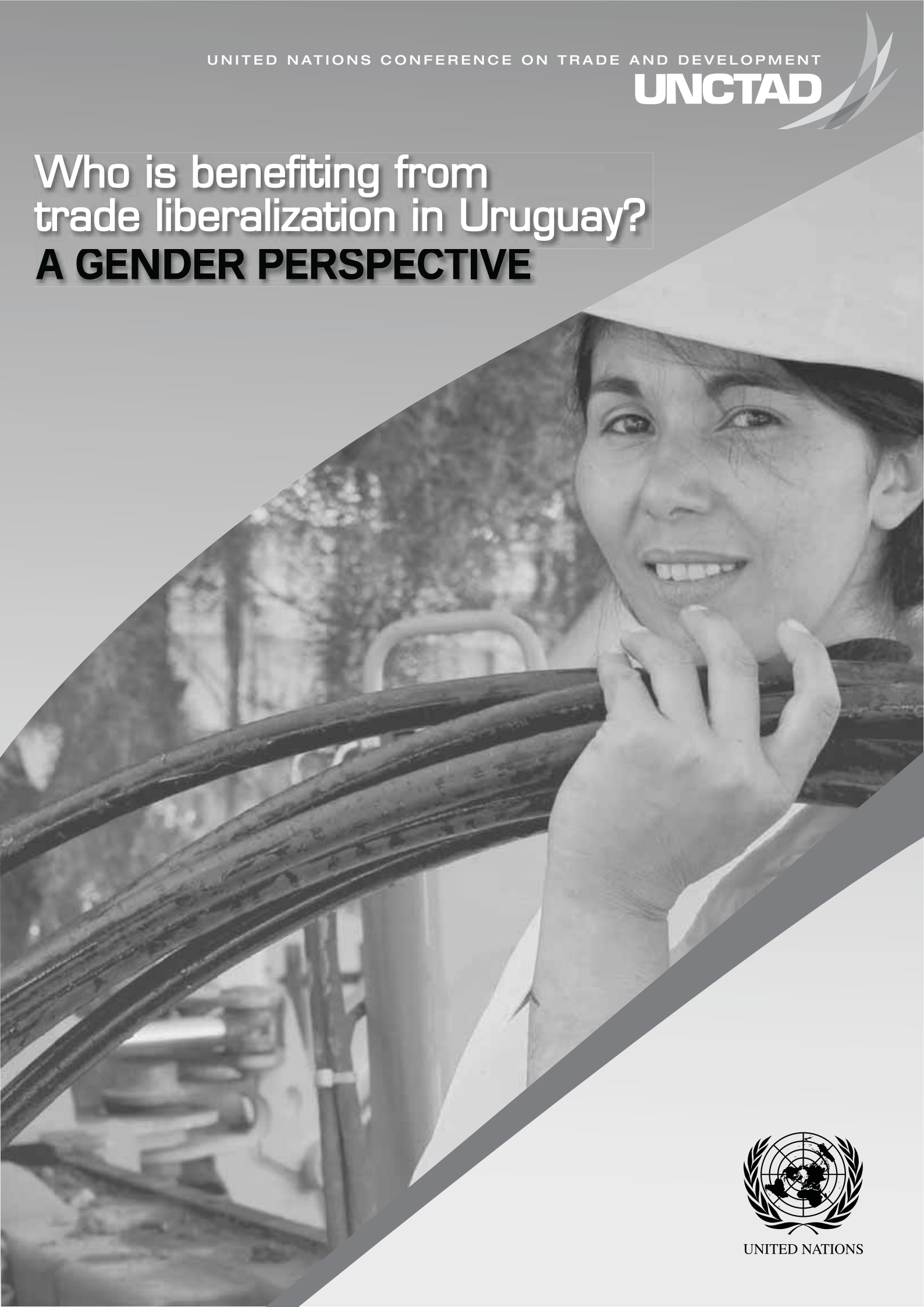

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UNCTAD aims to contribute to the analysis of the linkages between trade policy and gender equality, and to the related international debate, by looking at specific country experiences. This study is one in a series of case studies that are being conducted by UNCTAD in seven developing and least-developed countries: Angola, Bhutan, Cape Verde, the Gambia, Lesotho, Rwanda, and Uruguay.

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EXECUTIVE SUMMARY

Uruguay is a small upper-middle-income country whose demographic, economic, and social welfare profile is closer to developed rather than developing nations. Similar to other Latin America countries, the Uruguayan economy has moved from an inward-looking strategy to an outward-looking one that prioritizes the market as the resource allocation mechanism and exports as the engine of growth. This study examines how trade liberalization and related shifts in the productive structure in Uruguay have affected women's access to employment. The study presents an economic profile of the country and an overview of its gender situation, the process of trade integration, and the current trading scenario, before assessing the impact of trade on gender-related outcomes.

Uruguay has a low level of poverty and high life expectancy and literacy levels, and is a very urbanized country with a high level of human development. It has significantly less income inequality than the average developing country and has the most equal income distribution among the Latin American countries. Trade reforms, launched first in 1974, occurred at a much more gradual pace than in many other countries in the region, though in the context of recurring economic crises and long-term high inflationary pressures. During the reform period, growth of the Uruguayan economy was quite volatile, with periods of relatively high growth rates, modest growth, and severe contractions.

The Uruguayan economy has grown steadily since the 1999-2002 crisis, with average real GDP growth of 5.4 per cent per annum during 2003-2010. The services sector traditionally has been the leading sector in terms of its contribution to the Uruguayan economy. In 2011, services accounted for over 70 per cent of GDP. The main structural transformation that has taken place is the sharp decline in the contribution of manufactures to total value added. Uruguay has experienced a de-industrialization process in which the contribution of manufacturing declined from 23 per cent in 1978 to 15 per cent in 2011 in constant terms, accompanied by a decline in employment in the sector. An analysis of the employment composition by sector covering the period 1997-2011 shows that most jobs have been created in low-productivity activities, which are typically associated with lower salaries. The trade reform period from 1974 to 2011 was also associated with a sharp depression of the income of the population, although the gender wage gap improved. However, contrary to most Latin American countries – where employment has been created mainly in the informal sector – the bulk of jobs created in Uruguay have offered wage employment in the private sector, with a moderate and a relative stable component of informal, non-registered workers.

Uruguay has stood out in the region as a strong example of high human development and progressive thinking, and its approach to gender equality mostly reflects this. Uruguay is an exemplar in terms of gender equality in the areas of education and health, and the country also fares well in the economic participation of men and women, although progress is needed to ensure greater political empowerment of women. Gender equality has been achieved in basic education (literacy and primary education), and there is even a gender gap in favour of girls and women in secondary and tertiary education. Despite the high level of education achieved by Uruguayan women and girls, educational segregation remains a problem: science and technology remain male-dominated fields, while social and art studies are female-dominated. This phenomenon is then reflected in labour market segregation. Uruguayan women continue to face a "glass ceiling." Afro-Uruguayan women live in particularly adverse conditions that reflect gender- and race-based discrimination.

In recognition of the need to level the playing field between men and women, legislation was passed in 2005 on equality of opportunities, and more recently on maternity leave, sexual harassment in the workplace, violence against women, domestic work, retirement, and quotas in the lists of political parties. Opportunities in sectors and occupations in the past reserved for men are now opening to women, and both the public and private sectors are introducing some changes in their recruitment and career development policies to comply with gender equality legislation.

Uruguay has one of the highest female labour force participation rates in the region, and that rate has been growing steadily over the past three decades, driven by declining fertility rates, progressive population aging, and women's educational attainment, although there

is also evidence that unemployment of male family members and declining income in the reform period pushed more women into the labour market. Two major changes have taken place in the employment distribution of the female workforce: the significant contraction of manufacturing as an employer of women and the expansion of services employment. Primary activities, notably agriculture, have absorbed few female workers since the early 1990s, while the public sector remains a very important employer for women, accounting for 58.2 per cent of the total female workforce. Although the gender wage gap has declined over time, women have significantly lower average monthly income than men because they tend to work disproportionately in sectors with lower productivity and lower wages.

As the final result of a long trade policy reform process, Uruguay today has an open trade regime, with a simple average Most Favoured Nation (MFN) tariff of 9.4 per cent, a trade-weighted MFN average tariff of 7.3 per cent, and low tariff dispersion. The process of liberalization had three phases: during 1974-1978, some tariffs were reduced and export of non-traditional products was promoted; from 1979-1990, customs and other import tariffs were significantly but gradually reduced, while export subsidies were abolished in favour of an indirect tax rebate system in 1982, and trade liberalization with respect to the Southern Cone Common Market (MERCOSUR) was pursued in the 1990s; and since 2000 there has been significant stability in trade policy, with further liberalization of intra-MERCOSUR trade being the main policy item.

Uruguay has experienced a profound transformation in its productive structure, trade patterns, and specialization in primary goods, mainly agricultural and husbandry goods. That transformation has deepened since 1990. By 2012, around 65 per cent of total exports were primary commodities, a significant increase from the early 1990s, when these products accounted for around 40 per cent of total exports. Further, exports are highly concentrated in a few Harmonized System (HS) chapters: five chapters account for 60.8 per cent of total exports and concentration is also high at the export firm level, with the top five firms accounting for almost 18 per cent of the country's total exports. Historically, most of Uruguay's exports have been directed to Argentina and Brazil, but from 2001-2013 there was a noteworthy decline of MERCOSUR as an export destination, while the share of Uruguay's exports to the rest of the world doubled. The People's Republic of China became the country's main export partner in 2013. Trade in services has shown significant dynamism in Uruguay, with a sustained surplus in the trade in services balance. Exports of "other commercial services" in particular have grown rapidly and the country has the potential to position itself as a global services provider, taking advantage of its highly educated workforce. Overall, tourism accounted for around 60 per cent of total services exports in 2013. Imports have had a higher average annual growth rate than exports, and their behavior demonstrates high sensitivity to the country's business cycle.

In order to assess the impact of trade liberalization on the female workforce, this report first highlights the fact that the bulk of female employment in Uruguay traditionally has been in non-tradables; therefore, women have been shielded to a large extent from the impact of changes in trade policy. Secondly, the labor content of trade has been rather low in the country due to its export specialization, and it decreased during the reform period, although it has experienced a notable increase in recent years.

Overall, data seem to suggest that the trade implications on the structural composition of the Uruguayan economy have not been particularly favourable to women. The expansion of the agricultural sector has not translated into more employment opportunities for women, and the growth of the services sector has not sufficiently increased women's access to more qualified and better paid jobs. Trade policy and the deregulation of domestic markets have consolidated the extensive export-oriented character of Uruguayan agriculture, unleashing some trends that have impacted the rural female workforce. However, looking at the number of women employed in agriculture, it appears that Uruguay has not been fully able to relocate women in the newly created agricultural activities, although employment opportunities for women have emerged in the horticulture and food processing sectors. Moreover, as extensive agriculture is male-intensive, productivity improvement in extensive agriculture mainly has benefited the male workforce.

Trade integration has also had a significant negative impact on employment in manufacturing and has played a role in reducing relative wages and wage dispersion within the sector, with the main losers

being non-skilled workers. Sectorally, employment in textiles, garments, and leather, which are female-intensive sectors, experienced a sharp contraction. However, the food processing industry, in which many subsectors are also female-intensive, created some new jobs. The loss of jobs in the manufacturing sector was partially offset by the expansion of the services sector brought about by Uruguay's increased trade openness. Labour demand increased in those sectors that mostly employed women both in tradable sectors – such as tourism and information and communication services – and non-tradable sectors, such as social and personal services. However, women's employment distribution in the different subsectors has not substantially changed over the years: they are mostly employed in wholesale and retail trade, hotel and restaurants and, above all, social services, including education, health, and domestic services. In fact, the female share of employment in financial services has dropped over time, perhaps due to increasing concentration in the industry.

This report concludes that trade-led economic and employment growth is not sufficient in itself to overcome gender gaps. Specific policy measures are required to reduce women's segmentation in particular sectors of the economy and increase their access to qualified positions in the services sector.

For instance, in agriculture, pursuing diversification into new export crops such as soybeans and horticulture could potentially create new opportunities for women. Improving the ability of women to exercise their rights to land and training and extension services could help women cultivators enhance productivity and turnover and participate in global value chains.

In services, measures that can be pursed include providing training for women in the tourism sector to take up managerial positions, and encouraging women and girls in the areas of technical education to enhance their participation in higher-skilled export processing zone activities.

Finally, in manufacturing, the food industry could be an area of focus due to its comparative advantage in the Uruguayan context, and the development of dairy exports in particular might create more jobs for women. Technical textiles are also an area that looks promising for an expansion that could afford higher return and provide employment for women. The positive impact on the female workforce of existing instruments, such as the Certification Programme for Quality Management with the Gender Equity Model, would be magnified by a clear commitment by the government to continue to improve implementation of those instruments and link them with rewards for certified companies.

Some institutional and legal issues could also be tackled to enhance opportunities for women. Upgrading the National Institute for Women (INMUJERES) to ministerial status would give that agency additional prestige and authority to oversee the implementation of gender equality and women's empowerment laws and policies; eliminating the patronizing language towards women used in the Penal Code could be one of the first tasks of the new government; and rethinking a number of features of the labor market such as labour market rigidity, the coverage and amount of minimum wages, legal protection for workers, and schemes for the long-term unemployed could also yield benefits. Measures specifically addressing the difficulties faced by Afro-Uruguayan women, especially in the labour market, could also be considered, in keeping with Uruguay's strong resolve to eliminate all forms of discrimination. Finally, this report recommends enhancing women's participation in ministerial and parliamentary positions and in trade unions in order to heighten the profile of gender equality issues on the political agenda, enhance national awareness about the challenges and obstacles women face, and improve the standing of the female workforce.

INTRODUCTION

This report aims to assess the implications of Uruguay's productive transformation, trade liberalization, and regional trade integration on women, especially in terms of their access to employment. While women play many roles in society, this report focuses on their role as workers.

The report encourages the reader to take into account the complexities of the trade and gender link and its numerous, and sometimes hidden, connections with the micro and macro components of economic and development processes. The research also highlights that Uruguay's legal framework as well as social norms and stereotypes contribute to the role that women play in the labour market and society. The long-term approach of the study, covering three decades of economic and social reforms, provides the basis for anticipating the role that the female workforce may play in Uruguay in the decades ahead. The study also demonstrates that social changes usually occur at a relatively slow pace.

The structure of the report is as follows: Chapter 1 provides a country overview with a focus on economic reform, structural transformation, and investment flows that have had a direct or indirect impact on the overall welfare of the population and, in particular, on the kinds of jobs available to women. Chapter 2 presents the gender situation in Uruguay by considering both gender-related "outcomes" (the relative position of men and women in key aspects of social life) as well as relevant policies and social institutions ("input" or "means" variables). Chapter 3 reviews the different stages of the Uruguayan process of trade liberalization and trade integration and their overall impact on the economy. Chapter 4 uses a sectoral approach to explore the impact of Uruguay's trade policy on the female workforce. Chapter 5 presents some policy recommendations aimed at enhancing women's participation in the economy and especially in the rapidly expanding export sectors. It explores some cross-cutting issues to promote women's empowerment in all aspects of their lives.

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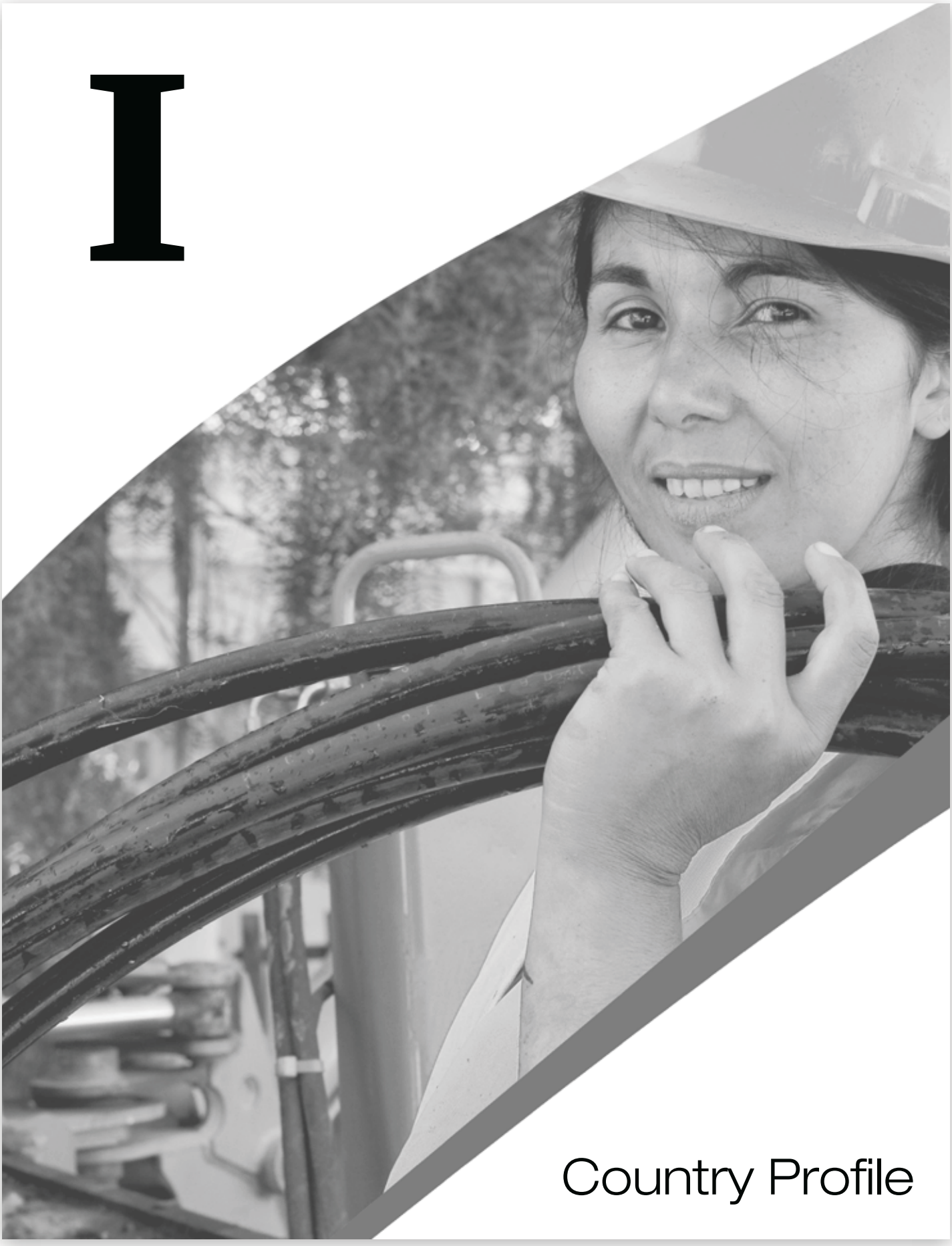


Country Profile

1. COUNTRY PROFILE

1.1. OVERVIEW

Uruguay is a small upper-middle income country, with a population of 3.39 million, of which 52 per cent are women. In 2012, GDP was US$49.9 billion and GDP per capita stood at US$14,700 in current terms. Also in 2012, Uruguay had the third highest gross national income (GNI) per capita in purchasing power parity (PPP) terms in Latin America at US$13,580, which is behind only that of Argentina and Chile and around 80 per cent higher than the average for all middle-income countries[1]. Uruguay, in terms of its endowments of land and climate, can be considered a resource-rich country, and this has historically determined the predominantly agrarian character of its economy.

Uruguay has characteristics that are not common to most developing countries. The long-term population growth rate has been quite low: during the period 2004-2011 the mean annual population growth rate was only 0.19 per cent. It is also a highly urbanized country, with over 95 per cent of the population living in urban centres (INE 2011). The demographic profile of Uruguay resembles a developed country more than a developing country and many social indicators reflect this. The literacy rate is 98 per cent, life expectancy at birth stands at 77 years, and the age structure of the population shows a progressive process of aging that is close to that of developed countries[2]. Furthermore, the structure of the Uruguayan economy in terms of the sectoral contribution of different economic activities to GDP is atypical for a country of its level of income. In Uruguay, services, including construction, accounted in 2011 for slightly over 70 per cent of GDP and employed around 80 per cent of the total workforce – levels that are comparable to those in developed countries. Finally, Uruguay is a labour-scarce country that experiences labour shortages during periods of high economic growth (Perazzo 2008).

Uruguay also stands in contrast to other developing countries in terms of the development of a welfare state. The country has a long tradition of a well-functioning social security system, including unemployment benefits, and provision of basic services such as education, health, and utilities to the population on a broad scale. In comparison with other developing countries, poverty rates are significantly low and similar to, or even lower than, those of many developed countries. The headcount poverty ratio in terms of the international poverty line of US$1.25 PPP is 0.2 per cent; and only 1.18 per cent of the population lives with less than US$2 PPP a day[3]. According to the UNDP Human Development Index (HDI)[4] , Uruguay is classified as a country of "high human development." Uruguay's HDI in 2012 was 0.792, ranking it 51st out of 186 countries reviewed (UNDP 2013). Finally, Uruguay exhibits significantly less income inequality than the average developing country and has the most equal income distribution amongst the Latin American countries. The Gini index for the entire country in 2011 was 0.401, which is an improvement from 0.446 in 2006. For locations with 5,000 or more inhabitants (for which data are available since 2002) the Gini index is even lower and declined from 0.435 in 2002 to 0.398 in 2011 (INE 2012a). The welfare system is considered to be a significant tool for poverty mitigation and for more equal income distribution (Gradin and Rossi 2001; Marinakis et al. 2005).

Since the mid-2000s, Uruguay has deployed special efforts to fight inequality and enhance welfare. It has put in place a strategy aimed at guaranteeing gender equality and combatting against all forms of discrimination (based on race, ethnicity, religion, sexual orientation, etc.), shifting some of the non-reproductive functions (and related costs) from the household to the state, and ensuring that the most disadvantaged segments of the population (e.g. Afro-descendants) get the necessary support to integrate successfully into the society.

Like most Latin American countries, Uruguay has experienced a dual transition during the last two-and-a-half decades. It has transited towards consolidating democracy and the establishment of an open, market-driven, and private sector-led economy. A distinctive feature of Uruguay in the Latin American context is its long tradition of democratic life, which was only interrupted during the period 1974-1985. After its authoritarian period, Uruguay made impressive progress in consolidating democracy and saw smooth transitions of democratically elected governments. Also, the political system has adequately absorbed the emergence of new political forces that radically transformed the traditional bi-partisan system. One of those new political forces took power in 2005[5]. There is a functioning system of representation and organization of interests, and Uruguay has a strong

civil society. There is sustained and strong support for democracy by the population as well as a relatively high level of satisfaction with the functioning of the political system and the state. Over time, Uruguay has exhibited the highest level of support for democracy among all Latin American countries (Latinobarómetro 2011). Uruguay ranks fourth out of 129 transition and developing countries in terms of democracy and management in the Bertelsmann Transformation Index 2014[6].

The development strategy of Uruguay, similar to most Latin American countries, has evolved from an inward-looking strategy to an outward-looking one that prioritizes the market as the resource allocation mechanism and exports as the growth engine. After the Great Depression in the 1930s, Uruguay implemented an import substitution development strategy, shifting heavily towards the protection of the domestic market and the support of new industries. The development strategy also included a strong presence of the state in basic services and other productive sectors. Starting in the 1970s, Uruguay, together with Chile, was at the vanguard of economic reforms in Latin America that aimed to dismantle the old import-substitution regime and implement an outward-oriented development strategy. As a result of the reforms, the Uruguayan economy underwent a significant process of opening. Since the start of the reforms, total trade (exports plus imports as percentage of GDP, measured in current U.S. dollars) has increased, and have stabilized at around 55 per cent since 2005[7]. However, if measured in constant prices, the openness index grew from around 40 per cent in 1976 to near 85 per cent by 1998 (Casacuberta and Vaillant 2002). Since then, it has fluctuated around that level with a slightly rising tendency.

Economic reforms in Uruguay, including trade reform, show some peculiarities that are relevant for assessing their overall welfare impact and their effects on the labour market. The military government initially launched the reforms in 1974. The reforms included rapid implementation of financial liberalization, opening of the capital account, and trade liberalization. An important aspect of the reform process in Uruguay is that liberalization by means of tariff reductions and elimination of non-tariff barriers has taken place for almost 30 years, albeit moving at different speeds in different areas of trade reform and during specific periods of time. Uruguay has been classified as a "gradual reformer," in contrast with other Latin American countries, which implemented big-bang reforms (Lora 1997). It should be noted that despite political changes in the country, there have been no significant modifications or reversals of the overall direction of the reforms[8]. What is important to note is that the impact of trade reform has unfolded over a long period of time, during which the adjustment costs and benefits have progressively materialized. Therefore, the impact of trade reform in Uruguay on the female workforce has to be assessed over a long period of time.

The effect of trade liberalization comes mainly through the labour market – including positive or negative impacts on employment, wages, and productivity – and through the reallocation of the work force across different activities. In the case of Uruguay, economic reforms have not significantly increased the flexibility of the labour market. The country previously had the most rigid labour market in Latin America (Fortaleza and Rama 2003) and no major changes have taken place recently. On the contrary, evidence suggests that recent changes in the labour market regulatory framework and social security system might have increased market rigidity (IMF 2011).

Finally, another important feature of the economic reform process in Uruguay is that it took place in the context of recurring economic crises and long-term high inflationary pressures. Since the launching of the reforms, Uruguay has been affected by global and regional external shocks, which have had a significant impact in terms of production and employment.

Severe economic crises generate different types of effects on tradable and non-tradable sectors of the economy, with long-lasting impacts on the productive structure of the country: many firms are not able to survive a deep contraction of demand and are then forced to exit the market. This generates the loss of accumulated know-how, jobs, and capital, which is not always easy to recover after the crisis. During the 1999-2003 crisis in Uruguay, less productive firms exited the market and there was more exit than entry of firms in the economy, though this does not necessarily demonstrate that exiting firms would not have survived the opening of the economy (Casacuberta and Gandelman 2009a) Also, a crisis has persistent effects on the labour market: prolonged unemployment may discourage individuals from

remaining in or entering the labour market (Pages 2005). In the case of Uruguay, it was found that the discouraged worker effect was significant for the female workforce, with implications for the evolution of wages for this segment of the population (Bucheli and Rodriguez-Villamil 2011). Moreover, a high emigration level of young and educated Uruguayans is associated with recurring economic crises.

The effects of severe economic crises, as well as inflationary pressures, also materialize through the impact of stabilization and other measures adopted to confront the changes on relative prices. The Uruguayan government, for example, pursued stabilization policies in the 1990s based on the management of the exchange rate, which resulted in an appreciation of the national currency with significant effects on the international competitiveness of domestic production. The long period of economic reforms witnessed significant changes in the management of the exchange rate from a crawling peg system to greater flexibility. Over time, Uruguay also exhibited some periods of significant appreciation of the national currency and other periods of depreciation. Hausmann et al. (2005) note that exchange rate policy has not contributed to the long-term development of the country.

Uruguay has not been able to tame inflationary pressures. Since 2005, the yearly average inflation rate has been 7.2 per cent. Inflation has a significant effect on the country's social indicators, with a differentiated effect on different segments of the population (Coleman et al. 2010). Furthermore, in parallel with economic reactivation, the increasing availability of foreign currency due to terms of trade effects, significant inflows of foreign capital, and measures implemented to combat inflation have all contributed to the appreciation of the domestic currency. This has significantly impacted the competitiveness of domestic production and the profitability of export activities[9]. Therefore, it is necessary to disentangle the direct effects of changes in trade policy on the labour market, and specifically on the female labour force, from high inflationary pressures and changing macroeconomic policies in a context of recurrent and severe economic crises.

Due to its size, export specialization and concentration, and dependence on the Argentine and Brazilian economies, Uruguay is highly vulnerable to external shocks, especially the evolution of business cycles in the economies of the region and real exchange rate movements. However, some developments have however taken place during recent years. Uruguay is increasingly diversifying its exports towards countries outside the region and at present is less dependent on the Argentine and Brazilian economies than it used to be. While in 1998, 55 per cent of Uruguayan exports had MERCOSUR as their destination, by 2013 the figure that figure had declined to 26 per cent, with a parallel expansion of exports to the People's Republic of China and other countries outside the region (Union of Uruguayan Exporters> 2014 data). Nevertheless, Uruguay's export basket still has a significant presence of "regional goods" – those that it only exports to its regional trading partners – and this increases the vulnerability of the economy to developments in the region (IMF 2010). In this connection, Terra et al. (2005) found that the economies of Argentina and Brazil deeply affect the Uruguayan economy through changes in relative prices, and that this impact is significantly higher than changes in import tariffs. Therefore, there are other forces at work besides changes in trade policy that could have a significant impact on the economy and labour market as well as the female labour force.

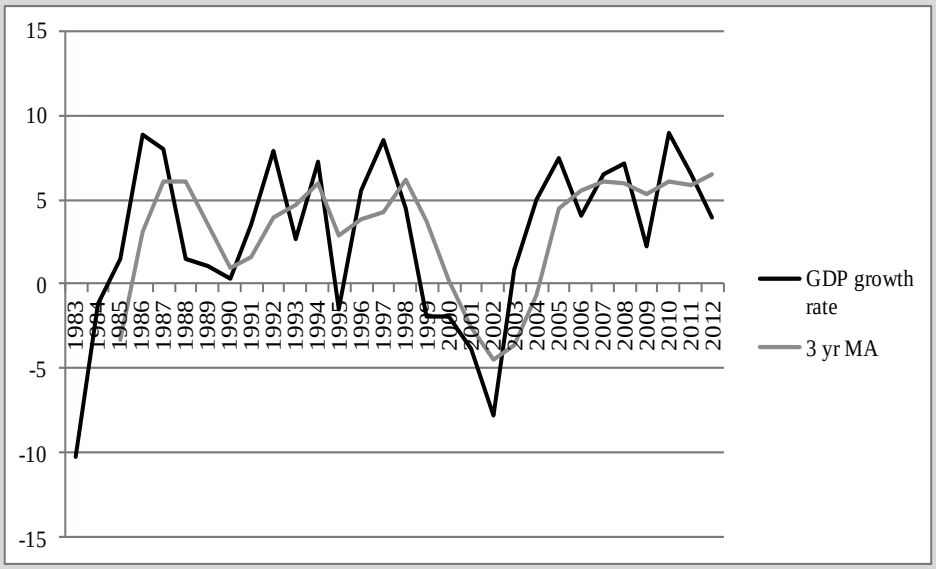
1.2. ANALYSIS OF SELECTED ISSUES

This section deals with Uruguay's economic growth, investment flows, and structural transformation, which have a direct or indirect effect on the overall welfare of the population and particularly on the kind of jobs available in the country.

1.2.1. Economic growth

During the reform period, growth of the Uruguayan economy has been volatile, with some periods of relatively high growth rates, some of modest growth, and others of severe contractions. The Uruguayan economy has grown steadily after the 1999-2002 crisis, averaging 5.4 per cent real GDP growth per annum during 2003-2010 (Figure 1). Growth has resulted largely from prudent macroeconomic policies, robust private consumption, high employment rates, strong real wages, and favourable external factors, and it has generated important welfare gains. During the same period, GDP per capita grew at an annual average growth rate of 4.8 per cent. Economic growth in 2011 was 6.5 per cent and, though weakening, the economy still grew at 3.9 per cent in 2012.

Figure 1. Uruguay: Annual GDP growth rates and the three-year moving average, 1983-2012 (per cent)



Source: UNCTAD Secretariat based on UN Statistical Division Database.

Table 1 presents the average annual growth rates by sector of economic activity for selected periods that correspond to the different stages of the trade liberalization process, as discussed in Section 3.1 of this report.

The acceleration of growth is evident after the 2000s crisis, with the exception of mining and utilities, which had a negative growth rate. The deepening of trade liberalization after 1990 had a significant impact on the manufacturing sector, which had a negative growth rate during the 1990s. While industrial production revived in recent years, it should be noted that the manufacturing sector in 2006 only regained the level of value added in constant terms of 1980. Growth in the agricultural sector remained positive albeit with modest average growth rates during the reform period. Agricultural production was significantly more dynamic than livestock. While the former had a long-term yearly average growth rate of 5.8 per cent, livestock only grew at an average rate of 1.07 per cent[10]. The drivers of growth of the Uruguayan economy in the long term have been services. It is worth noting in particular the performance of trade services, which had a long-term yearly average growth rate of 3.9 per cent; transport and storage services, with a growth rate of slightly below 5 per cent; and communication services, with an average annual growth rate of almost 13 per cent.

The relation between trade, particularly trade liberalization, and growth is a highly debated issue. Trade can impact growth by reducing the costs

Table 1. Uruguay: Yearly average real growth rates by sector of economic activity, 2005 prices (per cent)

Selected Periods	Agriculture	Mining & Utilities	Manufacturing	Construction	Trade & Restaurants and Hotels	Transport and Communications	Other Services	GDP
1974-1990	1.33	3.98	2.58	1.14	3.01	2.99	2.49	1.99
1991-2000	1.93	4.11	-0.57	4.8	1.77	8.92	2.08	2.67
2001-2011	2.58	-2,58	4.17	2.62	4.47	11.17	1.58	3.49
1974-2011	1.58	2.4	1.29	2.3	4.05	6.48	1.99	2.41

Source: UNCTAD Secretariat based on INE data.

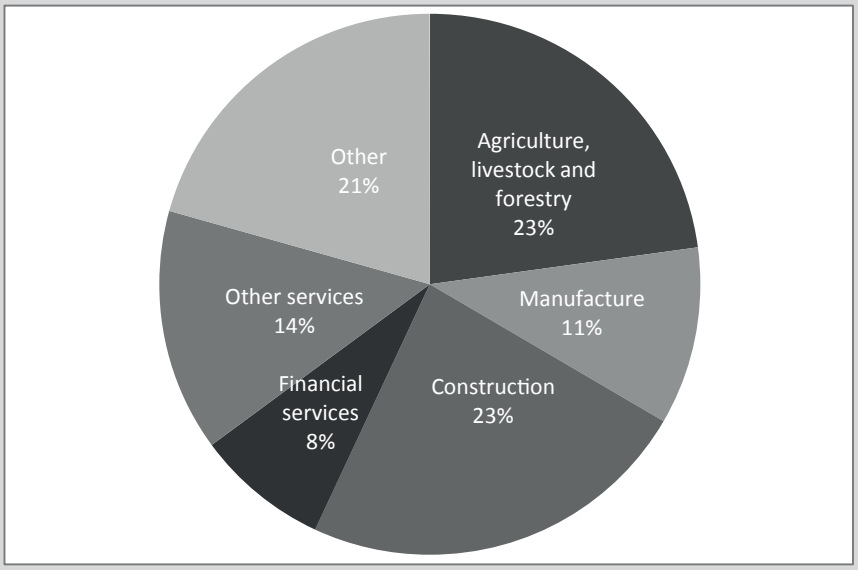
of imported inputs and increasing competition, and through the dynamism in real terms of export activities. Given that Uruguay is a commodity exporter, its growth rate is significantly affected by price shocks: an increase in commodity prices has a direct positive effect on growth, and it also has an indirect effect through the spillover of the positive effects of higher commodity prices on the Argentinean economy. In order to determine the relation between trade openness and economic growth, Osimani and Estol (2007) analyzed the sources of growth of the Uruguayan economy for the period 1976-2005. By investigating the effects of internal demand, import substitution, and export dynamism on the country's economic growth, they found that internal demand was the main contributor to the growth of the Uruguayan economy during the entire period of economic reforms. The effect of trade on economic growth has varied over time. Until 1990, trade made a contribution to growth in that export dynamism more than compensated for the negative contribution of import substitution. The effect of import substitution impacted the growth of the manufacturing sector but did not play a relevant role on the overall growth rate. From 1991 to 2005, according to Osimani and Estol's estimations, the contribution of trade to growth was minimal, as the positive effect of export dynamism was almost completely offset by the negative effect of import competition, which was reflected in the poor performance of the manufacturing sector. Conversely, since 2005 trade has made an important contribution to the growth of the Uruguayan economy mainly because of (i) the boom of commodities prices in recent years; (ii) the fact that most of the negative repercussions of import competition substitution had already taken place; and (iii) the dynamism of emerging export activities.

1.2.2. Investment

The evolution of investment strongly impacts the long-term growth path of the economy, and the direction of investment influences the pattern of its structural transformation. Since the acceleration of trade liberalization, investment measured as gross fixed capital formation as a percentage of GDP has not been very dynamic in Uruguay. Investment, both private and public, stood at 15 per cent of GDP on average during the period 1991-2003, experiencing a sharp decline during the crisis. Investment consequently increased and stood at around 20 per cent of GDP for the period 2004-2011[11]. However, private investment hovered only at around 14 per cent of GDP.

Foreign direct investment (FDI) has played an important role in increasing overall investment levels in Uruguay in recent years. Historically, FDI has not played a prominent role in Uruguay, despite policy efforts

Figure 2. Uruguay: Foreign direct investment accumulated inflows by sector of economic activity, 2001-2010 (per cent)



Source: UNCTAD Secretariat based on Del Castillo and Garcia (2012) with data from the Central Bank of Uruguay.

since the beginning of the reform process to attract foreign investors through very favorable benefits and investment conditions[12]. The FDI accumulated stock was only 1.4 per cent of GDP in 2002. Subsequently FDI exhibited significant dynamism and by 2011 FDI stock represented 31.7 per cent of GDP (Del Castillo and Garcia 2012). FDI inflows averaged 5.9 per cent of GDP during the period 2004-2011. Since 2001, FDI inflows have amounted to almost US$11 billion, of which 30 per cent originated in MERCOSUR member countries[13] and 19 per cent in Europe. Figure 2 presents the breakdown of accumulated FDI inflows to Uruguay by sector of economic activity.

Two issues should be highlighted regarding FDI in Uruguay. First, a significant proportion of investment has been directed to tradable activities. In particular, investment in agriculture, livestock, and forestry, which accounts for 23 per cent of total FDI inflows, has been export-oriented. To this should be added investments in land ownership, which have been significant in Uruguay in recent years. A third of Uruguay's agricultural property may now be owned by foreigners[14]. Even though FDI in manufactures has not been that significant in the aggregate, most of it has been directed to export activities in the food processing sector and in rubber, plastic, pulp, and chemical production. Investments in the tourism sector, as well as in financial services, have been significant, and they have an important trade component in the Uruguayan case[15].

Box 1. Foreign direct investment in the forestry sector

Uruguay has a dynamic forestry sector that has attracted significant foreign direct investment (FDI) from Finland, Sweden, the United States, and Chile. The sector includes activities at different stages of the value chain: (i) Agricultural stage: nursery operations, forest plantations, and harvesting; (ii) Industrial stage: wood processing activities (production of cellulose/paper, elaborated wood, energy, chemistry); and (iii) Services stage: transport, logistics, and commercial sale. The Uruguayan forestry industry is characterized by a strong vertical integration that covers all activities. The sector's overall share in Uruguay's GDP has remained stable during the last 10 years, ranging between 0.5 and 0.6 per cent. Conversely, the share of the manufacturing segment (manufacturing of wood and wood products, paper and paper products) in GDP has increased from approximately 1.3 per cent in the early 2000s to almost 3 per cent in recent years. Value addition in the sector is to a large extent linked to the establishment of large transnational corporations (TNCs) working in forestry and pulp and cellulose manufacturing.

In addition to wood and paper products, TNCs contribute to energy generation (12 per cent of the electricity generated in the country is derived from biomass waste) and are starting to produce biodiesel for transport. Exports in the sector – including wood, wood products, cellulose, paper and cardboard – have been very dynamic, growing from around US$200 million in 2006 to almost US$1 billion in 2013, and accounting for 10 per cent of the country's total exports. Though transnational companies play a dominant role in production and export, there are a large number (over 1,800) of companies connected to the forestry business. Over 90 per cent of these companies are micro and small enterprises with less than 20 employees. The sector directly employs over 16,500 workers. However, a large number of jobs are created indirectly through transport, logistics, and other services activities. Managerial, supervisory, and specialized technical tasks are by and large carried out by men. This reflects social norms but is also the consequence of educational segregation, since few women in the country have a background, for example as forest engineers, which would allow them to occupy high-level positions in the industry. Women are nevertheless benefitting from employment opportunities in some areas that were in the past reserved for men, such as machine operators or car/truck drivers. Technology development is indeed facilitating women's involvement in these occupations. Some TNCs have also put in place initiatives to attract more women to the workforce, for instance through training courses on production of reproductive material and seedlings, where a certain percentage of posts is reserved for women. They are also improving women's working conditions through, for example, the establishment of special rooms for breast-feeding mothers.

Sources: Uruguay XXI (2014a); UNCTAD's visit to UPM Factory, June 2014. .

Second, FDI in Uruguay has reinforced the pattern of structural change and export specialization based on static comparative advantages. While most FDI has been oriented to those traditional goods and services sectors where Uruguay already had developed productive capacity, notable exceptions can be found in information, communication, and technology (ICT) services and in the forestry sector. FDI in the manufacturing sector is associated with higher productivity and an increased demand for skilled labour. Wages tend to be higher than those in domestic firms, with a larger wage gap between skilled and unskilled workers (Peluffo 2013). Moreover, FDI might have contributed through its spill-over effects to overall productivity improvements in the economy. Most FDI has concentrated on capital- or land-intensive activities and therefore its impact on total employment has not been particularly significant.

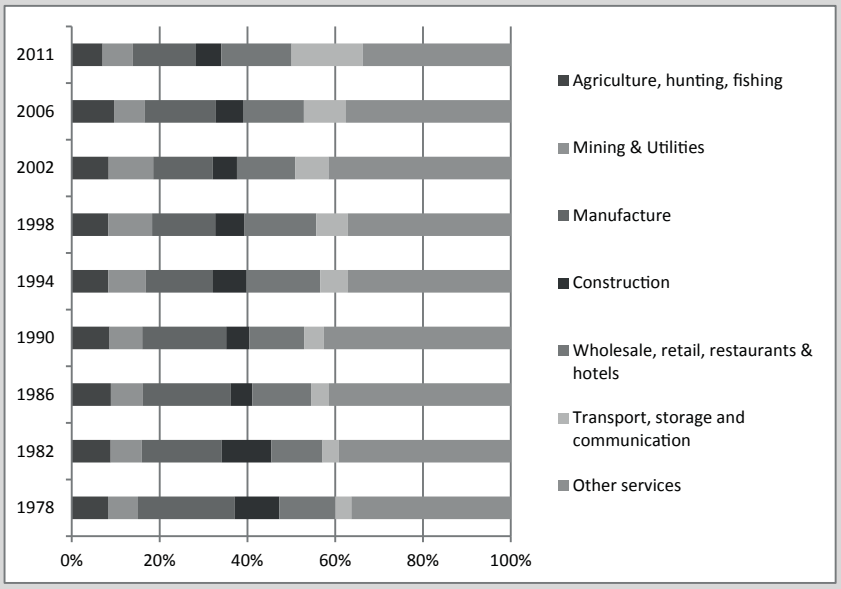
1.2.3. Structural transformation

The pattern of structural transformation in the economy determines its long-term growth potential, as well as the potential for generating higher productivity and hence higher wage opportunities for the workforce, including women.

The economic reform process in Uruguay has relied on the free functioning of markets and on trade liberalization to promote growth-inducing structural transformation of the economy (Barrios et al. 2010). Yet, industrial policies might be necessary to promote the type of structural transformation that will lead to higher productivity and higher value-added production, with positive spillover effects on employment and wages (Cimoli et al. 2009).

The services sector traditionally has been the leading sector in terms of its contribution to the Uruguayan economy. Figure 3 presents the contribution to GDP by sector of economic activity for selected years, and Table 2 presents the sectoral distribution of the workforce. The services sector, including construction, already accounted for 61.3 per cent of total value added in 1978. The shift towards services has continued, reaching levels comparable to those of industrialized countries: in 2011 services activities accounted for 70.4 per cent of GDP and 80 per cent of total employment[16], although with significant changes in the weight of different services activities. The contribution to GDP of the transport, storage, and communications sector increased from 3.8 per cent in 1978 to almost 17 per cent in 2011. Also, the increase of financial services and other business services to value added was significant[17]. This shift is also reflected in the distribution of the workforce within services activities.

Figure 3. Uruguay: GDP by economic activity, selected years, constant 2005 prices (per cent)



Source: UNCTAD Secretariat based on INE data.

The primary sector, mainly agriculture, has maintained its contribution to constant GDP during the period 1978-2011 and exhibits a slightly higher level of contribution to total employment over the years. The main structural transformation that has taken place is the sharp decline in the contribution of manufacture to total value added. Uruguay has experienced a de-industrialization process in which the contribution of manufacturing declined from 23 per cent in 1978 to only 15 per cent in 2011 in constant terms. De-industrialization is also clearly reflected in the distribution of total employment. In 2010, manufacturing activities only employed 13.8 per cent of the total workforce, as compared to almost 22 per cent at the beginning of the 1990s. As discussed in Chapter 3 of the report, industrial production stagnated during most of the economic reform period and only showed some recovery after the 2002 crisis. Most employment losses in manufacturing activities occurred in the textile and clothing subsectors, mainly as a direct consequence of the intra-MERCOSUR trade liberalization process that took place during the 1990s. Uruguay's increasing integration into regional trade had a much greater effect on structural transformation than the country's unilateral liberalization process that had been carried out gradually since the beginning of the reform period. In addition, the progressive integration of international textiles and clothing trade into the General Agreement on Tariffs and Trade (GATT) regime[18] had a further impact on the country's textile sector.

In order to assess the effects of the structural transformation of the Uruguayan economy, this section follows the approach suggested by McMillan and Rodrik (2011). Given the large disparities in inter-sectoral productivity in developing countries, growth-enhancing structural change will take place when labour is reallocated in time from lower to higher productivity activities. This process will also allow for a progressive income convergence with developed countries. On the contrary, if labour is reallocated from higher to lower productivity activities, structural transformation will be growth-reducing, with a significant impact on the income of the workforce, as wages are determined mainly by relative productivity levels.

An approximate analysis of the employment composition by sector covering the period 1997-2011[19] highlights that most employment was created in low-productivity activities, which are typically associated with lower salaries. In particular, private sector activities generated 233,506 new jobs. Of these, 6,564 were created in the manufacturing sector, which is the sector with higher average productivity and higher salaries. Yet, even within manufacturing,

Table 2. Uruguay: Structure of total employment by sector of economic activity, selected years (per cent)

	1986	1991	1998	2002	2006	2010	Difference 2010/1986
Agriculture and fishing	4.1	3.7	3.9	4.2	4.9	5.1	1.0
Manufacture	20.7	21.9	16.1	13.6	14.4	13.8	-6.9
Electricity, gas and water	1.7	1.5	1.0	1.3	1.1	0.9	-0.8
Construction	5.0	6.7	7.5	7.4	6.6	7.5	2.5
Services	68.3	66.1	71.5	73.5	73.3	72.5	4.2
Trade, restaurants and hotels	17.9	17.9	20.3	22.0	23.4	23.2	5.3
Transport, storage and communications	7.0	5.6	6.1	6.0	5.7	5.8	-1.2
Finance, real estate and business services	4.6	5.1	6.4	9.3	8.0	9.4	4.8
Communal, social and personal services	38.8	37.5	38.7	36.2	36.2	34.1	-4.7
	100.0	100.0	100.0	100.0	100.0	100.0	

Note: Figures for locations with 5,000 or more inhabitants.

Sources: Perazzo (2012) and Espino (2002) based on household surveys (Encuesta Continua de Hogares - ECH) various years.

most job creation has taken place in low or close to average sectoral productivity, hence not contributing significantly to overall productivity improvement in the economy. The bulk of employment – i.e. 97.2 per cent of all new jobs – have been generated in the services sector and, particularly, in retail trade, hotels and restaurants, health and related services, education, services to enterprises, and land transport, all of which display productivity levels below the average of the activities included in the analysis. High-productivity services – such as transport and logistics, telecommunications, and some professional services – have contributed scarcely to job creation[20].

The pattern of structural transformation in Uruguay, which is the consequence of trade, fiscal, and other policies, is important when analyzing the relative situation of the female workforce and the changes in overall female welfare that have taken place as a result of the liberalization and regional integration of the economy. In the absence of growth-inducing structural change, the potential for higher incomes and better jobs is limited both for men and women.

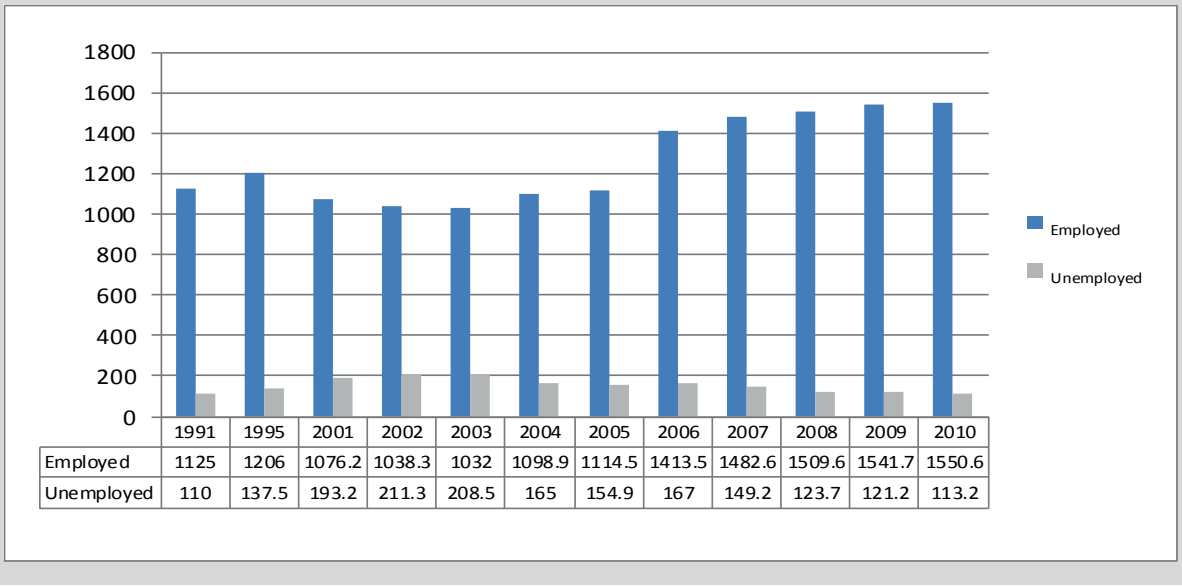
1.2.4. Labour market, income, and wages

Contrary to many developing countries, Uruguay is not a labour surplus economy, and the labour market has not been pressured by high population growth rates. Furthermore, it is in an advanced stage of demographic transition, therefore the annual growth rate of the working age population is moderate. During the period 1991-2011 the active economic population annual growth rate was 1.8 per cent, while the annual growth rate of employment was 1.6 per cent. Employment levels in Uruguay have been highly sensitive to economic fluctuations. Figure 4 presents the evolution of total employment and unemployment since 1991.

Contrary to most Latin American countries, where employment has been created mainly in the informal sector, the bulk of jobs created in Uruguay have offered wage employment in the private sector, with a moderate and relatively stable component of informal, non-registered workers. The contribution of public employment to total employment has progressively declined, hovering around 16 per cent in 2010, down from the levels of 24 per cent registered in 1986[21].

The main source of income for the Uruguayan labour force, both male and female, is wage employment, either in the private or public sector[22]. In 2011, 73 per cent of the labour force was salaried employees, and 20.4 per cent independent workers. Therefore, the long-term evolution of the real wage is a good proxy to assess the overall behavior of personal income over time. Figure 5 presents the evolution of real wages in

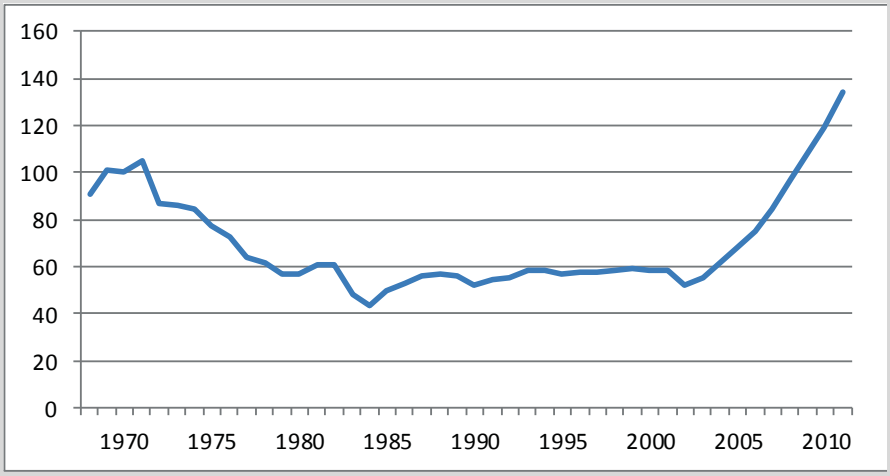
Figure 4. Uruguay: Employed and unemployed workers (thousands of persons)



	1991	1995	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Employed	1125	1206	1076.2	1038.3	1032	1098.9	1114.5	1413.5	1482.6	1509.6	1541.7	1550.6
Unemployed	110	137.5	193.2	211.3	208.5	165	154.9	167	149.2	123.7	121.2	113.2

Source: UNCTAD Secretariat based on INE data.

Figure 5. Uruguay: general real wage index (1970 = 100)



Source: UNCTAD Secretariat based on INE data. The general index includes both private and public employees.

Uruguay during the entire period of trade reforms. The evolution of private and public real wages and income of independent workers was not significantly different during the period.

As shown in Figure 5, the trade reform period is associated with a sharp depression of the income of the population. During the period 1974-1984 real wages contracted by 58 per cent then fluctuated around 50 to 60 per cent of the 1974 level, showing high responsiveness to economic slowdowns and unemployment levels (de Brun and Labadie 1998). It was only after the crisis in the 2000s that real wages showed a sustained recovery, reaching the 1974 level in 2009. During the period 2005-2012 real wages in the private sector increased by 39.6 per cent (Ministry of Labour 2012), likely as a consequence of the reinstatement in 2005 of tripartite bargaining – government, employers' organizations, and workers' organizations. The evolution of real wages cannot be attributed to changes in trade policy. There were different forces at work, including (i) the progressive structural transformation of the economy towards generating lower-wage jobs; (ii) periods of high inflation eroding the value of wages; and (iii) the impact of recurrent economic crises that significantly increased unemployment and put downward pressure on wages. Only a very small fraction of the total labour force in the country earns the minimum wage,[23] which has been raised several times over the years and was set at 8,960 Uruguayan pesos in 2014. However, since only a very limited number of workers receive the minimum wage, its progressive increases have very little effect on aggregate wages.

In Uruguay, the role of unions and the institutional setting for collective bargaining are important elements in explaining the behavior of the labour market and the evolution of wages. Although the institutional setting for collective bargaining experienced significant changes during the prolonged economic reform period,[24] union density in Uruguay has historically been high in comparison with other Latin American countries (Cassoni et al. 2002).[25] Collective bargaining has become a promising avenue for improving the overall conditions of the female workforce. For example, since 2005 collective agreements in Uruguay have included clauses to develop opportunities for female workers and reconcile work and household responsibilities (CIEDUR 2012). Collective bargaining has also been extended to cover sectors with high female labour intensity, as is the case of domestic work (Espino and Pedetti 2012).

1.2.5. Poverty and overall income distribution

Historically, Uruguay has had low rates of poverty but higher income equality in comparison with other countries in Latin America. However, poverty has been

highly sensitive to economic slowdowns. During the crisis in the mid-1980s, slightly more than 40 per cent of the population was pushed below the national poverty line, and poverty also increased during the period 1993-1997 as a result of low economic dynamism (Rossi 2001). In the early 2000s, poverty increased significantly again as result of the crisis. Important progress in reducing poverty and extreme poverty has been achieved since then. The number of households under the national poverty line dropped from 25.8 per cent in 2002 to 8.4 per cent in 2012, while the number of poor individuals went down from 35.2 per cent to 8.4 per cent of the total population. Extreme poverty has been significantly reduced as well, declining from 1.5 per cent (at the household level) in 2002 to only 0.3 per cent in 2012 (INE 2012a).[26]

The incidence of poverty differs between urban and rural areas. In sharp contrast with the rest of Latin America, poverty levels in Uruguay are significantly higher in the capital and other urban areas than in rural areas, where poverty affects only 4.6 per cent of households. Most of the population, however, lives in urban areas. Uruguay has the second lowest poverty rate for women in the region (after Chile) (UNDESA 2010). Nevertheless, in 2010 more female-headed households lived in poverty than male-headed households (11.1 per cent and 8.5 per cent, respectively). Poverty also disproportionately affects the population of Afro-descent: in 2013, 25.2 per cent of this segment of the population was poor (INMUJERES 2014).

The link between trade liberalization, poverty, and income inequality has received wide attention in the specialized literature. Empirical studies have shown that in most Latin American countries trade liberalization has coincided with worsening income distribution; however, Uruguay stands in contrast to the general trends in the region. Bucheli and Rossi (1994) found, for example, that income distribution was relatively constant during the period 1984-1992. After that date it deteriorated slightly, then recovered after the crisis of the 2000s. Trade liberalization is expected to have effects on poverty through its impact on growth and therefore on employment and incomes, and through the effect on the prices of tradable goods. Analyzing the effect of growth on poverty in Uruguay, Amarante and Perazzo (2009) concluded that during the period 1991-2006 growth was not pro-poor, either in absolute or in relative terms. This would indicate that social policies, more than higher economic dynamism, explain poverty reduction in the country. In the case of Uruguay, social security transfers, minimum wage increases, and tax policy played an important role in mitigating poverty and improving income distribution (Llambi et al. 2011; INE 2009).

NOTES

[1] World Bank, World Development Indicators. .

[2] World Bank, World Development Indicators.

[3] World Bank, Population Poverty Headcount Ratio. worldbank.org/data?qterm+poverty.

[4] HDI is a composite index that measures human development by combining indicators of life expectancy, educational attainment, and income. The HDI sets a minimum and a maximum for each dimension, called goalposts, and then shows where each country stands in relation to those goalposts, expressed as a value between 0 and 1.

[5] The Frente Amplio, a coalition of leftist parties with a progressive orientation, that had been the main opposition party over the two decades since the restoration of democracy, won the 2004 elections, assuring itself a majority in the legislative branch. In the elections held on 29 November 2009, José Mujica of the centre-left Encuentro Progresista-Frente Amplio (EP-FA) coalition was elected as president for the 2010-2014 term. The 2014 general elections were won again by Frente Amplio and Tabaré Vásquez was elected as president.

[6] The Bertelsmann Transformation Index (BTI) is a global ranking that analyzes and evaluates development and transformation processes in 128 countries. It provides a comprehensive view of how each of these countries is progressing towards democracy and a market economy, as well as a view of the quality of their political management.

[7] World Bank, World Development Indicators

[8] The evolution of trade reform is discussed in Chapter 3 of this report.

[9] The Uruguayan peso has significantly appreciated in nominal terms since 2006. This has led to a decline of the real exchange rate of 33.3 per cent in general terms during the period 2006-2011. In relation to Argentina, the real exchange rate has declined by 39.1 per cent during this period, while in relation to Brazil it declined by only around 15 per cent.

[10] Estimation based on 1983 constant prices for the period 1988-2008 using data from the Central Bank of Uruguay.

[11] Data from the IMF database.

[12] Decree 455 of 2007 regulates the Law on Investment Promotion and Protection No. 16906, which grants significant benefits to foreign investors.

[13] MERCOSUR currently has five full members: Argentina, Brazil, Uruguay, Venezuela, and Paraguay, plus an acceding member, Bolivia, and six associate members: Chile, Colombia, Ecuador, Peru, Guyana, and Suriname.

[14] They include, among others, farm companies like PGG Wrightson Ltd. of New Zealand and Buenos Aires-based Adecoagro (Uruguay's Rural Association).

[15] There are no readily available figures of the contribution of foreign firms to total Uruguayan exports.

[16] Data are for locations with more than 5,000 inhabitants.

[17] A more detailed disaggregated analysis would be necessary to analyse the impact on the female work force. However, due to the change in the ISIC classification of data, there are no long-term series' available.

[18] Until 1994, international trade in textile and clothing was regulated by the Multifibre Arrangement (MFA), under which textile and clothing quotas were negotiated bilaterally by countries. With the phasing out of the MFA, a 10-year transition programme under the Agreement on Textiles and Clothing (ATC) took effect as of January 1995. The ATC expired in 2005 and trade in textile and clothing products was fully integrated into the rules of the multilateral trading system.

[19] INE data covering employment in the private sector and excluding the agricultural sector. Data for 1997 is in

ISIC Rev.3, while 2011 data is in ISIC Rev 4. Working at two-digit level disaggregation minimizes compatibility issues. However, the analysis should be considered an approximation and would be interesting to develop further.

[20] Regarding services activities, it is interesting to note that some services, such as research and development, advertising and market research, other professional services, and scientific and technical activities, which could be expected to have high value added, have productivity that is about half of the average.

[21] This includes employment in central, regional, and local administration and employment in state-owned enterprises. Source: Amarante (2001) and INE (2012a). In 2011, public employment was 15.3 of total employment.

[22] Other sources of income are income from capital, income from independent work, and transfers, in particular social security payments.

[23] In 2012, only 80,036 salaried workers earned the minimum wage out of a total of 1,174,656 workers (Instituto Cuesta Duarte-PIT CNT 2012).

[24] Unions were banned during the military government (1975-1984). From 1984 until 1991 there was tripartite bargaining with significant involvement of the state and negotiations by industry branches, and from 1992-2005 there was individual firm bargaining without government intervention. In 2005, tripartite bargaining was reinstated and further revamped in 2009 through a new wage negotiations law. The opening of the economy has weakened private sector labour unions in Uruguay.

[25] In 1985 union density reached 60 per cent of all production workers. Around 26 per cent of all workers in all sectors of economic activity were unionized in that year.

[26] Poverty refers to households or individuals whose income is not sufficient to cover food, clothing, accommodation, health, transport and education needs. Extreme poverty refers to households or individuals whose income is not sufficient to cover basic food needs.

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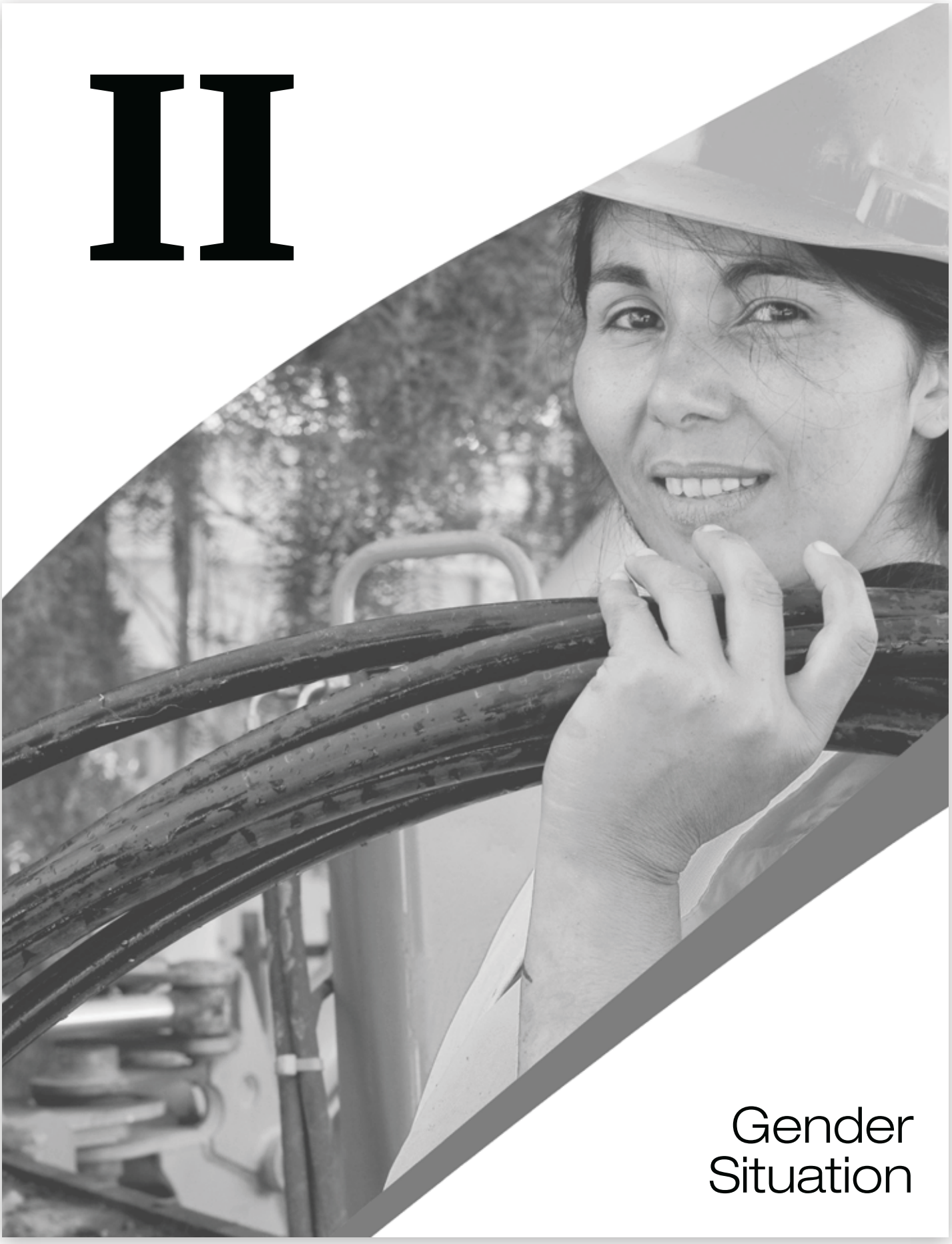


Gender Situation

2. GENDER SITUATION

2.1. OVERVIEW

This chapter presents the gender situation in Uruguay by considering both gender-related "outcomes" (the relative position of men and women in key aspects of social life), and relevant policies and social institutions ("input" or "means" variables). In a general sense, Uruguay has stood out in its immediate region as a strong example of high human development and progressive thinking, and its approach to gender equality mostly reflects this. There are qualifications to be made, however, and some areas for concern stand out, as discussed throughout this section.

2.2. GENDER-RELATED "OUTCOMES"

In 2012 Uruguay was ranked 51st on the Human Development Index[27](UNDP 2013) out of 186 countries reviewed. However, once gender inequalities are factored in, the picture of Uruguayan social progress is somewhat mitigated. Uruguay ranked 69th out of 148 countries on the Gender Inequality Index (UNDP 2013)[28] and 77th out of 136 countries in the World Economic Forum's (WEF) *Global Gender Gap Report* for 2013. As Figure 6 illustrates, Uruguay is an exemplar in terms of gender equality in the areas of education and health and seems to fare rather well in economic participation and opportunity for men and women; however it does need to make progress in ensuring greater political empowerment of women.

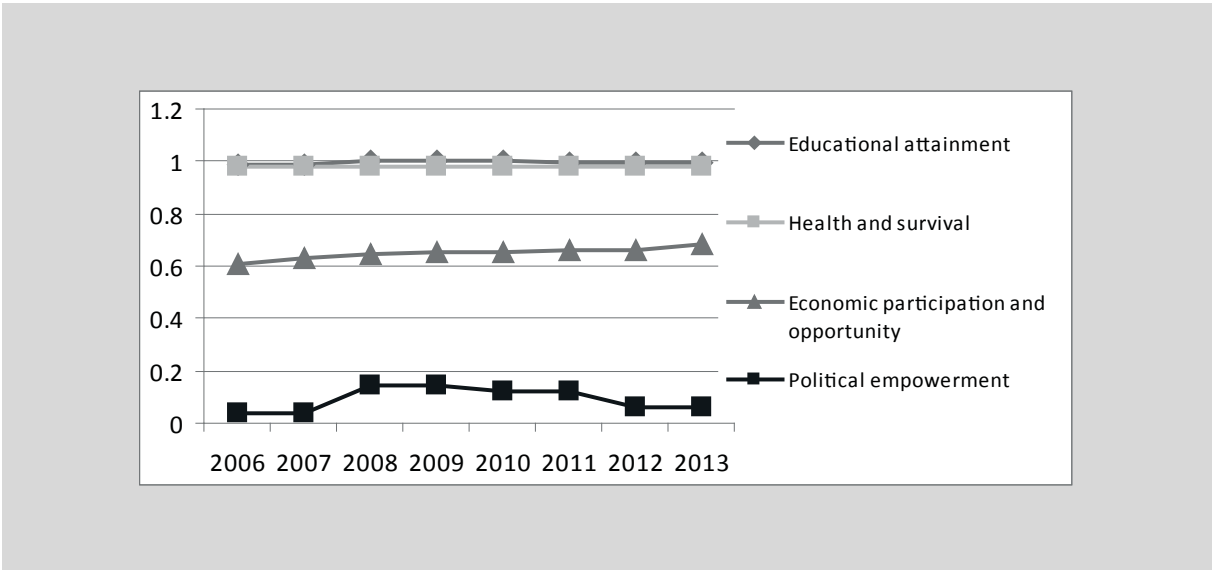
2.2.1. Health and survival

At a general level, women in Uruguay can expect to live a long and healthy life and outlive their male counterparts. The general fertility rate in Uruguay is among the lowest in its immediate region at just 2.10 births per woman, mainly due – according to some accounts – to the secular nature of Uruguayan society and widespread access to birth control coupled with higher development.

According to the World health Organization (WHO), the maternal mortality rate is 29 women for every 100,000 live births – comparatively low for the immediate region. A leading cause of death among women is the practice of unsafe abortions (CEDAW 2008). However, a bill to legalize abortion during the first 12 weeks of pregnancy was approved in October 2012.

Other issues of particular concern that affect the well-being of women and girls in Uruguay are gender-based violence and trafficking. Gender-based violence is widespread and has been increasing over the years. For example, according to the Uruguayan Network against Sexual and Domestic Violence, the number

Figure 6. Global Gender Gap Index for Uruguay, 2006-2013



Source: UNCTAD Secretariat based on World Economic Forum (2013).

of filed complaints of domestic violence incidents more than doubled from 2005 to 2010. Although an increase in filed complaints can in some cases mean that women feel more comfortable in coming forward, other sources suggest that in Uruguay they demonstrate an increase in violence: locally compiled data indicate that deaths of women due to domestic violence formed fully 17 per cent of all homicides in 2009-2010 (UNODC/UNWOMEN 2011).

With regard to trafficking, a June 2012 report by the U.S. Department of State pointed to Uruguay as a source country for trafficking of women and children related to the sex trade and to forced labour. Some destinations of women trafficked out of Uruguay are Brazil and Argentina (OECD Development Centre 2012) and also countries in Europe such as Italy and Spain (CLADEM Uruguay/Mizangas/RUDA 2008). However, Uruguay is also a destination country for women trafficked in from abroad and suffers from a problem of internal trafficking of adolescent girls. Both phenomena are linked to sexual tourism and should be taken into account when considering the development of the country's tourism sector (CLADEM Uruguay/ Mizangas/RUDA 2008).

2.2.2. Educational attainment

School education is compulsory (at the primary and secondary levels) and free in Uruguay. The public sector is the main provider of education services at all levels, accounting for around 83 per cent of total enrollment. This ensures that everybody has equal access opportunity to the whole education cycle, including tertiary education, without fees or selection restrictions.

Uruguay has achieved gender equality when it comes to basic education (literacy and primary education) with a slight gender gap in favour of girls and women in secondary education and a significant gap in favour of women in tertiary education. This is a noteworthy accomplishment, which is reflected in the WEF's *Global Gender Gap Report* (2013) rankings for individual indicators: Uruguay is 14th out of 120 countries in terms of gender parity in secondary education and 9th out of 131 countries for gender parity in tertiary education (ahead of Norway, in 15th place and well ahead of the United States, in 32nd place).

In 2013, around 42 per cent of the female economically active population had an education level above secondary education; 13 per cent had completed technical education; 6.4 per cent pedagogical education; and 23 per cent university studies. Unskilled female workers (those with only primary education) declined from around 25 per cent in 2009 to just above 20 per cent in 2013. In the case of the economically active male population, only 31.7 per cent had achieved education above the secondary level in 2013 and the proportion of those with only primary education declined from 33.6 per cent in 2009 to 28.7 per cent in 2013 (INMUJERES 2014).

Despite the high level of education achieved by Uruguayan women and girls, educational segregation is a noteworthy feature of the system: science and technology remain male-dominated fields, while social and arts studies are female-dominated. Educational segregation is then reflected in labour market segregation, where men and women are predominant in different types of occupations. "Male" occupations tend to be better paid and offer access to more benefits than "female" occupations. This happens for high-qualified occupations – for example, forest engineers are well paid and most of them are men – but also for lesser-skilled functions where workers who have operating responsibilities (mainly men) may get benefits (linked to night shifts, overtime, etc.) that those working, say, in administration (mainly women) would not. In other words, women's high educational achievements are by and large not reflected in the kind of jobs and remuneration to which they have access. In general, it seems that there is a mismatch between what the labour market is looking for and the skills that women acquire through schooling. It seems also that, more generally, the country is missing an overall plan about the kind of professionals/technicians it will need in the future. This issue will be further analyzed in Chapter 4 of this report.

2.2.3. Women's political empowerment

As shown in Figure 6, women's political participation in Uruguay rose slightly between 2006 and 2008, then dipped again between 2009 and 2013. As of February 2015, women accounted for 19 per cent of the members of Parliament. This is a noteworthy increase over the previous Parliament, in which they represented only 12 per cent, but still below world (22.1 per cent) and continental (26.5 per cent) averages. Women hold 38 per cent of ministerial positions in the new

Box 2. Afro-Uruguayan and rural women

The generally positive picture of the situation of women in Uruguay is nuanced when one takes into consideration intersecting patterns of inequalities based on ethnicity and place of residence (rural versus urban).

In Uruguay, 8.1 per cent of the population is of African descent, with peaks of 17 per cent in some departments (INE 2013). Afro-Uruguayans are the poorest segment of society: 25.2 per cent of them live below the poverty line as compared to 11.5 per cent of the total population (INE 2013, 2014).

Afro-Uruguayan women are particularly vulnerable, as they suffer from double discrimination (ethnicity and gender). Women of African descent have a considerably lower life expectancy than non Afro-Uruguayan women as well as higher overall and adolescent fertility rates. They tend to live in periphery suburbs with limited access to basic goods and services. Afro-Uruguayan girls have high repetition rates in primary school and high drop-out rates in secondary school (CEDAW 2008; INMUJERES 2010). All this contributes to a vicious circle of poverty.

Wage disparity and rates of unemployment are higher for Afro-Uruguayan women, who are more likely than other women to be unemployed or to fall into the low-skill, low-pay end of the employment spectrum. Indeed, according to 2008 data, 42 per cent of Afro-descendent women are employed in low-skill occupations (as compared to 24 per cent for all Uruguayan women), mainly working as domestic employees. Since low-skill occupations tend to be informal, Afro-Uruguayan women also have a low level of participation in social security schemes. Indeed, 36.4 per cent of Afro-Uruguayan female workers are not contributing to any social security scheme, compared to 23.9 per cent of non-afro women (INMUJERES 2010). Estimates from the 2010 census show an unemployment rate of 12 per cent for Afro-Uruguayan women, four percentage points higher than for non-Afro women (8 per cent) and well above the unemployment rate of non-Afro men (4.3 per cent) (INE 2013). The average wage gap for Afro-Uruguayan women is also considerable, at 64.6 per cent, as compared to non-Afro men, reflecting both racial and gender discrimination (INMUJERES 2010). In 2013, the Uruguayan Parliament passed a law to grant educational scholarships to African-Uruguayan students and agreed to fill 8 per cent of public sector vacancies with African-Uruguayan applicants. It was the first time a law of affirmative action had been passed in favour of this group.

Rural women also represent a disadvantaged segment of the population. They are at a higher risk for health-related complications and death, since women in rural locations often only have access to a general practitioner and must go to the city to access specialists or more advanced care (CLADEM Uruguay/Mizangas/RUDA 2008). Remoteness makes household tasks particularly difficult and time-consuming for rural women due to poor access to infrastructure. As far as their participation in productive activities, according to social rules, women are mainly responsible for raising small livestock (e.g. sheep) that belong to them or others and for farming on their land or on land owned by others (sharecropping). Men, conversely, are in charge of cattle raising, cash crop production, and related commercial transactions. Rural women seldom have access to the income of the household, including income resulting directly from their own work. Their role as contributing family workers puts them in a very vulnerable situation because they are dependent on the male members of the household who take decisions on how to use the money available. Rural women in Uruguay also work as wage workers: they are usually assigned to carry out low-skill tasks at low wages, despite their actual level of education and training. According to some estimates, the gender wage gap per hour for those workers was 33 per cent in 2011; in other words, female workers in agriculture and livestock got 66 per cent of what men got (REAF/MERCOSUR,AECID and MGAP 2013).

Source: INMUJERES (2010)

government, which again represents an improvement over the previous ministerial cabinet, which had only two female ministers. As of February 2015, five of the 13 cabinet ministers were women. They are in charge of the following ministries: Social Development, Education and Culture, Industry, Energy and Mines, Tourism; and Environment, Territorial Administration and Housing. In order to improve women's representation at the national and local levels, a bill was passed in 2009 mandating that at least one out of three candidates included in the parties' lists be a woman. This rule, however, only applied to the general elections held in October/November 2014 and to the local government elections held in May 2015. Moreover, having more women in the lists has led to a significant but still insufficient increase in the number of women in Parliament.

In 2000, female members of the Parliament set up a women's caucus (*Bancada Bicameral Femenina*) in order to submit draft bills on issues of special interest to women (e.g. domestic violence), look at existing and forthcoming laws through a gender lens (e.g. national budget), and sensitize society about gender equality and women's rights. The caucus includes women from different political parties and is a rather flexible mechanism that enjoys the support of male parliamentarians as well. Despite their low level of participation in the Parliament and in local governments, women have a strong presence in different kinds of community work and in this way make a contribution to the political life of the country.

2.2.4. Women in the economy and employment

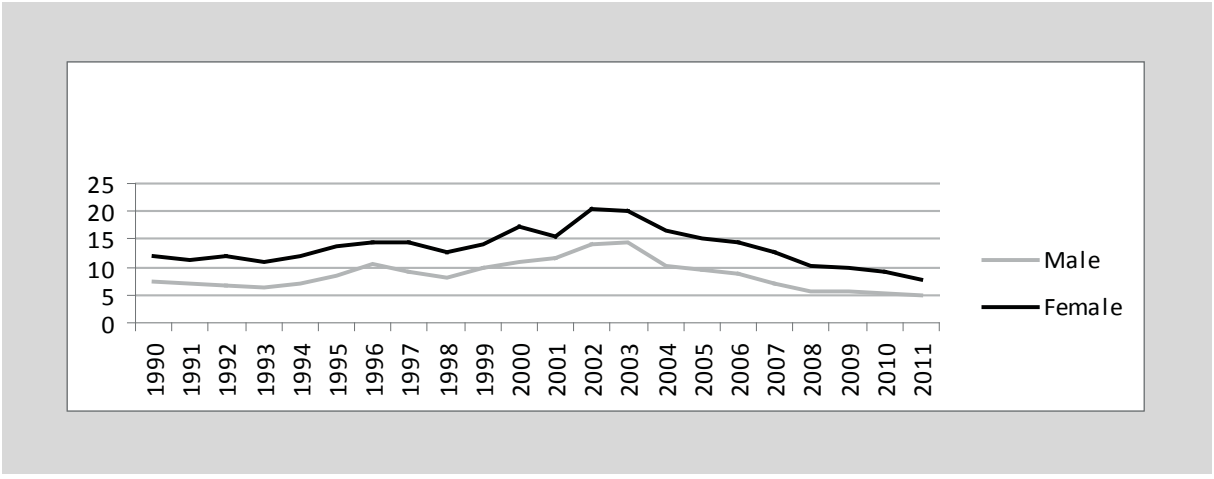
The economic situation of women in Uruguay is more favourable than in most developing countries, including those in Latin America and the Caribbean, and it has progressively improved over time.

Female unemployment during 1990-2011 fluctuated with the business cycles in a pattern similar to that of male unemployment, but it was higher than that of the male workforce, as shown in Figure 7. This may be due to several factors: higher female participation rates; women's higher education levels; a mismatch between jobs being created and the skill level of the female workforce, generating resistance to accepting work requiring fewer qualifications; and high concentration of female employment in a limited number of economic activities, resulting in more competition for the jobs created in those sectors (Alves et al. 2011). It appears, therefore, that by and large there is no direct link between trade and the extent and duration of female unemployment.

2.2.4.1. Female labour force participation

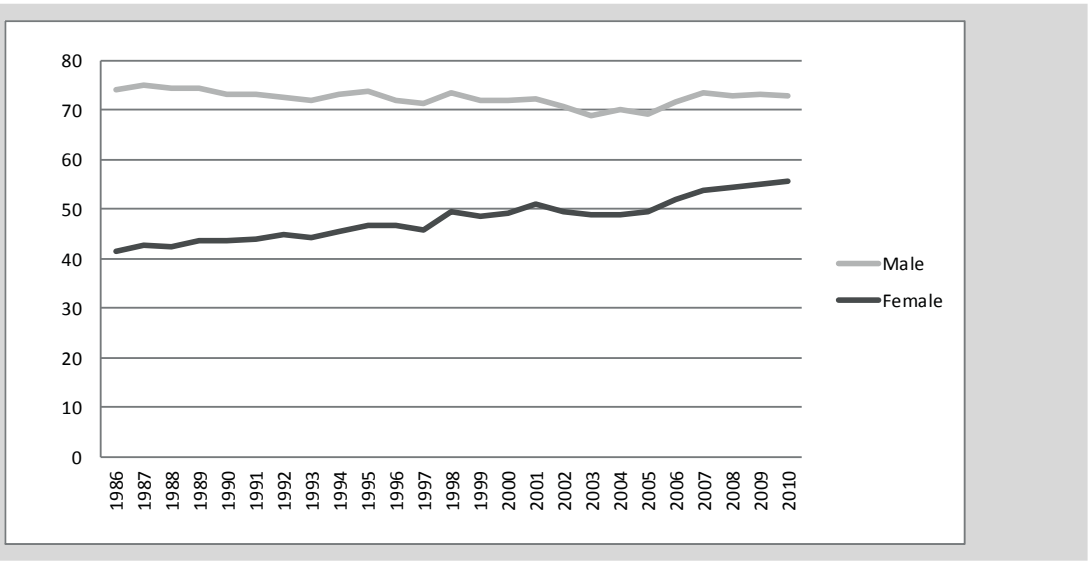
Uruguay has one of the highest female labour force participation rates (FLFPR) in the region. The proportion of women in the workforce has grown steadily over the past three decades in Uruguay, as in most countries in Latin America. Figure 8 presents the evolution of the male and female labour force participation rate in Uruguay from 1986-2010. While the male rate remained practically constant during

Figure 7. Uruguay: Female and male unemployment rates, 1990-2011 (per cent)



Source: UNCTAD Secretariat based on INE data.

Figure 8. Uruguay: Labour force participation rate by sex, 1986-2010 (per cent)



Note: Locations with + 5,000 inhabitants.

Sources: CIEDUR (2012) Statistical Annex (ciedur.org.uy/docs/pdf). Based on INE household surveys.

the entire period, the female labour force participation increased in all the age cohorts except for women between 14-24 years old. This could be explained by an increase in the number of young women deciding to pursue higher levels of education rather than entering the labour market (Perazzo 2012). The participation rate of women between the age of 25 and 44 is quite high, standing at 82.6 per cent, a level very similar to that of the male workforce. Women from ages 45 to 54 have a relatively high participation rate of 77 per cent (CIEDUR 2012). The increased labour force participation of women, particularly from the middle class, has had the effect of generating additional demand for female domestic workers, a category that represents a significant proportion of the total employed female workforce in Uruguay and contributes in turn to increasing female labour participation.

Some of the main driving forces behind the rising trend in FLFPR include declining fertility rates, progressive population aging, and women's educational attainment (Espino et al. 2009). Yet concerns have been raised regarding female workers' education in relation to the type of jobs that are being created, suggesting that there might be a trend towards over-qualification of the workforce, particularly the female workforce (Espino 2011). Also, the increase in FLFPR responded to the need to supplement household income during the reform period, which saw a sharp contraction of real incomes and an increase in poverty levels. A large body of literature has documented the added-worker effect, referring to an increase in the labour supply of married women triggered by unemployment of their husbands or declining family income (Alves et al. 2011).

The effect of trade liberalization on the FLFPR is ambiguous, and there are no definitive conclusions that can be drawn from it because no significant peaks can be observed in the behavior of the FLFPR in Uruguay during the different stages of the process of trade liberalization, and because the upward trend started before the process begun[29].

2.2.4.2. Women's employment profile

As is the case in most developed and many middle-income developing countries, in Uruguay there is a high concentration of women in the services sector. In 2012, that sector accounted for 86 per cent of total female employment, up from 83.6 in 2008 (INMUJERES 2013).

Two major changes have taken place in the employment distribution of the female workforce: the significant contraction of manufacturing as an employer of women, and changes within the services

sector, with an important increase in the share of employment in business services. As discussed in Chapter 4, trade liberalization and trade integration had a significant effect on female employment in manufacturing. Primary activities, notably agriculture, have absorbed few female urban workers since the early 1990s.

The public and private sectors are important employers of women and men in Uruguay. It is estimated that in 2012 the private and public sectors employed 58.2 per cent and 17 per cent of the total female workforce, respectively. Female public employment is concentrated in public health and education services (INMUJERES 2013).

Table 3 presents the distribution of female employment by category of occupation in relation to the distribution of male employment. Both male and female workers are mainly employed either in the private or the public sector, with a higher participation of women in the latter category. Women are underrepresented as employers: in 2012, this category only accounted for 2.9 per cent of total female employment, as compared to 6.2 per cent for men. However, the share of employers among the total female workforce has increased since 2001 when it stood at 2.2 per cent. An important development has been the increase of independent workers with a business as a percentage of total employment both for women and men. In 2012, this category represented 16 per cent of total female employment and 20.2 per cent of male employment; in both cases it went up from around 14 per cent in 2001. The significant change in the category of independent workers without a business is mainly due to the sharp decline of the share of total employment of men in this category, which fell from 11.4 per cent to only 2.2 per cent. In the case of female workers, this category accounts for only 3.7 per cent of total employment, down from 5.4 per cent in 2001 (INMUJERES 2013).

Finally, another important dimension of the female employment profile is the distribution of total employment by occupation. In particular, women's employment as services workers and office employees accounts for over 45 per cent of total female workforce. Moreover, in Uruguay there is a higher proportion of women compared to men in the category of science professionals and intellectuals (15.5 per cent as compared to 7.8 per cent). Nevertheless, a significant and high percentage of women are in the category of un-skilled workers, standing at 22.4 per cent in 2012 (INMUJERES 2013).

2.2.4.3. Women's wages and income

The trade reform period in Uruguay is associated with a progressive reduction of the gender wage gap. The hourly wage-gap significantly narrowed from above 20 per cent on average during the 1990s to around 10 per cent in 2012 (Figure 9). However, the monthly wage gap is 28.4 per cent, signaling the fact that women tend to work fewer hours than men (INMUJERES 2013; CIEDUR 2012).[30]

The wage gap is higher for women with university or equivalent education than the overall wage gap for all working women. Bucheli and Sanromán (2005) analyzed discrimination throughout the wage distribution and found a sharp acceleration in the upper distribution that affects women in the private

Table 3. Uruguay: Distribution of employment by occupational category and sex, 2001 and 2013 (per cent)

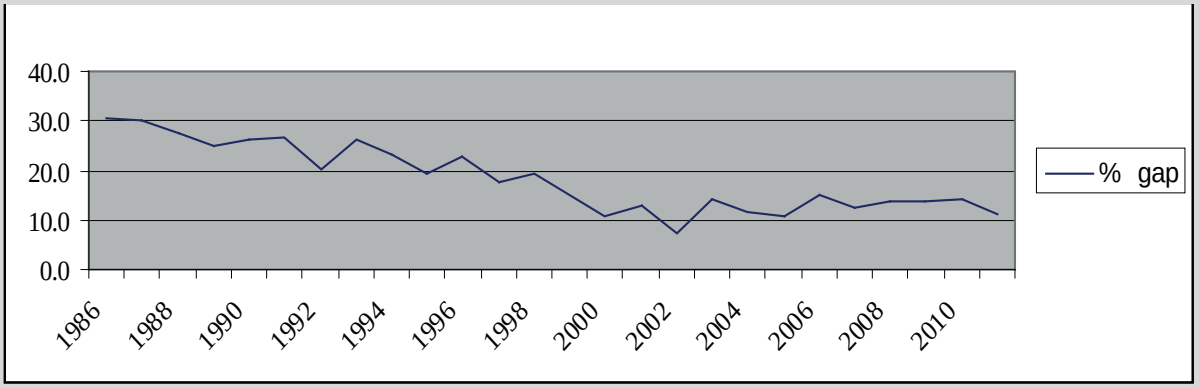
Occupational category	2001*		2013	
	Male	Female	Male	Female
Private employees	51.4	58.5	57.2	58.4
Public employees	16.1	17.2	12.7	17.1
Employer	5.3	2.2	6.4	2.9
Independent/ no establishment	11.4	5.4	1.8	3.3
Independent/with establishment	14.9	14.2	20.9	16.2

**Figures refer to locations with +5,000 inhabitants.*

Note: There are some missing occupational categories (e.g. unpaid household workers), so the columns do not sum up to 100.

Source: INMUJERES (2013).

Figure 9. Uruguay: Evolution of the hourly gender wage gap, 1986-2010 (per cent)



Note: Workers between 18 and 59 years old. Locations with + 5,000 inhabitants.

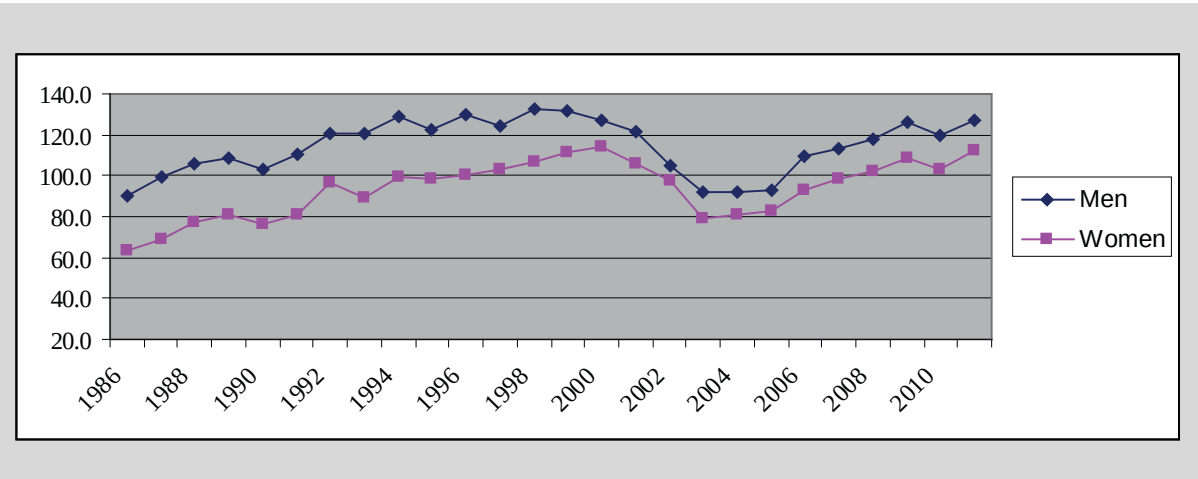
Source: CIEDUR.

sector. They interpret this finding as evidence of a "glass ceiling" effect, that is, the presence of barriers to promotion for women to top jobs. Studies tend to agree that the wage gap cannot be totally explained by different human capital endowments and therefore that gender discrimination accounts for almost all wage differentials in the private sector.[31]

Though wages have risen for both women and men since the end of the 2003 crisis, women have a lower average income than men (Figure 10). This is due to the fact that women, including highly skilled women, tend to work disproportionately in sectors that display lower productivity and lower wages: 43.2 per cent of female workers are concentrated in companies with four or less workers, compared to 38.8 per cent of men (INMUJERES 2013). Therefore, besides discrimination in terms of remuneration for similar work, women are affected by the fact that most of them are engaged in activities that simply pay less.

Furthermore, evidence shows that the high concentration of women in certain activities tends to put downward pressure on wages. The clustering of women in a few industries leaves them in a relatively weak position to bargain for wage increases that match

Figure 10. Uruguay: Evolution of wage per hour disaggregated by sex, 1986-2010 (Uruguayan pesos)



Note: Workers between 18 and 59 years old. Locations with + 5,000 inhabitants.

Source: CIEDUR

productivity gains. As a result, despite the increasing demand for female workers in these sectors as well as the increase in their educational level, women's relative wages fail to rise.

2.2.4.4. Informality

The informality rate has been declining significantly in recent years in Uruguay. In 2012 it affected 25.6 per cent of the total workforce, as compared to 40.7 per cent in 2004 and 30.6 per cent in 2010 (ILO 2014). The country's economic growth since 2004 and the government's resolve to include job creation among its priority areas of intervention have contributed to this decline. According to the ILO (2013),[32] Uruguay has the lowest informality rate in non-agricultural employment among the Latin American countries examined.[33]

Informality mainly affects low-skilled workers and there is a significant wage gap in comparison with formal employment of workers with identical characteristics. Informality in Uruguay differs greatly across sectors. Some sectors, such as construction and light manufacturing, have high levels of informality. Informal employment is higher among workers employed in small firms and seems to be higher for young workers. Informality is concentrated in retail trade (26 per cent of total informal employment), domestic services (17 per cent), and construction (12 per cent) (Doneschi and Patron 2012).

No clear gender dimensions can be observed in the Uruguayan informal sector, since the share of informal male and female employment has been very similar over time (INE 2006a; Perazzo 2012). However, if the figures are corrected to reflect the high incidence of informality affecting domestic workers – an almost exclusive female domain – the result would be that informality affects the female workforce to a greater extent.

The impact of trade liberalization on informality has been brought into the research agenda, but no conclusive global results have been reached,[34] and the issue has not been specifically addressed in the case of Uruguay. Nevertheless, given the significant stability of the informality rate over time, with fluctuations responding mainly to the domestic business cycles, it appears that the direct effect of trade liberalization has not been significant. Other factors certainly explain the extent of informality in different sectors. Gandelman (2012), for example, found an association between access to credit and employment formality in Uruguay. Also, changes in the enforcement of labour legislation have a direct impact on the number of non-registered workers and, as a consequence, on the informality rate.

In conclusion, Uruguay has achieved a number of impressive results as far as women's participation in the labour market is concerned, including (i) one of the highest female labour force participation rates in the region; (ii) a reduction in the gender wage gap; (iii) a higher proportion of women compared to men in the category of science professionals and intellectuals; and (iv) high participation of women in sophisticated and well-paid services sectors such as financial and business services.

Some shortcomings, however, remain, namely (i) women with high educational achievements (university degree or equivalent) face a wider wage gap than do less-qualified women, which seems to indicate that there is a "glass ceiling" hampering the ability of the former group to climb the career ladder; (ii) women tend to work in sectors with lower productivity and lower wages; (iii) women's labour segregation in certain activities – such as social and health services, education, and domestic services – tends to put downward pressure on wages, impeding further progress in reducing the gender wage gap.

2.3 GENDER-RELATED "INPUT" (RELEVANT POLICIES AND SOCIAL INSTITUTIONS)

2.3.1. International and National Legal Framework for Gender Equality

In several respects, the legal framework for gender equality in Uruguay is well established. Uruguay is a signatory state to key international documents that protect women's rights, including the Convention on the Elimination of all Forms of Discrimination against Women (CEDAW) and its optional protocol, ratified in 1981 and 2001, respectively,[35] and the Interamerican Convention on the Prevention, Punishment and Eradication of Violence Against Women (known as the "Belém do Pará Convention") in 1994. Uruguay also adhered to the monitoring and evaluation mechanisms of CEDAW and the *Belém do Pará* Convention by setting up dedicated monitoring committees that

report periodically on the country's progress in integrating these international commitments into its legal framework. Results so far show that the full integration of CEDAW – as well as Uruguay's other international commitments made – into the country's legal framework has yet to be realized. Uruguay has also ratified several ILO Conventions (100, 103, 111, 156, and 189) that deal with gender equality in employment and in the workplace. Finally, Uruguay has committed to implementing key international resolutions that set a programmatic framework on gender equality and women's empowerment.[36]

Uruguay is a member of several regional economic groupings, including the Latin American Integration Association (ALADI 1980); the Latin American and Caribbean Economic System (SELA 1977); and MERCOSUR (1991). In 1998, the MERCOSUR Common Market Group established the Specialized Meeting of Women (REM), a regional entity in charge of strengthening gender perspectives and promoting gender-related measures and policies within the regional bloc. The REM was replaced by the Meeting of Ministers and High Authorities of Women (RMAAM) in 2011. Since the inception of the REM in the late 1990s, significant progress has been made towards the inclusion of a gender perspective in the work of MERCOSUR with respect to employment, gender-based violence, women's education, and political participation. Neither ALADI nor SELA have established similar gender mechanisms, although both have a focus on small and medium-size enterprises (SMEs) and have included women representatives of SME associations in discussions.

At the national level, equality before the law is guaranteed to all persons by Article 8 of the Uruguayan Constitution (1967). Law 18.104 (2007) on the Promotion of Equality of Rights and Opportunities mandates the inclusion of a gender perspective in the design and implementation of all public policies in the country. Law 18.104 provided the framework for designing a number of policies and measures meant to guarantee equality between men and women and enhance and/or add a gender component to existing laws. Some of the policies and measures implemented since then are discussed below. As a result of Law 18.104, the First National Plan for Equal Opportunities and Rights 2007-2011 was put in place. The plan is meant to advance policies and strategies in the following areas: (i) women's employment; (ii) equal opportunities and equal treatment in the work place; (iii) sexual harassment; (iv) vertical and horizontal labour market segregation; (v) transition from informality to formality; and (vi) equality of opportunities for enhancing productive capacity in urban and rural areas and at the household level. A gender-perspective analysis of the first series of reforms carried out from 2007 to 2009 found that, at least in the initial phase, these reforms did not significantly mitigate gender inequalities (Rodriguez and Perazzo 2009).

The legal framework in Uruguay that deals with gender discrimination in the work environment is generally solid. Law No. 16.045 (1989) prohibits all discrimination that violates the principle of equality of treatment and opportunities for both sexes in all sectors of labor activity, including in areas such as advertising for the provision of positions; selection criteria; the right to advancement and promotion; suspension and dismissal, particularly in cases involving pregnancy or maternity periods; and possibilities for professional and technical education or retraining.

There are legal provisions related to maternity leave. For the public sector, legislation has been in force since the 1980s and foresees 13 weeks of fully paid maternity leave. In November 2013, a bill was passed for private sector workers that guarantees women 14 weeks of maternity leave at 100 per cent of salary, followed by the option of part-time work until the child is six months old. Both parents can benefit from the part-time option. Fathers benefit also from seven days of paternity leave. The purpose of the measures is to encourage parents to more equitably share the responsibilities of parenthood.

In 2009, a bill was passed to create a workplace free of sexual harassment (Law on Sexual Harassment in the Workplace and Educational Milieu 2009). Also, there have been clauses on work-family reconciliation measures in collective agreements, including the extension of daily breaks for breastfeeding and extension of the periods during which breastfeeding is allowed (Sexual Rights Initiative 2009). Law 18.395 on retirement age and retirement benefits passed in 2008 provides more beneficial terms for mothers with children: for each child a year of pension contribution is paid by the state to the pension fund. This measure is meant to reintegrate back into the labour market mothers who have left their jobs to take care of their children, but who have made insufficient contributions

to become eligible for a decent pension or any pension whatsoever.

Uruguay has taken the lead internationally in ensuring and protecting the rights of domestic workers, who are mostly women and form a distinct and highly vulnerable category of workers. Law No. 18.065 (2006) guarantees domestic workers the same core labour protections as other workers (including a minimum wage and limits on working hours). In addition, Uruguay has made an effort to include women in social dialogue and discuss issues important to domestic workers in social dialogue forums. Rural workers (many of whom are women) are also protected under the Uruguayan Rural Workers Act (2008), which limits their working time (8 hour days, 48 hour weeks, and overtime at double pay). However, rural women workers still suffer from significant disparities with respect to their male counterparts in economic and working conditions (Sexual Rights Initiative 2009).There are no reported legal restrictions to women's access to land and ownership rights. However, discriminatory attitudes and traditional practices in inheritance reinforce the fact that it is mostly men who own land. Women often renounce their rights to land in favour of male family members or sell the land if they are the only child.[37] Consequently, only 18 per cent of all landowners are women (FAO 2010). Banks seem to discriminate on the basis of gender and have been reported as creating barriers to women's access to credit (OECD Development Centre 2012). Women's limited participation in decision-making institutions as well as in rural associations and cooperatives is exacerbating the problem.

Other issues that have been tackled by Uruguay's legal framework for gender equality are gender-based violence and trafficking in persons. Since 1995 domestic violence has been incorporated in the Penal Code and is considered a crime. In 2002, Uruguay passed Law 17.514 on the Prevention and Eradication of Domestic Violence, which has the merit of broadly defining violence as "physical, psychological or emotional, sexual and inheritance-related" (UNODC/ UNWOMEN 2011). A number of public initiatives involving several ministries and institutions were put in place to prevent, detect, and eradicate domestic violence, and to provide assistance to the victims. Most acts of violence against women are perpetrated by their spouses, ex-spouses, or partners. Since the setting up of a specific programme in 2009, women who have been victims of violence are eligible for a rental subsidy to enable them to move out of the household as well as to legal and psychological support. The number of women who renounced a situation of violence and sought support went up from 803 in 2008 to 2,013 in 2012, which may reflect either growing domestic violence or show women's increasing willingness to seek help. Since 2012, the system of *casa de breve estadía* (short-period home) has been in place to host women who are facing life-threatening violence. Courts can mandate measures to protect victims from further acts of violence (e.g. the perpetrator cannot come close to the victim) and technology is available to enforce it (UNPFA, MIDES and INMUJERES 2013).

However, the language in the Penal Code is discriminatory against women as it bases offenses on concepts such as modesty, virtue, and public scandal; varies the length of punishment based on women's marital status (punishments are more severe for crimes against married women); and considers a perpetrator's "intent to marry" and a victim's virtue as attenuating circumstances. Rape within marriage is not an offense and the offenses that are listed (kidnapping, rape, violent indecent assault, and statutory rape) maintain the patriarchal vision of women as dependents and minors (CEDAW 2008; CLADEM Uruguay/Mizangas/ RUDA 2008). Some proposals have been put forward – and at present are under discussion – to make the language of the Penal Code more neutral and less patronizing for women.

Trafficking in persons has been classified as an offense in Uruguay since the adoption of the Migration Act by Parliament in 2008 (Sexual Rights Initiative 2009). A mechanism was put in place to support Uruguayan and foreign women victims of trafficking. It includes legal and psychological support, temporary accommodation, repatriation, and health care (UNPFA, MIDES and IINMUJERES 2013).

A new initiative is under consideration to establish a national care system aimed at sharing care responsibilities related to children, the elderly, and disabled people more equitably between the state and households and between women and men within the household. At the outset, evidence was collected about caring needs, existing social services available to address them, and the role that men and women play in relation to care work. It emerged that

women devote much more time to care work than men, and that this hampers women's involvement in paid activities, making them economically dependent on their spouses/partners. The provision of financial support to members of the household who are mainly responsible for care work, who tend to mostly be women, is being considered.

2.3.2. Institutions and programmes for gender equality

Uruguay has set up extensive national machinery and many programmes and mechanisms to deal with gender equality. In 2005, the National Institute for Women (INMUJERES) was established to manage the formulation, execution, monitoring, and evaluation of public policy on gender.[38] However, INMUJERES is included in the structure of the Ministry for Social Development and therefore is not institutionally or financially autonomous (CEDAW 2008; UNODC/ UNWOMEN 2011).

Several other national institutions also tackle gender-equality-related issues in Uruguay, including The Beijing Follow-up Commission, the Gender Commission of the Ministry of Foreign Affairs, and the National Council for the Coordination of Public Policies on Gender Equality. Moreover, each ministry has a Gender Commission to ensure that gender considerations are mainstreamed in its work.

Health reform came to Uruguay in 2008 with the establishment of an Integrated National Health System. While prior to the reform health coverage came only through formal work, since inception of the reform access to the national health system has also been extended to the spouses of registered workers (Social Security Institute 2013). However, women are disproportionally represented as dependants and 71 per cent of spouses integrating into the new health system have been women. In addition, since women more than men tend to work in the informal sector or be single parents, exclusion from health coverage tends to affect them to a greater extent. As a result, a higher proportion of women will remain out of the health system or will access it only through their spouses and not in their own right (Rodriguez and Perazzo 2009).

The Family Allowances programme – a fund that is preferentially given to women to be used towards the education of children and teenagers – is paid to the most vulnerable households. Since 2007, the assessment of the household's socio-economic situation has been provided by an index (*Indice de Carencias Críticas*) which measures the degree of vulnerability and is based on factors such as access to goods and services, income, household characteristics, and level of education of family members (Salvador 2007). Through the Equity Plan, women are regarded as the preferred administrators; as of June 2008, 91 per cent of the funds had been received by women (Rodriquez and Perazzo 2008). Information is not available on how household gender dynamics have affected women's control of the funds received.

In order to support poor and/or socially disadvantaged families and to facilitate women's participation in the labour market, Infant and Family Attention Centres (CAIFs) were set up in 1988 and then progressively improved and expanded. They host children up to four years old for four to eight hours per day and provide nourishment and health care, educational and recreational activities, and support to the families. With a view to increase the scope of the services and provide support to working mothers, plans are in the works to extend the daily hours of all the centres to eight hours.

Lastly, in the context of employment, the labour market, and labour relations in Uruguay, the government has put in place an Employment Equity Plan (2004) and is one of the few countries in the world to have created a tripartite social dialogue body specifically dedicated to mainstreaming gender equality into social dialogue (the Tripartite Commission on Equality of Opportunities and Treatment in Employment – CTIOTE – created in 1999). This body deals, among other things, with complaints of sexual harassment in the workplace (CEDAW 2008). In addition, the Ministry of Labour and Social Security has incorporated a gender perspective in Strategic Administration Plans (which form the basis on which to plan the National Budget) and in employment and training policy. Some benefits that have accrued to women as a result of this attention to gender issues in the labour market and workplace in Uruguay include the payment of family allowances, the payment of 100 per cent of salary for 13 weeks of maternity leave (14 weeks for workers in the private sector), and the existence of childcare services (CAIFs) (Pribble 2006).

2.3.2.1. The Quality Management with Gender Equity Model

In 2008, INMUJERES started to implement the Quality Management with Gender Equity Model. This voluntary programme is designed to help participating entities identify gender gaps in their areas of work and guide them towards the elimination of gender bias in recruitment, career development, and access to training, with a view to enhance efficiency and competitiveness and promote equality.

In a context where women have educational attainment that is on average higher than men but still face occupational segregation or barriers to career progression, the purpose of the model is to remove gender discrimination and inequality and reduce existing gaps between male and female employees. This is done primarily by encouraging the progressive integration of the principles and good practices of gender equity in the organizational structure in both the public and private sector. Public institutions and private entities are thus required to assess and remove all forms of institutionalized gender discrimination, reduce gender gaps through measures aimed at modifying the labour structure and human resources management, and promote the equal sharing of family and care responsibilities between men and women.

The implementation of the model envisages four progressive stages and corresponding levels of certification. At the first stage (commitment), the entity commits itself to full implementation of the model, including through appropriate human and financial resources allocations and through an initial gender assessment in relevant areas of work. At the second stage (implementation), the organization starts implementation of the model targeting labour-related policies within the organization by including gender considerations in recruitment and selection processes, training, and career development. At the third stage (improvement), the implementing entity strengthens its commitment and extends the scope of the model by measuring the impacts and indicators resulting from its implementation. The final stage (sustainability) is focused on showing the results and impact achieved in terms of both vertical and horizontal labour segregation, wage gap reduction, and labour participation.

Following a pilot phase in 2008-2011 – which enjoyed the support and collaboration of the United Nations Development Programme and saw the launch of the model in four public institutions – new entities enrolled in the programme. The successful implementation of the model awards the participating entities a Gender Equity Seal, which becomes part of their institutional/corporate image and certifies their ongoing efforts towards achieving gender equity in the workplace. As reported by INMUJERES, the implementation of the Quality Management with Gender Equity Model has proved to be particularly effective and successful for those entities that have already put in place quality management practices (for example ISO certification) because the efforts to ensure gender equity at all levels are perceived as an additional built-in aspect of quality management.

In analyzing the successful application of the Quality Management with Gender Equity Model and the results achieved by the entities involved so far, it becomes clear that a broader diffusion of the programme might have important spillover effects in Uruguay (Box 3). Specifically, by requiring subcontractor parties and external services providers to actively pursue policies that promote equal rights and opportunities for men and women, the impact of the model may generate positive multiplier effects along the supply chain. Complying with gender-related requirements may in fact encourage the adoption of the principles of gender parity and equality as a shared interest and objective among both public and private entities, with a view to overcoming occupational asymmetries, optimizing human capital, and ultimately enhancing competitiveness.

Box 3. Good practices and spillover effects

The Uruguay National Port Administration (ANP), a public entity that employs about 1,000 workers, has been implementing the Quality Management with Gender Equity Model since 2009 in selected departments. ANP is a highly masculinized entity with 80 per cent of male workers in operating activities. The majority of women can be found in the administrative segment, while positions such as crane operators, dredge operators, or truck drivers are typically occupied by men. The implementation of the model has been successful in allowing the issue of horizontal discrimination and labour segregation to be addressed, since new opportunities have begun to emerge for women workers in traditional male occupations. As a consequence, women are also benefiting from enhanced access to work-related benefits such as compensation for overtime shifts or night shifts. The reach of the model's application goes beyond the direct results at the department level by generating spillover effects beyond the implementing entity, primarily by challenging gender stereotypes and raising awareness on the importance of overcoming occupational segregation. However, issues such as the lack of gender-sensitive facilities (e.g. toilets for women) still remain one of the major obstacles preventing women from engaging in traditionally male occupations that do not afford them adequate infrastructure.

The National Administration of Power Plants and Electricity Transmission (UTE) is another public entity that has been implementing the model in selected departments since 2009. UTE employs 6,800 workers, 74 per cent of whom are men. Female workers are typically employed in the administrative and commercial branches and face horizontal as well as vertical segregation due to the glass-ceiling effect, which prevents them from moving up the ladder and being represented in managerial positions. With the implementation of the model, efforts are being made to overcome gender stereotypes in human resources management as well as to extend a gender perspective across UTE's other areas of work. Substantial progress has been made in terms of women's participation in typically male occupations as well as in managerial positions. Furthermore, there are important positive spillover effects that go beyond the entity level: Subcontractors, firms, and providers are getting introduced to the model and its requirements through UTE as they are requested to comply with gender equality rules in order to win a contract.

Source: UNCTAD's visit to the ANP, June 2014.

NOTES

[27] The Human Development Index is calculated by measuring achievements in three dimensions of human development: health and life span, access to knowledge, and a decent standard of living.

[28] The Gender Inequality Index is intended to show gender-based disadvantages in three dimensions: empowerment, reproductive health, and the labour market. The data demonstrate the loss in potential human development due to inequality between women and men in these dimensions.

[29] See Meyer (2006). Studies on the effects of trade liberalization on FLFPR in Latin America have produced mixed results. In Brazil, states with greater exposure to trade liberalization experienced faster increases in FLFPR (Gaddis and Pieters 2012). Conversely, research on the impact of trade liberalization in Chile found that it had a slight but negative effect on FLFPR (Contreras et al. 2004). In the case of Uruguay, Terra et al. (2008) estimated that trade liberalization would lead to an increase in the female labour supply. Espino et al. (2009) suggest that the reallocation of resources resulting from trade liberalization towards services activities increased the demand for the female workforce.

[30] In 2011, the average number of hours worked per week by women was 34.4, versus an average of 43.3 for men (CIEDUR 2012).

[31] Yahmed (2013) studies the gender wage gap in the Uruguayan manufacturing sector between 1983 and 2003 employing the widely used Blinder-Oaxaca approach (Blinder 1973; Oaxaca 1973). She finds that over this period discrimination rather than differences in endowments accounted for the observed wage differentials between men and women. Rivas and Rossi (2000) reach the same conclusion.

[32] The ILO report Women and Men in the Informal Economy: A Statistical Picture (2013) includes both individuals employed in the informal sector (i.e. informal enterprises) and those in informal employment outside the informal sector (i.e. informal jobs).

[33] The levels of informality in other Latin American countries are significantly higher, reaching, for example, up to 75 per cent in Bolivia and 70 per cent in Peru.

[34] For a review of the literature see Bachetta et al. (2009) and Sinha (2011).

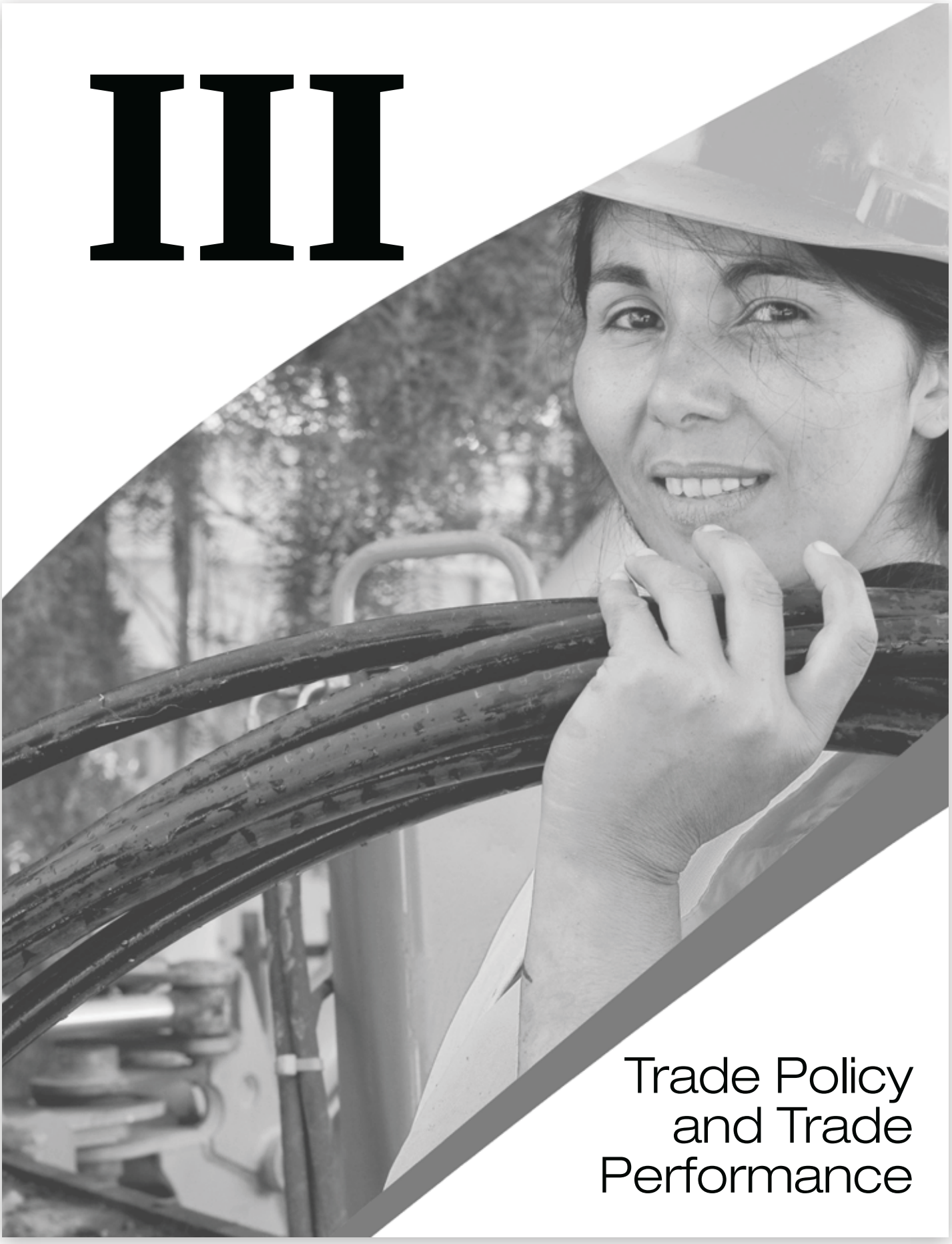
[35] CEDAW and its option protocol guarantee women equal rights to men in education, employment, health care, suffrage, nationality, and marriage, and also have a section on gender-based violence.

[36] These include the Vienna Declaration and Programme of Action (1993); the UN Declaration on the Elimination of Violence against Women (1993); the Programme of Action of the United Nations International Conference on Population and Development (1994); and the Platform for Action adopted by the Fourth World Conference on Women (1995).

[37] Unequal access to property rights and productive resources is also a consequence of Law 15.852 of 1987. With a view to reducing social security contributions of family-run businesses and hence benefit rural families, the law established that only one of the two spouses, typically the man, could be listed as the main owner, while the other one should be registered as assisting spouse (REAF/MERCOSUR, AECID and MGAP 2013).

[38] INMUJERES was initially centred on promoting the rights of women with a focus on the family and on traditional feminine and masculine roles in society. It has undergone changes in its structure, position within the government and mission, which have transformed it into a more effective mechanism for incorporating a gender perspective into Uruguayan society and public policy (ECLAC 2011). INMUJERES has a variety of programmes that tackle different aspects of gender inequalities in Uruguay, with a special focus on gender-based violence and gender roles in society.

III



Trade Policy and Trade Performance

3. TRADE POLICY AND TRADE PERFORMANCE

3.1. EVOLUTION OF TRADE POLICY

This section reviews the Uruguayan process of trade liberalization and regional integration, highlighting some of the main characteristics of the different stages and the overall impact of trade policy on the economy.

3.1.1. Reducing barriers to trade

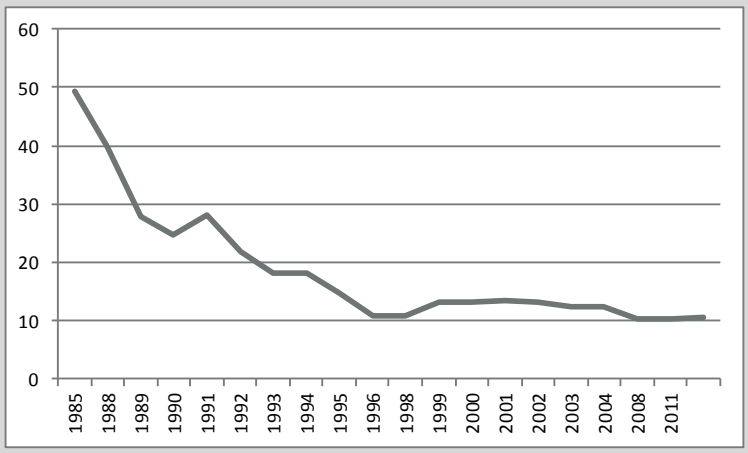
Uruguay started reforming its trade policy in the early 1970s. The process went through different phases and moved at different speeds, though the trajectory towards liberalization was sustained without significant reversals (Vaillant 1998; Vaillant and Ventura-Diaz 2004).[39] The final result of the long trade policy reform process is that Uruguay has an open trade regime today with a simple average MFN tariff of 9.4 per cent, a trade-weighted MFN average of 7.3 per cent, and low tariff dispersion (WTO 2012).

It should be noted that the Uruguayan tariff regime, including trade preferences granted to different trading partners by virtue of different agreements, is more open than the average of the trade regimes in the region and also compared to the average degree of openness of all upper-middle-income countries (World Bank 2012a). MERCOSUR membership since 1991 has determined to a large extent Uruguay's trade policy. The general evolution of trade policy between 1979 and 2011 is shown by the falling path of its MFN tariffs, which is presented in Figure 11.

Different indicators show the degree of liberalization of the Uruguayan economy. The opening process is captured by the evolution of the Tariff Trade Restrictiveness Index (TTRI) computed over time by the World Bank (2012a). In 2010 it was just over half the value of 2001, the first year for which the index was computed.[40] The trade-weighted applied tariffs of Uruguay are relatively low in comparison with other upper-middle income countries. The latest information available shows that the tariff stands at 2.8 per cent for agricultural products and 3.2 per cent for non-agricultural products. Trade preferences have a strong incidence on the average trade-weighted tariffs. Another relevant indicator is the effective tariff, meaning custom revenues out of total imports, which was 4.3 per cent in Uruguay in 2009 (World Bank, World Trade Indicators database).

Until the early 1970s, before the trade reforms, Uruguay had a complex trade regime that, besides high tariffs, included a wide range of instruments providing significant protection to domestic industry. The trade system reflected the import-substitution approach and originated from the superimposition of different instruments that were often designed for purposes other than protection. The maximum fix tariff was 18 per cent, but there was also an additional variable levy on imports, which varied between 20 and 110 per cent of the cost, insurance and freight (c.i.f.)

Figure 11. Uruguay: Average applied Most Favoured Nation tariff, 1979-2011 (per cent)



Sources: Vaillant (1998), Casacuberta and Zaclicever (2009c), and WTO (2012).

value of the products. Imports were also affected by "exchange surcharges," depending on the nature of the product, which could be as high as 300 per cent. Complex methods of custom valuation also resulted in high charges on imports. Prior guarantee deposits, differentiated exchange rates, quotas, and outright prohibitions affected imports. There were also numerous exceptions to import charges aimed at pursuing different policy objectives. Traditional exports were heavily taxed (Bension and Caumont 1980). The Uruguayan manufacturing sector developed under this trade regime favored by high rates of effective protection. As a result, by the early 1970s manufactures represented around 28 per cent of GDP and employed more than 30 per cent of the workforce in Montevideo.

The process through which the protectionist trade regime was progressively dismantled has been discussed in detail by Vaillant (1998), among others. During the first stage of reforms (1974-1978), tariffs and surcharges were reduced and some other measures affecting imports dismantled, but the emphasis was on export promotion of non-traditional products through a number of different instruments, particularly export subsidies that amounted to almost 20 per cent of the export value during the period. Additionally, export-oriented investment and foreign investment in general were promoted by means of incentives and opening of the country to foreign investors.[41] Taxes on traditional exports were eliminated in 1978. Protection levels still remained high during this period. Even though exports surcharges were reduced, they were still as high as 90 per cent in 1979. Non-traditional exports reacted positively to the new conditions, achieving high growth rates, which were reflected in the performance of the manufacturing sector.

A radical change took place during the second phase of the reform process (1979-1990), which can be considered the first attempt towards in-depth liberalization. In 1978, the Custom Global Tax (CGT), incorporating custom tariffs and all charges on imports was established. The level of the CGT was progressively and significantly reduced during this period, and there was also a reduction of the number of CGT levels, reducing tariff dispersion. Although significant, the liberalization process was very gradual during this period. The CGT for final goods, which had ranged between 76 and 116 per cent in 1979, was reduced to 40 per cent by 1990. Also, the CGT for raw materials, inputs, and capital goods was progressively reduced. The difference between the CGT for inputs and final products shrank during the period, implying a reduction of effective protection for domestic production. In 1979, the simple average tariff level was 49.4 per cent; by 1985 it was already 40 per cent and by 1991 it had been reduced to 23.6 per cent. In addition, during the first half of the 1980s most of the other measures affecting imports were eliminated. Therefore, during the decade of the 1980s, taking into consideration both tariff reductions and the elimination of the other type of instruments affecting imports, significant trade liberalization took place. Regarding export policy, export subsidies were terminated in 1982 and a system of rebates of indirect taxes put in place. As a means to promote exports, *zonas francas* or export processing zones (EPZ) were established in 1987. During this period the physical volume of production (PVP) of the Uruguayan manufacturing sector was practically stagnant and by 1990 it was 5 per cent below the 1978 level.

A second liberalization period took place from 1990 until 2000. Trade liberalization was significantly accelerated both by means of unilateral tariff reductions, which took place at the beginning of the decade, and by trade liberalization in the framework of MERCOSUR. During the period 1990-1993 MFN tariffs and tariff dispersion were further reduced, which implied a significant reduction of the level of effective protection provided to domestic production (Peluffo 2004). Reference prices were modified and most non-tariff barriers were eliminated. Trade liberalization was deepened by the elimination of import duties affecting intra-MERCOSUR trade during 1991-1994 for most tariff lines of Harmonized System. Trade liberalization and regional integration had a strong impact on the manufacturing sector. Between 1990 and 1994 the number of manufacturing enterprises declined by 27 per cent while employment in the sector contracted by 30.5 per cent (Tansini and Triunfo 1998).

This period until 2000 is characterized by the progressive adaptation of the Uruguayan trade regime to MERCOSUR rules, which were set up in the 1994 Ouro Preto Protocol. This adaptation process involved two main issues: the progressive liberalization of the list of "sensitive products," which had not been liberalized for intra-regional trade, and the adoption of the Common External Tariff (CET). Uruguay had maintained a list of 952 sensitive products for which

domestic production was protected from competition from MERCOSUR partners, but this list was liberalized in January 2000.[42] The country also maintained a list of 1,910 tariff lines as exceptions to the CET, mainly capital goods and telecommunications and computer equipment, which should have progressively converged to the CET (Laens and Terra 1999). While intra-regional trade was liberalized as scheduled, the CET is not yet fully in force. MERCOSUR countries still maintain exceptions to the CET, in the case of Uruguay mostly involving capital and high technology goods.

The period since 2000 can be considered a third phase of the Uruguayan trade reform process characterized by significant stability in trade policy. Uruguay has maintained relatively low MFN tariffs, an overall open import regime, and almost full trade liberalization of intra-MERCOSUR trade.[43] The main developments in trade policy during this period are related to the CET, which has been under pressure as a result of economic developments in the region, and to the liberalization of trade in services. The time frame for full implementation of the CET was extended and additional special regimes for Paraguay and Uruguay agreed upon. Accordingly, Uruguay should adapt to the CET by 2015. However, it can maintain special treatment for capital goods until 2019 and for ICT goods until 2018 (IADB and INTAL 2011). In December 2011 the number of exceptions to the CET was increased (IADB and INTAL 2012). Regarding trade in services, in December 1997 MERCOSUR members agreed on a framework for the liberalization of the provision of services, access to markets, and freedom of establishment. A protocol regarding the provision of services entered into force in December 2005 and was ratified by Argentina, Brazil, and Uruguay. The protocol contemplates the complete elimination of intra-MERCOSUR restrictions by 2015. Uruguay, with the exception of those activities still reserved for the state, has a relatively open services trade regime. In those areas where foreign investment is not precluded, foreign investors receive national treatment. Therefore, intra-MERCOSUR liberalization will mostly bind the current level of opening for most services activities.

3.1.2. Sectoral policies[44]

In addition to tariff reform, Uruguay undertook specific sectoral policies in the 1990s aimed at reducing the anti-export bias of the protectionist era and at boosting exports. Initially, the focus of policies was on the promotion of exports of manufactures and took the form of two instruments: credit assistance in order to pre-finance exports and fiscal incentives. With respect to the former, financial credit denominated in foreign currency was provided for export purposes. In terms of fiscal incentives, tax exemptions and refunds were provided on imports of raw materials and inputs that were to be used in the production of export goods. Although direct subsidies for export-oriented activities were withdrawn, the magnitude of tax exemption refunds more than compensated for them.

Box 4. Uruguay and the multilateral trade negotiations

Uruguay has traditionally taken a high-profile role during multilateral trade negotiations. It hosted the "Uruguay Round" that lasted from 1986 to 1994 and led to the creation of the World Trade Organization (WTO).

Uruguay has repeatedly expressed keen interest in strengthening the multilateral trading system. The country's position is that the growth and development of a small nation is inevitably linked to the expansion, diversification, and modernization of its external sector. During the trade negotiations under the Doha Development Agenda launched in 2001, Uruguay put forward several proposals both individually and in association with other members. As a primarily agricultural producing and exporting country, Uruguay has proposed that agriculture be fully integrated into the multilateral trade rules; that the WTO ensure that efficient food-producing developing countries have a fair chance to compete in world commodity markets; and that domestic support and export subsidies unfairly distorting trade be abolished.

Source: WTO (2012).

A unilateral policy with respect to the liberalization of commercial services, particularly business services, was also sustained for over two decades. This included the development of duty free zones, the promotion of offshore banking, and provisions for the software and audiovisual industries.

In order to address Uruguay's historically low investment rates, an Investment Law was promulgated in 1998 to promote foreign direct investment by focusing on the principle of national treatment, which involves non-discrimination based on the country of origin. In addition, public infrastructure was promoted and industrial policy instruments were used to incentivize investments in the hotels and tourism, mining, automobile, and mining sectors. An investment and export promotion agency called Uruguay XXI was also set up in 1996 with the intention of providing information for potential investors.

3.2. TRADE DEVELOPMENTS

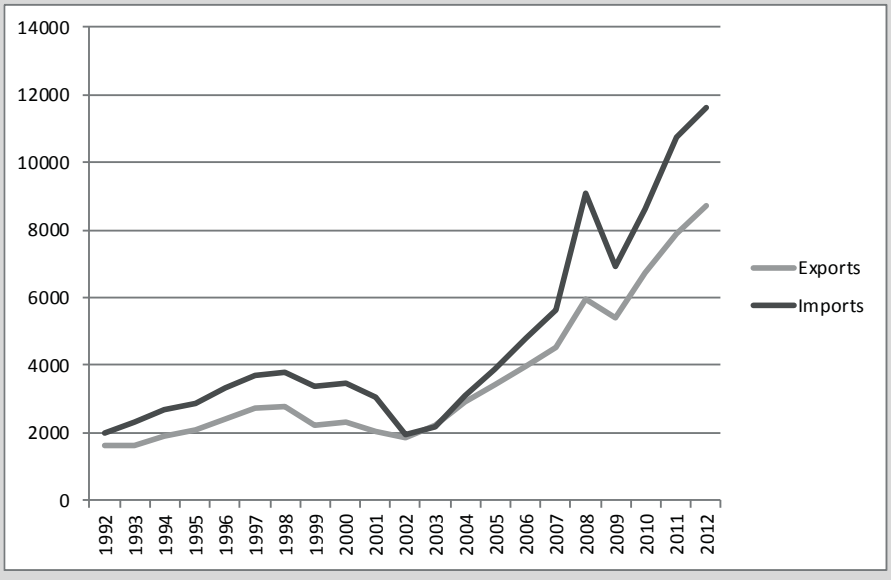
This section highlights some of the main features in the evolution of Uruguayan trade during the period 1990-2012 and covers trade both in goods and services. By looking at trade flows at the aggregate product level, the analysis allows for the assessment of the main changes that took place in the composition of trade and the direction of trade during the period at stake. At the outset, it is important to note that Uruguay is a very small economy with a structural deficit in the balance of trade in goods, and it is the only Latin American country with a surplus in trade in services. Indeed, Uruguay is specialized in the production of services of which the country is primarily an exporter; it is also an exporter of commodities and food products, which are produced using the country's natural resources intensively, although to a lesser degree.

3.2.1. Trade in goods

This subsection presents an overview of Uruguay's performance in the trade of goods since 1990, when trade reform was deepened. During the 1980s, Uruguay's trading activity had no significant dynamism. The average annual growth rate of exports was 3.7 per cent and imports experienced a negative average growth rate of -2.5 per cent. However, starting in the 1990s a persistent trade deficit has been a structural feature of the economy.[45]

Figure 12 presents the evolution of total exports and imports from 1992-2012.[46] This period saw new dynamism in trade, with exports growing at an average annual rate of 9.7 per cent and imports at 11.3 per cent. Trade regained vitality after the economic crisis of 1999-2003, which generated an important contraction of imports and to a lesser extent of exports. During

Figure 12. Uruguay: Value of total exports and imports, 1992-2012 (millions of U.S. dollars)



Source: UNCTAD Secretariat based on COMTRADE.

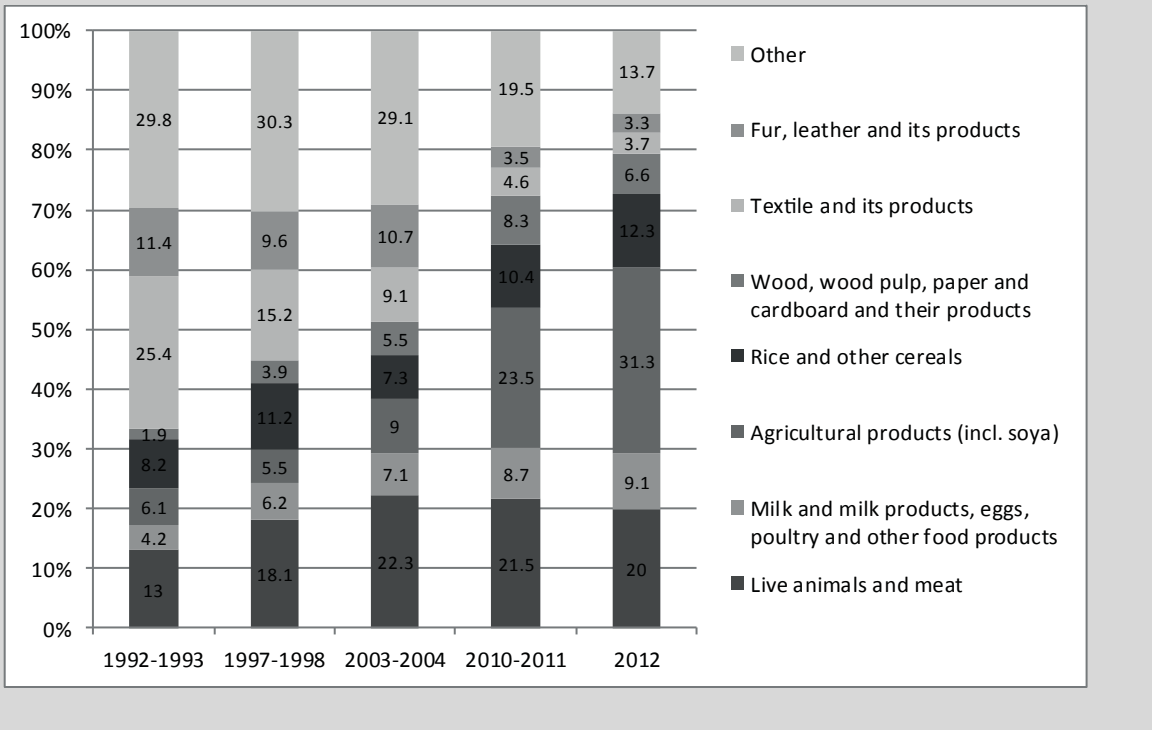
the period 2005-2012, exports grew at an annual average rate of 15.1 per cent while the growth rate of imports was 20 per cent. In 2011, exports amounted to US$7.9 billion and imports reached US$10.7 billion; in the following year exports reached US$8.7 billion while imports increased to US$11.6 billion. The total value of exports reflects, besides changes in export volume, the evolution of international commodity prices. This is particularly relevant for Uruguay, as the country depends predominantly on exports of primary commodities.

3.2.1.1. Exports

Trade policy in Uruguay has reinforced the effect of static comparative advantages on the composition of exports (Ferreira-Coimbra and Vaillant 2009). In the last stage of its trade reform process, Uruguay experienced a profound transformation in its productive structure and trade patterns. For instance, between 2000 and 2010,[47] the share of primary products and resource-based products in total exports increased from 57.9 to 76.6 per cent while the share of low-technology products in total exports declined from 22.7 to 9.6 per cent. Furthermore, while in 2000 medium-technology products represented 12 per cent of total exports, they amounted to 7.7 per cent of total exports in 2011 High-technology product exports increased from 2.5 per cent of total exports in 2000 to 4.5 per cent in 2010, but their share is still small.[48] What follows is a more detailed analysis of the composition and evolution of Uruguayan exports starting from the early stages of the country's trade liberalization process.

Since 1990, specialization in primary goods, mainly agricultural and husbandry goods, has deepened in Uruguay. By 2012, around 65 per cent of total exports were primary commodities, a significant increase since the early 1990s when these products accounted for around 40 per cent of total exports. The increase in primary commodities exports accounts for the bulk of the total growth of Uruguayan exports during the

Figure 13. Uruguay: Export structure by product category (averages, per cent)



Note: Other includes fish and other sea products, mineral products, animal and vegetable oil and fats, products of the food industry including beverages, shoes and other products, chemical and pharmaceutical products, plastic and rubber products, manufactures of metals (excluding precious metals), transport equipment and its parts, cement, stone and glass manufacture, electric equipment, and artifacts and diverse manufactured products.

Source: Prepared by the UNCTAD Secretariat based on INE data.

period. These are activities with high export intensity, that is, most of the production is for export.[49] Figure 13 presents the two-year average structure of exports by broad product categories for selected years during the period 1992-2012, which allows for observing the main changes that have taken place. Only the main export products by category have been included in the pie charts.[50] By taking averages, short-term fluctuations in export values due to price variations, which are particularly important for commodity exports, are leveled out. Annex 1 provides a detailed list of exports by main products categories.

Meat and dairy products have historically been important export products for Uruguay and their importance has increased over the years: while during the period 1992-1993 meat and dairy products represented around 17 per cent of exports, they accounted for 29 per cent of total exports in 2012.[51] Agricultural exports have seen significant diversification and represented 32 per cent of total exports in 2012, up from only 14.3 per cent on average for the period 1992-1993. While during the first period agricultural exports were mainly rice and cereals, they have increasingly diversified to include, among other products, soybeans, fruits, and vegetables. Soybean is playing an increasingly important role in exports: it represented only 1.67 per cent in 2003 but around 20 per cent 10 years later. Nearly all soybeans are exported and very little is left for domestic consumption and/or processing. Until recently, Uruguay had been a net importer of soybean oil and meal, mostly from neighboring Argentina. However, domestic capacity and demand for crush has increased in recent years due to the construction of new crushing facilities and biodiesel plants in order to meet the national biodiesel mandate (World Grain 2013). Fisheries products still do not weigh heavily in the export bundle of the country and their share declined from almost 5 per cent at the beginning of the 1990s to 2 per cent in 2012.

What is noticeable is the decline in total exports of natural resource-based manufactures. These products represented on average 44.4 per cent of total exports during 1992-1993. By 2010-2011 their share had declined to 21.1 per cent and in 2012 it declined even further to 17.5 per cent. This explains to a large extent the reduction of the share of low-technology products in total exports. In light of the trade policy that was implemented, resource-based, labour-intensive activities would have been expected to be a significant contributor to export growth. However, this has not been the case. Since the early 1990s, these products have accounted for only 14.2 per cent of the increase of value of total exports. The export of wood and wood products accounted for almost 61.1 per cent of the increase in total exports of natural resource-based manufactures, and products of the food industry accounted for an additional 19.7 per cent. In terms of wood products, cellulose pulp in particular has been important and has been produced in EPZs since the mid-2000s. Exports in the sector – including wood, wood products, cellulose, paper, and cardboard – grew from around 2 per cent at the beginning of the 1990s to 5.5 per cent in the mid-2000s and reaching 6.5 in 2012 (Box 1). In some of these sectors however, such as leather products and textile and garment products, a specialization towards primary goods has taken place instead of a movement towards higher value-added production. Exports of more elaborated goods have declined while industry has specialized in the primary transformation of raw materials for export.

Other manufactured products, which includes a wide range of products of relatively higher technological content and value added, have contributed to 17.9 per cent of total export growth since 1992-1993. Among these, chemical and pharmaceutical products and plastic and rubber products have shown dynamism, increasing their contribution to total exports. The automobile industry has also been able to increase exports but without maintaining its share of total exports.[52] Only three products from other manufactured products group – specifically rubber, insecticides, and plastic containers – are among Uruguay's top 15 export products. However, most products in this group are of a relatively low level of technological sophistication. Ourens (2010) also suggests that Uruguay has started moving away from producing and exporting technologically sophisticated products since 1994. In 2011, only 1.8 per cent of Uruguayan exports were of high technological content and 9 per cent of medium technological content.[53] Therefore, a significant proportion of exports of other manufactured products are low-technology products.

A more detailed analysis of manufacturing exports at the International Standard Industrial Classification (ISIC) two-digit level shows significant differences in the export coefficient (exports over total production) among different manufacturing activities. At two-

digit ISIC disaggregation, the export-oriented manufacturing sectors are leather (coefficient of 82.0), textiles (68.6), automobiles (66.7), wood and wood products (66.1) food and beverages (54.7), basic metals (48.0), rubber and plastic (46.4), and garments (41.9). All other manufacturing activities are mainly oriented to the domestic market with a very low share of exports. The food and beverage industry accounts for almost 60 per cent of total manufacturing exports followed by the leather industry (8.5 per cent), textiles (6.7 per cent), chemical industry (6.1 per cent), oil and derivatives (5.2 per cent), rubber and plastic (3.2 per cent), and wood and wood products (2.5 per cent).[54]

Exports are highly concentrated in a few HS chapters. Five chapters account for 60.8 per cent of total exports. The next five chapters with higher exports represent an additional 13.8 per cent. Only 25 chapters recorded exports with a yearly export value higher than US$50 million in 2012.[55] Uruguay exported a total of 728 different products in 2012. Nevertheless, exports are also highly concentrated at the tariff-line level. At the four-digit HS disaggregation, the five main export products account for 43 per cent of total exports. The first 20 export products represent 72 per cent of total exports. The next 20 products contribute an additional 13 per cent to exports. Therefore, 40 tariff lines represent 85 per cent of total exports.[56] Many of these products are primary commodities. Export product concentration increased during the period 2001-2010 (Uruguay XXI 2011). With very few exceptions, export value at the tariff-line level in most chapters of the HS at four-digit disaggregation show relatively low levels of yearly exports and in many cases significant export instability, as exports are recorded only in some years of the series.

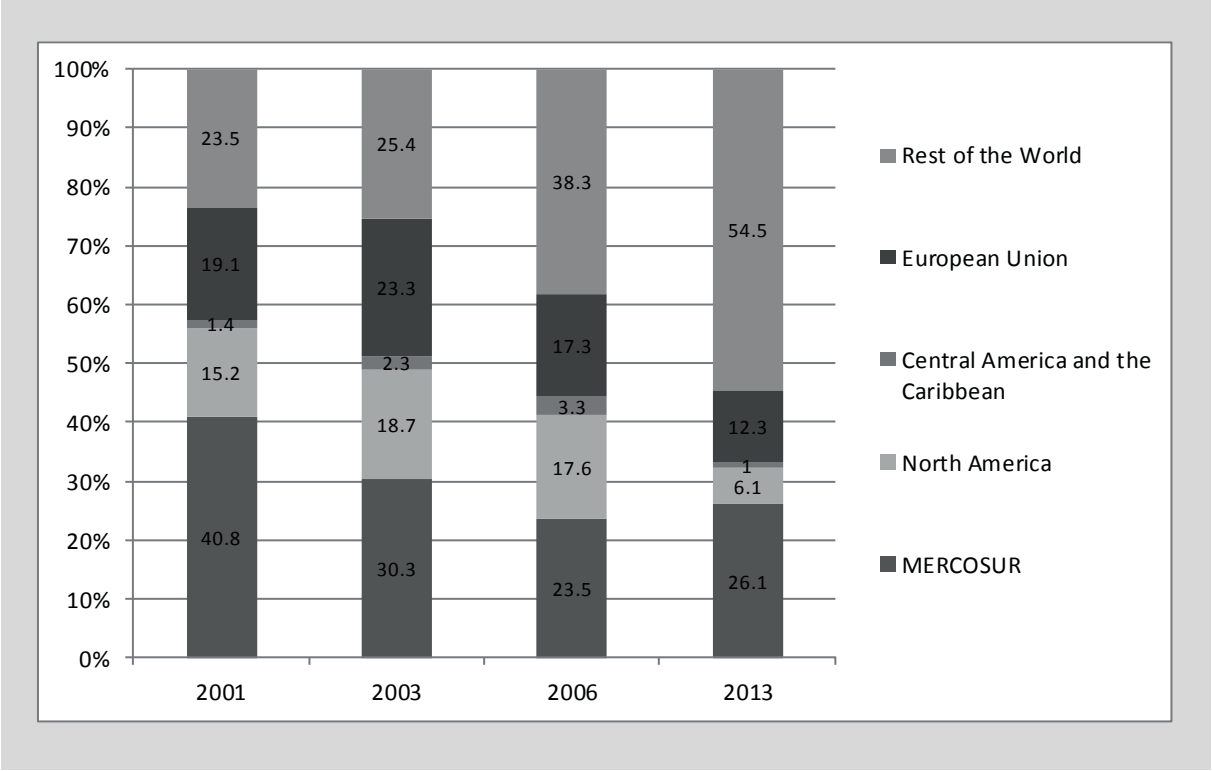
Concentration is also very high at the export firm level. The top five exporting firms account for 17.9 per cent of the country's total exports; the top 20 account for 40.6 per cent, the top 50 for 65 per cent, and the top 100 for 96.1 per cent. Most exporting firms in Uruguay are relatively small, and in many cases they are marginal exporters.[57] The number of firms exporting more than US$50,000 a year grew from 722 in 2001 to 978 in 2012. Data show high instability in export activities. A large number of firms only record exports in some years of the 2001-2012 series. Only 26 per cent of export firms can be considered continuous exporters. Of these, 44 per cent are medium -size firms and 27.5 per cent are large firms (Uruguay XXI 2012).

3.2.1.2. Direction of exports

Historically, an important part of Uruguay's trade has taken place within the region. However, that situation is changing. Figure 14 presents the distribution of Uruguay's exports. Looking at the 2001-2013 period, the progressive decline of MERCOSUR as a destination for Uruguayan exports is noteworthy, even when Venezuela is included in the group. While in 2001 over 40 per cent of Uruguay's exports went to MERCOSUR, the share dropped 10 percentage points in 2003, declined further in 2006 to around 23 per cent, and then increased to 26 per cent in 2013. Combined exports to North America, Central America, and the Caribbean also declined from 16.6 per cent in 2001 to 7 per cent in 2013. The same happened with exports to the European Union, which progressively declined from over 23 per cent in 2003 to slightly above 12 per cent 10 years later. In parallel, exports to the rest of the world more than doubled, rising from around 23 per cent in 2001 to almost 55 per cent in 2013. Within this category, the People's Republic of China has played a key role: in 2013, it became Uruguay's main export destination. The country's traditional main trading partners, Argentina and Brazil, have seen their relative trade position with Uruguay deteriorate. In particular, the share of total Uruguayan exports going to Argentina has significantly declined because of different measures implemented by Argentina to curtail overall imports.

Uruguayan composition of trade varies depending on its trade partners; moreover, shifts in trade partners have important implications for the country's import-competing and export activities. Trade with developed countries follows the traditional pattern of North-South relations resulting from different factor endowments. In this case, Uruguay exports mostly primary products (e.g. meat, fruits, fish, cereals) and natural resource-based products (e.g. wood pulp, wood-based materials), and imports capital and high-technology goods. Trade with the People's Republic of China follows a similar pattern, with soya and meat the two main products exported by Uruguay. In the case of regional trade, Uruguay exports a different bundle of products that goes beyond the traditional ones and includes, for example, manufactures that benefit from trade preferences. In particular, trade within MERCOSUR is rather diversified and characterized by more intra-industry flows than trade with developed countries (Vaillant 1998; Osimani and Laens 2001). In 2012, exports to Brazil included plastics, exports to

Figure 14. Uruguay: Main export partners (per cent)



Source: UNCTAD Secretariat based on Uruguay XXI (2013b).

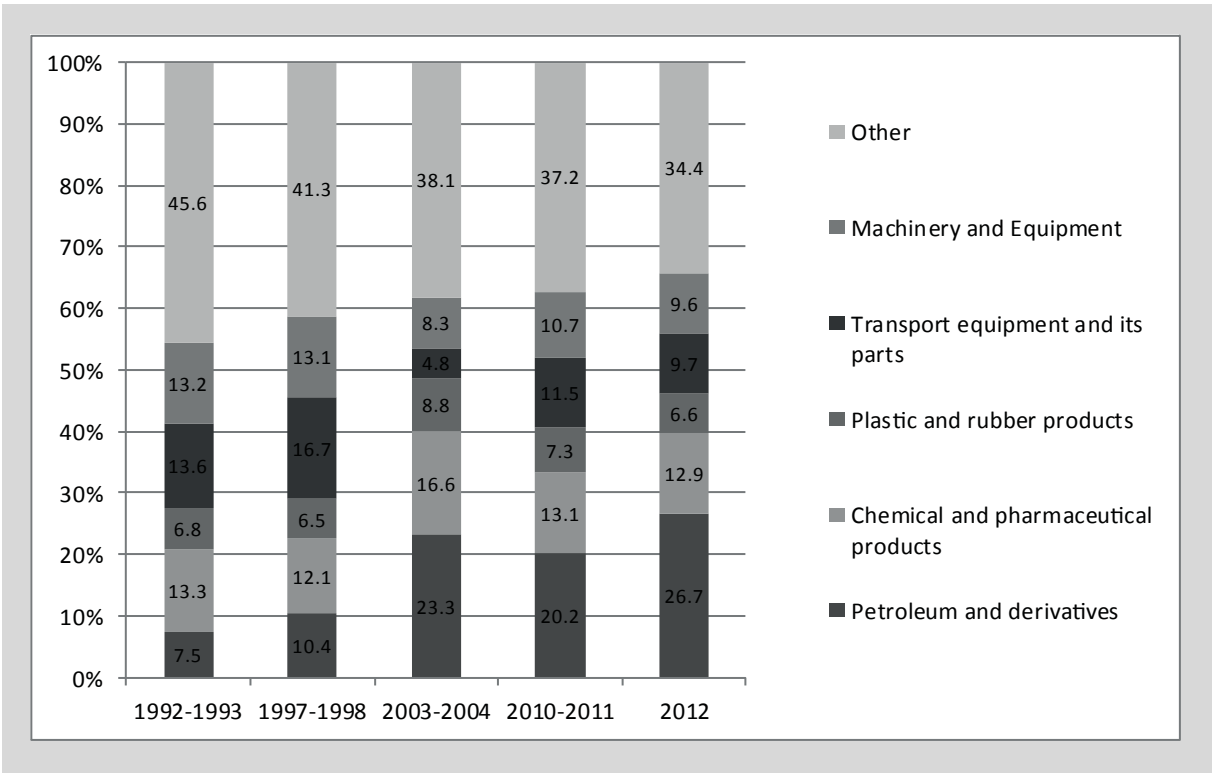
Argentina included automobiles and auto parts, paper and cardboard, and plastics, and exports to Paraguay included fertilizers and pharmaceutical products. During the period 1992-2008, manufactures made a significant contribution to Uruguay's export growth to MERCOSUR, while the contribution to export growth towards the rest of the world was nil (IADB and INTAL 2011).

3.2.1.3. Imports

Imports have been very dynamic in Uruguay as a result of the liberalization of the economy, in particular since the deepening of tariff reductions in the early 1990s and the reactivation of economic growth. Imports have had a higher average annual growth rate than exports, and their behavior demonstrates high sensitivity to the business cycle, in particular to investment goods. The income elasticity of consumer goods seems to be lower. In 1990, imports already represented 20 per cent of total supply in the domestic market and their share increased fast and significantly, reaching 32.3 per cent by the end of the decade (Espino 2002). An estimation of the aggregate import penetration in the Uruguayan economy indicates that imports represented 35.8 per cent of total consumption in the country, one of the highest in Latin America (Galindo et al. 2006). Import penetration measured as imports over gross product grew significantly starting in 1988 and was already quite high in many manufacturing sectors by 1995 (Peluffo 2010). In the same vein, a study by the UNDP (2001) that compared the coverage rate of domestic production for the periods 1991-1993 and 1997-1999 found that import penetration increased significantly in most manufacturing sectors.[58] There are no more recent estimates of import penetration by sector, but in light of the surge of imports, penetration is likely to have increased even more.[59] Therefore, domestic producers in import-competing sectors have been experiencing increasingly strong competition from imports.

There was a significant change in the composition of imports during the period 1990-2012, which explains the effects of increasing import penetration on domestic producers. Final consumption goods represented around 15 per cent of total imports at the beginning of the period, but their share rose to around 25 per cent by the end of the period. While

Figure 15. Uruguay: Import structure by product category (averages, per cent)



Note: "Other" includes live animals and their products, agricultural products, mineral products, animal and vegetable oil and fats, products of the food industry including beverages, fur, leather and its products, wood and its products, wood pulp, paper, cardboard and their products, textiles and textile products, shoes and other products, manufactures of metals (excluding precious metals), cement, stone and glass manufactures, electric equipment and artifacts (excluding machinery and equipment), and diverse manufacturing products.

Source: UNCTAD Secretariat based on INE data.

the import share of capital goods remained almost the same, at around 20 per cent, the participation of intermediate goods declined from 65 to 55 per cent.[60] This change, which was already evident during the 1990s, has been explained as being a result of the reduction of industrial production in the country and the consequent reduction of the demand for intermediate goods (Espino 2002).

Figure 15 presents the structure of imports by main product categories. Uruguay is a net oil-importing country and the share of oil imports weighs heavily and on total imports and has been increasing, more than doubling during the period under consideration. What is important in the Uruguayan case is the significant growth in absolute terms of imports of different product categories. For instance, primary and resource-based products[61] had an annual average growth rate of 14 per cent during the period under consideration, while machinery and equipment grew at an annual average growth rate of 10.7 per cent.

The change in the composition of imports can also be observed by analyzing imports by their technological content. Table 4 presents the share of imports by technology content for selected years. There is a significant increase in imports of primary and resource-based products from 32 per cent of the total in 1992 to 45 per cent in 2008. Given the Uruguayan productive structure, these types of products are most certainly mainly consumer goods. Medium- and low-technology products, which are mainly intermediate goods, experienced a sharp decline in their share in total imports. The share of high-technology goods in total imports has remained almost the same. The structure of imports increasingly resembles the structure of Uruguay's production and exports, which might be indicating increasing intra-industry trade.

Table 4. Uruguay: Imports by technology content, selected years (per cent of total imports)

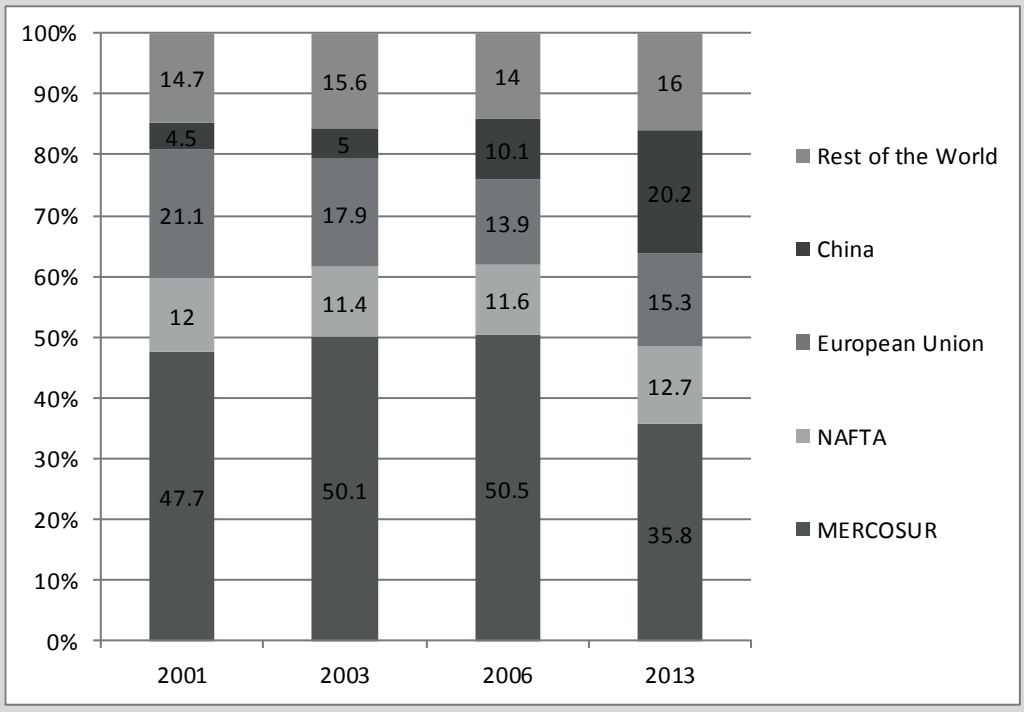
Type of product	1992	1998	2002	2008
Primary products	15	11	21	24
Resource-based products	17	18	22	21
Low-tech	14	17	16	11
Medium-tech	45	42	29	31
High-tech	9	13	11	11
Other transactions	--	--	1	2

Source: ECLAC STAT.

3.2.1.4. Direction of imports

Figure 16 presents the sources of imports. Mirroring its decline as an export destination, MERCOSUR has also significantly declined as a source of imports. In 2001, almost half (47.7 per cent) of Uruguay's imports originated from MERCOSUR, and that share of imports continued to rise to above 50 per cent during the 2000s, whereas by 2013 it had dropped to only 36 per cent. The share of imports from the European Union dropped from 21 per cent in 2001 to 15.3 per cent in 2013, while the share of imports from the North America Free Trade Agreement remained constant throughout the 2001-2013 period at around 12 per cent. What is noticeable is the emergence of Asia, in particular the People's Republic of China, as the main source of Uruguayan imports. In 2013, the People's Republic of China accounted for over 20 per cent of total imports. This phenomenon is taking place all over Latin America and has important implications for the region's economies. The emergence of the People's Republic of China and other Asian labour-intensive,

Figure 16. Uruguay: Main import partners (per cent)



Source: UNCTAD Secretariat based on Uruguay XXI (2013b)

low-cost producers as important trade partners for Uruguay creates new challenges and adjustment costs for domestic producers (Casacuberta and Gandelman 2009b). While, as mentioned above, Uruguay's exports to the People's Republic of China are concentrated in a few primary commodities and natural resource-based products, its imports include a wide range of products with different technological composition that compete on the basis of lower prices with domestic products. There is significant import penetration of Chinese products in many manufacturing sectors in Uruguay. While preliminary effects have already been felt, the overall impact may not yet have unfolded.

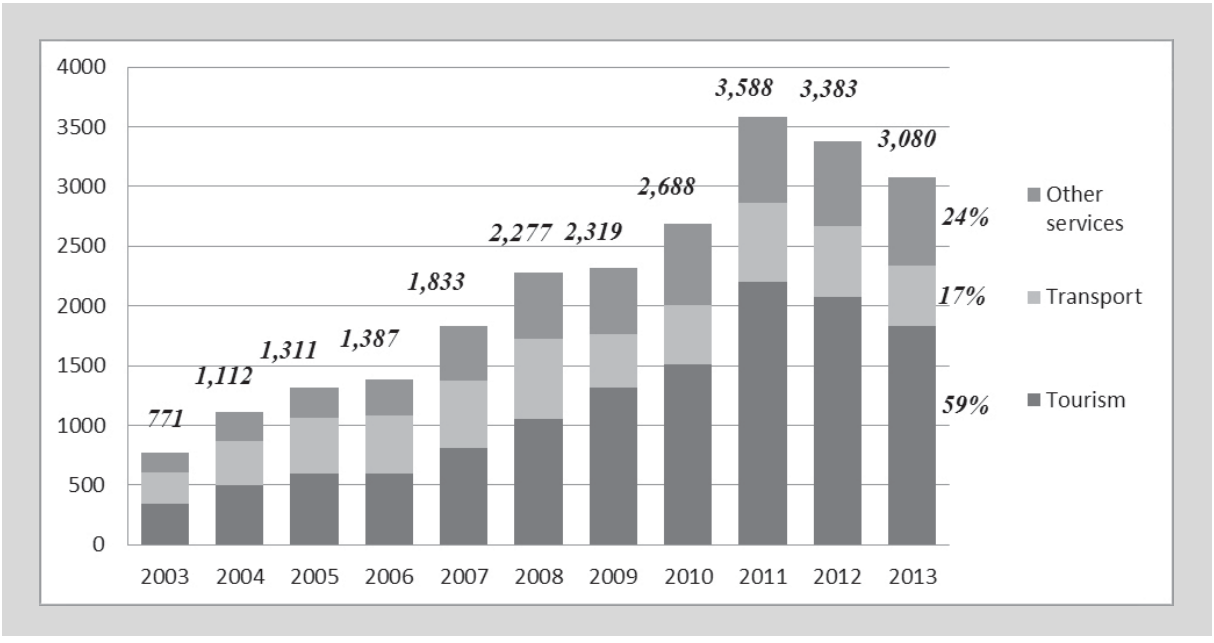
3.2.2. Trade in services

State participation in the services sector is significant. State-owned enterprises operate in key sectors such as electricity, fuel, telecommunications, water supply, sanitation, air and rail transport, seaports, and financial services. Some state enterprises perform activities considered to be public services, while others operate as legal monopolies or maintain a dominant position in their respective markets (WTO 2012).

Trade in services has been particularly dynamic in Uruguay and the economy has a sustained surplus in the trade in services balance. Services exports more than quadrupled from US$771 million in 2003 to the record value of US$3,588 million in 2011, before declining slightly to around US$3,100 million in 2013 (Figure 17). Services exports are seen as a new opportunity with potential to bring important development gains to Uruguay (Vaillant 2008). Taking advantage of its highly educated workforce, the country has the potential to position itself as a global services provider.

There has been significant investment in Uruguay's tourist sector, and since the early 1990s tourism has experienced noteworthy growth in absolute and in relative terms compared to other services categories. In 2009, the country put in place the 2009-2020 National Plan for Sustainable Tourism, which provides, among other measures, special tax incentives for the sector. In 2013, tourism accounted for around 60 per cent of total services exports. The number of tourists has been growing steadily since 2008 and in 2011 reached a record of 3 million people, mainly coming from the region. Revenue from tourism also reached a record high of US$2.2 billion in 2011, growing at an average annual growth rate of 12.1 per cent since 1992. In 2012 and 2013, there was a slight decline in tourist arrivals and their expenditure as a consequence of the weakening of the economies in the region and

Figure 17. Uruguay: Export of commercial services, 2003-2013 (millions of U.S. dollars, and per cent)



Source: WTO database.

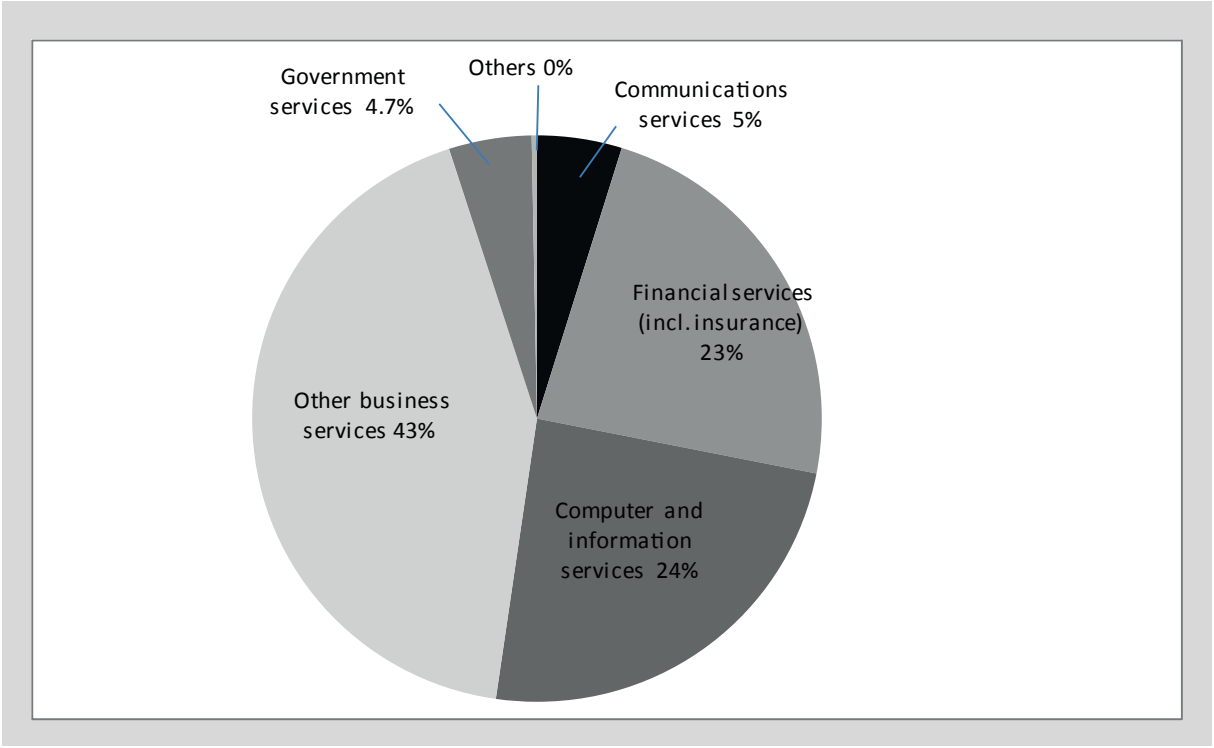
foreign exchange restrictions in Argentina, from where around 60 per cent of international tourists arrive. Uruguay's tourism sector accounts for about 7 per cent of GDP and 5.6 per cent of total employment. This percentage would increase significantly if indirect jobs were included (Uruguay XXI 2014b).

Trade in transport reflects the dynamism of trade in goods. What is important to notice is the significant increase in value terms of exports of other services. According to WTO data, these exports grew from around US$114 million in 1992 to US$739 million in 2013. A qualified work force, good technological infrastructure, competitive costs, tax incentives, and special benefits for companies established in EPZs have all played a role in the expansion of services exports, particularly non-traditional services. Most non-traditional services, perhaps with the exception of call centres, represent high labour-intensive productive activities, employing a significant proportion of high-skilled and well-paid workers.[62] Foreign firms established in Uruguay and EPZs have played an important role in the surge of these exports (Vaillant and Lalanne 2010).

Figure 18 presents the breakdown of Uruguayan exports of other commercial services for 2013,[63] while Table 5 provides disaggregated data regarding the value of exports of non-traditional services for 2010.[64]

Since firms are increasingly focusing their efforts on their main business and resorting to third parties for the provision of support processes, a growing number of companies are settling in Uruguay to provide these services abroad. This includes customer service processes, management of agreements, financial and consultancy processes, and legal processes. Within the new services that the country is exporting are architectural design, drawing, interior design, consultancy, and documentation and calculation, among others. The areas of architecture, engineering, and design employ about 15,000 professionals. The ICT industry employed 12,000 people in 2012, with a large percentage of highly- qualified positions (engineers, analysts, programmers, ICT engineers, and other university professionals). Its main exports include national software and consultancy, as well as other IT services. Firms established in Uruguay provide services to the international pharmaceutical industry as well, and the country is becoming a

Figure 18. Uruguay: Other commercial services exports, 2013 (per cent)



Source: WTO database.

Table 5. Uruguay: Exports of non-traditional services, 2010 (millions of current U.S. dollars)

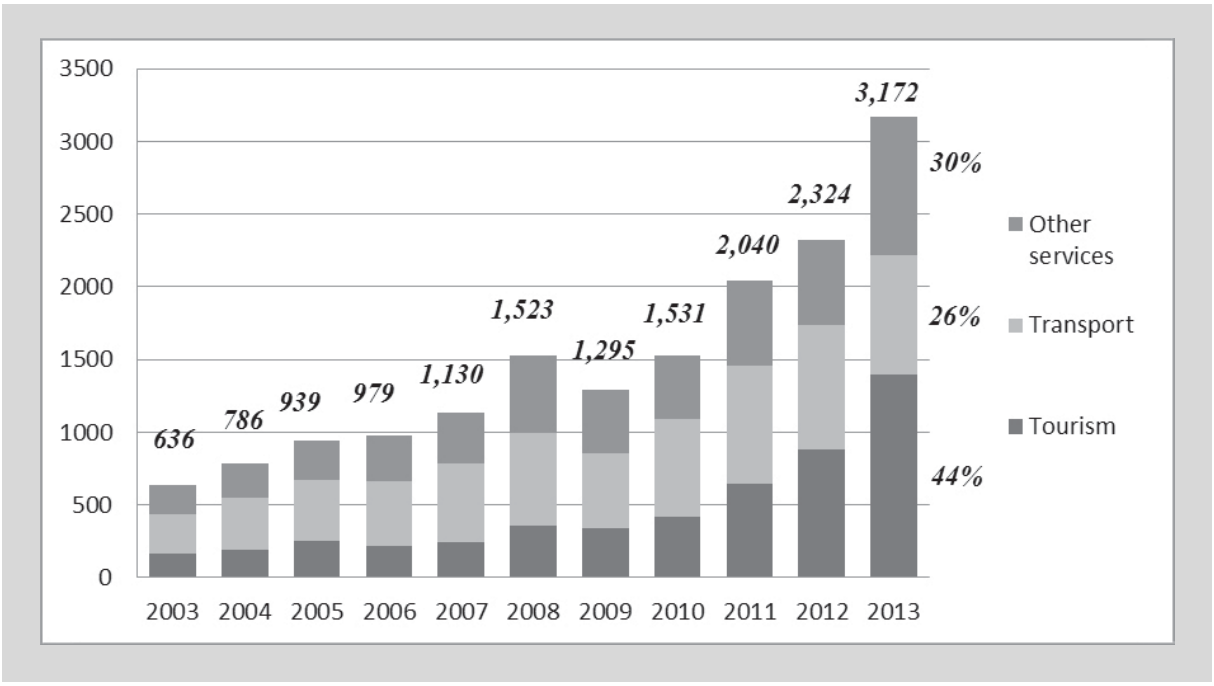
Non-traditional services	Exports (millions of current U.S. dollars)
Financial, trading, and telecommunication services	267
Centralization of activities of global firms	259
Financing consulting	143
Professional services	134
Services to enterprises (call centres, back office services)	103
Software	110
Audio-visual services	19
Coordination of logistic chains	19
Total	1,053

Source: Ministry of Economy and Finance (2012).

regional distribution centre for pharmaceutical products (Uruguay XXI 2013b). Given the significant presence of foreign firms in the sector, exports of non-traditional services have diversified destinations. In 2013, the United States was the main destination of non-traditional services exports from Uruguay (35 per cent), followed by Latin America and the Caribbean (23 per cent, excluding MERCOSUR), MERCOSUR (15 per cent), the European Union (12 per cent), and other countries (15 per cent) (Uruguay XXI 2013b).

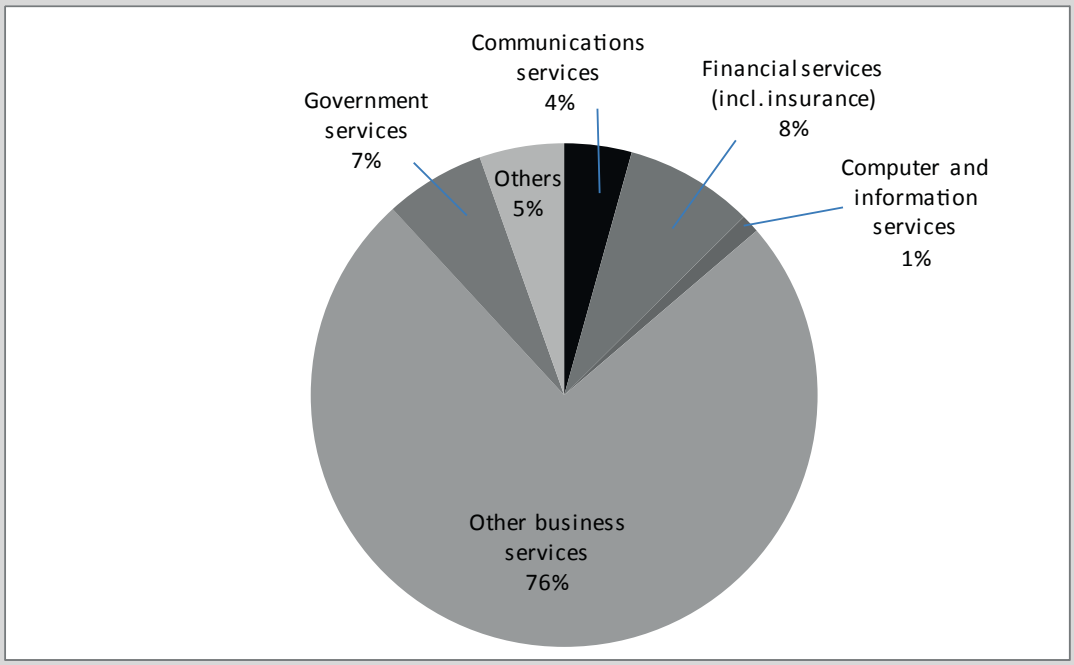
As shown by Figure 19, imports of services grew from US$636 million in 2003 to US$3,172 million in 2013 although their structure did not change significantly during this period. Figure 20 presents the breakdown of Uruguayan imports of other commercial services for 2013.

Figure 19. Uruguay: Imports of commercial services, 2003-2013 (millions of U.S. dollars, and per cent)



Source: WTO database.

Figure 20. Uruguay: Other commercial services imports, 2013 (per cent)



Note: "Others" includes personal, cultural, and recreational services and royalty and license fees.

Source: WTO database.

NOTES

[39] There were some short-term tariff increases responding to fiscal considerations, but they were soon reverted. Also, changes in MERCOSUR's Common External Tariff implied some upward movement of tariffs.

[40] Including the trade preferences granted to trading partners, the TTRI of Uruguay is significantly lower than that computed on the basis of the MFN tariffs.

[41] The Industrial Promotion Law (14.178) and Foreign Investment Law (14.79) were enacted in 1974.

[42] Sugar and automobiles have not been liberalized.

[43] MERCOSUR has also deepened trade liberalization with other countries in the region by signing free trade agreements (FTAs) that go beyond the preferences granted under ALADI. In 1996, Bolivia and Chile signed agreements with MERCOSUR, while in 2004 the Andean Community (AC) and MERCOSUR signed a FTA. In 2011, Venezuela left the AC and became a full member of MERCOSUR. A FTA agreement with Mexico came into force in 2004. A partial scope agreement with India entered into force in 2006 and in the same year the FTA with Israel came into effect. Furthermore, MERCOSUR is liberalizing trade with other countries and unions. It signed agreements in 2010 with Egypt and in 2011 with the State of Palestine and with the Southern African Custom Union. These agreements have not yet come into force.

[44] This section draws on Ferreira-Coimbra and Vaillant (2014).

[45] The long-term average annual growth rate for exports and imports from 1990-2012 was slightly different. While

the growth rate for exports was 6.6 per cent and that for imports was 6.92 per cent, export dynamism was not sufficient to close the gap and eliminate the trade deficit.

[46] Export data does not include sales from the EFZs, and domestic sales to the EFZ are considered Uruguayan exports. For 2012, when exports of EPZ are included, total exports are US$1,294 million higher than the reported export data. See Uruguay XXI (2013c).

[47] To assess changes in the structure of Uruguayan exports between 2000 and 2010, this paragraph classifies products according to their technological intensity, as in Lall (2000).

[48] Calculations made by the UNCTAD Secretariat using UN COMTRADE data

[49] In the case of meat, for example, more than 80 per cent of total production is exported.

[50] The original export data from INE includes only Uruguayan exports in major export categories. Since some exports are not captured in the categories, the sum of their percentages as shown in Annex 1 does not necessarily equal 100 per cent of all exports.

[51] Meat and dairy products include live animals and their products, beef cold, beef frozen, sheep meat, and milk and milk products, eggs, poultry and other food products.

[52] Trade in the automobile industry is governed by the MERCOSUR agreement, which has permitted the participation of Uruguayan assembly firms in regional trade.

[53] Uruguay XXI (2011). Most products classified as high-technology content are pharmaceutical products and products of the automobile industry.

[54] Calculations by the UNCTAD Secretariat based on INE (2005).

[55] Calculations by the UNCTAD Secretariat on the basis of data from the Central Bank of Uruguay.

[56] Calculated by the UNCTAD Secretariat utilizing data from the Uruguay XXI webpage.

[57] Source: Uruguay XXI webpage; data for 2012.

[52] Trade in the automobile industry is governed by the MERCOSUR agreement, which has permitted the participation of Uruguayan assembly firms in regional trade.

[58] This study shows that the domestic coverage rate, which is the proportion of total consumption supplied by domestic products, declined for the manufacturing sector as a whole from 71 to 66 per cent during the period analysed. This means that by the end of the period import penetration was 34 per cent.

[59] The change in the ISIC classification used makes it difficult to build time series to assess longer-term changes in import penetration by sector of economic activity.

[60] Estimation by the UNCTAD Secretariat based on ECLAC STAT data.

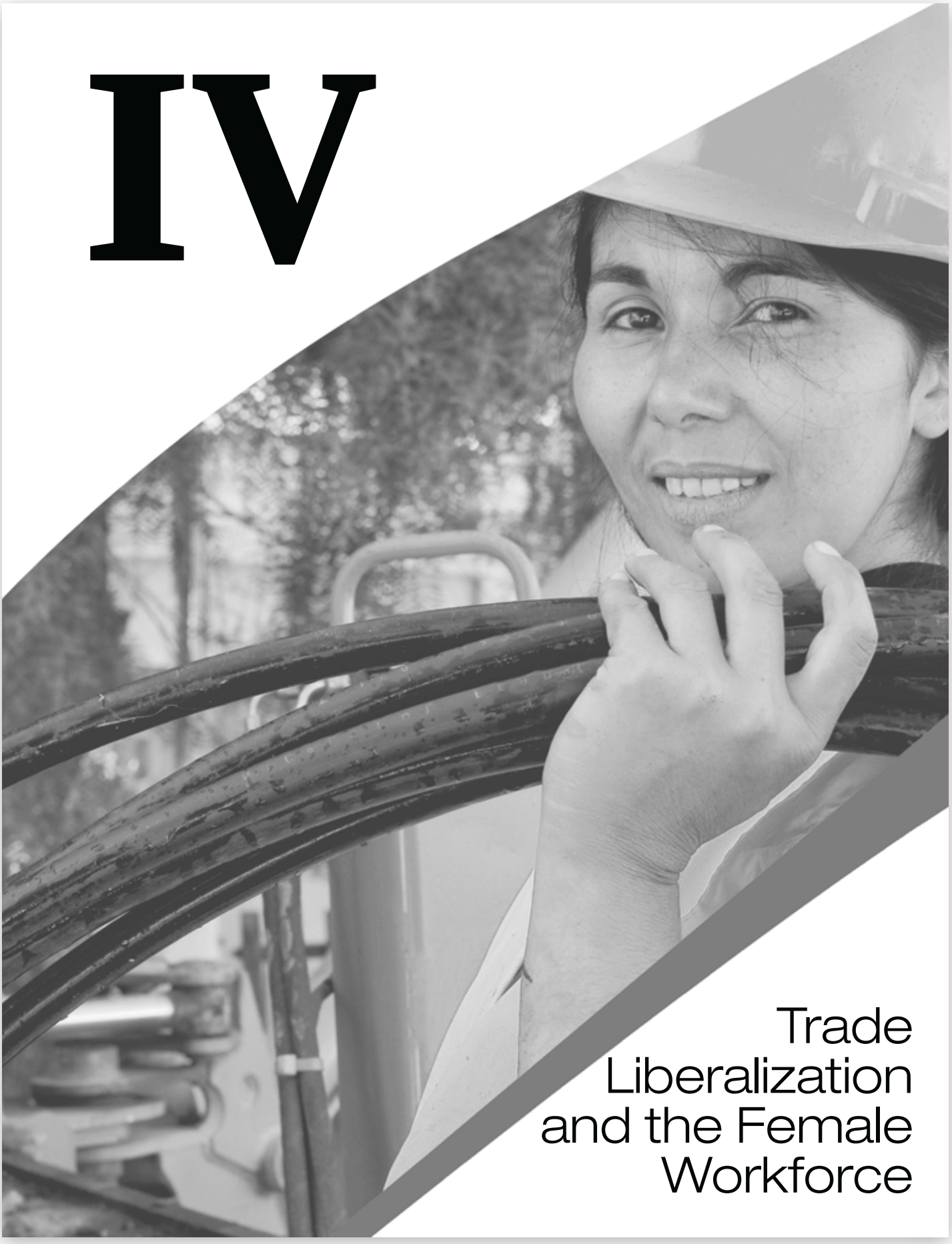
[61] These include primary products and natural resource-based manufacture.

[62] For example, out of the 11,725 employees in information technology services in Uruguay in 2008, 75 per cent were highly-qualified workers, including engineers, analysis, programmers, IT technicians, and other professionals (Uruguay XXI 2010).

[63] "Other commercial services" include communications services, financial services, computer and information services, and other business services (e.g. advertising, market research, management and technical consulting, services incidental to agriculture and forestry, technical testing, maintenance and repair of equipment); social services provided by the government; and others (personal, cultural, and recreational services and royalty and license fees).

[64] The Ministry of Economy and Finance uses the more disaggregated category of "non-traditional services." While "non-traditional services" and "other commercial services" cover mostly the same activities, the two lists are not exactly the same.

IV



Trade Liberalization and the Female Workforce

4. TRADE LIBERALIZATION AND THE FEMALE WORKFORCE

The impact of trade liberalization and trade integration on the Uruguayan economy has been widely analyzed. There are numerous studies estimating the effects of liberalization on production, welfare, trade flows, and employment as well as estimations of the distributional effects of trade liberalization. Terra (2006) presents a comprehensive review of the studies that estimated the impact of hemispheric trade liberalization on MERCOSUR countries including Uruguay.[65] By utilizing a gender-aware computable general equilibrium (CGE) model, Terra et al. (2008) estimated the gender differentiated effects of trade openness. They found trade liberalization to be favorable overall for the female workforce in terms of employment and wages. As can be expected, the results depend on the methodology used. When CGE modeling was used, the results reflected the model specifications, the exogenous variables incorporated, and the scenarios being assessed.

While it is not the purpose of this study to present the results of the different studies, it is important to note that the different estimations coincide at the aggregate level, and the effects of trade liberalization on production, income and income distribution in Uruguay are quite modest.[66] This should be expected given the structure of the Uruguayan economy and the distribution of employment.

An important result of trade liberalization is that an increasing proportion of labor depends directly or indirectly on external demand. According to Ferreira -Coimbra and Vaillant (2014), the labor content of exports more than doubled from the end of the 1990s, when only 15 per cent of employment was linked to external demand, to the beginning of the 2010s, when the percentage went up to almost 30 per cent. This expansion occurred in the context of a 17 per cent increase in total employment. The growing dependence of employment on external demand makes market access a crucial issue for Uruguay. The increase in the labor content of exports took place across all skill levels but was more pronounced for medium-skilled and skilled labor. Whereas towards the end of the 1990s only 15 per cent of medium-skilled workers had jobs that depended on the export sector, at the beginning of the 2010s the figure was 30 per cent. In the case of skilled workers, the figures were 10 per cent at the end of the 1990s and more than 16 per cent at the beginning of the 2010s. This happened in the context of an overall increase in the share of skilled labor in total employment and a parallel decrease in unskilled labour (Ferreira-Coimbra and Vaillant 2014). Skilled and semi-skilled workers are thus the workers who are mostly benefitting from trade.

Having said that, a comprehensive analysis of the impact of trade liberalization on the employment profile of female workforce, and its subsequent effects on employment, wages and other variables, should include an assessment of the changes in the gender composition of total employment at the sectoral level. Table 6 presents the proportion of women as a percentage of total employment by sector of economic activity for selected years starting 2001 to 2011. It shows that in 2001, domestic services and health and education services were highly feminized activities, and that the situation has not changed much during the last decade. Between 2001 and 2011, in all services activities except domestic services the proportion of women in different sectors such as public administration, finance, and hotels and restaurants grew significantly more than the aggregate female share of employment, as shown by the last column of Table 6. This indicates that a large proportion of all new jobs created in the economy were in the services sector and that this sector attracted most women entering the labour market. In the case of primary activities and manufacturing, there has been no significant change in the share of women in total employment. In these sectors, female employment has followed a trend similar to that of the male workforce. Overall, data seem to suggest that the trade implications of the structural composition of the Uruguayan economy have been unfavourable to women. The expansion of the agricultural sector did not translate into more employment opportunities for them, and the growth of the services sector did not increase their participation in more qualified and better paid jobs (Espino and Azar 2002; Azar 2007b, 2007c).

The following sections present some general observations on the gender impact of trade liberalization at the sectoral level in Uruguay. This is not meant to be a comprehensive analysis; it focuses

Table 6. Uruguay: Female workers as a share of total employment by sector of economic activity, urban areas, 2001-2011

Sector/Year	2001	2005	2007	2009	2011	2001-2011
Agriculture, fishing, mining & quarrying	16.2	14.5	15.2	17.3	17.1	0.09
Manufacture & utilities	36.2	37.4	36.2	35.8	35.4	-0.80
Construction	2.3	2.0	2.9	3.4	3.9	1.60
Wholesale and retail trade	39.3	39.2	42.8	43.7	43.4	4.10
Hotels and restaurants	47.4	49.0	51.4	53.8	54.1	6.70
Transport and communications	16.2	20.2	19.3	20.2	20.8	4.60
Financial intermediation	40.8	44.7	47.5	47.7	47.6	6.80
Real estate, business services and rental services	38.8	37.1	41.4	43.1	43.9	5.10
Public administration and defense	32.9	34.6	35.7	39.1	41.3	8.40
Education	76.8	78.8	77.1	76.4	76.8	--
Social services and health	75.7	75.8	75.1	76.2	75.7	--
Other social, communal and personal services	49.8	49.9	50.3	49.9	49.8	--
Domestic service	93.9	92.6	91.2	92.1	92.5	-1.40
Organizations and extraterritorial organisms	43.2	44.4	45.2	n.a.	n.a.	
Per cent of total employment	43.2	44.0	45.2	46.0	45.9	2.70

Source: UNCTAD Secretariat based on CIEDUR (2012) and INE-ECH.

rather on broad trends and attempts to highlight areas that might warrant further assessment.

4.1. AGRICULTURE AND LIVESTOCK

Agriculture and livestock play an important role in the integration of Uruguay in the world economy. As discussed in Section 3.2, agricultural commodities are the main contributors to Uruguay's goods exports, accounting for more than 60 per cent of total exports.[67] However, agriculture, including livestock and forestry, only contributes around 9 per cent of GDP and only employs 10 per cent of the total Uruguayan workforce. In order to make a proper assessment of the importance of agriculture in the country, agribusiness linkages should also be taken into account. In this regard, the share of agribusiness in total Uruguayan GDP was estimated to be around 35 to 40 per cent in 2004 (IICA 2004).

The rural sector is mostly a male domain. Only 22 per cent of workers in agriculture and livestock are women. There are at least three reasons to explain the sector's limited contribution to women's occupational integration. First of all, extensive farming primarily employs male labour force. Secondly, there is a gender imbalance in Uruguay's rural population which is the result of female migration to urban areas.[68] Thirdly, the traditional gender-based division of labour relegates women to the domestic sphere (UNDG 2009). Women in the rural sector are in fact engaged in a variety of activities, but their work is not directly linked to the market and thus not regarded as "productive."[69] In Uruguay, only 54 per cent of rural workers are wage workers, while 33 per cent are self-employed and unpaid family workers (MTSS 2013). Women are significantly overrepresented in both categories.[70] Non-agricultural female employment includes non-traditional activities such as fruit and horticulture product processing, mainly for export (CEPAL, FAO, and IICA 2012).

Table 7 presents the estimated number and distribution by subsector of the 137,850 active workers in the agricultural sector in Uruguay (male and female). Based on these figures as well as on the estimated share of female employment calculated from different sources, Table 7 depicts the participation of the female labour force in the agricultural sector.

Table 7. Agriculture and livestock workers by subsector in 2012

Subsector	Workers	%	Female workers	% female workers
Agriculture	44,808	32	-	-
Grains and oilseeds	5,780	4	-	-
Rice	2,752	2	-	-
Vegetables	11,658	8	2,915	25
Fruit	13,388	10	3,350	25
Agricultural services	7,404	5	-	-
Other	4,323	3	-	-
Livestock	78,408	57	-	-
Cattle	58,934	43	14,733	48.6
Poultry	4,625	3	2,081	45
Livestock services	5,011	4	-	-
Sheep, pigs and other	9,388	7	-	-
Forestry	11,889	9	951	8
Fisheries and aquaculture	2,770	2	-	-
Total	137,875	100	30,312	-

Source: UNCTAD Secretariat based on Duran & Pérez (2013) and other sources

Livestock activities are those that generate the most jobs, particularly in cattle raising, and account for 43 per cent of total agricultural employment. It is estimated that the percentage of female workers in this activity is 49 per cent, corresponding to about 14,700 women. According to some sources, 45 per cent of employees in poultry farming are women, corresponding to about 2,000 female workers. Therefore, these two activities combined account for 55.5 per cent of total female employment in the agriculture sector. As regards the agricultural sub-sector, female employment is mainly concentrated in the production of fruit and vegetables, accounting for an estimated 25 per cent of the female labour force and corresponding to about 6,265 female workers. As regards the forestry sector, it is estimated that 8 per cent of all jobs, mainly in plant nurseries, are held by women, corresponding to a total of 951 female workers. Taken together, these subsectors account for about 80 per cent of all women employed in agriculture and livestock (around 24,000 female workers out of around 30,000 women who are active in the agriculture sector).

The impact of trade liberalization on the rural sector has not received as much attention as its impact on the manufacturing sector. FAO (2004) examined the overall situation of rural women in Uruguay and found out that women tend to be segregated in household work and non-paid agricultural activities, suggesting the existence of gender discrimination in the Uruguayan labour market. Chiappe (2002) assessed the impact of liberalization on the rural sector. Extensive export-oriented agriculture and livestock exploitation that relies mainly on the male workforce limit the participation of women in the rural labour market. Women are typically concentrated

in intensive agriculture – horticulture, fruits and dairy production – in family holdings between one and five hectares. They are mainly employed as unpaid family workers and are heavily involved in pre- and post-crop activities.

The agricultural sector in Uruguay experienced important developments due to the trade liberalization process. Trade policy and the deregulation of domestic markets have consolidated the extensive export-oriented character of Uruguayan agriculture, unleashing some trends that have impacted the rural female workforce. There has been a process of increasing concentration of land at the expense of medium-size and small land holdings. Family holdings, in which the female labour force is mainly concentrated, have been gradually displaced by capital- and technology-intensive commercial agriculture. FDI has contributed to this process. In 2011, 17 per cent of medium- and large-scale producers controlled over 78 per cent of Uruguay's productive land. While in 2000 Uruguayans accounted for over 90 per cent of agricultural producers, in 2011 they accounted for only 54 per cent, with land ownership increasingly being transferred from individuals to companies and especially transnational corporations (TNCs). The legislation on forestation has contributed to the process of land concentration and the shift of land ownership towards foreign companies (REAF/MERCOSUR, AECID and MGAP 2013). In extensive agriculture there has been a process of production upgrading through the introduction of new crops such as soybeans, forestry products, new plant varieties, and mechanization of work. However, as extensive agriculture is male-intensive, productivity improvement has benefited mainly the male workforce. Conversely, production upgrading has not taken place in cattle raising, which employs the majority of the economically active female population and which is still conducted using traditional methods. Horticulture and fruit production meant for export markets has expanded. Furthermore, a process of deeper integration of the agro-industrial value chain has taken place.

Despite these developments, looking at the number of women employed in agriculture, it appears that Uruguay has not been fully able to relocate women in the newly created agricultural activities, though employment opportunities for women have emerged in some sectors, such as horticulture and food processing, among others. Concerns also emerge about the quality of female wage employment created in the agricultural and livestock sector: wage employment tends to be seasonal during planting, harvesting and packing, brokered and poorly paid.[71] In general, wages in agriculture and livestock are only higher than those in domestic employment. Similarly, a significant gender gap remains in earnings: working women's hourly wage in the sector is 26 per cent lower than that of men as well as lower than that of the non-agricultural economically active female population in rural areas. As a result, rural women tend to migrate to urban areas to seek paid and better job opportunities.

The potential exists for trade to create decent jobs for women in agriculture and related sectors, and it should be exploited. For this to happen, stereotypes and discriminatory social norms about women's role in agriculture need to be overcome.

4.2. MANUFACTURING SECTOR

Since the beginning of the reform process, manufacturing activity has stagnated in Uruguay and the sector has suffered a significant loss of jobs. The long-term annual rate of growth of manufacturing value added has been only 0.3 per cent, and during the period 1990-1994 the sector lost 50 per cent of its jobs (Notaro 2005). Figure 21 depicts the evolution of manufacturing value added. Three different forces explain the poor performance of the manufacturing sector: the exhaustion of the import-substitution process, the effect of recurrent economic crises, and the impact of trade liberalization and trade integration.[72] The manufacturing industries that emerged under import-substitution policies have experienced the greatest impact of trade liberalization/integration. Researchers concur in suggesting that trade liberalization/integration has had a significant negative impact on employment in manufacturing and also played a role in reducing relative wages and wage dispersion within the sector. The main losers were non-skilled workers. Conversely, trade liberalization/integration has had a positive impact on firm-level productivity and has increased the skill premium. The effects of trade liberalization/integration on the female manufacturing workforce have not been thoroughly analyzed.[73]

Trade liberalization and trade integration at the regional level have had a significant impact on female-intensive manufacturing sectors. Manufacturing has lost its relative position as an employer of female labour, and went from generating 19.2 per cent of total female employment in Uruguay in 1990 to only 11 per cent in 2011. Employment in textiles, garment, and leather, which are female-intensive industries, experienced a sharp contraction. In

recent years, the textile and clothing sector lost 35 per cent of its jobs (nearly 6,000 positions), in addition to prior employment losses during 1990-2001, when the sector experienced an employment contraction of 78 per cent, equivalent to 36,800 lost positions (Instituto Give Cuesta 2005). Job losses affected both male and female workers; women>s participation in this sector>s total employment has remained almost constant through the years. The sector has experienced a relative recovery in recent years, though in a context of extreme weakness in terms of employment and wages. On the other hand, the food processing industry, in which many subsectors are also female-intensive, has created new jobs. Between 2000 and 2013, the food processing industry was responsible for 67.6 per cent of all new jobs created in manufacturing. A significant proportion of these jobs was taken by women, whose share of total employment in food processing increased from 29 per cent in 2000 to 41 per cent in 2013. Yet, overall, there is no evidence of any major change in occupational segregation in manufacturing: women still have rather limited access to skilled and well-paid occupations In order to assess the full impact of trade liberalization on the female workforce, a more disaggregated analysis by manufacturing industries should be carried out as well as an evaluation of the composition of employment by occupation within industries. Unfortunately, the limited availability of data disaggregated by sex does not presently allow for this kind of analysis.

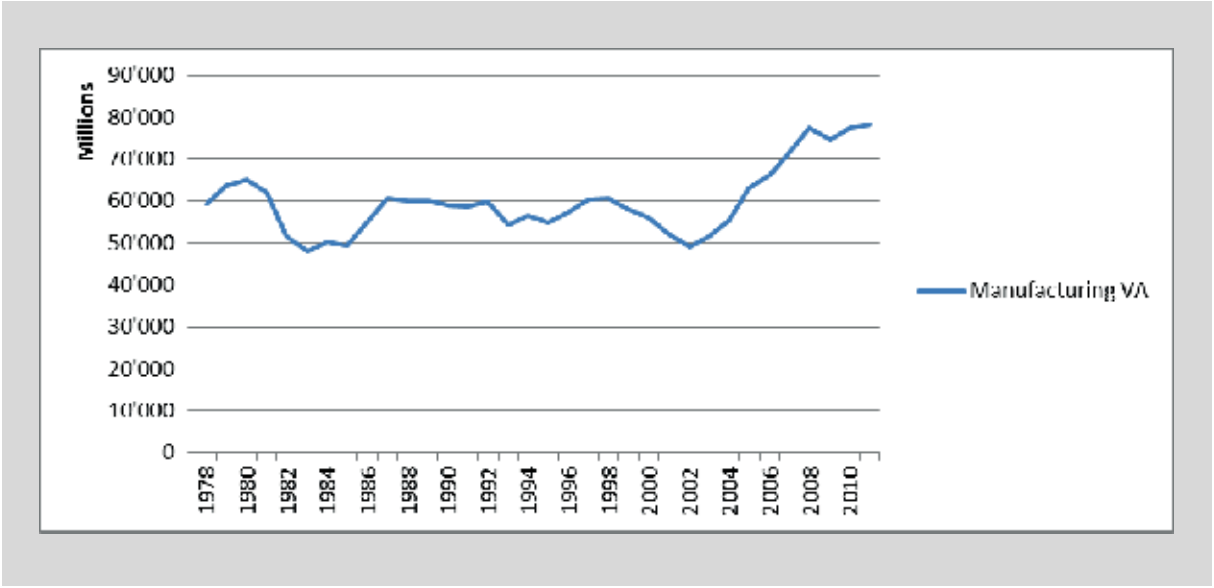
Women have suffered in terms of job losses as a result of changes that have taken place domestically, as well as a result of changes at the global level. The emergence of the People's Republic of China as a low-labour-cost country in the world trade scenario is one of the causes of this pattern. Moreover, as a result of product diversification, the few jobs that were created (outside the food and beverage industry) were in the high-tech subsectors and were filled mainly by men (Azar 2007a). It seems that male workers are thought to be better in performing high-skilled activities, despite women's greater educational attainment.

The analysis of the dairy industry in Uruguay by Azar et al. (2008) provides another interesting approach for assessing the overall effects of trade exposure on the relative situation of the female workforce in the manufacturing sector. This type of analysis could be extended to other manufacturing sectors.

4.3. SERVICES

The loss of jobs in the manufacturing sector was partially offset by the expansion of the services sector brought about by Uruguay's increased trade openness. Labour demand increased in those sectors that mostly employ women (Azar 2007b) in both tradables – such as tourism and information and communication services – and non-tradables such as social and personal services. As shown in Table 8, 86.1 per cent of female workers were

Figure 21. Uruguay: Manufacturing value added, 1978-2010 (millions of constant pesos; 2005 prices)



Source: UNCTAD Secretariat based on INE data.

employed in the services sector in 2012, as compared to 83.6 per cent in 2008 and 83.5 per cent in 2010. Women's employment distribution through the different subsectors has not substantially changed over the years: women are mostly employed in wholesale and retail trade, hotels and restaurants and, above all, social services, including education, health, and domestic services. A noteworthy change has occurred in financial services and real estate industries that in 2012 employed only 2.4 per cent of female workers, as compared to 7.8 per cent in 2008 and 8.2 per cent in 2010 (INMUJERES 2009, 2011, 2013). The drop in employment in financial services – a sector that not only provided employment for women but also offered wages higher than other sectors (Espino 2005) – may be due to the sector's recent significant contraction, with important employment losses for women but also for men.

As mentioned above, the tourism sector in Uruguay has had high growth rates in recent years. It should be highlighted that in other developing countries, the expansion of the tourism sector has generated a large number of jobs for the female workforce, though those jobs are still mostly low-skilled.

Finally, in many developing countries EPZs have provided a venue for integrating women into the labour market. However, contrary to other developing countries where EPZs have specialized in labour-intensive activities, in Uruguay services activities predominate (Box 5). In 2010, female workers represented 39 per cent of the total workforce in the EPZs, as compared to 32.3 per cent in 2006 (INE 2006b, 2012b). The female workforce is unevenly distributed among different EPZs, with the highest presence of female workers in Libertad and Colonia Suiza. There is no detailed analysis of the functions performed by women in the EPZs. It is noteworthy, however, that female participation in the workforce is greater for women in younger age groups (up to 25 years old and between 26-35 years old), while it

Table 8. Uruguay: Female service sector employment as a share of total female employment, 2012 (per cent)

Services Sector	Per cent
Construction	0.8
Wholesale and retail trade, hotel and restaurant	22.5
Transport and storage	1.6
Information, communication, and technology	1.5
Financial and insurance	1.9
Real estate	0.5
Professional, scientific and technical services	4.0
Administrative and support activities	2.7
Social services	50.6
Of which:	
Teaching	10.4
Health and related services	13.1
Domestic services	16
Total	86.1

Source: INMUJERES (2013).

Box 5. Export processing zones in Uruguay

In 2012, there were 1,560 firms operating in 12 export processing zones (EPZs) in Uruguay that employed around 15,000 workers, as compared to 8,000 in 2006, with over half below the age of 36 (55 per cent) and 43 per cent having tertiary education. This has an impact in terms of average monthly salaries in EPZs that are significantly higher than average incomes outside the zones. EPZs in Uruguay are greatly concentrated in the services sector, with trade and logistics representing almost half of the overall activities, followed by professional, technical and scientific services (19 per cent), financial and insurance services (13 per cent), transport and storage (8 per cent), and ICT (6 per cent). Conversely, manufacturing represents only 2 per cent of the activities. EPZs in Uruguay can be classified into four types: industrial (such as wood pulp and beverages production); trade and logistics (such as warehouse and storage services); global services (software development companies, call centres, companies providing a large variety of services, including financial, professional and legal services); and mixed (industrial, commercial and services parks).

Source: Uruguay XXI (2013c) and INE (2012b).

steadily declines with age (INE 2012b). This may suggest that there is a good match between young women's competencies and skills and those required by EPZs; or conversely that in Uruguay, as in other countries, EPZs prefer hiring single and younger female workers to avoid covering maternity leave and/or child care expenses.

To sum up, the case study of Uruguay shows how trade-led economic and employment growth is not sufficient in itself to overcome gender gaps. Moreover the analysis suggests that while women have gained in the services sector on the whole, they have relatively lost out to men in the manufacturing and agricultural sectors. The main findings from this chapter are summarized below.

a) The structural transformation experienced by the country since the 1970s is important when assessing changes in the relative situation of the female workforce.

b) The main reason behind the lack of employment creation under Uruguay's trade policy is related to the low labour content of the country's exports. Uruguay's exports are concentrated in primary products and the agricultural sector employs a relatively low number of workers. On the contrary, the sectors with higher labour content (e.g. mineral products, manufacturing of machinery and electric equipment, recording and reproduction and sound, textile and garments) are those that have suffered the most due to structural reforms and changes at the global and regional levels.

c) From a gender perspective, the agricultural sector, where most of the benefits from enhanced trade openness should be visible, employs a small percentage of female workers. The exceptions are the subsectors of horticulture and fruit products. Traditional norms and stereotypes in rural areas result in women's concentration in unpaid domestic jobs (e.g. housework, childcare) and in unpaid agricultural activities. Therefore, women have not been able to fully benefit from increased trade openness.

d) Both women and men have suffered in terms of employment as a result of the contraction of the manufacturing sector. Women have suffered in particular from the dismantlement of highly feminized subsectors such as textile and clothing.

e) Trade-led specialization of manufacturing towards high-skill goods has provided job opportunities, especially for men. Women still face barriers when entering high-skilled and managerial positions, despite their high-level of education. There is limited room for women to find well-paid jobs in the manufacturing sector other than in traditional administrative positions.

f) The economy of Uruguay has shifted from manufacturing to services. Traditionally, the services sector is the one that employs a high percentage of female workers. Displaced female workers from the manufacturing sector could have been reallocated

to the newly created jobs in the services sector, but this has happened only to a certain extent.

g) Given women's higher educational attainment (on average), these developments generate concerns about discriminatory practices against women in the labour market.

The conclusions drawn above are based on the analysis of the data at an aggregate level across sectors. A more detailed analysis within the sectors has to be carried out in order to disentangle the effect of external negative shocks that plagued the Uruguayan economy during 1999-2002 from the effects of trade liberalization, and to better understand intra-sectoral dynamics, especially for the manufacturing and services sectors.

NOTES

[65] The effects of liberalization in the MERCOSUR context have been studied by, among others, Laens and Terra (1999), De Azevedo (2003), Terra et al. (2005), Moncarz and Vaillant (2010), and Borraz et al. (2012).

[66] As already mentioned, the results vary according to the methodologies used. For instance, according to Peluffo (2010), trade liberalization in Uruguay has had a significant and positive impact on total factor productivity, employment, and wages, particularly in decreasing the wage gap between blue- and white-collar workers between 1988 and 1995.

[67] However, one should keep in mind that the value of exports reflects not only changes in export volumes but also changes in international commodity prices, which have increased substantially over recent decades.

[68] It should be noted that only 76,855 women live in remote rural areas, which corresponds to 43.2 per cent of the total rural population, according to the 2011 census. Of these, 48,762 women, i.e. 43.2 per cent, are of working age. Even including locations of up to 2,000 inhabitants, it can be concluded that 168,980 women live in rural areas; and, considering the rate of female labour force participation, the economically active female population would amount to 80,772 workers. However, only 31.9 per cent of working women in rural areas are engaged in agriculture-related activities. Even in remote rural areas, only 46.7 of working women perform agricultural work. A total of 30,312 women worked in the agricultural sector in Uruguay in 2012 according to estimates ((Duran & Perez 2012).

[69] According to the 2007 Time Use Survey (INE 2008b), there is an uneven distribution of unpaid work time between employed men and women in Uruguay: while the former allocate almost 80 per cent of their time to paid work and only 20 per cent to unpaid work, the latter allocate 54.4 per cent of their time to paid work and the rest to unpaid work.

[70] The MTSS estimated that in 2012, 24,690 women were rural wage workers, of which only 12.5 per cent were farmers and skilled agricultural and fishery workers; while 43.4 were unskilled workers; 21.9 per cent were services workers and vendors, and 12.9 per cent were office employees.

[71] Evidence of this can be found in Tubio and Lombardo's (2014) research on blueberry production; in Ipsen (2010) on the packaging of citrus; and in World Rainforest Movement research on employment in plant nurseries in Uruguay.

[72] The effect of trade liberalization on the manufacturing sector in Uruguay has been extensively analyzed by Casacuberta and Vaillant (2002), Tansini and Triunfo (1998), Peluffo (2010), and Casacuberta et al. (2004), among others.

[73] Studies do not present gender disaggregated effects. No study exploring the impact of trade liberalization on the female manufacturing workforce could be found.

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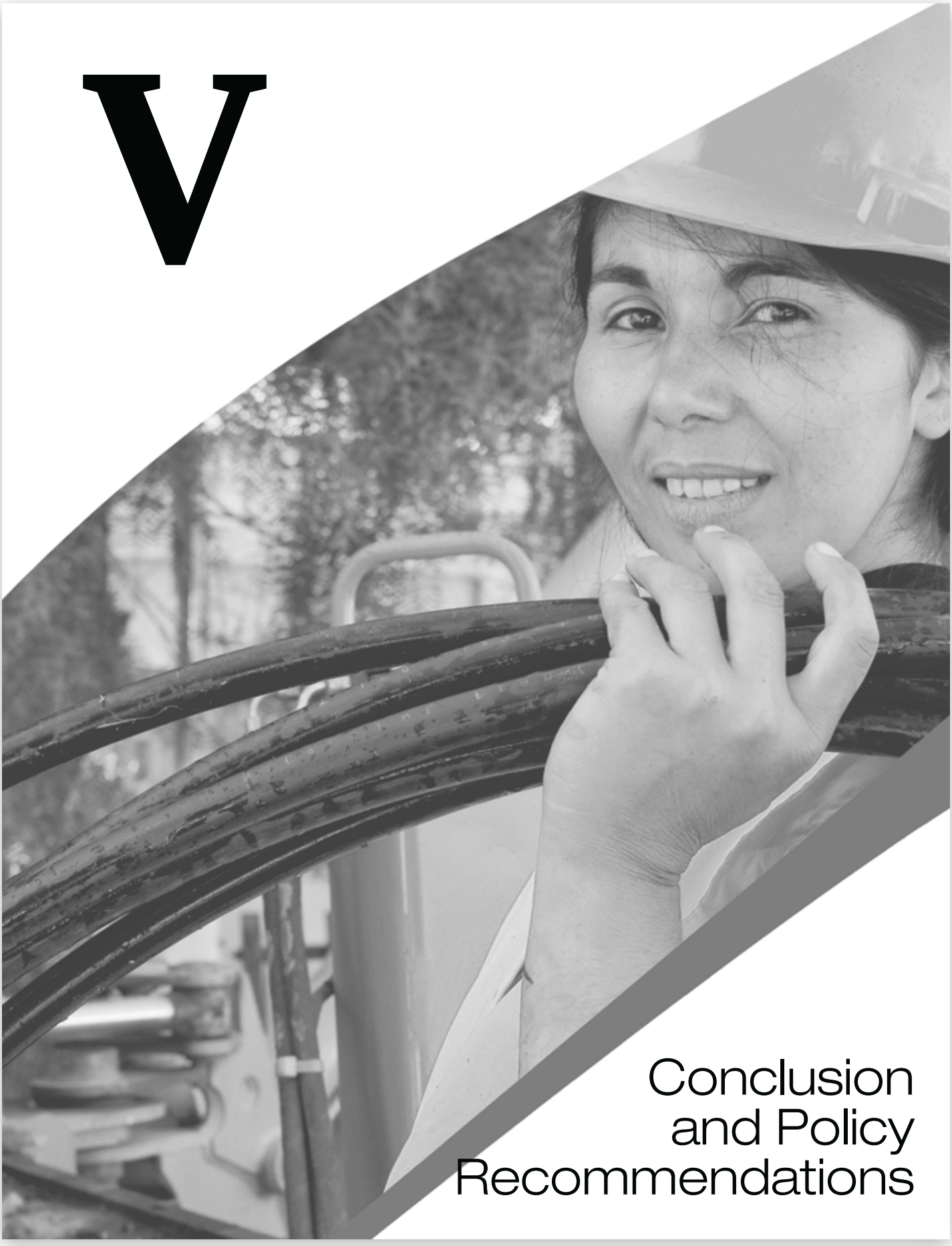

Conclusion and Policy Recommendations

5. CONCLUSIONS AND POLICY RECOMMENDATIONS

The situation of women in Uruguay is not only more favorable than in most developing countries within and outside the region, it has also improved over time. Indeed, Uruguay's approach towards women reflects progressive thinking and the government's resolve to make gender equality and women's empowerment a key component of its development strategy. Women in Uruguay are well educated (and more educated than men at the secondary and, especially, tertiary level), and have one of the highest rates of labour force participation (FLFPR) in the region. The gender wage gap is shrinking on average. The 2007 Law on Equal Rights and Opportunities and the related National Plan have set up a framework to promote the inclusion of a gender perspective in the design and implementation of all policies in the country. Recent legislation on maternity leave, sexual harassment in the workplace, violence against women, domestic work, retirement, and quotas in political lists for elections are all meant to provide more opportunities for women and help them overcome the specific difficulties they face. Opportunities in sectors and occupations in the past reserved for men are now opening to women, and both the public and private sectors are introducing some changes in their recruitment and career development policies to comply with gender-sensitive legislation. Small but significant signs of change include the fact that a number of large companies have adopted the Quality Management with the Gender Equity Model, that special attention is paid to using gender-neutral language in recruitment advertisements and corporate identity, and that facilities are being provided for female workers in the workplace.

There are, however, some disadvantages that women still face. They include the fact that women tend to be concentrated in a limited number of activities, predominantly in specific services sectors such as health, education, and domestic services, while men are more evenly distributed across sectors and occupations. The concentration of women in certain activities tends to put downward pressure on wages. Moreover, some of the activities where women are concentrated have rather low productivity and low wages. Despite the positive development related to the reduction of the gender wage gap on average, the gap is higher for women with a higher level of education (university or equivalent) as compared to women with a lower level of education, suggesting the presence of a "glass ceiling." Developments in the agricultural sector and related export growth have not provided women with sufficient job opportunities; therefore, women's migration from rural to urban areas has continued. Despite women's high level of education, there seems to be a mismatch between the skills and competencies sought by the labour market, especially in dynamic sectors, and those possessed by women. Women's caregiving responsibilities often determine their unequal integration into the labour market and hamper their involvement in paid activities, making them economically dependent on their spouses. Social norms and stereotypes still penalize women, especially in rural areas. Afro-descendent women are particularly penalized because of intersecting gender and racial discriminations. Finally, women are largely under-represented at the political level, in unions, and at the highest level of the judiciary system, a rather surprising feature for a country that has so many well-educated women.

Uruguay, along with other middle-income countries, may face a paradox: the more a country is advanced in terms of legal frameworks ensuring equality of opportunities, fighting discrimination, guaranteeing social security, and providing free education, the more difficult it is to identify and dismantle the "glass ceilings" that hold women back. Obstacles to women's full empowerment in the economic, social, and political spheres take the form of hidden practices that legislation and institutions have not yet been able to overcome.

Unleashing the full potential of the Uruguayan female workforce would entail raising awareness about the obstacles women face beyond what is inscribed in the law, and then generating a wide consensus involving all relevant stakeholders in the public and private sectors around concrete measures aimed at addressing the visible and less-visible barriers.

This chapter presents a range of policy measures that Uruguay may wish to consider to strengthen women's productive participation in the economy, especially in those sectors that have mostly enjoyed trade-led growth. The suggested measures focus on enhancing women's participation in productive activities in the

expanding agricultural sector, as well as increasing women's access to qualified positions in the services sector. Other proposed measures focus on protecting female workers from increased import competition in the manufacturing sector and encouraging their relocation into higher-skill and better paid jobs.

Actions are also recommended in areas such as certification for gender equality, internal migration, labour market flexibility, and women's political participawtion.

5.1. GENDER AND THE EXPORT SECTORS

Uruguay went through a long and complex process of reform of its industrial, monetary, and trade policies. A number of factors have played a role in resources shifting from the manufacturing sector to the agricultural and the services sectors, including implementation of the stabilization policy based on management of the exchange rate; setting up of an industrial policy aimed at developing niches of specialization for export to compensate for the small size of the domestic market; unilateral trade liberalization; regional integration through MERCOSUR; the phasing out at the multilateral level of the special trade regime for textiles and clothing; and high international prices for agricultural commodities. As a result, the export structure of the country has changed from one mostly focused on exporting manufactures to one built around low value-added primary goods,[74] on the one hand, and financial, tourism, communication, and other non-traditional services, on the other. Given the prevailing presence of men in productive agricultural activities and the fact that the female workforce is engaged especially in the non-tradable services sectors (e.g. domestic services, social services, real estate), women have not been able to fully benefit from job creation arising from increased trade openness. Women's engagement in tradable services activities (e.g. tourism and financial services) has not entirely compensated for their loss of employment in other sectors.

5.1.1. Agriculture and agri-business

As it has been extensively discussed in this study, trade-led structural changes in Uruguay consisted of the development of the agricultural sector as the main export industry along with services. Extensive export-oriented agriculture, however, has created limited employment opportunities for women, since it depends mainly on the male workforce. The following policy measures can be instrumental to enhance women's ability to exploit the opportunities created by the development of the agricultural sector.

- ***Diversify agricultural production.*** Diversification towards new crops that have export potential and can provide employment opportunities for women should be pursued in sectors where Uruguay has a comparative advantage. There are already emerging export products, such as soybeans, horticulture and fruit and dairy products. Soybean production, however, does not significantly contribute to job creation because of the complete mechanization of the production process. The construction of new crushing facilities and biodiesel plants may nevertheless provide new employment opportunities for the male and female workforce. Horticulture and fruit production looks much more promising as far as job creation for women is at stake, since these are sectors that in most developing countries employ a large number of women. Efforts should be made to upgrade the female workforce and employ it in value-added segments beyond sorting and packing.

- ***Ensure that women exercise their land property rights.*** Although women do not face any legal restriction to land ownership, land title and tenure in Uruguay tend to be vested in men due to socio-cultural norms and traditional practices in inheritance. Moreover, the process of land concentration and the shift of land ownership from individuals to companies detrimentally affect small plots where women, in particular, tend to work. In recent years, the issue of land ownership and land distribution has come back on Uruguay's policy agenda and some measures have been taken to limit further land concentration and foreign ownership, although with limited results. The Law on Equal Rights and Opportunities and the related Action Plan mandate the inclusion of a gender perspective in all policies. Land ownership and use is an area where it is crucial to recognize the specific difficulties faced by women and take action to redress them. In this sense, joint ownership of land and productive resources for family-run businesses should be encouraged in

order to fully acknowledge the equal participation of both spouses.

- ***Training of women on agricultural production.*** In most developing countries, high illiteracy rates among rural women hamper their access to technical information. This is not the case for Uruguay, where women have high educational attainment. Women can easily become familiar with new agricultural practices, both in the traditional and emerging agricultural sectors, if properly trained. Extension services can be used to transmit the latest technical know-how to women farmers, enhancing their knowledge and make their work more productive. Training should not be confined to farm activities (crop husbandry practices, appropriate use of inputs, etc.). Extension advice on post-harvest activities and marketing (market information and intelligence) is also crucial for women to access markets. Extension services are often provided by male agents to male farmers on the wrong assumption that the message will be passed on to women. In fact, agricultural knowledge is transferred inefficiently or not at all from husband to wife. Also, the provision of extension services tends to ignore the unique workload, responsibilities, and time constraints women face. It is therefore important to design extension services that respond to women's practical needs and constraints. Strengthening linkages among female farmers, extension officers, and researchers is an effective approach because better knowledge-sharing and better use of available information and knowledge are crucial for innovation. Improving gender balance among agronomists and extension workers and engendering market information and market intelligence systems would also be useful measures to consider. Affordable mobile applications can provide linkages to previously isolated women living in rural areas. Information on prices, niche markets, good farming practices, soil fertility, pest or disease outbreaks, and weather conditions can expand women farmers' opportunities to get a fair deal for their products on the market, react to unfavorable agricultural conditions more effectively, and better interact with public authorities. For this to happen, it is important to train women on the use of these devices and on how to best use the information they get from the devices. These are pre-requisites for the mobile applications to be of real use to women and help them effectively bargain with buyers and exploit opportunities. Finally, it is important to help rural women establish long-term marketing links with buyers beyond spot transactions in local markets. In essence, policies should consider aspects of market information, market intelligence, and marketing services, altogether, to be effective.

- ***Enabling women to access productive resources.*** Once property rights are extended to women and appropriate training schemes are set up to increase women's knowledge of production practices and market requirements, the next step is to enable them to access the resources they need to become efficient producers. These productive resources include higher yielding varieties, fertilizers and pesticides, and irrigation facilities. Access to affordable credit is necessary for women to purchase the resources they need to become efficient farmers. Possible options may include targeted subsidies for fertilizers and seeds, irrigation, and, possibly, electricity and diesel fuel (voucher system); incentives for women co-operatives to access time-saving and labour-saving equipment and technologies (e.g. pressure pumps, small tractors, etc.), with training and monitoring by extension workers; strengthened women's agrarian organizations (see below); and enhanced access to rural credit. In this latter respect, other country experiences show that the establishment of publicly backed microfinance schemes (e.g. women-guaranteed funds) is important, but not sufficient. The critical point is the terms of these credit schemes (with regard to collateral requirements and repayment terms, for example). Furthermore, the extension of credit needs to be tightly linked with training and mentoring.

- ***Creating agricultural cooperatives.*** Agricultural cooperatives could enhance women's productive capacity and employment in at least two ways. First, female farmers could get together and exchange information and resources related to their own activities. This could include gathering financial resources and setting up lending activities between them to offset their limited access to credit. There are a number of precedents in the region (e.g. Bolivia and

Northeast Brazil) for organizing female farmers in cooperatives and mobilizing their combined assets until they collectively achieve a scale that is sufficient to attract the interest of investors and service providers (World Bank 2012b). Second, agricultural cooperatives could create job opportunities in the administrative branch, where women with a good level of education could be easily employed. Moreover, there may be a need to streamline and speed up procedures for the establishment of cooperatives; professionalize cooperative personnel, including in the preparation of business plans; link cooperatives with input distribution networks, post-harvest facilities, and marketing outlets; and facilitate cooperative access to credit, including guarantee funds for women (e.g. commercial off-takers may back and support cooperatives in the submission of bankable projects). Providing support to grass-roots organizations, such as the Uruguayan Association of Rural Women (AMRU), could contribute to rural women's wellbeing and create new job opportunities in rural areas.

- ***Helping women participate in value chains.*** Value chains account for a rising share of international trade, GDP, and employment, and they provide an avenue for developing countries to integrate into the global economy. They may also be used for creating decent jobs, upgrading workers' skills, improving wages, and reducing gender inequalities. Agriculture increasingly occurs in a context where private entrepreneurs coordinate extensive value chains linking producers to consumers, sometimes across countries and regions. Value chains can bring important benefits to rural economies by creating direct employment on the farm and indirect employment, such as input supply, sorting and packaging, and transport. However, participation in the chains requires commercial and technical skills. Experience has shown that only those farmers who are adequately endowed with natural resources, infrastructure, access to credit, and social capital manage to participate in the chains and benefit from them (World Bank 2012b). Horticulture is an expanding sector in Uruguay and a sector that traditionally employs women. It is also a sector where companies tend to be vertically integrated across the value chain. For women farmers to participate in the value chain, public support may prove necessary at least in three areas. First, national or local authorities' need to invest in basic infrastructure and infrastructural services (e.g. storage facilities), prioritized for use by women entrepreneurs and women's cooperatives. Second, contractual/institutional arrangements need to be set up to secure market opportunities for the processed products. Public procurement (school feeding programs, catering for public administrations, etc.) may provide an avenue for this. The public sector could play an important facilitating role by providing market information and market intelligence and (jointly with commercial chambers) establishing business links. Finally, the issue of access to credit needs to be addressed. Beyond government-guaranteed lending, due attention should be paid to structured supply-chain finance schemes, possibly on concessional terms. Otherwise, women will be left with no other option but to sell their products in less-demanding but less-rewarding markets.

- ***Enhancing women's participation in the food industry.*** The food industry in Uruguay benefits from comparative advantages that should be exploited to improve women's access to the labour market. In particular, dairy production is a sector with huge potential, serving both the domestic and foreign (mostly regional) markets. The Inter-American Development Bank (IDB) has already approved a loan for one of the country's main private companies to develop its dairy export production. The company has also received technical assistance from the IDB to incorporate innovative and sustainable agricultural practices into dairy production. The IDB's support is expected to create around 800 new jobs. Initiatives of this type should be scaled up to boost employment, including women's employment, as well as to promote efficient use of natural resources. Fruit jam, fresh fruit compote, and jellies are other food industry products that look promising for Uruguay, especially if their sale is associated with some characteristics that may appeal to consumers, such as being produced sustainably and/or according to traditional processes. Flagging that they have been produced mainly by women could also appeal to consumers who pay attention to the social implications of their purchases. Uruguay should consider seeking improved market access for these exports.

5.1.2. Services

The shift of the Uruguayan economy towards services has intensified over the years and in 2011 the services sector accounted for around 70 per cent of GDP and 80 per cent of total employment. Services activities traditionally employ a high percentage of female workers. In Uruguay, the growth of the services sector has created jobs for men and women. Women's participation has taken place both through non-tradable services, which tend to be low-skill and low-paid activities such as domestic and social services, and tradable services such as financial, tourism and information and communication services, which offer higher wages than other sectors. Considering that the state plays a direct role in the provision of a number of services (e.g. telecommunication, transport, water, sanitation), it has a rather large margin of maneuver to take gender considerations into account both in its employment policy and in its services delivery strategy. Priority areas for intervention may include:

- ***Overcoming educational and labour market segregation.*** Despite the high level of education achieved by Uruguayan women and girls, educational segregation is a noteworthy feature of the country's education system, with boys concentrated in scientific and technical fields and girls in social fields. Educational segregation is reflected in labour market segregation, with traditional "male" occupations better paid than "female" occupations. Moreover, it seems that there is a mismatch between the requirements of the labour market, especially in its most dynamic sectors, and the knowledge and skills possessed by women. This is an issue that deserves full attention and rapid action.

  The INE's Fourth Survey on EPZs showed that there are areas of employment expansion, namely in operating activities, where there is demand for people with expertise in wholesale; in technical areas, where there is a need for professionals with technical and scientific expertise, as well as with expertise in finance and insurance; and in management, where there is a need for people with expertise in trade and administration (INE 2012b). Information on the needs of the EPZs as well as of services companies located outside the EPZs could be refined in order to have a clearer and more detailed picture of the kind of technical and professional profiles that are needed. On the basis of this information, girls and young women could be encouraged to specialize in these areas, and scholarships, training, and other incentives could be put in place for this purpose. This would help overcome educational segregation and narrow the gender wage gap, which in Uruguay is mainly the result of women being employed in occupations with lower salaries.

- ***Boosting women's participation in high-productivity services activities.*** Uruguay is developing the high-productivity services segment that provides higher average wages and skill accumulation than traditional services activities. This includes transports and logistics, telecommunications, services associated with offshoring, and other professional services. Most of the non-traditional services companies are operating in EPZs and are employing a significant proportion of highly-qualified and well-paid workers. Several of these companies are foreign-owned. Thus, a priority area is to encourage services companies to hire more women through, for example, benefits and/or tax incentives.

  Additionally, some EPZs are located outside urban areas, so women might have limited access to them due to poor infrastructure and/or low-quality transport. Public interventions to facilitate women's access to EPZs by upgrading infrastructure and providing transport services would be essential.

- ***Enhancing the participation of women in the tourism sector.*** Another important source of employment for women is the tourism sector. There has been significant investment in this sector and Uruguay has emerged as an important tourist destination in South America. Moreover, the tourism offerings provided by the country have become increasingly diversified, going beyond beach tourism and including, for example, rural tourism. The sector accounts for about 7 per cent of GDP and 8 per cent of total employment (WTO 2012). The tourism sector across countries and regions traditionally employs women. While Uruguay has developed its 2009-2020 National Plan for Sustainable Tourism, no mention is made in this document of measures from which women could specifically benefit. Considering that

women generally tend to occupy low-skill, low-paying occupations, providing training to women in tourism-related activities would enable them to be better equipped to take managerial and other high-skill positions.

The expansion of the tourism sector may make the phenomenon of trafficking of women and girls more acute, since trafficking is often linked to sexual tourism. This is an issue that should be tackled while planning the expansion of the sector.

5.1.3. Gender and the manufacturing sector

The dismantling of Uruguay's import-substitution strategies over the long trade reform period as well as the economic crises of the mid-1980s, have translated into the decline of the country's manufacturing industry as a major export sector. From 1986 to 2010, the share of manufacturing in total employment declined from 20 to 13 per cent. Nevertheless, thanks to Uruguay's specialization in high-skill manufacturing, jobs have been created in high-skilled occupations. As a consequence, those that suffered the most from the stagnation of the manufacturing sector were non-skilled workers, including women, who found themselves displaced with little access to the newly created jobs. In light of these developments, the following measures could be considered:

- ***Tackling import competition from labour-intensive, low-cost producers.*** The emergence of several countries as low-labour cost exporters, especially in Asia, has threatened Uruguay's domestic manufacturing production, in particular the textile sector, where most women are traditionally employed. Import competition calls for product diversification, especially into fields where competition from other countries is weaker. Some initiatives have already proved successful and could be scaled up, such as the development of textiles with high technological content. These textiles are produced using the weaving machines that were in operation when the Uruguayan textile and clothing industry was flourishing. While at present "technical textiles" produced in Uruguay are mainly used for medical purposes, other niche markets could be found, such as textiles for use in automobiles, ships, and aircrafts; textiles for construction; domestic textiles for use as cushion materials and as fireproofing; and textiles for environmental protection applications (e.g. erosion protection, waste treatment/recycling, domestic water sewerage plants). Product diversification should be accompanied by efforts to improve market access for these products. Women displaced from import-competing sectors should be integrated into the newly developed sectors through on-the-job training programs as well as the provision of incentives to firms to hire women.

- ***Boosting intra-regional trade.*** Uruguay's trade with developed countries is of the traditional type: it exports primary products in exchange for higher value-added products. Conversely, trade with other developing countries, especially within MERCOSUR, is of the intra-industry type, involving products with a higher labour content. Therefore, increasing South-South trade would provide end-markets for high value-added products. In consideration of their high level of education, women could increasingly be employed in sectors that produce for the regional market.

- ***Developing a sound strategy for the trade relationship with the People's Republic of China.*** Considering the significant role that the People's Republic of China is playing as a trade partner for Uruguay and the region, a coordinated regional strategy for the trade relationship with China would benefit the whole region. Uruguay should try to diversify its exports to the People's Republic of China beyond the agricultural commodities it currently exports and aim to export more value-added and technology-intensive products. Women in Uruguay with a high level of education can contribute to the process of value-addition and technological development.

5.2. ADDITIONAL ISSUES

In addition to the sector-specific measures discussed above, there are some cross-cutting issues that the government may wish to address in order to help women benefit more from trade liberalization and trade integration. This section aims to raise further awareness about the position of women in Uruguayan society and offer some policy recommendations. While the proposed measures are not exhaustive, they may be instrumental in creating an enabling environment for women's full empowerment.

- ***Upgrading INMUJERES.*** One priority is to upgrade INMUJERES to ministerial status, the national institution in charge of overseeing the implementation of gender equality and women's empowerment rules and policies. This would provide INMUJERES with the necessary authority and prestige to monitor the effective implementation of state obligations in the area of gender equality. Moreover, since gender equality is a cross-cutting issue, specific budgets should be devoted in each ministry to implementing the necessary measures.

- ***Eliminating discriminatory language in the Penal Code***. The language of the Penal Code is discriminatory against women because it links the severity of the punishment for offenses perpetrated against women to concepts such as women's modesty and virtue; to the perpetrator's intention to marry (this is regarded as an attenuating circumstance); and to women's marital status (the punishment is more severe in cases in which the victims are married women). Such patronising language should be eliminated and replaced with more neutral language. This could be one of the first tasks of the new government.

- ***Addressing labour market institutions.*** The flexibility of the labour market matters for the success of trade reforms (Fortaleza and Rama 2003). With a flexible labour market the reallocation of the workforce from import-competing to export-oriented sectors is much easier. Uruguay has one of the most rigid labour markets in Latin America, which has prevented the optimal movement of resources (mainly workers) from the declining manufacturing sector to the expanding services sector. The proposed strategy is to couple policies aimed at promoting labour market flexibility with ones that facilitate women's access to newly created jobs. The proposed measures include:

    a. *An increase in the minimum wage*: If the jobs offered to women do not correspond to their education and skills, women may prefer to stay at home and take care of the household rather than entering low-wage employment. Raising minimum wages and expanding the number of workers who can benefit from it would potentially encourage women to take up newly created jobs and feel appropriately rewarded for their high (on average) educational attainment.

    b. *Education and retraining schemes for the long-term unemployed*: The severe economic crises that Uruguay has faced over the years have had an effect on the labour market. Prolonged unemployment may discourage individuals from entering or remaining in the labour market. In Uruguay, the discouraged worker effect has been found to be particularly significant for the female workforce. Education and retraining schemes may give the long-term unemployed renewed motivation to return to work and develop skills to meet the requirements for the newly created jobs.

    c. *Special measures in favour of Afro-Uruguayan women*: The situation of Afro-Uruguayan women is an issue that a country with strong resolve to eliminate all kinds of discrimination, such as Uruguay, should tackle vigorously. Wage disparity and rates of unemployment are higher for Afro-Uruguayan women compared with other women and with Afro-descendent men. While positive steps have been taken in favour of the Afro-descendent population, the government may wish to consider measures specifically addressing the difficulties faced by Afro-Uruguayan women. These could include, for example, adding a measure to the labour law that specifically prohibits gender-based discrimination in the workplace against Afro-descendent women, or putting in place skill development schemes specifically targeting Afro-Uruguayan women. The existing measure, which guarantees that 8 per cent of public sector vacancies must be filled by Afro-Uruguayan applicants, could further specify that half of those posts should be reserved for women. Positive measures in favour of Afro-Uruguayan women could be extended to employment in the private sector and

especially in the export-oriented sectors of the economy. Under such a scenario trade could then become an instrument for social inclusion.

d. *Legal protection for workers*: Greater labour market flexibility represents both an opportunity and a threat. While such flexibility increases the benefits of workers through a higher minimum wage by supplying skill development schemes, it may also result in lower employment opportunities (because employers may not be able to pay for higher wages) and in increased job insecurity (since employers may have more leeway to fire). Therefore, more labour market flexibility may need to be accompanied by broader social safety nets.

e. *Enhanced women's participation in labor unions*: Women in Uruguay have low levels of participation in public institutions, including trade unions. Encouraging and supporting women's participation in trade unions could help improve the standing of the female workforce and address discrimination issues within firms.

- ***Tackling women's internal migration.*** The country's high urban female concentration reflects the rural-urban migration of young women that has taken place during the past 20 years, mainly as a result of the lack of job opportunities in rural areas. However, the increased level of female labour supply in urban areas represents a risk in that it creates downward pressure on wages. The decline of the manufacturing sector has exacerbated the situation for the labour force, especially for the female workforce. Therefore, Uruguay may wish to consider measures to ensure that rural women can take advantage of opportunities generated by the trade-led development of the rural sector. The creation of jobs for women in niche agricultural production activities has been previously mentioned (horticulture, fruit and dairy production). However, women will be able to exploit the new opportunities generated in the agricultural sector only if this is preceded by changes within society. Rural women are for the most part unpaid workers, and their role as homemakers and caregivers is often rooted in the country's traditions and customs. The government's intervention in this area is essential. In particular, the state needs to enhance its investments in social services, such as providing pre-primary education that would free women's time. Furthermore, it is crucial to raise awareness about women's rights in society by ensuring the incorporation within the public sector of an organisation with specific commitments towards rural women.[75]

- ***Addressing gender inequalities in the workplace and rewarding gender equality.*** The Uruguayan government has implemented a voluntary programme – the Certification Programme for Quality Management with Gender Equity Model – to encourage the top management in both public and private enterprises and institutions to mainstream gender equality in the workplace and reduce gender gaps. This is a laudable initiative. The next step could be twofold. First, a simpler and less demanding certification system could be set up for small firms that are not in a position to comply with all the requirements included in the existing certification programme. Efforts in this direction are ongoing. Second, certified firms could be encouraged to request proof of similar commitments on gender equality in the workplace from their suppliers. This would create a virtuous circle in which reducing gender gaps and ensuring gender equality at work would become a criterion for a firm to be selected as a supplier of a certified company. Additional measures may be considered, for example, rewarding certified companies through privileged access to public procurement or requiring gender equality certification for firms, including foreign firms, to be able to set up facilities in EPZs. The long-term positive impact of the Certification Programme for Quality Management with Gender Equity Model would benefit from a clear commitment by the government to continue and improve its implementation.

- ***Assessing the gender impacts of trade agreements.*** Since 2010, MERCOSUR and the European Union have been negotiating a trade agreement as part of the overall negotiation for an Association Agreement. The European Union

routinely undertakes assessment studies before negotiating a trade agreement, as well as during the negotiations. These assessments tend to vary in scope and purpose but could include some sex-disaggregated analysis of the likely distributional effects on all parties involved in the agreement of the trade measures that are being considered. Uruguay could also request support from the European Union to assess the likely repercussions of the trade measures being negotiated on the employment prospects of Uruguayan women.

- ***Enhancing women's political participation in ministerial and parliamentary positions.*** Being a woman and being in politics is unusual in Uruguay. Women account for 19 per cent of the members of the newly elected Parliament. This represents a significant increase over the previous Parliament, but is still below world (22.1 per cent) and continental (26.4 per cent) averages. Women's share of ministerial positions in the new government is 38 per cent (5 out of 13 ministers are female). To promote women's participation in politics, one strategy could be to establish a law that requires a minimum percentage of female representation in ministerial and parliamentary bodies. The implementation of the quota system should be limited in time and remain in force until stereotypes about women's and men's roles in politics are overcome. In addition, training for women who aspire to a political career may prove useful. As mentioned above, a law is already in force that obliges all parties to have at least 30 per cent of women among their candidates for elections. This law was applied for the first time in the national and departmental elections of 2014 and 2015, respectively. There are currently no provisions for gender quotas in parliamentary seats. During 2012, UN Women, together with UNDP and UNFPA, conducted a unique tutorials programme aimed at young Uruguayan women politicians. The participants took part in various training activities, workshops and gatherings. This small-scale initiative should be extended to benefit all Uruguayan women interested in taking part in political life. The aim of the training activities should be to extend women's formal and informal political networks, boost their self-confidence by improving their communications and debating skills, and enhance their understanding of the ground rules of politics. Women should be encouraged to perceive themselves as political leaders and to be more politically active in order to achieve gender equality. Involving women in decision-making positions also contributes to raising national awareness about the challenges and obstacles women face. These measures may contribute to a change in attitudes and to overcoming stereotypes regarding women's role in society and the economy.

NOTES

[74] The share of exports of natural resources-based manufactures was more than halved between the beginning of the 1990s and 2012, declining from 44.4 to 17.5 per cent. Conversely, the export share of primary goods (including live animals and meat, eggs and poultry, diary and other food products, cereals, and agricultural products including soya) doubled, increasing from 37 to 63 per cent.

[75] INMUJERES is a public sector organism but its actions refer to women's condition at the general level, and are not specifically targeted at urban or rural women.

ANNEX 1

Table A1. Uruguay: Exports by main products categories (two-year average selected years; thousands of current U.S. dollars, and per cent)

	1992/1993		1997/1998		2003/2004		2010/2011		2012	
	Thousands of U.S. dollars	Per cent of total exports	Thousands of U.S. dollars	Per cent of total exports	Thousands of U.S. dollars	Per cent of total exports	Thousands of U.S. dollars	Per cent of total exports	Thousands of U.S. dollars	Per cent of total exports
Total exports	**1,673,906.50**	**100.00**	**2,747,239.00**	**100.00**	**2,569,108.00**	**100.00**	**7,317,956.50**	**100.00**	**8,743,116.00**	**100.00**
Live animals and their products	369,128.00	22.05	776,151.50	28.25	865,549.00	33.69	2,403,681.00	32.85	2,724,485.00	31.16
Of which: Live animals	19,876.50	1.19	46,295.00	1.69	22,752.00	0.89	152,044.63	2.08	87,000.00	1.00
Beef cold	42,822.50	2.56	162,724.50	5.92	130,657.00	5.09	291,720.50	3.99	384,718.00	4.40
Beef frozen	95,926.00	5.73	212,989.00	7.75	350,180.00	13.63	902,429.00	12.33	1,019,086.00	11.66
Sheep meat	13,828.50	0.83	33,227.50	1.21	25,792.00	1.00	81,749.00	1.12	74,192.00	0.85
Fish and other sea products	81,700.00	4.88	108,578.00	3.95	112,158.50	4.37	195,972.50	2.68	179,932.00	2.06
Milk and milk products, eggs, poultry and other food products	69,654.00	4.16	169,015.50	6.15	181,324.50	7.06	637,377.85	8.71	797,617.75	9.12
Agricultural products	239,423.00	14.30	459,126.50	16.71	419,838.50	16.34	1,817,995.00	24.84	2,782,474.00	31.82
Of which: Rice	127,612.50	7.62	262,474.50	9.55	183,443.00	7.14	429,048.50	5.86	560,323.00	6.41
Other cereals	10,084.50	0.60	44,867.50	1.63	3,920.00	0.15	331,792.00	4.53	515,506.00	5.90

Mineral products	63,555.50	3.80	38,952.00	1.42	87,778.50	3.42	157,029.00	2.15	105,668.00	1.21
PRIMARY PRODUCTS	672,106.50	40.15	1,274,230.00	46.38	1,373,166.00	53.45	4,378,705.00	59.84	5,612,627.00	64.19
Animal and vegetable oil and fats	3,203.50	0.19	14,378.50	0.52	10,104.50	0.39	115,712.52	1.58	122,371.50	1.40
Products of the food industry including beverages	67,185.00	4.01	131,168.50	4.77	96,700.50	3.76	225,817.00	3.09	221,418.00	2.53
Fur, leather and its products	191,512.00	11.44	263,741.00	9.60	273,899.50	10.66	255,405.00	3.49	285,563.00	3.27
Of wihich: Fur and leather	111,377.00	6.65	187,140.00	6.81	234,112.50	9.11	228,889.00	3.13	264,610.00	3.03
Products of fur and leather	75,155.50	4.49	76,601.00	2.79	39,787.00	1.55	26,516.26	0.36	20,952.69	0.24
Wood and its products	7,410.50	0.44	42,324.50	1.54	89,172.50	3.47	497,028.50	6.79	471,405.00	5.39
Wood pulp, paper and cardboard and their products	24,599.50	1.47	64,570.50	2.35	51,995.00	2.02	111,919.00	1.53	102,492.00	1.17
Textiles and its products	424,950.50	25.39	418,105.00	15.22	233,412.50	9.09	339,556.50	4.64	324,204.00	3.71
Of which: Wool primary process and waste	63,242.00	3.78	39,294.50	1.43	23,934.00	0.93	83,529.48	1.14	84,072.62	0.96
Tops and bumps (bump top)	186,152.00	11.12	181,366.50	6.60	114,730.00	4.47	153,717.50	2.10	152,361.00	1.74
Wool thread	610.25	0.04	738.00	0.03	764.50	0.03	3,679.41	0.05	3,206.90	0.04

Wool textiles	55,082.75	3.29	53,781.50	1.96	36,015.00	1.40	11,996.29	0.16	4,579.28	0.05
Knitted garment	32,746.75	1.96	24,443.00	0.89	14,977.00	0.58	18,279.92	0.25	17,413.76	0.20
Garment, expect knitted	28,641.00	1.71	76,112.50	2.77	21,306.00	0.83	23,190.24	0.32	24,028.10	0.27
Shoes and other products	24,892.50	1.49	19,275.00	0.70	2,174.50	0.08	2,758.64	0.04	1,047.19	0.01
NATURAL RESOURCE-BASED MANUFACTURE	743,753.50	44.43	953,563.00	34.71	757,459.00	29.48	1,548,197.16	21.16	1,528,500.68	17.48
Chemical and Pharmaceutical products	68,249.50	4.08	116,616.00	4.24	112,448.00	4.38	376,414.00	5.14	486,952.00	5.57
Plastic and rubber products	55,572.50	3.32	94,040.50	3.42	122,558.50	4.77	392,706.50	5.37	444,853.00	5.09
Manufactures of metals (excluding precious metals)	14,415.00	0.86	40,689.50	1.48	37,956.00	1.48	74,082.00	1.01	110,201.00	1.26
Transport equipment and its parts	79,290.00	4.74	130,716.50	4.76	46,001.50	1.79	249,363.50	3.41	139,467.00	1.60
Cement, stone and glass manufacture	28,503.00	1.70	26,937.50	0.98	14,683.00	0.57	12,864.00	0.18	13,067.00	0.15
Electric equipment and artifacts	17,482.25	1.04	64,422.50	2.34	26,309.00	1.02	90,547.50	1.24	127,528.00	1.46
Diverse manufacture products	4,115.50	0.25	19,662.50	0.72	32,928.00	1.28	85,737.14	1.17	132,689.93	1.52
OTHER MANUFACTURES	267,627.75	15.99	362,368.50	13.19	392,884.00	15.29	1,281,714.64	17.51	1454757.93	16.64

Note: The original data from INE include only Uruguayan exports in major import categories. Since some exports are not captured in the categories, the sum of their percentages does not necessarily equal 100 per cent of all exports.

Source: UNCTAD Secretariat based on INE data.

ANNEX 2

Table A.2 Uruguay: Imports by main products categories (two-year average selected years; thousand current U.S. dollars, and per cent)

	1992/1993		1997/1998		2003/2004		2010/2011		2012	
	Thousands of U.S. dollars	Per cent of total imports	Thousands of U.S. dollars	Per cent of total imports	Thousands of U.S. dollars	Per cent of total imports	Thousands of U.S. dollars	Per cent of total imports	Thousands of U.S. dollars	Per cent of total imports
Total imports	**2,185,388.50**	**100.00**	**3,763,260.50**	**100.00**	**2,654,500.50**	**100.00**	**9,674,068.11**	**100.00**	**11,614,301.33**	**100.00**
Live animals and their products	8,599.00	0.39	25,086.50	0.67	32,628.50	1.23	124,613.21	1.29	137,449.53	1.18
Agricultural products	44,028.00	2.01	118,776.00	3.16	97,463.50	3.67	265,295.75	2.74	260,617.89	2.24
Mineral products	238,265.00	10.90	300,116.00	7.97	635,115.50	23.93	2,004,362.19	20.72	3,157,826.42	27.19
Of which: *Petroleum and derivatives*	226,966.00	10.39	280,894.00	7.46	618,877.50	23.31	1,956,874.23	20.23	3,102,647.25	26.71
PRIMARY PRODUCTS	290,892.00	13.31	443,978.50	11.80	765,207.50	28.83	2,394,271.14	24.75	3,555,893.84	30.62
Animal and vegetable oil and fats	6,848.50	0.31	23,153.00	0.62	21,694.00	0.82	91,020.70	0.94	97,330.29	0.84
Products of the food industry including beverages	86,339.50	3.95	247,882.50	6.59	137,785.50	5.19	556,119.64	5.75	646,855.43	5.57
Fur, leather and its products	32,295.50	1.48	47,476.00	1.26	71,040.50	2.68	103,270.97	1.07	122,234.50	1.05
Wood and its products	16,751.50	0.77	33,413.00	0.89	13,890.50	0.52	50,227.69	0.52	55,228.50	0.48

Wood pulp, paper, cardboard and their products	56,810.00	2.60	136,669.50	3.63	83,103.00	3.13	197,292.42	2.04	186,538.15	1.61
Textiles and textile products (XI)	115,775.50	5.30	211,153.00	5.61	141,633.50	5.34	434,650.09	4.49	471,826.68	4.06
Shoes and other products	19,053.00	0.87	42,964.00	1.14	23,770.00	0.90	101,041.16	1.04	118,029.26	1.02
NATURAL RESOURCE- BASED MANUFACTURE	333,873.50	15.28	742,711.00	19.74	492,917.00	18.57	1,533,622.68	15.85	1,698,042.81	14.62
Chemical and pharmaceutical products	263,514.00	12.06	502,118.00	13.34	439,900.50	16.57	1,270,397.47	13.13	1,501,371.38	12.93
Of which Organic chemical products	64,590.50	2.96	81,964.00	2.18	78,098.50	2.94	202,844	2.10	260,694.52	2.24
Fertilizers	24,580.50	1.12	61,937.50	1.65	76,625	2.89	304,093	3.14	353,066.62	3.04
Plastic and rubber products	141,824.50	6.49	256,036.00	6.80	233,379.00	8.79	704,548.70	7.28	765,125.93	6.59
Manufactures of metals (excluding precious metals)	121,778.00	5.57	210,617.00	5.60	116,479.50	4.39	437,874.49	4.53	493,799.00	4.25
Of which: Iron and steel melting	26,518.00	1.21	80,015.50	2.13	51,675.00	1.95	161,801.41	1.67	179,395.93	1.54
Iron and steel manufactures	15,899.50	0.73	62,766.00	1.67	27,538.50	1.04	143,682.44	1.49	168,856.47	1.45
Transport equipment and its parts	365,716.50	16.73	512,507.50	13.62	128,498.00	4.84	1,111,384.97	11.49	1,128,681.69	9.72

Cement, stone and glass manufacture	31,189.50	1.43	62,561.50	1.66	34,126.50	1.29	112,659.49	1.16	130,361.55	1.12
Electric equipment and artifacts *	285,263.50	13.05	847,355.00	22.52	354,794.50	13.37	1,761,854.13	18.21	1,902,519.22	16.38
Of which: Machinery and equipment	285,263.50	13.05	495,187.50	13.16	221,247.00	8.33	1,035,831.56	10.71	1,119,869.10	9.64
Diverse manufacture products	22,933.50	1.05	92,927.00	2.47	44,363.50	1.67	205,766.94	2.13	276,046.80	2.38
OTHER MANUFACTURE	1,232,219.50	56.38	2,484,122.00	66.01	1,351,541.50	50.92	5,604,486.20	57.93	6,197,905.56	53.36

Note: The import data from INE include only Uruguayan imports in major import categories. Since some imports are not captured in the categories, the sum of their percentages does not necessarily equal 100 per cent of all imports.

Source: UNCTAD Secretariat based on INE data.

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