

URUGUAY: Economic Overview



Uruguay has recorded large GDP growth (~50%) over the past two decades, but the nation's economy is not poised to adapt to a changing global environment and economy. Our proposed policies will pivot Uruguay's agricultural dependence to small businesses in the tech industry to foster **broad-based, sustainable growth**.

Key Historical Events

- The Uruguay Round: MTN intended to reduce global agricultural support → unsuccessful in long-term
- 2016 Economic Downturn: Difficult year for farming created trade shortage with major trade partners Brazil & Argentina

Key Economic Statistics

- GDP Per Capita (PPP, int'l): \$23,572.20
- GDP Growth Rate: 2003-2014: 5%, 2015-2019: 1.6%
- Unemployment Rate: 7.9%
- Gini Coefficient: 0.395

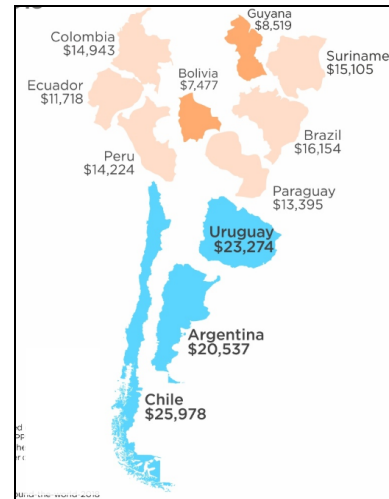
GDP By Sector

- Agriculture: 6.2% (70% of exports, 25% total GDP including agriculture-related activities)
- Industry: 24.1%
- Services: 69.7%

Population Statistics

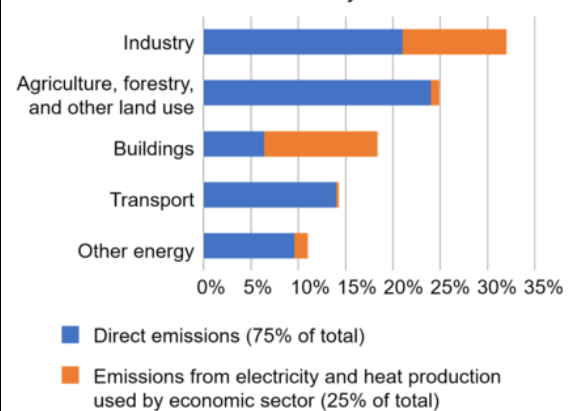
- 3.45 mil residents
- Compulsory education from ages 4-17
- 98% literacy rate
- Free public education at all levels, including tertiary/college equivalent
- World Happiness Index: 33rd Worldwide, 28th largest growth 2018

2018 GDP Per Capita (PPP, Int'l \$)



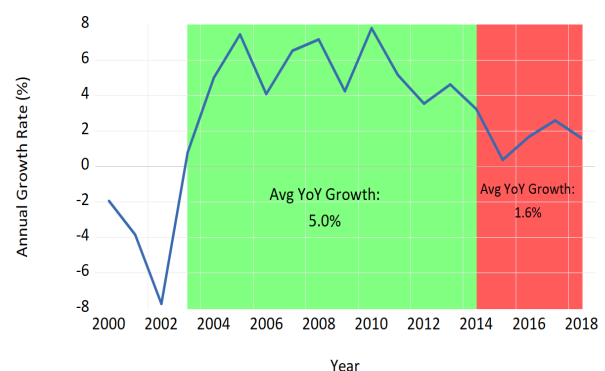
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Greenhouse Gas Emissions by Economic Sector



IPCC, 2010

Uruguay GDP from 2000-2018 Annual Growth Rate (%)



World Bank

Policy #1: Reduce Dependence on Agriculture

Eli Thrasher

Policy: Reduce agricultural subsidies and cap international private investments in agriculture companies.

The Problem

- Climate change has serious adverse effects on the industry; Uruguay's location magnifies these effects
- Economy depends on consistent climate while worsening climate change
- High opportunity cost: 82.6% of land mass used for agriculture, bottlenecking population & urban development
- GDP growth already slowing immensely

Case Study: Ireland

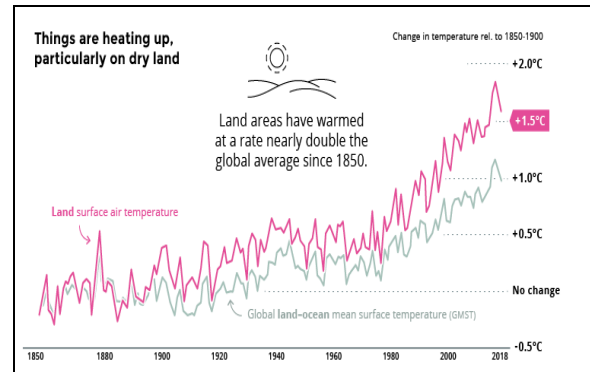
- Agricultural land usage fell 20% between 1990-2000, GDP grew 250%
- Joined UN in reducing support to agricultural industry (i.e. milk quotas)
- 500% growth in GDP since 1990 following long-term economic shifts to strong international presence

Uruguay's Solution

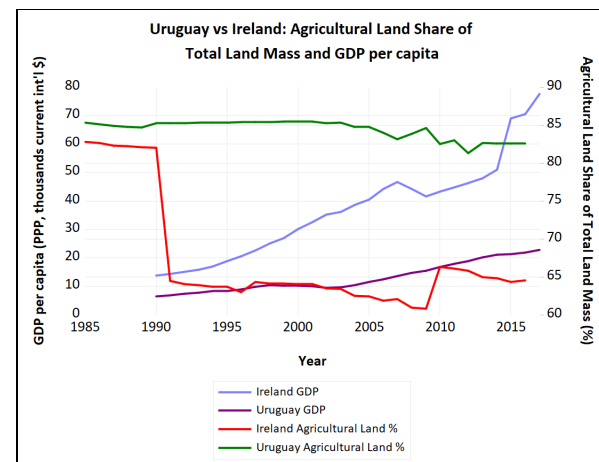
- Reduce agricultural subsidies that account for 68% of national subsidies
- Enforce regulation of cattle farming
- Cap international investments in private agricultural companies

Effects

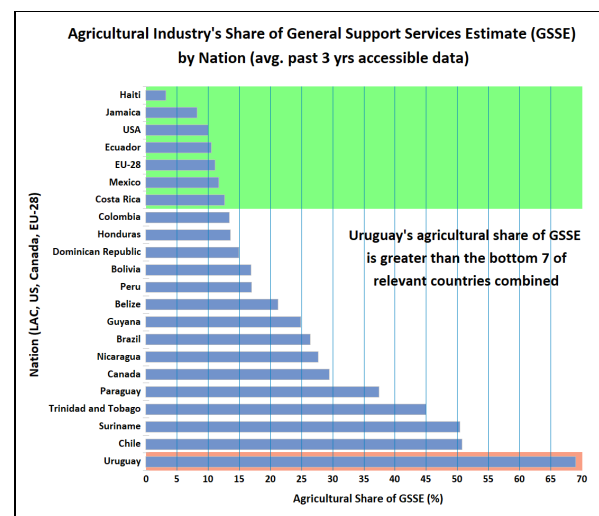
- Shift Uruguay away from agriculture and toward sustainable, green growth
- Free government capital for other uses
- Profits created stay within country



UN Climate Report



Word Bank Data



UN Agriculture Data

Policy #2: Facilitate Small Business Growth in Tech

Liam Prevelige

Policy: Grow Uruguay's entrepreneurial culture with small business financial incentives, improved STEM education, and simplified government-based property regulations.

The Problem

Uruguay poses many business operation challenges, especially for entrepreneurs:

- Difficult construction permit and property registration process
- Poor 3rd party investment protection
- Minimal urban share of land mass (limits pop. & business opportunity)
- Poor STEM education and limited technical degrees restricts entrepreneurial culture

Case Study: China

- Transition from state-owned enterprises to private, entrepreneurial ventures
- Non-state 23x business profit growth in 2006-2013, growing business density
- GDP per capita had 2x growth in 2000-2013, widely attributed to SMEs growth

Uruguay's Solution

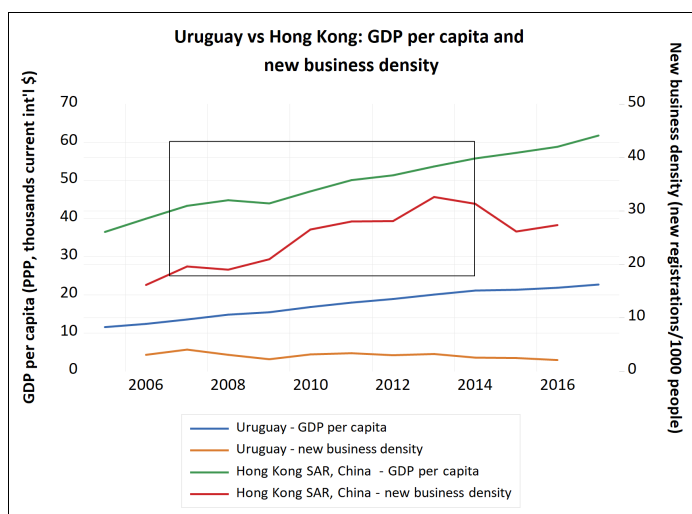
- Reform construction and property approval process
- Create urban infrastructure on land freed by decreased agricultural aid
- Increase STEM education budget at all academic levels and offer new technical majors at tertiary level
- Increase subsidies for tech industry, small companies, and investors

Effects

- Incentivize entrepreneurship and general business development
- Join promising tech industry and give all social classes wealth potential

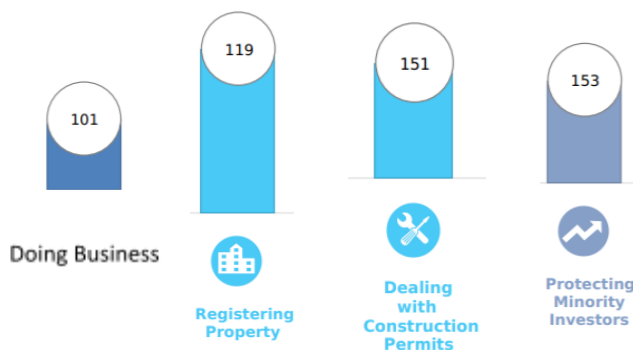


Uruguay Census, 2011



Uruguay Rankings (_/185)

World Bank Data



World Bank Data