Rating Report
Report Date:
April 5, 2012
Previous Report:
February 17, 2011

Oriental Republic of Uruguay

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Ratings

Issuer	Debt Rated	Rating	Trend
Uruguay,Oriental Republic of	Long-Term Foreign Currency Debt – Issuer Rating	BB (high)	Positive
Uruguay,Oriental Republic of	Long-Term Local Currency Debt – Issuer Rating	BB (high)	Positive

Rating Update

DBRS, Inc. (DBRS) has upgraded the ratings on the long-term foreign and local currency debt of the Oriental Republic of Uruguay to BB (high) from BB, and maintained the Positive trends on both ratings. The reasons for the upgrade are: (1) sustained high rates of economic growth driven by investment, exports and a structural transformation of the agriculture sector, (2) very low rollover risk, and (3) larger financial buffers. These factors have improved public debt dynamics and enhanced the resilience of the economy to adverse shocks. The Positive trends reflect DBRS's assessment that the ratings could be raised to investment grade if fiscal discipline is sustained and public debt ratios continue on a downward trajectory.

From 2006 to 2011, Uruguay expanded at an average annual rate of 5.8%. Supply and demand factors contributed to this strong economic performance. On the supply side, the agriculture sector has undergone a structural transformation, supported by large FDI inflows and technological advances, that has significantly expanded and diversified production. Higher investment rates overall have also increased the economy's productive capacity. Positive demand factors include favorable terms of trade and strong regional demand for tourism services. This solid growth performance has been accompanied by a rising employment rate and substantial real wage gains. The economy expanded 5.7% in 2011 and is expected to grow 4.0% in 2012, indicating resilience during a period of weak global economic growth.

(Continued on page 2)

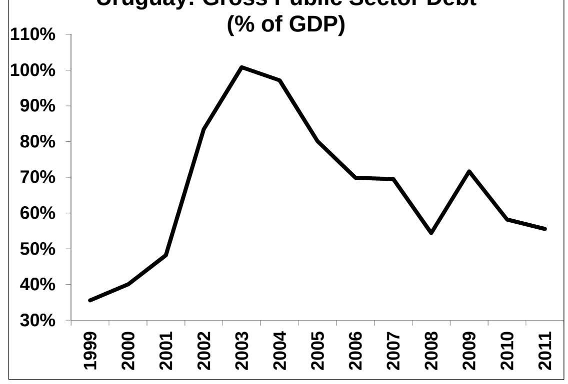
Rating Considerations

Strengths
(1) Sound macroeconomic management
(2) Low rollover risk
(3) High foreign direct investment
(4) Stable political environment and strong public institutions

Challenges
(1) Reducing public debt
(2) Exposure to commodity-price cycle and regional volatility
(3) Persistent inflation pressures
(4) Financial dollarization
(5) Energy infrastructure deficit

Summary Statistics

For the year ended December 31	2009	2010	2011	2012E
Nominal GDP (US$, billions)	30.6	39.4	46.7	52.1
GDP per capita (US$)	9,136	11,735	13,866	15,417
Real GDP growth (% change yoy)	2.4%	8.9%	5.7%	4.0%
Inflation (CPI % change yoy)	5.9%	6.9%	8.6%	7.2%
Current account (% GDP)	-0.3%	-1.1%	-1.9%	-2.5%
Exchange rate (average; UYU/US$)	22.5	20.1	19.3	19.3
Fiscal balance (% GDP)	-1.7%	-1.1%	-0.9%	-1.0%
Primary fiscal balance (% GDP)	1.2%	1.9%	2.0%	2.1%
Public sector debt (% GDP)	71.6%	58.2%	55.6%	50.4%
Gross external debt (% GDP)	46.0%	36.7%	30.9%	N/A



Uruguay: Gross Public Sector Debt (% of GDP)

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Rating Update (Continued from page 1)

This strong economic performance combined with persistent primary surpluses and proactive debt management has led to a significant improvement in the level and composition of Uruguay's debt profile. Gross public debt declined from 100.8% of GDP in 2003 to 55.6% of GDP in 2011. The government aims to reduce debt-to-GDP to 40% by 2015, which DBRS views as a realistic baseline scenario. Net public sector debt – which deducts liquid financial assets from gross debt – declined to 27.3% of GDP in 2011. Debt management operations have also substantially reduced vulnerabilities, including refinancing and exchange rate risks. The average maturity of central government debt is 12.3 years, and the share denominated in local currency increased from 11% in 2005 to 49% in 2011.

Fallout over sovereign debt and financial fragility in the Euro area or a sharp deceleration in China present downside risks to Uruguay's growth outlook, principally through the terms of trade channel. Agricultural products account for more than 60% of Uruguay's merchandise exports and therefore are exposed to fluctuations in world prices. Moreover, first round effects from a terms of trade shock could be amplified by reduced demand from Uruguay's commodity-producing neighbors, particularly Argentina. Trade disruptions or an economic downturn in the region would likely have a negative effect on economic activity in Uruguay, principally through weaker demand for tourism services.

However, low rollover risk, high international reserves and economic diversification bolster the economy's defenses to potential negative shocks. The government, with limited debt maturing and $2.5 billion (5.4% of GDP) in precautionary savings, has ample resources to cover gross financing needs over the next twelve months. Contingent credit lines totaling $1.1 billion (2.4% of GDP) from the World Bank, CAF and FLAR offer additional financial cushion. On the external front, high FDI provides the economy with a stable source of financing. Annual FDI inflows averaged 5.9% of GDP from 2005 to 2011, among the highest in Latin America, and several large projects are underway or in the process of negotiation, suggesting this trend will continue. In addition, international reserves rose to $11.3 billion (24.0% of GDP) in March 2012, up $3.5 billion from a year prior, further strengthening the economy's liquidity position.

Economic diversification and prudent financial regulation have reduced Uruguay's exposure to regional volatility. While benefiting from its comparative advantage in traditional products such as beef, Uruguay has expanded into new agricultural markets, such as soy, dairy and wheat. With more exports destined for global markets, Uruguay has reduced its exposure to country-specific shocks, particularly from Argentina. The share of merchandise exports destined for Argentina was 7% in 2011, down from 18% in 2000. Furthermore, the share of non-resident deposits in the Uruguayan banking system, primarily from Argentina, account for just 15% of total deposits, down from 41% in 2001.

However, in the event of an adverse shock DBRS believes Uruguay has very limited fiscal space to provide expansionary policy. The debt burden, though declining, is still high compared to most investment grade sovereigns in the region, and the fiscal accounts are in a modest deficit position, despite above-trend growth in 2010 and 2011. Moreover, inflation has remained near or above the upper limit of the Central Bank of Uruguay (BCU) target range for the last five years. With tight labor market conditions and rising real salaries, continued vigilance will be needed to anchor inflation expectations within the target range. Moreover, the high level of financial dollarization creates balance sheet vulnerabilities throughout the economy which carry exchange rate and liquidity risks. Measures that enhance the credibility of monetary policy could facilitate de-dollarization and increase policy flexibility.

Sound macroeconomic management, a stable political environment and strong public institutions have provided a foundation for economic growth and social development in Uruguay. Weakened political commitment to debt reduction or a change in policy that reduces the resiliency of the economy to adverse shocks could result in a stabilization of the ratings at the current level. On the other hand, continuing prudent fiscal management alongside solid growth prospects – in line with DBRS's baseline expectations – could result in an upgrade of the ratings.

Local and Foreign Currency Ratings

The local and foreign currency ratings are set at the same level because the depth of the domestic financial market remains limited. In addition, the country's foreign currency liquidity is strong, underpinned by a large stock of foreign currency reserves, which helps the capacity to service foreign currency debt. For these reasons, the greater capacity to tax in domestic currency is not sufficient, in our view, to differentiate the local and foreign currency ratings.

Rating Considerations Details

Strengths

(1) Sound macroeconomic management. Political consensus on prudent macroeconomic policies has underpinned the economy's strong performance since it recovered from the 2002 financial crisis. Prudent fiscal policy, exchange rate flexibility and strong financial regulation have helped lower public debt ratios and reduce economic and financial vulnerabilities.

(2) Low rollover risk. Proactive public debt management has significantly reduced risks to government funding. The average maturity of central government debt increased from 7.4 years in 2004 to 12.3 years in December 2011, among the longest in either emerging or advanced economies. Moreover, Uruguay's 12-month pre-financing policy provides funding flexibility in the event of market turbulence.

(3) High foreign direct investment. Political stability, strong rule of law and predictable macroeconomic policy have attracted high levels of foreign direct investment. FDI inflows have provided a stable source of external financing for the economy, diversified the export base and increased productivity through spillover and industry innovation effects. From 2005 to 2011, FDI inflows averaged 5.9% of GDP, among the highest in Latin America. Several new projects suggest that FDI inflows will remain strong through 2014.

(4) Stable political environment and strong public institutions. Uruguay is a stable democracy with strong public institutions and low levels of corruption. The electorate is moderate and the party system facilitates pragmatic politics.

Challenges

(1) Reducing public debt. Persistent primary surpluses and strong growth have significantly reduced the debt burden since 2003. Nevertheless, gross public debt remains high at 55.6% of GDP in 2011. The government plans to reduce debt-to-GDP to 40% by 2015.

(2) Exposure to commodity price cycle and regional volatility. Uruguay is a commodity-based exporter with strong trade and financial links to its neighbors. Agricultural products account for nearly 60% of goods exports, exposing Uruguay to the commodity-price cycle. Furthermore, first round effects of a decline in commodity prices could be amplified by reduced demand from Uruguay's commodity-producing neighbors, particularly Argentina. Although trade diversification and financial sector reform have reduced Uruguay's vulnerabilities to regional volatility, an economic downturn or sharp depreciation in a neighboring country would lower demand for Uruguayan exports, particularly tourism services, with negative effects on growth and employment.

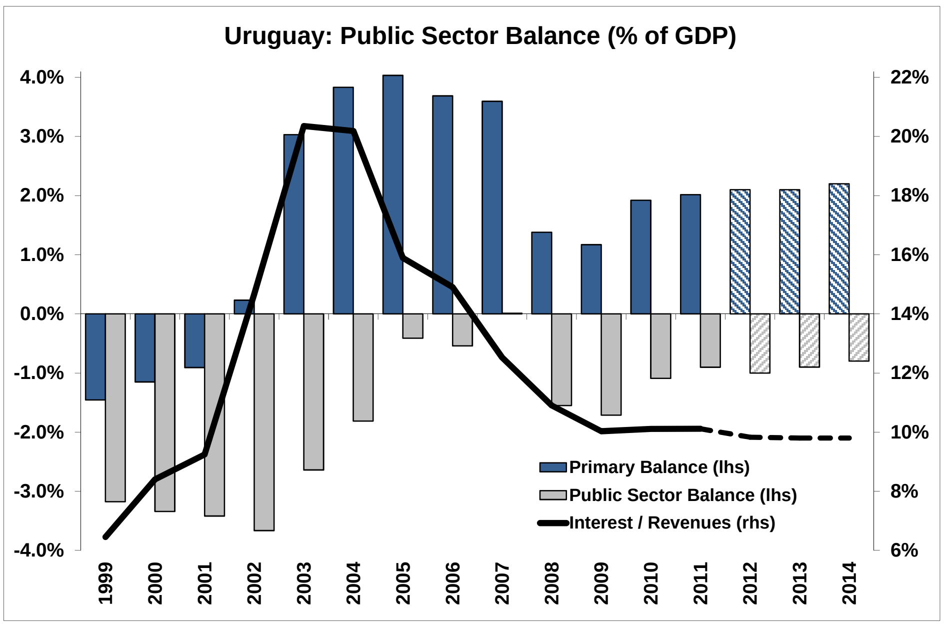
(3) Persistent inflation pressures. Rising commodity prices, tight labor market conditions and strong real wage growth have led to persistently high inflation. For the last five years, annual inflation has remained near or above the upper limit of the Central Bank of Uruguay (BCU) target range. With upside risks to prices this year, continued vigilance will be needed to anchor expectations within the target range.

(4) Financial dollarization. Dollarization creates currency mismatches and balance sheet vulnerabilities throughout the economy that carry exchange rate and liquidity risks. In addition, dollarization blunts the effectiveness of monetary policy. Although the share of dollarized credit and deposits has declined since 2002, it is still high at 51% and 73%, respectively, in February 2012.

(5) Energy infrastructure deficit. As an energy importer, Uruguay is exposed to supply disruptions and swings in international oil prices. This has implications for public finances, the balance of payments and economic growth. Reducing these vulnerabilities is a priority for the current administration, and the government is planning significant public and private investment in energy-related infrastructure, including a new connection to Brazil's electricity grid and a series of renewable energy projects. In addition, the government has created an energy stabilization fund to cover potential fiscal costs until expanded infrastructure can provide more stable and secure sources of energy.

Fiscal Management and Policy

Since the 2002 financial crisis, Uruguay's commitment to responsible fiscal policy has helped consolidate macroeconomic stability and lower public debt ratios. Primary surpluses averaged 2.9% of GDP from 2003 to 2011, aided by reforms that broadened the tax base and improved tax administration. The debt servicing burden over that time fell from 20.4% to 10.1%. The government has used this greater fiscal space to channel resources toward priority sectors, such as education, health services and infrastructure.



Note: 2012-14 is based on government targets.
Sources: Ministry of Economy and Finance, DBRS

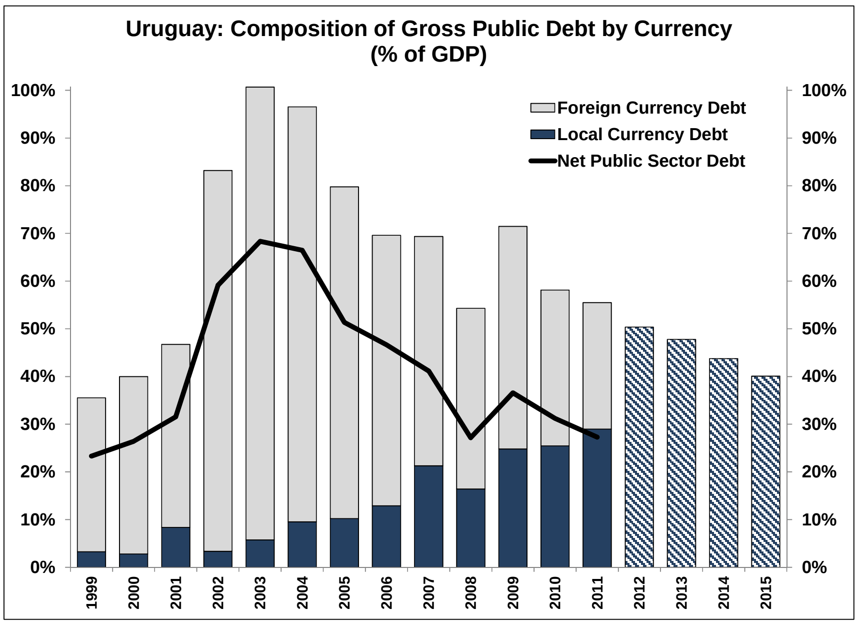
The fiscal results in 2011 outperformed the targets established in the five-year budget plan (2010-14). The overall deficit narrowed from 1.1% of GDP in 2010 to 0.9% of GDP in 2011, ahead of the 1.1% of GDP target. This performance is primarily explained by better results from the central government. Increased social security contributions and a decline in investment outlays shifted the central government primary balance from a deficit of 0.6% of GDP in 2010 to a surplus of 0.7% of GDP in 2011. However, better fiscal results from the central government were partially offset by a deterioration in the balances of public companies, as elevated energy costs were not fully transferred to consumer prices. Fiscal and inflation objectives appear to be taken into account when setting energy tariffs. As a result, the surplus generated by public companies declined from 2.3% of GDP in 2010 to 1.1% of GDP in 2011.

Government budget targets going forward appear realistic. Deficit targets are set at 1.0% of GDP in 2012, 0.9% in 2013 and 0.8% in 2014. The budget plan assumes annual economic growth of 4.0% from 2012 to 2014. Although the Uruguayan economy has expanded at an average rate of 2.5% over the last 30 years, DBRS believes the government assumptions are reasonable, given the higher rates of investment and diversification of the economy.

However, DBRS believes there is very limited fiscal space to provide stimulus in the event of an adverse shock. Despite two years of above-trend growth, the fiscal balance remains in a deficit position. Moreover, salaries, social security, transfers and interest payments, which account for nearly 80% of central government spending, are relatively inflexible. If growth underperforms, it could be difficult to achieve the fiscal and debt targets.

Debt and Liquidity

Primary surpluses, strong growth and skillful debt management have led to a significant improvement in the level and composition of Uruguay's debt profile. Gross public debt declined from a post-crisis peak of 100.8% of GDP in 2003 to 55.6% of GDP in 2011. The Mujica administration aims to reduce gross debt to 40% of GDP by 2015. Net public debt, which deducts liquid financial assets from gross debt, also declined from its peak of 68.3% in 2003 to 27.3% of GDP in 2011.



Note: Gross and net public debt for 2012-15 are DBRS estimates based on government targets.
Sources: BCU, DBRS

Proactive debt management has significantly reduced rollover risk by smoothing the amortization schedule, extending the maturity structure and implementing a 12-month pre-financing policy. The average maturity of central government debt is 12.3 years, among the longest in either emerging or advanced economies. Foreign currency bonds maturing from 2012 to 2016 amount to just $729 million (1.6% of 2011 GDP), and 28% of foreign currency debt corresponds to multilateral creditors. Furthermore, the pre-financing policy sets aside liquid assets sufficient to cover gross financing needs for at least the next 12 months (net of the expected primary surplus). This provides the central government with significant funding flexibility in the event of market turbulence. Contingent credit lines with the World Bank, Corporacion Andina de Fomento (CAF) and the Fondo Latinoamericano de Reservas (FLAR), which total $1.1 billion, offer additional financial buffers.

The government has also made substantial progress reducing exchange rate risk. The share of central government debt denominated in local currency increased from just 11% in 2004 to 49% in 2011. Moreover, the net exposure of the public sector balance sheet to exchange rate risk is reduced thanks to sizable dollar assets held by the non-financial public sector and the central bank. The government plans to continue its strategy of debt de-dollarization by issuing peso denominated debt and buying back foreign currency denominated bonds.

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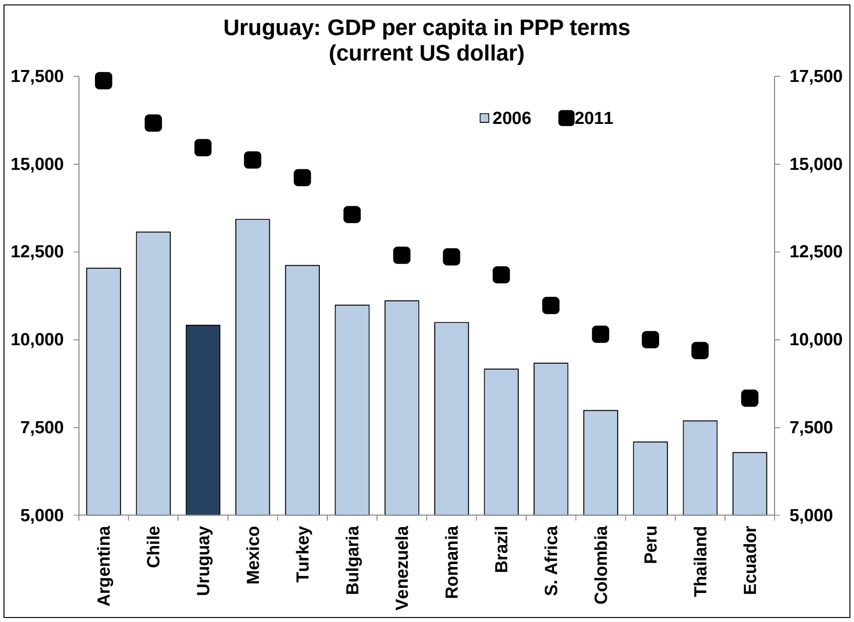
Economic Structure and Performance

Uruguay was one of the fastest growing economies in Latin America from 2003 to 2011, expanding at an average annual rate of 5.4%. While this took place in the context of favorable commodity prices and strong regional demand, this performance was also the result of prudent macroeconomic policies, higher rates of investment and increasing competitiveness in the agriculture sector. Furthermore, Uruguay's strengthened policy framework mitigated the effects of the 2009 global economic downturn and broadly preserved macroeconomic stability. From 2006 to 2011, real income per capita increased at an average rate of 5.9%. Nevertheless, sustaining high rates of economic growth over the medium term requires substantial investment in infrastructure and education.

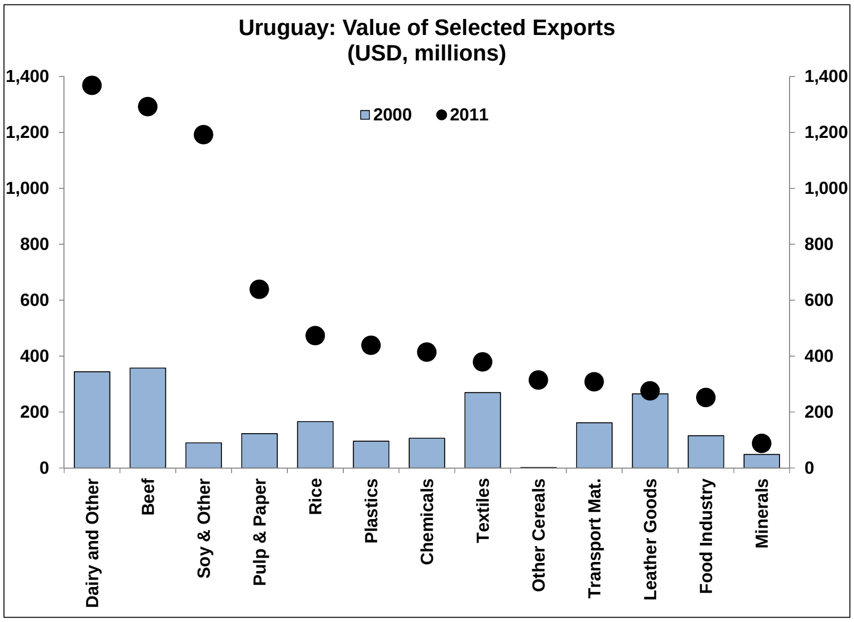


Note: Data are IMF estimates
Source: IMF, DBRS

Large FDI inflows and technological advances have contributed to a structural transformation of the agriculture sector. Uruguay has benefited from its comparative advantage in traditional sectors such as beef and dairy products while rapidly expanding into new markets, particularly soy, rice and other cereals. The development of the pulp and paper industry is also broadening the export base. As a result of higher volumes, product diversification and rising commodity prices, merchandise exports increased on average by 19% per year from 2003 to 2011.

Strong economic growth has contributed to a significant improvement in labor market conditions. In December 2011, the employment rate increased to 60.3%, well above pre-2002 levels, and unemployment declined to its lowest rate on record at 5.3%. Robust job growth has been accompanied by gains in real wages. Salaries recovered to pre-2002 levels in 2010 and continued expanding in 2011. Shortages of skilled labor are emerging, however, highlighting the need to upgrade workforce education and training. In addition, recent changes to the collective bargaining process and the increasing prevalence of wage indexation could weaken competitiveness for some sectors and increase the macroeconomic costs of adjustment in the event of an external shock.

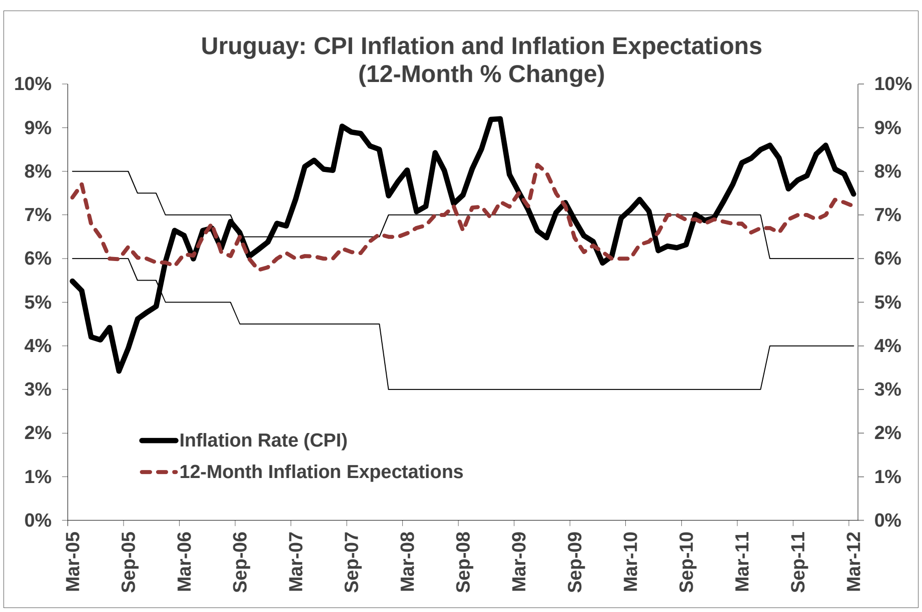
Higher levels of investment bode well for growth in the coming years. Investment averaged just 14% of GDP in the 1990s and declined to 9% in 2003. Since then, investment has significantly increased, averaging 19% of GDP from 2006 to 2011. However, transport and energy infrastructure has not kept up with the economy's expansion. In order to narrow the infrastructure deficit, Congress passed legislation in June 2011 to facilitate the creation of public-private partnerships (PPPs), with a focus on roads, railways, ports and prisons. Pilot projects are expected to begin in 2012. Adequate design and regulation will be necessary to limit the buildup of contingent liabilities on the public sector balance sheet.



Sources: INE, DBRS

Sustained economic growth also requires a substantial expansion of energy infrastructure. Oil and natural gas imports accounted for 49% of the country's energy needs in 2010, highlighting the economy's exposure to supply disruptions and fluctuations in world energy prices. Electricity generation is primarily supplied by hydro-production. However, in periods of inadequate rainfall, as in 2008 and 2009, Uruguay had to import expensive substitutes. To meet the economy's growing energy needs, the government is planning significant public and private investment in energy-related infrastructure, including a connection to Brazil's electricity grid, a series of wind parks and the expansion of biomass power. The objective is to gradually reduce dependency on imported petroleum, diversify suppliers and limit fiscal exposure.

Monetary Policy and Financial Stability

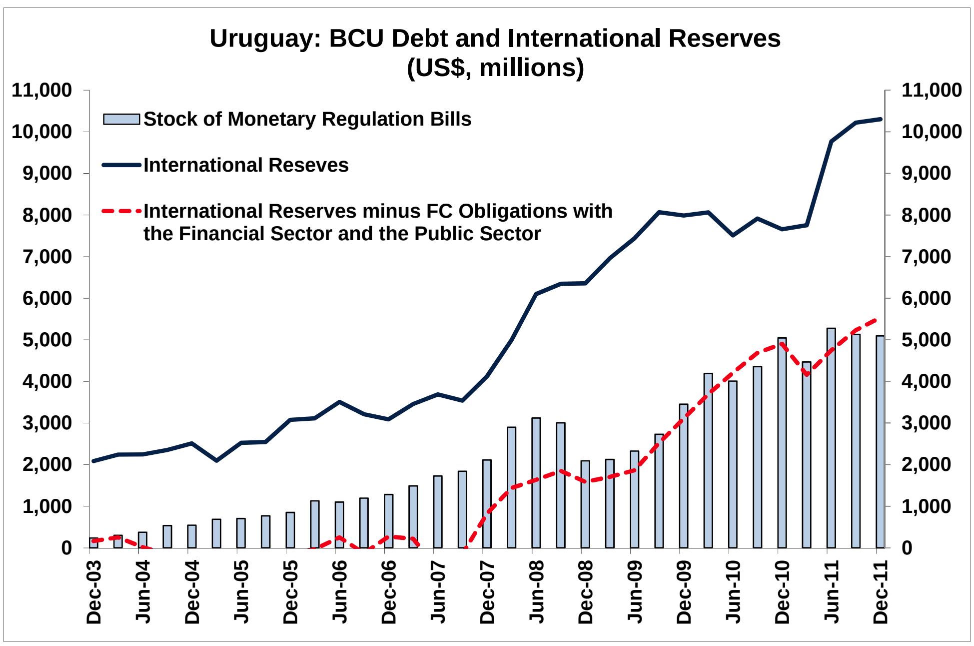


Sources: INE, BCU, DBRS

For the last five years annual inflation has remained near or above the upper limit of the Central Bank of Uruguay (BCU) target range, currently at 6%. In March 2012, annual CPI inflation was 7.5%, with price pressures driven by domestic and international factors. Strong real wage growth and low unemployment has fueled domestic consumption, pushing up prices of non-tradable goods and services. Prices in the tradable sector also increased, despite peso appreciation, reflecting the rise in international food and energy prices. To counter inflationary pressures, the BCU raised the monetary policy rate 225 basis points in 2011 and increased bank reserve requirements. Nevertheless, 12-month inflation expectations have remained above the upper limit of the target range.

The Uruguayan economy is highly dollarized, and this has two main implications for monetary policy. First, dollarization blunts the effectiveness of monetary policy. The BCU has no control over dollar interest rates and, therefore, has less ability to affect aggregate saving and demand through changes in the local money supply. Second, dollarization creates currency mismatches and balance sheet vulnerabilities that carry exchange rate and liquidity risks. Measures that enhance the credibility of monetary policy could facilitate de-dollarization and increase policy flexibility.

However, greater exchange rate flexibility has been a significant improvement in Uruguay's macroeconomic policy mix. During the global economic downturn in 2009, the BCU intervened in the foreign exchange market to mitigate excessive volatility but allowed the nominal exchange rate to respond to evolving external conditions. The exchange rate depreciated by 26% against the dollar from August 2008 to December 2008, cushioning the impact of the external shock on the real economy and helping preserve competitiveness. In 2009 and 2010, the currency strengthened, returning to pre-crisis levels.



Source: BCU, DBRS

Sterilized intervention in the foreign exchange market has led to an increase in international reserves, but has had a financial cost. From 2003 to February 2012, reserves increased from $2.1 billion to $10.6 billion. Excluding obligations with the financial system and the public sector, BCU reserves increased from $165 million to $5.8 billion (12.3% of GDP). Sterilization has also increased central bank debt, which carries a higher interest payment than low-yielding dollar reserves. The stock of Monetary Regulation Bills increased from $235 million in 2003 to $5.1 billion (10.8% of 2011 GDP) in 2011, accounting for 20% of gross public debt.

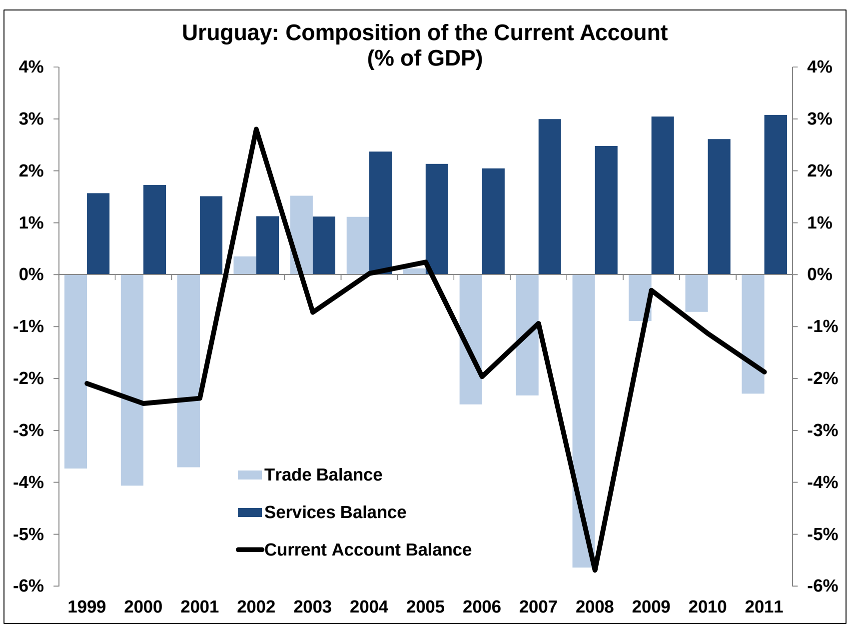
The Uruguayan financial system emerged from the global financial crisis in a healthy position to support economic growth. The banking system is liquid and highly capitalized with a very low level of nonperforming loans. Lending decelerated in 2009 but the improving economic outlook in 2010 reactivated credit growth. Nominal credit expanded by 12.7% in 2010 and 20.3% in 2011, driven by both commercial and consumer lending. Nevertheless, financial intermediation in Uruguay is low. Credit-to-GDP in Uruguay amounted to only 24% in 2011, reflecting the limited utilization of financial services by Uruguayan firms and households since the 2002 crisis. Household debt, though rising, totaled just 9% of GDP in 2011.

Due to a series of reforms and prudential measures that have been implemented over the last decade, the financial system is better prepared to withstand external shocks. Prudential measures include higher reserve requirements on foreign currency deposits, higher capital requirements on foreign currency credit, and strengthened surveillance of systemic macro-financial risks. The presence of two large Spanish banks poses the risk of negative spillovers if the Euro area crisis intensifies. However, the local subsidiaries benefit from strong balance sheets, rely principally on local funding and face limitations on net lending to parent banks, all of which reduce downside risks to the domestic banking system.

Non-resident deposits, which were a source of vulnerability in the past, also remain at low levels. At the onset of the Argentine crisis in 2001, non-resident deposits accounted for 41% of total deposits. The crisis spread to Uruguay when Argentines withdrew their money from Uruguayan banks, causing a run by both resident and non-resident depositors. Since then, the level of non-resident deposits has remained stable at roughly 15%, with banks holding matching liquid foreign currency assets.

Balance of Payments

Uruguay's external accounts performed well over the last three years with modest current account deficits financed by high levels of FDI and an accumulation of reserves. The current account deficit widened from 0.3% of GDP in 2009 to 1.9% of GDP in 2011. Deterioration in the trade balance in 2011, driven by higher energy-related imports, was partially offset by a wider surplus in the services balance. However, the deficit position in the current account is manageable, as large capital inflows – primarily in the form of FDI – provide the economy with a stable source of external financing. Moreover, international reserves increased to $11.3 billion (24.0% of GDP) in March 2012, further strengthening the economy's dollar liquidity position.



Source: BCU, DBRS

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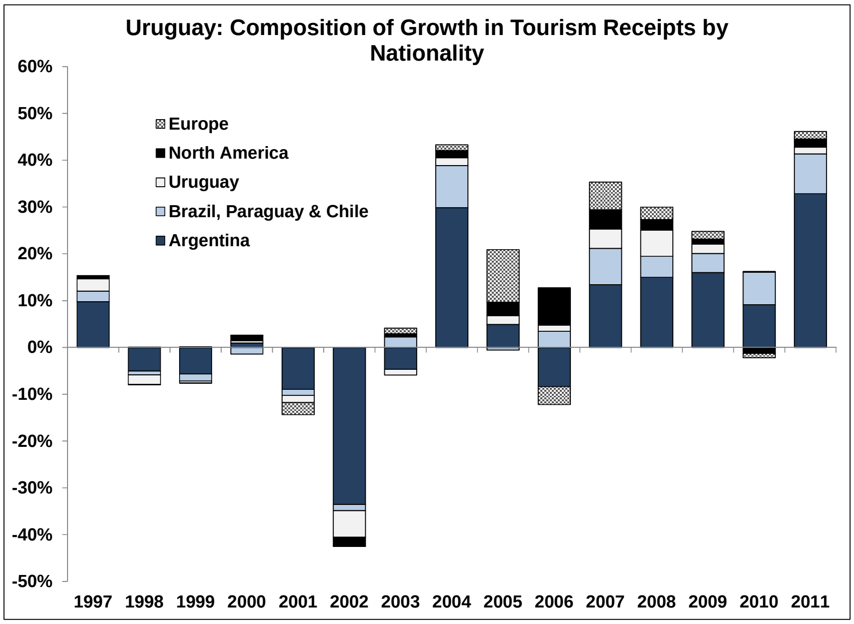
Diversification in the agriculture sector has been accompanied by deepening commercial ties with commodity-importing economies, particularly in Asia. The share of exports destined for China increased from approximately 4% in 2008 to 8% in 2011. Moreover, the increasing share of exports destined for global markets has reduced Uruguay's vulnerability to country-specific shocks, particularly Argentina. The share of Uruguayan exports to Argentina was just 7% in 2011, down from 18% in 2000. Nevertheless, a deceleration in China would likely have negative implications for growth in Uruguay and the region through the terms of trade channel.



Source: BCU, DBRS

The widening of Uruguay's perennial surplus in the services balance is the result of strong growth in the tourism industry, which accounts for 64% of service exports and 17% of total exports. Tourism receipts increased on average by 26% per year from 2003 to 2011. Though the Uruguayan tourism industry has diversified its client base over the last decade, expansion in the last three years was spurred almost entirely by visitors from the region. Receipts from Argentina increased 168% from 2008 to 2011; receipts from Brazil, Paraguay and Chile increased by 140%. Tourism continues to depend heavily on demand from Argentina, which accounted for 57% of tourism income in 2011. An economic downturn in Argentina would likely have strong negative effects on growth for the industry.

High inflows of FDI are transforming the export sector and providing the economy with a stable source of external financing. Attracted by the political stability and predictable macroeconomic policy, foreign investment is flowing into a variety of sectors, including agriculture, construction and manufacturing. As Uruguay integrates into the world economy, it is positioning itself to benefit from productivity spillovers and industry innovation, enabling the economy to expand at a faster rate.

Foreign direct investment is expected to remain robust in the coming years, particularly as two mega-projects get underway. Montes de Plata, a joint project by the Finnish group Stora Enso and Chile's Arauco, began construction of a new pulp mill, port and power generation facility in May 2011. The $1.9 billion project constitutes the largest foreign investment in the history of Uruguay. Operations are expected to begin in the third quarter of 2013. In addition, Minera Aratirí, a subsidiary of the Anglo-Swiss group Zamin Ferrous, plans to invest $3 billion to extract recently discovered iron ore deposits. The project is still under negotiation but, if approved, operations could start as early as 2013.

Political Environment

Last election:	October 25, 2009
Next election:	October 2014
Party in power:	Coalition - Frente Amplio (FA)
Senate:	FA holds 17 of 31 seats
Chamber of Deputies:	FA holds 50 of 99 seats
President:	José Mujica – Frente Amplio

The consolidation of democratic institutions over the last 27 years has made Uruguay one of the most politically stable countries in Latin America. *The Economist*'s Democracy Index places Uruguay as a leader of democratic governance in the region, and *Transparency International* ranks Uruguay just behind Chile as the least corrupt in Latin America. The Uruguayan electorate is centrist, and the party system facilitates pragmatic politics.

There is consensus across the political spectrum in Uruguay on the basic pillars of macroeconomic and social policy. Since winning the presidential elections in October 2009, José Mujica of the Frente Amplio (Broad Front) has focused the legislative agenda around development of the country's infrastructure, strengthening the education system and improving public security. While the Frente Amplio coalition has narrow majorities in both the upper and lower houses, President Mujica at times faces opposition to policy initiatives due to the divergent political agendas of parties inside the coalition.

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Selected Indicators

For the year ended December 31 ($ billions unless otherwise noted)	2006	2007	2008	2009	2010	2011
Public Debt						
Public Sector Debt	13.7	16.3	16.5	21.9	22.9	25.9
% GDP	69.9%	69.5%	54.4%	71.6%	58.2%	55.6%
Non-Financial Public Sector Debt	11.9	13.6	13.7	17.2	16.9	19.7
% GDP	60.8%	58.0%	45.1%	56.2%	42.8%	42.2%
Net Public Sector Debt	9.2	9.7	8.3	11.2	12.3	12.8
% GDP	46.6%	41.2%	27.2%	36.6%	31.2%	27.3%
Domestic Debt						
Public Sector	4.4	5.2	5.8	9.1	10.1	12.5
% GDP	22.3%	22.3%	19.0%	29.8%	25.6%	26.8%
External Debt						
Public Sector	9.3	11.1	10.7	12.8	12.8	13.5
% GDP	47.5%	47.2%	35.4%	41.8%	32.6%	28.8%
Private Sector	1.2	1.1	1.3	1.3	1.6	1.0
% GDP	6.3%	4.8%	4.2%	4.2%	4.2%	2.1%
Total External Debt	10.6	12.2	12.0	14.1	14.5	14.4
% GDP	53.8%	52.1%	39.6%	46.0%	36.7%	30.9%
Fiscal Balances (% GDP)						
Revenues	28.4%	28.6%	26.9%	28.8%	29.8%	28.9%
Expenditures	24.9%	25.3%	25.7%	28.0%	28.1%	27.1%
Municipalities Primary Balance	0.4%	0.2%	0.1%	0.3%	0.0%	0.1%
State Insurance Bank Primary Balance	0.0%	0.2%	0.2%	0.2%	0.4%	0.2%
Non-Financial Public Sector Primary Balance	3.8%	3.7%	1.5%	1.3%	2.0%	2.1%
Interest Payments	4.2%	3.6%	2.9%	2.9%	3.0%	2.9%
Interest Payments (% Revenues)	14.9%	12.5%	10.9%	10.0%	10.1%	10.1%
Non-Financial Public Sector Balance	-0.4%	0.1%	-1.4%	-1.6%	-1.0%	-0.8%
Public Sector Balance	-0.5%	0.0%	-1.6%	-1.7%	-1.1%	-0.9%
Balance of Payments & Liquidity						
Current Account Balance	-0.4	-0.2	-1.7	-0.1	-0.4	-0.9
% GDP	-2.0%	-0.9%	-5.7%	-0.3%	-1.1%	-1.9%
Trade Balance	-0.5	-0.5	-1.7	-0.3	-0.3	-1.1
Net Foreign Direct Investment (% GDP)	7.5%	5.3%	7.0%	5.2%	6.4%	5.4%
International Reserves	3.1	4.1	6.4	8.0	7.7	10.3
International Investment Position	-0.7	-2.0	-2.0	-5.1	-6.8	N/A
% GDP	-3.6%	-8.6%	-6.7%	-16.6%	-17.2%	N/A
External Assets	17.0	20.3	22.6	26.8	27.2	N/A
External Liabilities	17.7	22.4	24.6	31.9	34.0	N/A

Source: Central Bank of Uruguay, Ministry of Economy and Finance, National Statistics Institute, DBRS.
Note: Public sector includes the central government, public companies, local governments and the Central Bank of Uruguay. Non-financial public sector includes the central government, public companies and local governments. Net public sector debt is gross public sector liabilities minus liquid financial assets.

Oriental Republic of Uruguay

Report Date:
April 5, 2012

Ratings

Issuer	Debt Rated	Rating	Trend
Uruguay, Oriental Republic of	Long-Term Foreign Currency Debt – Issuer Rating	BB (high)	Positive
Uruguay, Oriental Republic of	Long-Term Local Currency Debt – Issuer Rating	BB (high)	Positive

Ratings History

Issuer	Debt Rated	Current	2011	2010	2009
Uruguay,Oriental Republic of	Long-Term Foreign Currency Debt – Issuer Rating	BB (high)	BB	BB	BB (low)
Uruguay,Oriental Republic of	Long-Term Local Currency Debt – Issuer Rating	BB (high)	BB	BB	BB (low)

Notes:
All figures are in US Dollars unless otherwise noted.