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Uruguay: An Overview

Uruguay is located on the Atlantic coast of South America between Brazil and Argentina (see **Figure 1**). The country stands out in Latin America for its strong democratic institutions; high per capita income; and low levels of corruption, poverty, and inequality. At times, U.S. Administrations have sought to work with Uruguay to address regional and international challenges, including through development efforts and peacekeeping operations, and some Members of Congress have expressed support for closer bilateral economic and security ties.

Political and Economic Situation

Uruguay's democratic tradition dates back to the early 19th century, but the country experienced 12 years of authoritarian rule following a 1973 coup. During the dictatorship, hundreds of thousands of Uruguayans left the country for political or economic reasons; 8,700 were detained or imprisoned; and more than 300 were killed or "disappeared" by Uruguayan or other South American security forces. Uruguay restored civilian democratic rule in 1985, and some analysts now consider Uruguay to be among the strongest democracies in the world.

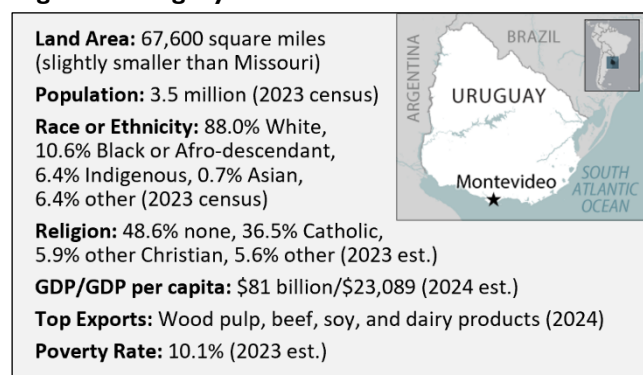
President Yamandú Orsi of the center-left Broad Front coalition took office for a five-year term on March 1, 2025. Orsi is a former teacher who was previously elected to two terms as the *intendente*, or head of the executive branch, of Canelones department, the second-most-populous of Uruguay's 19 administrative regions. He defeated Álvaro Delgado of the center-right National Party, 52% to 48%, in a November 2024 presidential runoff election. Delgado had most recently served as the chief of staff for incumbent President Luis Lacalle Pou (2020-2025), who was ineligible to seek reelection due to Uruguay's constitutional ban on consecutive presidential terms.

President Orsi's inauguration marked a return to power for the Broad Front, which held the presidency and majorities in both chambers of Uruguay's legislature (the General Assembly) between 2005 and 2020. Orsi has pledged to take a similar approach to government as the previous Broad Front administrations, which largely maintained market-oriented economic policies while strengthening the country's social welfare system and implementing worker-friendly labor policies. During his inaugural speech, President Orsi asserted that Uruguay needed to generate increased economic growth and pledged to place particular emphasis on reducing child poverty.

Uruguay's per capita gross domestic product (GDP) is the highest in Latin America, but annual GDP growth has averaged less than 1.2% over the past decade, according to the International Monetary Fund (IMF). This stagnant growth is attributed, in part, to shocks, including the COVID-19 pandemic and a severe drought between

October 2022 and April 2023 that hampered agricultural production. Some economists also have identified other factors impeding economic growth, such as insufficient private sector investment and an aging population. Uruguay registered 3.1% GDP growth in 2024, driven largely by the recovery of the agricultural sector, rising real wages, and increased tourism. The IMF forecasts that Uruguay's GDP growth will slow to 2.8% in 2025 amid shifts in U.S. trade policy and global economic uncertainty.

Figure 1. Uruguay at a Glance



Sources: CRS, using data from Instituto Nacional de Estadística de Uruguay, Latinobarómetro, International Monetary Fund, and Uruguay XXI.

The Uruguayan government also has struggled to address elevated levels of crime and violence over the past decade. Uruguay's homicide rate rose from 7.8 per 100,000 residents in 2014 to a peak of 12.0 per 100,000 in 2018 and has remained elevated since then; Uruguay registered 10.5 homicides per 100,000 residents in 2024. Some security analysts have linked this increase in violence to the illicit drug trade, as transnational criminal organizations have used Uruguay as a transshipment point for South American cocaine destined for Africa and Europe, and local gangs have battled one another to control neighborhood-level drug distribution. The Orsi administration has announced plans to increase police patrols and investments in training and technology, among other security efforts.

President Orsi will need to maintain the support of the Broad Front's various center-left and left-wing factions as well as secure agreements with opposition legislators to advance his legislative agenda. In legislative elections held concurrently with the first-round presidential vote in October 2024, the Broad Front won 16 of the 30 seats in the Uruguayan Senate but fell short of a majority in the Chamber of Representatives, with 48 of 99 seats. The remainder of the seats in the Chamber of Representatives are divided among the center-right National (29 seats) and Colorado (17 seats) parties, the right-wing Open Town Hall

party (2 seats), the anti-establishment Sovereign Identity party (2 seats), and the centrist Independent Party (1 seat).

U.S.-Uruguay Relations

The United States and Uruguay typically have enjoyed friendly relations. During an annual bilateral Inter-Ministerial Dialogue, held in February 2024, the two governments reaffirmed their common commitment to democratic governance, discussed regional integration initiatives and economic cooperation, and agreed to strengthen collaboration to fight drug trafficking and other transnational crime. Congress may monitor the Trump Administration's approach to U.S.-Uruguayan relations and assess whether and how to shape bilateral ties.

Trade and Investment Relations

In 2024, total U.S.-Uruguay goods trade reached nearly \$2.9 billion, with the United States running a \$419 million trade surplus, according to U.S. Census Bureau data. U.S. goods exports to Uruguay totaled more than \$1.6 billion, led by mineral fuels, machinery, cosmetics, and pharmaceutical products. U.S. goods imports from Uruguay totaled more than \$1.2 billion, led by meat, wood pulp, and wood. According to Uruguay's export promotion agency, in 2024, the United States was the destination of 9% of Uruguay's exports, making it Uruguay's fourth-largest export market behind China (24%), Brazil (18%), and the European Union (14%).

On April 2, 2025, President Trump invoked the International Emergency Economic Powers Act of 1977 (50 U.S.C. §§1701 et seq.) to impose a minimum 10% tariff on all U.S. imports (including those from Uruguay), with exceptions for certain goods, effective as of April 5, 2025. According to the World Trade Organization, Uruguay's average most-favored-nation applied tariff rate was 10.1% in 2023 (most recent data available). President Orsi has expressed a willingness to engage in trade negotiations with the Trump Administration, both bilaterally and with Uruguay's partners in the Common Market of the South (*Mercosur*), a customs union that also includes Argentina, Brazil, and Paraguay and levies a common external tariff on imports from outside the bloc. Bilateral talks to update a 2007 Trade and Investment Framework Agreement have been underway since 2021.

The United States and Uruguay signed a bilateral investment treaty in 2005, which entered into force in November 2006 after the U.S. Senate provided its advice and consent to ratification (Treaty Doc. 109-9). According to the U.S. Bureau of Economic Analysis (BEA), the accumulated stock of U.S. foreign direct investment in Uruguay increased from \$609 million in 2005 to \$2.2 billion in 2015, coinciding with an economic boom in Uruguay, but fell to \$1.4 billion in 2019 amid Uruguay's economic slowdown. The BEA has not released such data for 2020 to 2023 "to avoid disclosure of data of individual companies." About 180 U.S.-owned firms operated in Uruguay as of 2024.

Congress may monitor the Trump Administration's trade discussions with Uruguay and could consider legislation to shape the bilateral trade relationship. During the 118th

Congress, for example, some Members introduced bills to make Uruguay eligible for certain unilateral U.S. trade preferences (S. 1926/H.R. 6875) and identified Uruguay as an "ideal candidate" for accession to the United States-Mexico-Canada Agreement (S. 3878/H.R. 7571).

Security Cooperation

Over the past year and a half, the U.S. and Uruguayan governments have sought to strengthen law enforcement cooperation to combat drug trafficking and other transnational organized crime. In April 2024, Uruguay's Ministry of the Interior and the U.S. Drug Enforcement Administration (DEA) signed a memorandum of cooperation intended to increase information-sharing and strengthen joint efforts to combat drug trafficking and drug-related money laundering. The DEA previously closed its office in Uruguay in 2019 amid a redistribution of resources. The State Department's Bureau of International Narcotics and Law Enforcement Affairs has funded some capacity-building and technical assistance activities for Uruguayan law enforcement, including a training program focused on the detection of bulk cash smuggling in 2024.

The U.S. and Uruguayan governments also have sought to increase information-sharing to combat other potential security threats. They signed a memorandum of cooperation on enhancing border security cooperation in January 2024 and an agreement on preventing and combating serious crime in August 2024. Such agreements could help pave the way for Uruguay to participate in the U.S. Visa Waiver Program, which allows individuals who meet certain requirements to travel to the United States for tourism or business for up to 90 days without a visa.

In addition to law enforcement collaboration, the United States and Uruguay engage in some military cooperation, with a particular focus on global peacekeeping efforts. Uruguay is one of the largest per capita contributors of forces globally to UN peacekeeping missions. As of February 2025, Uruguay had 935 military troops and advisers deployed to seven missions, including more than 700 personnel supporting the UN Organization Stabilization Mission in the Democratic Republic of the Congo and more than 200 personnel supporting the UN Disengagement Observer Force along the Israel-Syria border. Between 2008 and mid-2024, the U.S. government provided more than \$35 million of equipment and training to Uruguay through the Global Peace Operations Initiative, including helicopters, armored vehicles, and improvised explosive device jammers. The United States also has provided some additional military assistance to Uruguay, including \$350,000 in International Military Education and Training aid in FY2023 and some equipment donations under the Excess Defense Articles program in prior years.

Congress oversees bilateral security ties and appropriates funding for security cooperation programs. During the FY2026 appropriations process, Congress could consider whether to appropriate law enforcement and/or military assistance specifically for Uruguay or to leave such allocation decisions to the Trump Administration.

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