

BUFF/09/175

November 5, 2009

**Statement by the Staff Representative on Uruguay  
Executive Board Meeting  
November 9, 2009**

1. This statement provides additional information that has become available since the circulation of the staff report. It does not alter the thrust of the staff appraisal.
2. In the presidential elections on October 25<sup>th</sup>, José Mujica from the governing Frente Amplio received 48.0 percent of all votes, compared to 29.1 percent for Luis Alberto Lacalle from the National (Blanco) Party and 17.0 percent for Pedro Bordaberry from the Colorado Party. Consequently, there will be a run-off presidential election on November 29<sup>th</sup>; Mr. Bordaberry has announced his support for Mr. Lacalle. The Frente Amplio obtained the majority of seats in both chambers of Congress.
3. To dampen the effects of exchange-rate volatility and potentially limit appreciation pressures, the central bank recently announced various measures. They include: (i) fostering the creation of a market for foreign-exchange forwards, with market participation of the central bank; (ii) reducing reserve requirements on US dollar deposits by 5 percentage points (to 25 percent) over the next 5 months; (iii) refunding deposits for export prefinancing operations at the central bank in pesos instead of US dollars; and (iv) signing a letter of intent with the Brazilian central bank to implement a bilateral payment system, enabling to conduct trade transactions in local currency. In the past two weeks, appreciation pressures have lessened somewhat, and intervention levels in the foreign-exchange market have been substantially lower.