

URUGUAY IN THE TIME OF CORONAVIRUS

Friday the 13th (March). Not an auspicious date to start a pandemic, but apart from that a cynic* would say that Uruguay has been having a good crisis – so far.

To date (22 May) a total of 749 people have been diagnosed as infected with the virus and there have been a total of 20 deaths (including one from an Australian cruise ship). For the past week the number of new cases diagnosed each day has been in single figures. In comparison with other countries in South America (and even around the world) we seem to have done a good job in keeping the virus at bay – so far.

Uruguay is reopening

Rural schools are already back and the construction industry is working normally. All tests in schools and building sites to date have come back negative. On this basis, yesterday, the government announced plans for a gradual return of all schools and universities throughout the country.

Widespread cooperation among government, the public and private sector

Uruguay obviously had an advantage over many other countries in seeing what was happening and being able to prepare. As soon as the first cases were announced the government closed most economic activities and asked people to stay at home. This lockdown was always voluntary though and the government simply appealed to people's sense of solidarity to follow their recommendations.

The writer is British by birth and has to say it has been heart-warming to see the degree of solidarity shown by the whole population in respecting these requests. Undoubtedly it is because of this that the country is now in the position it is, where it can start to look forward and ease out of the lockdown. Would that things had been handled so well in Britain.

In addition to respecting the request to stay at home and social distance when out, there has also been a strong show of solidarity from the government and also the private sector in ensuring that the poor and homeless are supported.

Clearly Uruguay is not a rich country so the government itself is not in a position to give large cash handouts to the private sector. But both public and private sectors have collaborated to fill the gap as much as possible (the writer is one of the lucky "rich" members of society, so this opinion is necessarily subjective and obviously there are people who would like more to be done).

No spread of the virus among low-income populations

At least though the virus which came from abroad and was brought into the country by the rich, has remained as a rich person's disease here. There has been virtually no spread into the poor parts of the country. Indeed almost all hospital cases have been dealt with in the private sector, so that public hospitals which had geared up for a massive explosion of cases, are empty – so far.

Uruguay accepts stranded cruise ship passengers

We have even been able to take on cruise ship passengers from stranded cruise ships. Seriously ill patients have been treated here and others have been flown home using a sanitary

corridor between the port and the airport. This whilst all other Latin American countries simply refused entry to all foreign ships.

Local scientists provide valuable advisory contribution

Groups of scientists from both the public and private sector have joined forces to develop tests and ensure protocols are in place for all eventualities. There is now a special ad hoc group of scientists advising government on policy and the government has at all times taken their advice.

This has also been positive for scientists in the country who are routinely not given much respect or resources. It will be interesting to see if moving forward the government will devote more resources to research and investigation in general.

A discussion about the importance (or not) of having a proper patent protection scheme in place to encourage investigation would seem to be appropriate at some stage – although not right now!

New government, met with virus, now looking ahead

Amazingly the virus hit Uruguay just as a new government was coming into power. The centre-right coalition party led by President Luis Lacalle assumed power on 1st March (a date which seems like pre-history now). They had a large list of policies they wanted to implement after 15 years of the Frente Amplio (Centre-left) government. In particular they inherited a budget deficit which was approaching 5% and an incipient recession.

Their plans have been overtaken by the events of the last two months, but with the virus seeming to be under control they are now seeking to move forward with some of their plans. The most important of these are contained in a Law of Urgent Consideration (“Ley de Urgente Consideración”).

The law covers very diverse aspects and has been heavily criticised by the opposition as being an abuse of the constitutional provisions for urgent laws. The government’s reply has been that all its clauses were included in their manifesto and they were elected to carry them out.

The law is now before parliament and whilst it seems clear that it will be passed, it is equally clear that there are some parts which will not be approved because members of the government’s own coalition have already announced that they are against them.

The clauses which do not seem to be subject to widespread criticism relate to measures to try to control crime (very important for the Uruguayan public) and the creation of a new Environmental Protection Ministry.

Controversial challenge of state monopolies and in relation to industrial relations

The most criticised clauses relate to the abolition on the monopoly of import of crude oil by the state oil company Ancap (a very important long term strategic decision for the country), moves to liberate the communications sector (again aimed principally at the state telephone company Antel) and the plan to make employee strikes which include occupations of the workplace illegal.

The virus's impact on the economy

On the economy it is clear that the 5% budget deficit inherited will be much larger because of the impact of the virus. It will be interesting to see how the government proposes to reduce this in the long term. Now is not yet the time.

When the virus first hit the US dollar went up to \$46 Uruguayan pesos, having started the year at \$38. It has now come back down to around \$42.5 – an increase of over 10%. This has the positive effect of reducing the cost in dollars of exports and the cost of living here, which was getting prohibitively expensive.

On the negative side it means inflation will increase and people with debts in dollars will find it harder to pay. This includes the Uruguayan government's servicing of its own Dollar and Euro denominated debts.

New investment by UPM cellulose plant moving ahead

Where the government has made a strong symbolic gesture though has been with regard to the new UPM cellulose plant. This project represents the largest ever investment in the country (either public or private). It will add 2% de GDP on its own when functioning. But it was being heavily criticised by environmental and left wing groups, who considered it was giving up sovereignty to foreign multinationals. This despite the original contract for the building of the plant having been signed by the previous Frente Amplio government.

President Lacalle announced this last week that the project will go ahead, albeit with some minor modifications agreed with UPM. It is submitted that whatever reservations people may have on the environmental side, stopping the project now would have been an absolute massive own goal for the country in terms of attracting foreign investment and even more so as we try to escape from the pandemic.

Civil courts reopened

Considering strictly legal matters, the civil court system entered into recess on 13 March and the courts have just reopened on 18 May. Time periods are now running normally. Criminal cases continued to be dealt with at all times.

In due course as a lawyer one hopes/expects a barrage of cases citing force majeure as the reason for non-compliance. This may go some way to recovering from the dearth of work for non-employment law specialists over the last 3 months!!

Conclusion

Looking to the future and being optimistic** I hope that Uruguay will be looked upon as a country that has dealt with the pandemic in a first world way and that this will serve to highlight the competitive advantages that we already had, so that the country will be able to attract investment from overseas and return to growth asap.

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** The writer is also an optimist

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