The Office of the United States Trade Representative

United States, Uruguay Sign Bilateral Investment Treaty

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WASHINGTON – Deputy United States Trade Representative Peter F. Allgeier and Uruguayan Minister of Economy and Finance Isaac Alfie today signed the United States – Uruguay Bilateral Investment Treaty (BIT) in Montevideo, Uruguay. Following the signing, Deputy USTR Allgeier met with Uruguayan President Jorge Batlle.

"This agreement levels the playing field and ensures that Americans are treated equitably by increasing protection for U.S. investments in this South American nation," said Ambassador Allgeier. "This agreement will also deepen our economic relationship with Uruguay, thus encouraging two-way trade."

"This BIT agreement is only one example of the numerous ways that the United States government is actively engaged in Latin America. We have just finished our 5th round of negotiations for a U.S. – Panama Free Trade Agreement, this week we begin the fifth round of a U.S. – Andean FTA and we have recently completed negotiations of an FTA with five Central American nations. The FTA with Chile, that went into effect earlier this year, has resulted in significant growth in trade with Chile and our decade long trade agreement with Mexico, under the North American Free Trade Agreement, continues to flourish. Taking into account FTAs in effect, completed or that are in ongoing negotiations, the United States' free trade efforts involve two-thirds of the Western Hemisphere's population who represent two-thirds of non-hemispheric U.S. GDP," continued Allgeier.

Total U.S.-Uruguay trade was $582 million in 2003. U.S. goods exported to Uruguay in 2003 totaled $326 million, up 57% from 2002, and included machinery, electrical machinery, optic and medical instruments, perfumery, cosmetics and plastic. U.S. goods exports also included $18 million in agricultural products, such as wheat, hides and skins, and planting seeds. U.S. goods imported from Uruguay in 2003 were $256 million, and included meat, hides and skins, dairy, eggs, honey, fish and seafood. Trade between the two countries has increased even further in the first seven months of 2004, with U.S. exports to Uruguay and imports from Uruguay making significant gains.

Background

The United States and Uruguay announced their intention to negotiate a Bilateral Investment Treaty on November 18, 2003, at the conclusion of the Free Trade Area of the Americas Ministerial in Miami, Florida. The decision to negotiate this agreement sprang from the work of the United States-Uruguay Joint Commission on Trade and Investment. The Joint Commission was established following President Jorge Batlle's February 2002 visit to the White House. Since April 2002, the Commission has pursued an ambitious work plan designed to strengthen the U.S. - Uruguay trade relationship. This BIT was concluded on September 7, 2004 in Washington, DC.

The United States recently completed a rewrite of the model text it has used in BIT negotiations over the past two decades and the U.S.-Uruguay BIT was the first to be based on this new U.S. model text. The new model text includes provisions developed by the Administration to address the investment negotiating objectives in the Trade Promotion Act of 2002. The new model BIT text is substantively similar to the investment chapters of the free trade agreements the United

States has concluded during the past two years.

U.S. BITs level the playing field and ensure that U.S. investors are protected when they establish businesses in other countries. By safeguarding foreign subsidiaries of U.S. firms, BITs help promote new U.S. exports to the markets of BIT partners. BITs also protect the interests of average American investors, whose stock and bond portfolios often include stakes in foreign-invested firms.

Key investor protections in U.S. BITs include an obligation by a host country to treat investors from the other BIT party as favorably as the host treats its own investors or those from any other country. BIT parties must also permit the free and timely transfer of funds relating to an investment into or out of their territory. U.S. BITs also include international law standards requiring host countries to provide prompt, adequate, and effective compensation if they expropriate an investment. Finally, U.S. BITs give investors the right to seek binding international arbitration of claims that a host country government has violated a BIT obligation or certain types of contracts.

The United States currently has BITs in force with 39 countries, providing protection for thousands of U.S.-owned businesses and their U.S. investors. As treaties, BITs require the advice and consent of the Senate before they can enter into force. Responsibility for BIT policy and negotiations is shared by the Office of the U.S. Trade Representative and the Department of State.

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