



# Latin American Keys

---

## ATREVIA

### SUMMARY

DECEMBER / 2021

#### **THE ECONOMY AND NATIONAL POLITICAL ISSUES REMAIN THE FOCUS OF THE NEWS IN LATIN AMERICA AMID THE SLOW ARRIVAL OF THE OMICRON VARIANT TO THE REGION**

The Covid-19 Omicron variant has not yet reached the region with the intensity that it has in Europe and Africa, so domestic economic and political issues dominate the news in Latin American countries.

Argentina is negotiating its debt with the IMF after the recent electoral landslide of the ruling party. Chile will be the following country to hold elections on December 19, followed by Colombia, whose GDP has grown by 9.5%, while its CPI has also increased by 5.2%. Mexico also reports a high level of inflation, the highest in 20 years.

In the political arena, the vacancy motion filed against the president of Peru did not attain the necessary votes, and Jair Bolsonaro is facing a new impeachment petition upon the request of a group of jurists. Meanwhile, in Paraguay, tensions arise amongst the factions of the Colorado Party due to the possible intervention from the Governor's Office of the Central Department.

On the other hand, the Dominican Republic has reached pre-pandemic levels of employment, GDP, and investments. Ecuador also wants to reach these investment rates after the "Ecuador Open for Business" forum, where a portfolio of 50 projects open to private investment worth more than USD 30 billion, was presented.

Confrontations continue between **Peru's** Legislative and Executive branches, intensified after the failed motion of vacancy filed against President Pedro Castillo. The president of the Council of Ministers, Mirtha Vásquez, announced the definitive closure of four mining operations in Ayacucho, which caused concern in several sectors due to its possible economic impact. Following the controversial statements, the Ministry of Energy and Mines stated that a commission would be created to negotiate the mine closure plan, respecting the legal framework. Despite the increase in Covid-19 cases due to the Omicron variant, the Government has ruled out a third wave.

**The Ecuadorian Government** enacted the Organic Law for Economic Development and Fiscal Sustainability by executive order after an uneven vote in the National Assembly, where it was neither approved nor filed. The tax reform will apply from 2022 and seeks to raise \$1.9 billion over the next two years. A project to repeal it has already been presented, supported by Pachakutik, the Democratic Left, Social Democracy, and Correism. There is still some tension over fuel prices between the indigenous movement and the Government. The vaccination plan continues to advance, and the third dose is being administered to the entire population.

**Colombia's 2022 legislative** and presidential elections will be the most critical milestone in the coming year. Since the end of 2021, new political movements emerge almost every day, new candidacies are launched, and endorsements and sponsorships are announced. These will be the first elections after the pandemic, and practically all political movements are calculated in electoral terms. The OECD has increased the GDP growth forecast to 9.5%, while the CPI has also increased to 5.2% by the end of 2021.

**The Argentinian President** Alberto Fernandez is currently renegotiating its \$45 billion debt with the IMF. The search for an agreement is being framed in the context of the recent defeat of the ruling coalition "Frente de Todos" in the mid-term legislative elections held on November 14, which may cause complications in the negotiations due to election-related issues. Following September's PASO election trend, the opposing coalition "Juntos por el Cambio," led by Mauricio Macri, won in 13 provinces, including in the country's five most populated districts. The Central Bank will accelerate the devaluation of the Argentine peso as inflation permits and will not release the exchange rate.

**Chile** is preparing to hold the second round of the presidential elections on December 19, which will pit Gabriel Boric, a left-wing candidate, against José Antonio Kast, a right-wing candidate.



Latin American Keys  
ATREVIA





## Latin American Keys

---

### ATREVIA

These elections are characterized by a strong contrast between the two proposed economic and political models and have provoked an intense polarization in the country. Boric is ahead of Kast in the polls, with 42.5% of voting intention compared to 35.25%. However, there is still 14% of undecided voters and abstentionists, showing a high level of uncertainty. Inflation continues to rise but at a slower pace, and 91% of the adult population has already received two vaccine doses.

**The Dominican Republic's economy** returns to pre-pandemic levels. Investment levels are also recovering, and 2021 breaks the country's cement production, exports, and consumption record. The Senate approved the General State Budget for 2022 by two-thirds, amounting to DOP 1,214,000 million. In addition, the Minister of Labor announced that the labor market has already recovered the jobs lost during the Covid-19 pandemic.

A group of jurists filed a request for President Jair Bolsonaro's impeachment before the **Brazilian** Chamber of Deputies based on the Parliamentary Commission of Inquiry report on his management of the Covid-19 pandemic. In addition, those close to the president are concerned about the emerging prominence of former judge Sergio Moro, who has become a prominent figure after his controversies with Lula da Silva. The second payment of the new social program Auxilio Brasil started to be distributed on December 10. Around 65% of the population is already fully vaccinated. Travelers entering the country by air will have to spend five days quarantine if they do not provide proof of vaccination.

**The National Electoral Institute of Mexico** ordered President Andrés Manuel López Obrador to refrain from issuing comments or opinions regarding the recall referendum until the citizen participation process was finished. This order was given after the alleged misuse of public resources derived from the manifestations made at the Tres Años de Gobierno event. On the other hand, in November, there was the highest annual increase in the CPI since 2001, reaching 7.37%. In addition, the United States issued a travel alert for Mexico due to the possible high risk of Covid-19 infection.

**Paraguayan politics** revolve around the possible intervention from the Central Department Governor's Office, an institution headed by Hugo Javier González from the Honor Colorado movement. This situation has caused friction among both factions of the Colorado Party, led by President Mario Abdo Benítez on the one hand and former President Horacio Cartes on the other. The Monthly Economic Activity Index registered an increase of 5.6% compared to the same month of the previous year.



**Latin American Keys** presents a monthly report about the political, economic, and social situation of Latin America. Through this report, ATREVIA's Analysis and Research team provides companies with a first-hand perspective regarding the evolution of the political-institutional scene in the region.

**For more information, you can contact:**



**CARMEN SÁNCHEZ-LAULHE**

VP ATREVIA LATAM (Andean Region)

- [csanchezlaulhe@atrevia.com](mailto:csanchezlaulhe@atrevia.com)
- [Carmen Sánchez-Laulhe](#)
- [@cslaulhe](#)



**PEDRO MIGUEL CASADO**

VP ATREVIA LATAM (North America, Central America, and the Caribbean)

- [pcasado@atrevia.com](mailto:pcasado@atrevia.com)
- [Pedro Miguel Casado](#)
- [@pm\\_cas](#)



**MIGUEL ÁNGEL LÓPEZ**

VP ATREVIA LATAM (Peru and South America)

- [malopez@atrevia.com](mailto:malopez@atrevia.com)
- [Miguel Ángel López](#)

**ATREVIA**™



SPAIN | PORTUGAL | BRUSSELS | ARGENTINA | BOLIVIA | BRAZIL | CHILE | COLOMBIA |  
DOMINICAN REPUBLIC | ECUADOR | GUATEMALA | PANAMA | MEXICO | PARAGUAY | PERU