

SUMMARY

APRIL / 2022

INFLATION, LATIN AMERICA'S NEW PANDEMIC

Latin America has not escaped the high inflation that is now almost worldwide. This is a problem shared by all countries in the region.

Meanwhile, in political matters, the president of Mexico remains in office after a widely supported referendum but with low participation. In the same line, the president of Peru overcame a new vacancy motion against him, but the Minister of Health did not receive similar support from Congress and thus was removed from office.

There are also evident tensions between the Executive and the Legislature in Ecuador. So much so that the Assembly is trying to remove its own president from office. Following this trend, Argentina's Government is seeing its political support weaken as a result of the IMF agreement.

In the electoral arena, Lula da Silva is in the first position in terms of voting intentions for the first round of the presidential elections, ahead of Bolsonaro. In Colombia, Petro is also in the lead, slightly ahead of Gutierrez.

On the other hand, Boric celebrated his first month as Chilean president amidst student protests and criticism over the Mapuche conflict. Lastly, the Dominican Republic's tourism sector seems to have permanently recovered from the pandemic's devastating effects.

The President of Peru was faced with a new vacancy motion against him. Many members of Congress supported the president, which prevented his dismissal from office. However, the Minister of Health, Hernán Condori, did not receive similar support and was removed from office. The war conflict in Europe continues to generate a rise in food and fuel prices, affecting the purchasing power of Peruvian families. However, GDP growth is projected at 3.4% for this year. Authorities have declared the end of the third wave of Covid-19 in the country.

Ecuador's former Vice President Jorge Glas was released from prison after obtaining habeas corpus. This decision has provoked a commotion during the last few days, as he represents one of the central corresponsa political figures accused of corruption. Meanwhile, the rejection of the Investment Law continues to keep tensions high between the Government and the Assembly. In addition, the Legislative has its own internal matters, as it tries to evaluate its President, Guadalupe Llori's performance, seeking her dismissal. These controversies occur amidst a time of high threat events, changes in the cabinet, and the first economic effects after Russia's invasion of Ukraine.

Colombian presidential candidates seek allies in order to gain the support of undecided voters who have not yet declared their vote after the inter-party consultations. Polls place Gustavo Petro, with 43% voting intention, and Federico Gutiérrez, with 40%, as the candidates with the highest probability of making it to the second round. After Easter, the Liberal party will announce the direction of its support. The Government has issued Decree 504-2022 to address inflation, establishing a 0 tariff for many products.

The agreement between **Argentina** and the IMF was addressed by the Legislative, which led to a split in political support for President Fernandez. Once again, his Vice President became his primary opponent; at the same time, polls place her in the first position in terms of voting intentions for the 2023 presidential elections, which are still far away. High inflation is forcing the Government to intervene in the economic and social domains in order to contain the fall of purchasing power.



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Gabriel Boric completed one month as President of **Chile** amid significant setbacks. He faced the first student protests of his mandate, critical moments regarding the Mapuche conflict, and polls indicating a possible rejection of the new Constitution that will be voted on in a referendum in September. Meanwhile, the relaxation of the sanitary restrictions against Covid-19 and the proposal of the Inclusive Recovery Plan, which seeks to help 850,000 enterprises, has been announced.

The Dominican Republic's Congress is considering a bill that would abolish tariffs on 67 products of the basic food basket, a temporary emergency measure to combat rising inflation. The tourism sector reaffirms its recuperation after receiving 229% more visitors during this past March compared to the same month in 2019. On the other hand, the country has reached an agreement with the International Atomic Energy Agency to cooperate in the peaceful use of nuclear technology.

Lula da Silva is expected to be the leading candidate in the first round of the next **Brazilian presidential elections** with 44% of the votes. Jair Bolsonaro follows, with 29%, and several candidates whose intention to vote remains below double digits. Several parties of the so-called third way will announce a consensus candidate to compete. The average income in the country's metropolitan regions stands at \$293, while the basic food basket amounts to \$161.

Mexican President López Obrador will remain in office after receiving approximately 91% of the votes in the referendum regarding his continuity in office. However, participation was low, at less than 19%. Meanwhile, campaigning has begun for the upcoming local elections in which six governors will be elected. The electricity reform debate continues, with opposition from U.S. and Canadian officials and companies. Annual overall inflation stood at 7.45% in March, the highest in 21 years.



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.

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