

A long-exposure photograph of the Chicago skyline at sunset. The sky is filled with vibrant orange and red clouds, with the sun low on the horizon. The city's skyscrapers are silhouetted against the bright light. The foreground shows a body of water with motion-blurred reflections of the buildings and the sky. The overall effect is one of dynamic energy and modern urban life.

ATREVIA

LATIN AMERICAN KEY HIGHLIGHTS

SEPTEMBRE 2023

LATIN AMERICA IS MOVING FORWARD WITH MODERATE ECONOMIC GROWTH, REDUCING INFLATION, AND PREPARING FOR THE UPCOMING ELECTORAL EVENTS

Many Latin American countries have experienced, to varying degrees, three common situations over the past month: moderate economic growth, a decrease in inflation that, while still above the targets set by central banks, has allowed several of these institutions to lower interest rates, and significant damages due to climatic phenomena.

Meanwhile, it seems that certain political dynamics remain ongoing. In Peru, changes within the Council of Ministers have resumed, with six changes on this occasion. Colombian President Gustavo Petro continues to struggle to garner the necessary support in the legislature to advance his social reforms. A similar situation is faced by his Chilean counterpart, Gabriel Boric, with a fiscal pact that fails to find consensus.

On the other hand, Mexico decriminalized abortion at the federal level, and the two major political parties nominated their candidates for the 2024 presidential elections. In Argentina, contenders for the October 22 elections were also chosen, and the peso experienced a sharp depreciation. This devaluation affects the border region of neighboring Uruguay due to the competition it generates, but at least the country has overcome the water crisis it was facing.

This issue persists in Bolivia, with a prolonged drought that has raised concerns, adding to the violence related to drug trafficking. Security issues also continue to generate alarm in Ecuador and will be a key matter in the presidential runoff elections where the *correísmo* movement lags behind in the polls.

As a counterpoint, Brazilian politics are focused on the international arena. President Lula da Silva toured Africa, promoted the expansion of the BRICS, and participated in the latest G20 summit. However, he also introduced significant domestic measures, such as raising the minimum wage and proposing a bill that modifies offshore taxation.



Peruvian leader Dina Boluarte made several changes within the Council of Ministers. The President of the Congress has been accused of carrying out illicit fiscal actions, prompting the Ethics Committee of the institution to initiate investigations against him. The GDP contracted by 0.45% in the first half of the year; however, the government has ruled out the country being in a recession. Additionally, job creation has shown a positive trend for 27 consecutive months.

Ecuador approaches the runoff election scheduled for October 15th. Daniel Noboa leads Luisa González, the correísta candidate, in the presidential race. Regarding the composition of the Assembly, it appears that no group would achieve an absolute majority. Meanwhile, macroeconomic data show stability, but insecurity persists, and the country could be affected by the El Niño phenomenon.

Social reforms by the Colombian government continue to face resistance, both due to a lack of support in the legislature and a high disapproval rate of 62% from the public, driven by ongoing controversies surrounding the president. On the other hand, there are improvements in the economic sector, with a reduction in inflation to 11.43% after months of decline and a continuous appreciation of the peso against the dollar. However, GDP grew by a modest 0.3% in the second quarter of the year.

Chilean President Gabriel Boric faces a challenging scenario. Firstly, due to a lack of consensus regarding his proposed fiscal pact, and secondly, due to the departure of Minister Giorgio Jackson, who was closely aligned with the president. The latter event reflects the attempt by historical left-wing parties to strengthen their presence in administration. Despite inflation remaining above the target set by the Central Bank, its positive trend has led to interest rate cuts by the institution.

In the primary elections held in Argentina, liberal candidate Javier Milei received the most votes. In second place, closely behind, was former Security Minister Patricia Bullrich, the runner of the opposition coalition 'Juntos por el Cambio,' followed by current Minister of Economy Sergio Massa, the nominee of the Kirchnerismo. The economic situation continues to be complex, with record inflation rates and a significant peso devaluation of 20% against the dollar. To address the loss of purchasing power, the government has announced a series of measures targeting the most affected sectors of the population.

The Brazilian president continues his intensive in-

ternational agenda. He conducted an official tour of Africa, promoted the expansion of the BRICS, and participated in the recent G20 summit held in India. Brazil will hold the rotating presidency of the group in 2024. On the legislative front, a bill was introduced to modify offshore taxation, and the minimum wage was increased, establishing an annual valorization policy. GDP experienced a slight increase, and unemployment decreased.

Mexico's major political forces, Morena and the Coalition Frente Amplio por México, nominated their coordinators, and thus potential candidates for the 2024 presidential elections. Claudia Sheinbaum and Xóchitl Gálvez were chosen, respectively. Inflation continues to decrease but remains above the target set by the Central Bank, and industrial production is growing. Additionally, abortion was decriminalized at the federal level by the Supreme Court of Justice.

Polarization within Bolivia's ruling party, MAS, between factions led by former President Evo Morales and the current one Luis Arce continues. Arce's administration has an approval rating of only 40% among the population. It appears that it won't be possible to hold judicial elections in 2023, which would create a legal and constitutional void. GDP grew in the first quarter of the year, and inflation is decreasing, but the population's economic outlook is pessimistic. Meanwhile, drug trafficking continues to generate security problems, and a prolonged drought raises concerns throughout the country.

Uruguay has ended the severe hydric emergency of recent months, lifting restrictions on the use of drinking water. Additionally, the country announced the extension until April 2024 of the 9% VAT discount for tourists. The exchange rate difference with Argentina remains a concern due to the competition it generates at the border; therefore, the Uruguayan government launched a campaign to promote local purchases.



PERU

POLITICAL CONTEXT

President Dina Boluarte carried out six replacements within the government led by Alberto Otárola. Two ministers changed their portfolios, and four entered for the first time. Ministries that continue to be led by individuals who were already part of the cabinet include Labor and Transportation, while Education, Justice, Production, and Agricultural Development will have new authorities at the helm. These changes were made in response to rising prices of essential food items, which would primarily affect the most vulnerable sectors of the population.

In Congress, the President of the institution, Alejandro Soto Reyes, is embroiled in controversy after being accused of carrying out illicit fiscal actions. For this reason, the Ethics Committee of the Legislature has initiated an investigation against him.

Furthermore, he will be investigated for hiring a close relative to work in his office, voting in favor of a law that would have benefited him, and facing accusations of cutting the salaries of his staff. Consequently, lawmakers from different parties have presented a motion of censure against him to remove him from office. This initiative has not yet reached the required number of signatures.

ECONOMIC CONTEXT

According to the National Institute of Statistics and Informatics (INEI), the national economy recorded a contraction of 0.45% in the first half of the year. This figure was revealed after reporting that GDP fell by 0.56% in June.

Despite these unfavorable data, the President of the Central Reserve Bank ruled out the country entering a technical recession, as employment continues to rise, as does consumption. In the same vein, the Minister of Economy also rejected the notion that the country is facing a recession and reported that the economy would experience its highest expansion of the year in July. Additionally, he stated that the annual GDP growth projection would be 1.1% by the end of 2023; however, this represents a reduction from the initial estimate of 2.5%.

SOCIAL CONTEXT

According to data from the Central Reserve Bank, formal employment experienced a 3.1% increase in June compared to the same month the previous year. This would have resulted in the creation of 168,000 new jobs nationwide.

This marks twenty-seven consecutive months of growth. Additionally, a 4.6% year-on-year increase in private formal employment was reported, mainly in the services sector.

Finally, authorities are reportedly preparing strategies to provide water to the capital in response to potential shortages caused by the El Niño phenomenon. A water storage procedure has been established to counteract the lack of rainfall, and the population will receive water on a scheduled basis and in necessary quantities.

ECUADOR

POLITICAL CONTEXT

Ecuador is preparing for the runoff election on October 15th. The race will be between Luisa González, the correísmo candidate, and Daniel Noboa, having garnered 33.31% and 23.26% of the vote, respectively, in the first round. González consistently led in the polls during the campaign, but after the presidential debate, Noboa surged ahead and now holds a slight lead.

Regarding the composition of the National Assembly, it appears that no group will achieve an absolute majority. Correísmo is expected to have at least 52 legislators, followed by Construye, the political movement of the late presidential candidate Fernando Villavicencio, with 30 assembly members, and the Social Christians with 18. Noboa's coalition is expected to have 12. Problems arose in the overseas elections, and a repeat of the vote could influence the composition of the legislative.

Furthermore, 59% of the national electorate voted in favor of preserving Yasuní, and 68% of Quito's residents chose to halt mining activities in the Chocó Andino region.

The Judiciary is facing a crisis as the National Court of Justice withdrew its support for the President of the Judicial Council, Wilman Terán, and requested that the Prosecutor's Office investigate him for obstruction of justice. Finally, the Perfiles de Opinión pollster indicated that Guillermo Lasso has a 90% disapproval rating.

ECONOMIC CONTEXT

The next government will face the challenge of compensating for the loss of income from the exploitation of Block 43 of the ITT. Opponents of the measure estimate an annual deficit of USD 1.2 billion, while supporters argue for USD 148 million, suggesting that this could be recovered by reviewing benefits granted to the banking and powerful interest groups. This dilemma is compounded by the Central Bank's projection that around 107,000 people will lose their jobs by 2025 following the cessation of Yasuní exploitation.

The FAO will mobilize USD 37 million to assist those affected by the El Niño phenomenon, and Ecu-

dor may request these resources to address the food demand of potential affected. Additionally, the Inter-American Development Bank (IDB) approved a USD 25 million loan to strengthen labor insertion in the country.

S&P Global expects no changes in Ecuador's risk rating. Despite social problems and constant fluctuations in such ratings, the macroeconomy presents favorable figures on the international stage.

A new decree-law for the Balance, Organization, and Transparency of Public Finances was presented to the Constitutional Court. It aims to reform and update the functioning, administration, monitoring, and control processes of the National Public Finance System to ensure the achievement of economic objectives in fiscal management.

SOCIAL CONTEXT

The National Committee for Regional Study of the El Niño Phenomenon is considering issuing an official emergency declaration in the country in the coming weeks due to the potential negative effects of the climatic phenomenon.

On another note, on August 30th, two vehicle explosions occurred in the central-northern area of Quito. This incident is believed to be a reprisal against the state for the transfers of several prisoners to different prisons across the country.

President Lasso signed decree 850, corresponding to the Regulation of the Organic Communication Law. Its goal is to protect and maintain monitoring of threats to journalistic work; however, experts point out that there may be gaps in the regulation.

Regarding employment, data for "adequate" employment improved, with a rate of 35.5% following a 3.4-point increase in July. However, informality continues to grow and stands at 54.8%, representing a 2.9-point increase compared to the same month the previous year.

COLOMBIA

POLITICAL CONTEXT

Politics in Colombia have been marked by controversies surrounding President Gustavo Petro. The appointment of Laura Sarabia as head of the Department of Social Prosperity sparked disagreements as she had previously been involved in possible financial irregularities during the presidential campaign.

Furthermore, the opposition in Congress has requested a medical examination to assess Petro's health due to his repeated absences and event cancellations, although the leader has denied any health problems. This proposal will be considered in the Senate under the supervision of President Iván Name.

Another controversy arose when Gustavo Petro's brother, Juan Fernando Petro, claimed that the president had Asperger's syndrome, to which he responded by denying the assertion. This sparked a debate about the personal lives of politicians and their impact on public perception.

Finally, the "Latin American and Caribbean Conference on Drugs" was held between September 7th and 9th in Colombia, with leaders from 19 countries in the region. During the conference, emphasis was placed on the need to comprehensively address the global drug problem and its structural causes, as well as strengthening international agreements that adapt to regional policies.

ECONOMIC CONTEXT

Colombia, along with ten other OECD countries like Poland and Sweden, has experienced a significant economic slowdown. In the second quarter of 2023, GDP showed modest annual growth of 0.3%, according to the DANE report. However, inflation decreased to 11.43% after five months of declines.

Regarding labor indicators, July recorded the lowest unemployment rate since 2017, with an increase of 1.1 million employed individuals on an annual basis, countering the deceleration observed in the past year.

Civil construction continues to decline, with a 17.9% drop in civil works production in the second quarter of 2023 compared to the previous year.

Additionally, the closure of the road between Bogotá and Villavicencio due to adverse weather conditions and the collapse of a bridge has caused estimated material losses of at least COP \$80,000 million.

Despite these economic challenges, the Colombian peso appreciated by 17% against the dollar until mid-year, making it one of the two most revalued currencies in Latin America in 2023, alongside the Mexican peso.

SOCIAL CONTEXT

The social reforms that the president is pushing for in this new legislature face a challenging landscape due to the lack of support in Congress. The government continues to seek alliances to revive these reforms in a context where 62% of Colombians disapprove of his administration. So far, it has not gained any official support from political parties.

However, the healthcare reform was reintroduced to Congress after a strong controversy over the creation of a subcommittee tasked with drafting a text that would compile consensus on the issue. The government saw it as a maneuver by opponents of the measure to delay its approval. Nevertheless, the reform is still alive after a proposal to shelve it was voted down.

On the other hand, the labor reform was submitted by surprise and with little publicity. Both the opposition and members of the business sector criticized this move, arguing that negotiations with the Executive to reach a different proposal than the one presented during the previous legislature were unsuccessful.

CHILE

POLITICAL CONTEXT

President Gabriel Boric announced a fiscal pact aimed at raising USD 8 billion. However, the measure faces an adverse scenario due to the lack of consensus on it with some sectors of the opposition and the business community.

Following the presentation of a constitutional accusation against the Minister of Social Development, Giorgio Jackson, in the known "Convenios Case," he submitted his resignation to the president, who accepted it. The former minister was very close to Boric and was replaced by Javiera Toro.

Jackson's departure from the Ministry of Social Development and Family, along with other key cabinet changes, would reflect an attempt to strengthen the position and influence of historically leftist parties in the administration, with the Communist Party gaining greater weight in this stage.

Furthermore, the president declared a state of emergency in four central-southern regions of Chile in response to heavy rainfall that has battered the area in recent weeks. The rains have caused three deaths, more than 33,000 evacuations, and damage to homes and infrastructure.

ECONOMIC CONTEXT

The Consumer Price Index (CPI) recorded a monthly variation of 0.4% in July, and an annual one of 6.5%. Although inflation has slowed for the second consecutive month, it remains above the Central Bank's target range of 3% to 4%. In response to this trend and concerns about an economic slowdown, the institution has been lowering the reference interest rate, with further cuts expected in the coming months.

The Monthly Economic Activity Index (Imacec) registered a decrease of 1.0% in June, marking the fifth consecutive month of declines. The government has announced a set of measures to stimulate the economy, including a bonus for producers affected by flooding in the central-southern part of the country.

Additionally, in the second quarter of 2023, Chilean exports showed a decrease of 6.0%. This decline is attributed to the fall in the prices of commodities such as copper and lithium. Moreover, Chilean

imports recorded a drop of 21.9% in the second quarter of 2023, which is due to the economic slowdown.

SOCIAL CONTEXT

Ultra-conservative José Antonio Kast consolidates himself as the favorite politician among citizens. According to a Criteria survey, he holds 19% of spontaneous preferences, closely followed by Providencia's mayor, Evelyn Matthei, with 18%. Gabriel Boric, receiving 12%, has fallen to third place. The same poll indicated that the approval ratings of the president and the government decreased in August, to 32% and 31%, respectively. Boric's disapproval reaches 56%, while that of the government is at 60%.

One of the major concerns of the government and citizens is the rising unemployment rate, which stood at 8.8% in July, representing an increase of 0.9 percentage points over twelve months. This is the ninth consecutive monthly raise after a series of declines that began in March 2021. A higher unemployment rate which is the result of an increase in the labor force, at 3%, surpassing the percentage change in employed persons, at 2%.

ARGENTINA

POLITICAL CONTEXT

In August, the Primary, Open, Simultaneous, and Mandatory Elections (PASO) were held to determine the candidates for national offices in the upcoming general elections on October 22.

As a result, five political forces garnered the necessary votes to compete in the electoral contest. Firstly, Javier Milei, the sole candidate for La Libertad Avanza, obtained 29.86% of the votes. In second place was the Juntos por el Cambio coalition, which achieved 28% support and confirmed Patricia Bullrich as its presidential nominee. In third place, the Unión por la Patria party, the current ruling one, received 27.28% of the vote and designated Sergio Massa, the current Minister of Economy, as its candidate.

The fourth position went to the coalition Hacemos por Nuestro País, led by the current governor of Córdoba, Juan Schiaretti, with 3.71% of the votes. In fifth place was the Frente de Izquierda y de Trabajadores – Unidad, which received 2.61% of the vote and nominated Deputy Myriam Bregman as its presidential candidate.

It's worth noting that the voter turnout was 69% of the electorate, marking the lowest percentage in the history of presidential primary elections since they began in 2011.

ECONOMIC CONTEXT

According to estimates from various private consulting firms, it is expected that inflation in August will exceed 10%, reaching as high as 13% in some cases. If these figures are confirmed with official data, as expected in the coming days, the year-end year-on-year increase could reach 150%.

One of the reasons explaining this phenomenon is the devaluation of the official exchange rate that occurred on the Monday following the PASO elections. The official dollar value increased by 20%, reaching a price of 365.50 pesos. This measure was taken in response to a series of demands imposed by the International Monetary Fund (IMF) for the payment of the national debt. According to official sources, it is anticipated that the price will remain stable until the elections on October

22. Meanwhile, alternative dollars, those used by traders and small and medium-sized enterprises, experienced significant volatility in their value.

SOCIAL CONTEXT

To counteract the effects of the devaluation, the government, particularly the Ministry of Economy, announced a package of measures aimed at benefiting the sectors most affected by the loss of purchasing power.

Some of the notable actions included: price agreements, elimination of taxes on regional economies, a pre-financing program for exports, a fixed sum of 60,000 pesos in two installments for public and state employees, an additional increase for retirees receiving the minimum amount, support for beneficiaries of prepaid food cards and domestic workers, a freeze on prepaid medical plan premiums for 90 days, temporary tax exemption for self-employed individuals, and the availability of subsidized-rate loans for workers.

BRAZIL

POLITICAL CONTEXT

President Luiz Inácio Lula da Silva conducted a series of official trips to South Africa, Angola, and the archipelago of São Tomé and Príncipe. During the tour, he discussed the expansion of BRICS, which, in its latest summit, approved the accession of Argentina, Saudi Arabia, Egypt, the United Arab Emirates, Ethiopia, and Iran. These additions strengthen the bloc, which will now represent 36% of the world's GDP in purchasing power parity and 46% of the global population.

At the beginning of August, the “Luz para Todos” (Light for All) Program was relaunched, aiming to guarantee the supply of electricity to residents in rural areas, especially in the northern regions of the country and remote areas of the Amazon. However, a few days later, states in the South, Southeast, North, and Northeast experienced a blackout that left 29 million people without electricity in the country.

The president sent a bill to Congress, under institutional urgency, dealing with the taxation of offshore companies, many of which are located in tax havens. He also confirmed the creation of a new ministry to serve small and medium-sized businesses, cooperatives, and individual entrepreneurs.

Finally, Lula da Silva traveled to the capital of India, New Delhi, where he participated in the 18th edition of the G20 Summit. At the end of it, Brazil symbolically received the rotating presidency of the bloc.

ECONOMIC CONTEXT

The economy grew by 0.9% in the second quarter of 2023 compared to the previous one, according to data published by the Brazilian Institute of Geography and Statistics (IBGE). Compared to the same period the previous year, the expansion was 3.4%. The increase in GDP in the second quarter is attributed to the strong performance of the industry, with a 0.9% raise, and services, with a 0.6% growth.

On the other hand, the National Consumer Price Index 15 (IPCA-15), considered the official inflation forecast for the country, recorded an increase of 0.28% in August, according to IBGE. The main factor contributing to the rise was the growth in resi-

dential electricity bills, which surged by 4.59%.

The PIX, the instant payment system launched in November 2020, reached a new record on September 6th, with 152.7 million transactions in a single day and R\$76.103 billion transferred. According to the Central Bank, the previous record was set on August 4th, with 142.4 million operations. Up to that month, 650.7 million keys had been registered in the system, with 153.3 million users. The monetary authority anticipates that PIX could be used for new purposes in the future, such as toll payments, parking, and public transportation.

SOCIAL CONTEXT

El presidente Lula da Silva sancionó la medida pro President Lula da Silva signed the provisional measure increasing the minimum wage to R\$1,320 (≈USD 270) and establishing a new annual valorization policy. Additionally, the text raises the threshold for income tax exemption. The government is estimating a minimum wage of R\$1,421 (≈USD 292) for 2024, based on calculations set out in the pending bill and the positive 2.9% GDP growth that occurred in 2022.

A cyclone hit Rio Grande do Sul and resulted in the death of at least 41 people in the state. In total, more than 3,130 people were rescued, 85 municipalities were affected, and 3,046 people were left homeless. In response, the government announced that the National Social Security Institute (INSS) will advance the payment of social security and assistance benefits to residents of the affected municipalities. This measure will help 706,619 people in those regions.

The unemployment rate saw a slight decrease to 7.9% in the moving quarter ending in July, according to data published by IBGE. This is the lowest figure for the period since 2014. In the previous quarter, the indicator had been at 8%. Compared to the same moving quarter in 2022, the unemployment rate in the country fell by 1.2 percentage points, from 9.1%.

MEXICO

POLITICAL CONTEXT

The main opposition political force, the Frente Amplio por México coalition, appointed Senator Xóchitl Gálvez as its coordinator and, consequently, the eventual candidate for the upcoming 2024 elections. Aspirant Beatriz Paredes declined to participate in the contest days before the official appointment, acknowledging that the poll results were not in her favor.

In terms of the ruling party, Morena, Claudia Sheinbaum, former Head of Government of Mexico City, will assume the position of Coordinator of the Defense of the Fourth Transformation. This appointment came after allegations of irregularities in the party's process made by the team of her rival, former Minister of Foreign Affairs Marcelo Ebrard.

The electoral process that began on September 7th was described by the president of the National Electoral Institute, Guadalupe Taddei, as the "most complex" elections in the country's history, as they will determine the next person to occupy the presidency of Mexico, more than 20,000 public offices, and renew the entire Congress.

President Andrés Manuel López Obrador presented his fifth and final government report, emphasizing his philosophy called "Political Humanism." He highlighted national economic growth of over 3% annually, progress in projects such as the Dos Bocas Refinery and the Mayan Train, an increase in the minimum wage, and growth in remittances and foreign investment.

ECONOMIC CONTEXT

For the seventh consecutive month, inflation in Mexico continued to decrease, with the National Consumer Price Index registering a rate of 4.61% in August. While inflation remains at its lowest levels since 2021, it still falls short of the 3% target set by the Bank of Mexico.

Caja Popular Mexicana (CPM) experienced a ransomware attack, which is a practice that typically aims to obtain a ransom for information or control acquired. While the incident caused disruptions in both online credit services and the app, Banxico reported that there was no monetary impact on partners. However, it emphasized the need to reinforce security systems since those responsible for the attack had access to significant confidential infor-

mation.

APM Terminals Lázaro Cárdenas announced a USD 140 million investment for the development and expansion of the Lázaro Cárdenas Port located in Michoacán. The project aims to increase annual capacity to 2.2 million containers and 15.7 hectares, positioning the terminal as a strategic regional center.

Finally, industrial production in Mexico experienced a year-on-year increase of 4.8% in July, driven primarily by the construction sector, with a rise of 14.3%, although there was a decrease in mining, as reported by the National Institute of Statistics and Geography (INEGI).

SOCIAL CONTEXT

Federal decriminalization of abortion was approved by the Supreme Court of Justice of the Nation (SCJN) after determining that there was unconstitutionality due to violations of the human rights of women and individuals with gestational capacity. This implies that public health institutions are obligated to provide this service for free, and medical personnel cannot be penalized for performing this practice.

In early September, President López Obrador conducted a tour of South America, visiting Colombia and Chile, with the aim of proactively addressing the issue of drugs, preventing violence related to this problem, and strengthening trade agreements. In Colombia, he participated in the closing of the Latin American and Caribbean Conference on Drugs, where he recognized Gustavo Petro's political experience in this regard.

Norma Piña, president of the Supreme Court of Justice of the Nation, approved a 4% increase in the budget for the Federal Judiciary for 2024, despite criticisms expressed by López Obrador.

BOLIVIA

POLITICAL CONTEXT

With a 40% approval rating for President Luis Arce's administration, uncertainty still looms over the holding of judicial elections. The president of the Supreme Electoral Tribunal, Oscar Hassenteufel, officially expressed the impossibility of conducting the elections in 2023. This has created a legal and constitutional void due to the virtual extension of the current magistrates' terms, leaving justice reform in suspense. The scenario reflects the political polarization between the now antagonistic factions of former President Evo Morales and the current one, Luis Arce, both from the ruling MAS party.

The situation complicates further following the resignation of the Attorney General of the State, Wilfredo Chávez, who had previously served as Morales' personal lawyer and as an advocate for the interests of MAS. His resignation comes in response to a judicial ruling issued by The Hague Tribunal. This decision orders the Bolivian state to pay USD 250 million to the Swiss transnational Glencore due to the nationalization of two mining companies during Evo Morales's administration. The reason behind Chávez's resignation is largely political, as his tenure was characterized by accumulating legal defeats in international courts, with a cost amounting to approximately USD 1 billion.

ECONOMIC CONTEXT

A pesar de que el Instituto Nacional de Estadística Despite the National Institute of Statistics (INE) reporting a 2.3% economic growth in the first quarter of the year and a cumulative inflation rate of 3.1% in August, several opinion polls show a sense of pessimism among the population regarding the economic outlook. According to these surveys, 65% of the population considers the situation to be bad or very bad.

This mood may have been influenced by President Arce's statements, where he has claimed that gas production will rapidly decline until 2026 due to the lack of exploration of new gas fields. These remarks are a clear reference to the previous government of Evo Morales, and Arce stated that "we have hit rock bottom."

Despite efforts to diversify income sources throu-

gh lithium exploitation or the creation of new processing plants for various products like pineapples and coca, short-term prospects are not very encouraging. This has generated some uncertainty and skepticism among the Bolivian population.

SOCIAL CONTEXT

The Department of Santa Cruz has once again become the epicenter of national conflict, with a record number of blockades and strikes, totaling two hundred so far this year. The reasons are diverse, including demands for new roads, increases in budgets, or higher rates for road transportation. According to the Bolivian Institute of Foreign Trade, it is estimated that, as a result of these clashes, accumulated losses would amount to around USD 100 million.

In terms of security and the fight against drug trafficking, cases of violence, shootings, and arrests linked to this issue have become increasingly frequent.

Meanwhile, a prolonged drought has raised concerns throughout the country, with 290 municipalities declared in a state of emergency due to water scarcity, as reported by the Deputy Minister of Social Defense. Water rationing in the Department of Potosí has led to similar problems in other regions. In response to this situation, the city of La Paz will hold the "Water Summit" to define strategies to prevent and address potential supply issues.

URUGUAY

POLITICAL CONTEXT

Carlos Albisu, a prominent nationalist leader and a trusted associate of President Luis Lacalle Pou, resigned as the president of the Technical-Mixed Commission of the Salto Grande Dam. This binational organization was established by Argentina and Uruguay to harness the resources of the Uruguay River on the border. His resignation followed opposition claims of direct hirings of ruling party militants.

The PIT-CNT labor union is advancing with the promotion of a constitutional plebiscite to set the retirement age at 60, eliminate the Pension Savings Fund Administrators (AFAP), and equalize minimum pensions to the national minimum wage. These proposals would go against the recent pension reform approved by the government, which, among other things, raised the minimum retirement age to 65 and expanded the individual savings system.

According to a survey published by Equipos Consultores, 46% of Uruguayans approve of President Lacalle Pou's administration, while 33% disapprove.

ECONOMIC CONTEXT

The Minister of Tourism, Tabaré Viera, announced an extension until April 2024 of the 9% VAT discount for residents and non-resident tourists to continue stimulating activity in the tourism sector and reach pre-pandemic levels.

Following the LXII Mercosur Summit, President Lacalle Pou reiterated the need to modernize and liberalize the regional bloc, seeking greater trade openness. In this regard, the Minister of Foreign Affairs, Francisco Bustillo, stated in Parliament that Mercosur is an obstacle to Uruguay's open policy since the pace of negotiations is determined by Brazil and Argentina. This has sparked a debate about whether Uruguay should become an associate country rather than a full member.

The Uruguayan government launched an advertising campaign to promote local commerce. Nearly two million Uruguayans crossed the border in the first half of 2023 to take advantage of the exchange rate difference and shop in neighboring countries. The situation on the Uruguayan-Argentinian border is critical, with businesses closing and calls

for more urgent policies to address the issue.

SOCIAL CONTEXT

The drought that has affected the country in recent months has ended. Just a few weeks away from reaching historic lows, the reserves of the Paso Severino dam reached 100%. As a result, the prohibition on using drinking water for irrigation, street cleaning, car washing, yards, and pool filling has been lifted.

According to a report by the Economic Commission for Latin America and the Caribbean (ECLAC), Uruguay has the fastest internet connection in Latin America. Additionally, the country ranks third in the Latin American Artificial Intelligence Index, developed by the National Center for Artificial Intelligence of Chile with support from the IDB, CAF, OAS, UNESCO, and Stanford's HAI. The Uruguayan Parliament approved a new law that grants tax benefits to technology experts from around the world who choose to work and reside in Uruguay. This measure aims to attract talent in the technology field and promote the development of this industry in the country.

Latin American Keys Highlights 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 LAULHÉ**

VP ATREVIA LATAM
(Andean Region)

csanchezlaulhe@atrevia.com



**PEDRO
MIGUEL CASADO**

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

pcasado@atrevia.com



**MIGUEL ÁNGEL
LÓPEZ**

VP ATREVIA LATAM
(Peru and South America)

malopez@atrevia.com



ATREVIA

www.atrevia.com



**SPAIN PORTUGAL BRUSSELS ARGENTINA BOLIVIA BRAZIL CHILE COLOMBIA
ECUADOR MEXICO MIAMI PANAMA PARAGUAY PERU DOMINICAN REPUBLIC**