

A dramatic sunset over a city skyline, likely Chicago, with skyscrapers reflected in water. The sky is filled with orange and yellow clouds, and the sun is low on the horizon. The city lights are visible in the foreground, and the water reflects the buildings and the sky.

**ATREVIA**

# **LATIN AMERICAN KEY HIGHLIGHTS**

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OCTOBER 2023





## **Projections for economic growth in Latin America have been revised downward, while inflation is steadily approaching the set targets**

Current political affairs in Latin America are marked by electoral processes and intense debates. Meanwhile, in the economic landscape, downward revisions in growth projections and gradual control of inflation are prevailing trends in nearly all countries in the region.

Ecuador elected Daniel Noboa as its new president, with one of the key challenges being addressing the issue of insecurity, the primary concern of the citizens. Argentina is entering the final stretch to choose its new leader, with the first round of the presidential elections set for October 22. Inflation is becoming a significant problem in the country, possibly ending the year at over 150%, which concerns neighboring Uruguay due to the competition it creates in tourism and border area trade.

Uruguay is also grappling with the consequences of a drought, a crucial factor in the economic contraction experienced. Chile's GDP has shown negative figures, and the future of a new constitution is in jeopardy due to low public support indicated in polls.

Colombia has seen intense legislative activity, with the government facing the challenge of garnering the necessary support for its projects. The country's public life is characterized by continuous demonstrations, both in support and opposition to the Executive. Bolivia is experiencing significant instability, with internal disputes within the ruling party leading to the expulsion of President Luis Arce from its ranks. The GDP growth forecast has been revised downward, while Peru is going through three consecutive months of economic contraction.

In contrast, Mexico has reported positive macroeconomic figures. Inflation is approaching the set target, and a significant economic expansion is expected by year-end. The Israel-Palestine conflict is impacting all countries to some extent, but Brazil, with many citizens in the region, is particularly affected.



Peruvian President Dina Boluarte participated in the United Nations General Assembly with the aim of improving her government's image in the international community due to the high levels of violence at the beginning of her term. On the economic front, growth projections have been revised downward, but there has been a slight reduction in the rate of informal labor. In addition, inflation has shown its best figures in 25 months. Authorities are working on strategies to mitigate potential negative effects of the El Niño phenomenon in the northern part of the country.

Daniel Noboa was elected as Ecuador's new president, defeating Luisa González in the runoff. He will be tasked with completing the term of President Guillermo Lasso and will be in charge of the Executive until May 25, 2025. His main challenges include the economy, with GDP growth projections lowered from 2.9% to 1.4% for 2023, and addressing the country's primary concern, insecurity.

Legislative activity dominated the political landscape in Colombia. Progress was made, to varying degrees, on key projects like healthcare reform, the 2024 General National Budget, and cannabis regulation. GDP growth in 2023 is expected to be below the Latin American average, but inflation and unemployment rates are showing better figures. Public life is characterized by continuous demonstrations, both in support and opposition to the government.

Chile commemorated the 50th anniversary of the coup d'état, with some controversies surrounding the events, including the high cost they incurred. Discussions about the 2024 budgets took place, while the future of a new constitution is uncertain due to high levels of public disapproval. It is projected that the GDP will contract by the end of 2023, but inflation is moving in a positive direction.

The results of the PASO elections were a significant part of Argentina's current affairs. On one hand, inflation reached record numbers, increasing concerns about the economy. On the other hand, political parties intensified their strategies: Javier Milei appeared on numerous television programs, Sergio Massa implemented measures from the Ministry of Economy to increase the purchasing power of Argentines, and Patricia Bullrich seeks the necessary support for a potential second-round presidential election. The first round is scheduled for October 22, amid growing political and social polarization.

The Israel-Palestine conflict affects Brazil due to over 2,400 citizens present in the region who wish to return to the country. A tax reform proposing levies on products harmful to health and the environment is under consideration in the Senate. Public accounts show a significant deficit, and inflation has increased slightly, but unemployment data is encouraging.

Mexico's 2024 electoral process, including the election of the next president of the Republic among other positions, is taking shape with an increasing number of candidates designated. In the legislative realm, the proposal to reduce the workweek from 48 to 40 hours is noteworthy. On the economic front, inflation has decreased for the eighth consecutive month and is slowly approaching the target set by the Central Bank, although a reduction in the interest rate is not expected yet.



In Bolivia, political instability escalates as the internal division within the ruling party, Movimiento al Socialismo, leads to the expulsion of President Luis Arce from his own party, instigated by former President Evo Morales. The World Bank has downgraded the economic growth forecast for 2023 from 3.1% to 1.9%. Surveys indicate strong distrust and pessimism among citizens towards the country's institutions.

The drought that struck Uruguay had a significant impact on the primary sector, causing the GDP to contract by 1.4% in the second quarter compared to the previous one. Senator Gustavo Penadés was imprisoned on charges of sexual abuse of minors, leading to his expulsion from the upper house and his party, the ruling National Party. The currency difference with Argentina and the resulting competition intensifies. Uruguay is now 126% more expensive than Argentina, affecting the tourism sector and border area commerce.



## | PERU

### POLITICAL CONTEXT

President Dina Boluarte participated in the United Nations General Assembly, focusing on two fundamental aspects: improving her government's image and positioning the country on the international stage. Acknowledging the criticism her administration had faced due to high levels of violence at the beginning of her term, the president highlighted the Peruvian government's strong commitment to respecting human rights and promoting democracy.

Another crucial point of her speech was the fight against poverty. Boluarte emphasized the government's efforts to reduce inequality and improve the living conditions of the most vulnerable population. She also called for international cooperation to address the effects of the El Niño phenomenon.

Meanwhile, the Congress maintained its decision to investigate the magistrates of the National Justice Council (JNJ). This process generated controversy because the JNJ was responsible for selecting judges, and the accusation of serious misconduct against its members raised doubts about the independence of the judiciary. This situation not only concerned the public but also international organizations closely monitoring events in the country.

### ECONOMIC CONTEXT

In July, the Gross Domestic Product (GDP) experienced a contraction of 1.29%, according to data provided by the National Institute of Statistics and Informatics (INEI). These figures marked a third consecutive month of economic decline, mainly due to the negative effects of the climatic phenomenon El Niño on productive activities in the primary sectors, such as fishing. Despite these unfavorable results, the projections for 2024 remain optimistic and robust. The World Bank predicts a national GDP growth of 2.3% by the end of next year, driven by a resurgence in private investments.

On the other hand, the Central Reserve Bank reported that year-on-year inflation decreased from 5.58% in August to 5.04% in September, marking the lowest figure in the last 25 months. Additionally, the institution ruled out the possibility that the economy is facing stagflation, as there are signs of economic recovery on the horizon.

### SOCIAL CONTEXT

According to the latest INEI report, there has been a slight decrease in the rate of labor informality during the period from July 2022 to June 2023. The Permanent National Employment Survey (EPEN) reveals that out of the 17.3 million employed people in the country, 72.7% would be informally employed. Although this figure is significant, it represents an improvement compared to the 73.5% reported between April 2022 and March 2023. It is also important to note that labor informality primarily affects young people and women.

Finally, the government has been focusing on completing containment works to address potential effects of the El Niño phenomenon in the northern regions of the country, which would be most affected by this climatic event. Despite having a budget allocation of over S/3 billion soles, only 13% of the total has been executed to date. For this reason, President Boluarte and her ministerial cabinet have initiated a process of monitoring and supervision of the containment projects to ensure their effective completion.





## | ECUADOR

### POLITICAL CONTEXT

Daniel Noboa, from the National Democratic Action party, won the presidential elections held on Sunday, October 15. He will govern the country until May 24, 2025, concluding the term of President Guillermo Lasso, who called for early elections after dissolving the Assembly. On Monday, the 16th, Noboa had already secured 51.99% of the votes with over 97% of the ballots counted, while Luisa González, from the Citizen Revolution party, reached 48.01%.

The President of the National Electoral Council, Diana Atamaint, declared Noboa as the "virtual" president on Sunday, when the trend was already irreversible. Although no fixed date has been set, the transition in the executive is expected to take place before mid-December. González conceded defeat, and Noboa indicated that his government would be open to dialogue, with a focus on progress and restoring hope to the youth.

Meanwhile, President Guillermo Lasso participated in a UN event and engaged in a trade tour with U.S. entrepreneurs. Simultaneously, the crisis between the branches of government continues: the Constitutional Court removed Alembert Vera as the president of the Council for Citizen Participation, siding with the prosecutor Diana Salazar, as Vera had failed in his duties and disregarded constitutional observations when attempting to investigate her. Nicole Bonifaz was appointed as the council's president following Vera's removal.

### ECONOMIC CONTEXT

Like the trade agreements reached with China and Costa Rica, the government is seeking a trade agreement with South Korea, a country with which it has already completed the preliminary signing phase of negotiations. The goal is to provide products such as shrimp, cocoa, and bananas, among others, with tariff benefits, aiming to boost non-oil exports by 27%.

President Lasso traveled to Washington to promote the Innovation and Development Law in Ecuador (IDEA). This legislation aims to include the country in the unilateral tariff preferences of the Economic Recovery Act of the Caribbean Basin. This step is taken in the context of a decline in foreign investment, which reached USD 106.6 million in the first half of 2023, representing an 87% decrease compared to the same period in 2022.

The Internal Revenue Service (SRI) presented the estimate of tax expenditure for 2022, which amounted to USD 5.15 billion, a 6.2% increase from 2021. This calculation is made under a new forecast from the International Monetary Fund (IMF), which now predicts that the Gross Domestic Product (GDP) will grow by 1.4% in 2023, half of the initial projection at the beginning of the year when a 2.9% growth was anticipated.

### SOCIAL CONTEXT

Following the attacks by the Hamas armed group in Israel and the consequent conflict, it was reported that approximately 1,000 Ecuadorians reside in Israel. The Foreign Ministry is processing humanitarian assistance for these individuals.

The El Niño phenomenon seems to be approaching. While experts are analyzing its scope, relief groups are requesting support from the government. Rainfall is beginning to affect the Sierra and the Coast, while droughts are impacting the provinces in the South.

After it was revealed that 246 minors have been killed this year, representing a 76.6% increase in violent deaths of young people and children, students in Guayaquil and other cities are being trained in safety protocols in case of shootings at educational institutions. Among the cities with the highest violence targeting students is Durán, where 34 schools conduct virtual classes.

The National Institute of Statistics and Censuses (INEC) presented the official results of the 2022 Population and Housing Census conducted in 6.6 million households. It reported that there are 16,938,986 Ecuadorians, with 8,686,463 being women (51.3%), while men total 8,252,523 (48.7%).



## | COLOMBIA

### POLITICAL CONTEXT

Colombian politics were marked by significant legislative debates. Regarding healthcare reform, certain articles were approved, but obstacles persist, and there are concerns that electoral agendas may delay critical decisions. The General Budget of the Nation for 2024 was approved in the first debate in both chambers. As for healthy taxes, the opposition proposed a delay in their implementation, citing concerns about high inflation. Finally, the cannabis regulation project advanced, aiming to legalize its use and enable tax collection.

Negotiations are approaching to designate candidates for the positions of Attorney General, Comptroller, and Ombudsman, with potential challenges ahead due to the pacts related to ongoing reforms, especially in healthcare.

Regional elections are also approaching, and electoral preferences in major cities are taking shape. The resignation of Daniel Quintero as mayor of Medellín on September 30 represented an unexpected change in local politics.

Internationally, President Gustavo Petro sparked controversy by criticizing the Israeli ambassador and his state for the events in Gaza, raising questions about diplomatic relations between Colombia and Israel. Furthermore, the president announced his trip to China at the end of October, with possible implications for trade and political matters.

### ECONOMIC CONTEXT

The World Bank estimates modest GDP growth for 2023 at 1.5%, below the Latin American regional average of around 2%. However, this slowdown contrasts with more favorable macroeconomic data. The unemployment rate stood at 9.3%, the lowest since 2018. Inflation also dropped to 10.99% in September, marking six consecutive months of declines and putting pressure on the Bank of the Republic to cut interest rates. The Colombian peso has strengthened, but this could pose challenges for export competitiveness.

Tourism has gained importance in the economy, contributing to 2.1% of the GDP and generating employment. The government aims to attract domestic and foreign visitors, along with more investments in the sector and foreign exchange.

The Colombian fintech ecosystem has grown significantly, consolidating itself as a key hub in the region. Furthermore, the reopening of the border with Venezuela has boosted trade relations, and it is expected that exports will reach \$1.8 billion in 2023.

### SOCIAL CONTEXT

A gathering in support of the government's social reforms was held in the iconic Plaza de Bolívar, where President Gustavo Petro delivered a speech. The demonstration concluded in the center of Bogotá with a vibrant musical and cultural performance and attracted many protesters, reflecting the social fervor characterizing Colombia in recent times. However, this day was not without controversy, as questions arose about the financing of the mobilization and the associated costs of food and entertainment.

The opposition plans to carry out what they have dubbed the "definitive march" in major cities across the country on October 18. The event is aimed at protesting against President Petro's administration and promises to be another milestone in the current Colombian political and social climate, where demonstrations and protests have become an integral part of public life.



## | CHILE

### POLITICAL CONTEXT

President Gabriel Boric and several former presidents joined to sign the "Santiago Commitment" under the motto "For democracy, always," with the goal of showing cohesion in the context of the 50th anniversary of the coup in Chile. Various activities and ceremonies were held during the commemorations. However, the celebration of these events sparked controversy due to their high cost, which amounted to approximately 600 million pesos. This situation generated criticism at a time of economic and social challenges in the country.

On the other hand, the Budget Law for 2024 is being debated in subcommittees, where resource allocation and fiscal objectives are critical issues that will have a direct impact on the government's management for the coming year.

The Constitutional Council approved certain rules that have triggered intense debate. Part of the ruling party views the wording of the new constitution with suspicion and concern, casting doubt on the scheduled plebiscite on December 17 due to the existing disagreement within the council.

### ECONOMIC CONTEXT

The Central Bank of Chile published its third Monetary Policy Report for 2023. The report predicts that inflation will continue to fall but would end 2023 at 4.3%, above the target of 3%. Also, that GDP growth will be between -0.5% and 0%. This outlook reflects the adaptation of the Chilean economy to global conditions. Taking these factors into account, the Central Bank reduced the Monetary Policy Rate by 75 basis points to 9.5%.

During Chile Day in London, the Minister of Finance highlighted that Chile has achieved a satisfactory adjustment compared to other countries still facing the consequences of the economic crisis.

Chile fell in the Fraser Institute's Annual Economic Freedom Ranking 2023, dropping to 30th place and losing its historic leadership in Latin America. Factors such as property rights, perceptions of crime, and the value of the local currency contributed to this decline in the ranking.

### SOCIAL CONTEXT

A study conducted by the Center for Public Policy at the University of San Sebastian revealed concerning results about the perception of security in Chile. According to the survey, 70.2% of the population believes that crime will increase nationally, and 60.7% think it will also rise in their own neighborhoods. Furthermore, an overwhelming 70% of respondents report a high level of fear due to the current situation.

These fears have had a significant impact on the population's behavior; the study shows that 4 out of 5 people have changed their habits for security reasons, such as avoiding going out at night or adjusting their schedules. Despite the widespread perception of insecurity, there is a technical tie between those willing to limit their freedom for greater security and those who are not, reflecting the complexity of the issue in the country.

Constitutional advisers have expressed concern about the high disapproval of the constitutional process. The latest Cadem poll reveals that only 24% of those surveyed would vote in favor of a new constitution, while 54% would reject it.





## | ARGENTINA

### **POLITICAL CONTEXT**

A few weeks after the Primary Open, Simultaneous, and Mandatory Elections (PASO), political parties have intensified their strategies in preparation for the general elections scheduled for October 22.

In the PASO, Javier Milei was the most-voted candidate, and both he and other members of his platform have participated in numerous TV programs to discuss their proposals. Following his recent electoral victory, Milei is no longer seen as just a protest vote and is emerging as a potential future president. However, his proposals are controversial, ranging from imposing fees on education and healthcare to dollarization, rolling back abortion rights, and liberalizing the sale of arms and organs, causing concern in various sectors.

From the ruling party, the presidential candidate and current Minister of Economy, Sergio Massa, has pushed for new economic measures to increase the purchasing power of Argentinians. These measures include the return of VAT for basic basket products, the elimination of income tax for workers and retirees, an educational financing bill, reducing export duties for regional economies, and liberalizing the import system in Argentina.

The candidate from the opposition coalition "Juntos por el Cambio," Patricia Bullrich, who came in second place in the PASO, has sought to connect with the public to secure the necessary support for a potential second round. Her victory over Horacio Rodríguez Larreta has placed her as a prominent figure within the opposition spectrum.

### **ECONOMIC CONTEXT**

Various private consulting firms have estimated that inflation for September could range from 11% to 12.5%. Such a high figure would generate concern, adding to the trend of continuous and significant price increases. August already set a record for the price surge, and if official data confirms these projections, the year-end inflation rate could exceed 150%.

The economic uncertainty and the devaluation of the official exchange rate that followed the results of the PASO elections in August had a significant impact on inflation, causing notable concern among the population and economic authorities.

In response to this issue, the Ministry of Economy has opted to publish a weekly consumer price increase index to monitor inflation more closely and take appropriate measures to control it.

### **SOCIAL CONTEXT**

The social climate in the month leading up to the general elections is indeed turbulent. Economic problems caused by the sharp rise in inflation following the PASO, which affected broad sections of society and became an even more central concern, are compounded by political and ideological disputes.

The advancement of certain positions from liberal and conservative parties regarding human rights, health, or education has gained ground in public debates. This has sparked criticism and protests reverting to certain positions on some issues that had already reached social consensus in the past. Several leaders and public figures from different ideological currents have expressed their disagreement with this trend, leading to intense polarization in society and turning the election campaign into a battleground for discussion and confrontation.



## | BRAZIL

### POLITICAL CONTEXT

President Luiz Inácio Lula da Silva issued a statement on social media regarding the conflict between Israel and Hamas, expressing concern for the children affected by the conflict. He emphasized that these children should never be used as hostages and called for the release of Israeli children held by Hamas and Palestinian girls with their mothers in the Gaza Strip.

The Brazilian Air Force has initiated operations to repatriate more than 2,400 Brazilians who wish to return to the country from the Middle East. As of October 13, four repatriation flights had been conducted in collaboration with Chile, which also sought Brazil's assistance in rescuing its citizens in a similar situation. The Brazilian government is in talks with Egypt to create a humanitarian corridor to evacuate 22 Brazilians trapped in the Gaza Strip, with three confirmed deaths of Brazilian citizens in the region.

The ongoing tax reform in the Senate includes a so-called "sin tax" that will levy harmful products to health and the environment, such as cigarettes, alcoholic beverages, and pesticides. The offshore project will address the taxation of exclusive funds and propose a new tax on own capital interests.

### ECONOMIC CONTEXT

The Brazilian Federal Government faces a concerning primary deficit of over 105 billion reais in the first eight months of this year, marking the worst result for public accounts since the beginning of the pandemic in 2020. Spending exceeds revenues, but there are divergent estimates: the financial market projects a deficit of 106.5 billion reais for the year, while the government forecasts one of 141.4 billion reais.

The National Consumer Price Index (IPCA) increased by 0.26% in September compared to the previous month. This increase is mainly attributed to the rise in gasoline prices. The country has accumulated an inflation rate of 5.19% over the past 12 months and 3.5% year-to-date.

Financial market economists have slightly raised their inflation forecasts for 2024, from 3.87% to 3.88%, according to the Central Bank's "Focus" report. The basic interest rate, known as Selic, stands at 12.75% annually, according to the same report. The government's financial situation and inflation are critical issues in Brazil's economic scenario.

### SOCIAL CONTEXT

The Brazilian Federal Government has implemented the "Desenrola Brasil" program, a platform for renegotiating bank and non-bank debts, covering public service bills, water, retail, and education. This measure is aimed at people with incomes up to two minimum wages or registered in the Unified Registry. Debts of up to 5,000 reais can be renegotiated in cash or in installments of up to 60 months, with maximum interest rates of 1.99% per month.

The unemployment rate was 7.8% in the second quarter of the year, reflecting a 0.5% decrease compared to the previous quarter. The economy generated 220,840 formal jobs in August and 1.38 million in the first eight months of 2023, representing a 27% reduction compared to the same period in 2022. Despite this, the Ministry of Labor and Employment maintains the projection of creating 2 million jobs in 2023, matching the figure for 2022.

A total of 1,408 victims of conditions similar to slavery were rescued in the first half of 2023, marking a decade-high and a 44% increase compared to the same period in 2022. Additionally, conflicts in rural areas increased by 8%, reaching 973.



## | MEXICO

### POLITICAL CONTEXT

Before the pre-campaigns for the 2024 presidential elections have begun, the leading candidates, Claudia Sheinbaum from Morena and Xóchitl Gálvez from the Frente Amplio por México, are already touring the country to increase their political capital. Both candidates have accepted the protection of the Secretary of National Defense (Secretaría de Defensa Nacional).

In this election context, the Morena and Frente Amplio por México parties have presented the profiles that will be subject to popularity polls to select candidates for the Mexico City mayoralty and the governorships of Chiapas, Guanajuato, Jalisco, Morelos, Puebla, Tabasco, Veracruz, and Yucatán.

The Senate of the Republic has debated various proposals, including reducing the workweek from 48 to 40 hours and including a photograph in the Clave Única de Registro de Población (CURP) to make this document serve as official identification.

The Supreme Court of Justice of the Nation has ordered the Senate to complete the appointment process for the two remaining commissioners of the National Institute for Transparency, Access to Information, and Personal Data Protection (INAI).

### ECONOMIC CONTEXT

The Secretaría de Hacienda y Crédito Público (SHCP) has presented the Budget of Expenditures of the Federation (PEF) for 2024 to the Chamber of Deputies, showing a 4.3% increase in spending compared to the previous year. The proposal stands out for its focus on investment in social programs and the completion of flagship infrastructure projects, such as the Tren Maya.

The National Institute of Statistics and Geography (INEGI) reported that inflation stood at 4.45% at the end of September, marking its eighth consecutive month of deceleration. Although inflation is approaching the target set by the Bank of Mexico of 3%, it is expected that the institution will not lower the interest rate until next year due to the ongoing inflationary risks.

INEGI also pointed out that the Mexican economy has experienced above-trend growth in recent months, leading institutions like the IMF to forecast an economic expansion of 3.2%. However, it warns that if high public spending continues, the next administration could face fiscal challenges since the PEF 2024 contemplates an increase in debt to finance social programs equivalent to 12.8% of GDP.

### SOCIAL CONTEXT

President Andrés Manuel López Obrador, in collaboration with 23 Mexican governors, has signed the National Agreement for the Federalization of Health Services through the IMSS-Bienestar program. The main objective of this initiative is to eliminate barriers limiting access to medical care and medication, as the president stated that approximately half of the population lacks these services.

The country is facing a constant increase in migration, with an average of 98% of the annual total composed of non-resident migrants from 2012 to 2023. This year, 1.6 million foreigners in irregular situations have been identified in Mexico. In response, the United States government has suspended 26 laws to resume border wall construction, focusing on a 32-kilometer section in southern Texas.

In this context, President López Obrador has invited leaders from Latin America and the Caribbean to a meeting in Palenque, Chiapas, scheduled for October 22, to discuss measures to address the rising migration in the region.



## | BOLIVIA

### POLITICAL CONTEXT

The division between the "radical" and "renewal" factions within the ruling Movement for Socialism (MAS) has intensified. Internal strife has triggered political conflicts and confrontations among its leaders. Evo Morales, the former president of Bolivia and a prominent MAS leader, has pushed for the expulsion of key figures from the party, including President Arce and Vice President Choquehuanca. This move has further exacerbated tensions within the ruling party.

Luis Arce has responded by disavowing the resolutions taken by his own party, reflecting the depth of the internal rift. This factional infighting threatens to weaken the MAS and its ability to govern effectively at a crucial moment for the country.

Bolivia is facing growing tensions in the Santa Cruz region and with its governor. These conflicts have resulted in a record increase in strikes, roadblocks, and street protests across the country. Political polarization and public clashes have generated considerable instability.

The governor of Santa Cruz, Fernando Camacho, is currently in pre-trial detention in a maximum-security prison in the Viacha region of the La Paz department. This demonstrates the prevailing tension between the central government and opposition regions and social polarization.

### ECONOMIC CONTEXT

Political clashes within the Assembly, both within the ruling party and due to the opposition's refusal to consider bills related to international loans and gas exploration contracts, have virtually paralyzed the strategic management of the government. It is now limited to the delivery of minor infrastructure projects and low-scale production plants.

The downward projection of Bolivia's economic growth for 2023 by the World Bank, at 1.9%, contrasts with the previous projection by the same institution of 3.1% and the optimistic 4.86% forecast by the Ministry of Economy.

The controversial "gold law" has resulted in the sale of 17 tons of this metal for around USD 1 billion, with an acquisition of only 68 kg in return, making the measure ineffective and further depleting international reserves.

On the other hand, Bolivia's position regarding lithium has been weakened by the discovery of reserves in the United States that surpass Bolivia's, making the United States the leader in this resource.

According to Standard & Poor's, Bolivia's financial system's position is the most vulnerable in the continent in terms of profitability and delinquency.

### SOCIAL CONTEXT

The latest survey conducted by the Jubilee Catholic Foundation reveals that 65% of the Bolivian population does not feel secure with the current model of democracy and is pessimistic about the future. There is a perceived lack of guarantees concerning human rights, freedom of expression, and equality before the law. Despite some progress in including indigenous people and women in high-level government positions, doubts persist about the effectiveness of institutions at both the central and regional or municipal levels.

Corruption, drug trafficking, public safety, and the justice system are factors eroding the trust of the Bolivian society. Overall, 70% of the population believes that a complete overhaul is necessary in economic, social, judicial, police, educational, and healthcare areas.





## | URUGUAY

### POLITICAL CONTEXT

Uruguay has been shaken by the scandal surrounding the Penadés Case. This event culminated in the imprisonment of Gustavo Penadés, a senator from the ruling National Party, who faces accusations of committing 22 crimes related to child sexual abuse. The response was swift; the Senate unanimously approved his expulsion, and his own party expressed "maximum repudiation" for his actions, showing "full solidarity with the victims." Penadés will be held in preventive detention for 180 days as a precautionary measure while the judicial process unfolds.

The Uruguayan Senate also became the scene of a heated debate when it voted by majority for a motion supporting Israel and condemning Hamas. However, this motion did not receive the votes of the opposition Broad Front, which proposed an alternative. The alternative resolution condemned the terrorist acts of Hamas and questioned Israel's military actions against the civilian population of Gaza. The Jewish community in Uruguay, one of the largest in Latin America, mobilized in various parts of the country in support of Israel and expressed concern over the statements made by the Broad Front.

### ECONOMIC CONTEXT

Uruguay's economy contracted in the second quarter of 2023, according to data from the Central Bank of Uruguay. The GDP fell by 1.4% compared to the previous quarter, and the data reflects the impact of drought on agriculture, which plummeted by 27%.

The government and the World Bank have agreed on a loan of approximately USD 350 million with an interest rate reduction mechanism of up to USD 12.5 million if the country meets environmental goals. Uruguay is the first country to benefit from this financial feature, and the multilateral organization will seek to replicate it in other countries to incentivize efforts to address global challenges such as climate change mitigation.

Uruguay is closely monitoring the upcoming elections in Argentina, where polls confirm the leadership of Javier Milei. The exchange rate gap with the neighboring country is growing and remains a concern with the arrival of tourists in the summer.

According to the latest report from CERES, Uruguay is 126% more expensive than Argentina, leading thousands of Uruguayans to cross the border every weekend in search of better deals and more affordable prices for their purchases.

### SOCIAL CONTEXT

The Ministry of Social Development (MIDES) launched the PIA initiative, the "Assisted Inclusion Project," for the reintegration of released inmates. They will receive a card with \$2,000 monthly (about USD 50) for food, hygiene, and transportation, along with the assignment of a technician to provide follow-up. The pilot program will begin implementation in November, aiming to reduce the recidivism of those released from prison. This initiative is complemented by the Opportunities Network program, also promoted by MIDES, which will subsidize up to 80% of the salaries for companies that hire ex-convicts.

The Ministry of the Environment will impose sanctions on the Finnish paper company UPM for a caustic soda spill in a tributary of the Río Negro, which affected the ecosystem's biodiversity.

Professional Uruguayan soccer resumed after nearly a month-long strike. The Uruguayan Football Association (AUF) reached an agreement with the Uruguayan Professional Footballers Mutual (MUFP), which primarily demanded a salary increase for Second Division players. This resolution allowed football activities to return to normal 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.

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