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LATIN AMERICAN KEY HIGHLIGHTS

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Electoral processes in Latin America point to significant changes in regional political dynamics

Javier Milei emerged as the winner in the second round of the Argentine presidential elections, surpassing his opponent by over 11 percentage points. A resounding victory that marks a significant change in the political, economic, and social landscape of the country due to the high-impact reforms outlined during the campaign, such as dollarization and minimizing state intervention in the economy. This event, along with the setback suffered by the left in the regional elections in Colombia, indicates an evolving regional political dynamic.

The president of Colombia, Gustavo Petro, faces growing public disapproval of his administration, a situation shared by his Peruvian counterpart due to the perceived governmental inaction towards the economic crisis in a country that has officially entered into a recession.

Electoral processes are advancing in Mexico and Uruguay in preparation for the 2024 elections, with the definition of precandidates and the expectation of whether they will be affected by the Milei phenomenon. The Libertarian Party has already registered in the latter.

An important electoral event will take place earlier in Chile, with the holding of a referendum to vote on a new Constitution proposal. Surveys suggest that this second attempt will meet the same fate as the first and will be widely rejected by voters.

Political instability also persists in Bolivia, where the rift within the ruling party, the MAS, is deepening, with intense clashes between the faction of Evo Morales and that of the current president, Luis Arce, recently expelled from the movement. It remains to be seen whether Ecuador will achieve the desired stability after Daniel Noboa assumes the presidency at the end of November, with an agenda focused on security, employment, and attracting foreign investment.

Finally, Brazil, with optimistic economic figures, took a legislative step to simplify its complex tax system, unifying five taxes into a VAT, a tax that the country still does not have



84% of Peruvians disapprove of President Dina Boluarte's management, influenced by the public perception of governmental inaction towards the economic crisis. Recent political controversy, triggered by a failed meeting with the U.S. counterpart, led to the removal of the Foreign Minister Ana Cecilia Gervasi. Legislative and Judicial powers continue to clash. Peru has officially entered a recession after several months of GDP contraction, with El Niño-induced weather conditions expected to worsen by year-end.

Daniel Noboa prepares to assume the presidency of Ecuador at the end of November. Before the handover, he conducted an international tour of Italy, Spain, and the United States, focusing on security and promoting business meetings to encourage foreign investment. He also began defining his political agenda and part of his future cabinet. Meanwhile, the country faces an energy crisis and is about to feel the impact of the El Niño phenomenon.

The results of the regional elections held in Colombia on October 29 revealed a significant political shift in the country. Candidates from the center-right and right-wing, critical of President Gustavo Petro's policies, were elected in major capitals. Petro's disapproval among citizens has reached 63%. Despite a seventh consecutive month of decreasing inflation, the interest rate will remain at 13.25%. Meanwhile, the peace process is jeopardized by actions from armed groups.

With the completion of the drafting of the new Constitution for Chile and its approval by the Constitutional Council, President Gabriel Boric has called for a plebiscite on December 17. Polls indicate that this new attempt would meet the same fate as the previous one when voters rejected the constitutional proposal last year. Various international organizations project a contraction of around 0.5% in the economy by the end of 2023, and the Central Bank has reduced the interest rate to 9%.

Javier Milei will be the next president of Argentina after defeating the current Minister of Economy, Sergio Massa. The victory was decisive, with a 12-point difference representing nearly 3 million votes. Milei's ambitious reform agenda signifies a political, economic, and social shift, with high-impact proposals such as dollarization or minimizing state intervention. However, the virtual president will face a fragmented legislative scenario to implement these reforms and will have to engage in complicated negotiations.

The complex Brazilian tax system could be simplified with the approval of a reform that would unify 5 taxes into a VAT, a fiscal burden the country currently lacks. Despite a significant public sector budget deficit, the economy shows positive indicators, including GDP growth, reduced inflation, and a record level of employment in the labor market. Additionally, the reference interest rate has been cut again, now standing at 12.25%.



The pre-election campaign has begun in Mexico for the 2024 elections. Over 20,000 public offices will be elected, including the presidency, the Congress of the Union, and nine governorships, including that of Mexico City. The Federal Government announced that several infrastructure projects, including the Maya Train, will be inaugurated in December. Inflation reached its lowest level since February 2021, and a hurricane hit the coast of Acapulco, causing considerable damage.

The Supreme Electoral Tribunal of Bolivia declared the ordinary congress of the MAS, in which Evo Morales was proclaimed the party's sole candidate for the 2025 general elections, illegal. The former president accused the government, led by Luis Arce, recently expelled from the MAS, of being behind the decision. Intermittent fuel supply shortages, ongoing water scarcity due to drought, and a fall in sovereign bond prices could lead to a possible downgrade in the country's credit rating.

The controversial granting of a Uruguayan passport to the drug trafficker Sebastián Marset led to a crisis for President Lacalle Pou and the resignations of several members of his government. Candidates are gradually formalizing their bids for the 2024 general elections, and the Milei phenomenon has reached the country with the registration of the Libertarian Party with the electoral justice. Over 3,000 people were evacuated in the northern part of the country due to severe floods caused by the rising Uruguay River.



| PERU

POLITICAL CONTEXT

President Dina Boluarte traveled to the United States to participate in the Summit of Leaders of the Alliance for Economic Prosperity. According to the agenda, she was supposed to meet with U.S. President Joe Biden; however, this did not happen. Despite attempts to rectify this lack of coordination with a symbolic action, the president's reputation was affected, and the political upheaval led to the removal of Foreign Minister Ana Cecilia Gervasi, replaced by Javier González Oalechea.

This episode adds to the ongoing public perception of a lack of action by the Executive to address the country's economic situation. The culmination of these and other factors has resulted in a high level of citizen rejection of the government, with 84% disapproving of its management.

Conflicts between Congress and the National Council of Justice (JNJ) continue due to various judicial disputes, accentuating tensions between these branches of government and raising questions about their independence. Despite attempts by lawmakers to sanction the magistrates, the Judiciary issued a ruling declaring the nullity of the process. The outcome of this dispute is expected at the end of November, either with the case being closed or the removal of JNJ members.

ECONOMIC CONTEXT

The Minister of Economy and Finance, Alex Contreras, announced that the Peruvian economy has entered a recession. This is mainly attributed to a decrease in production in the agricultural sector due to adverse weather conditions caused by the El Niño phenomenon, as well as social unrest that spread across the country for several months earlier in the year. The official confirmation comes after the Gross Domestic Product (GDP) contracted for the fifth consecutive month. In September, the GDP fell by 1.29%, marking the longest recession in decades.

In response to this economic crisis, the Peruvian government has announced a set of 25 measures aimed at reactivation. Among them is the injection of bonds and credits in critical sectors to boost productivity, primarily in construction and tourism. Others aim to stimulate private investment.

Highlighted proposals by the Ministry of Economy also include measures to support micro and small businesses (MSMEs), develop the petrochemical industry, and a set of 13 management and regulatory measures to promote mining.

SOCIAL CONTEXT

The Multisectoral Commission responsible for the National Study of the El Niño Phenomenon (ENFEN) has announced that the climatological effects will occur at the end of the year. Heavy rain is forecasted, which could cause flooding and river overflows in coastal and eastern regions of Peru. Projections indicate that the consequences of El Niño will persist until March 2024.

To mitigate damages in various regions of the country, the government is making significant investments, surpassing 110 million soles in 300 districts. These resources are intended for the implementation of contingency plans and the strengthening of infrastructures to accommodate possible affected individuals.



| ECUADOR

POLITICAL CONTEXT

President-elect Daniel Noboa could assume office sooner than expected. The National Assembly advanced its first session, moving the handover schedule, so he could be in office before the end of November. Noboa has started to solidify his political agenda, focusing on security (Phoenix Plan), employment for young people and women (Maria Law), and the treatment of catastrophic diseases (Adan Law).

The future president conducted an international tour. In Italy, he met with security experts, while in Spain, he was received by various authorities, including King Felipe VI and Prime Minister Pedro Sánchez. Additionally, he met with businessmen from the Business Council Alliance for Ibero-America (CEAPI) to attract foreign investment. In the United States, he held meetings with officials from the IMF and the World Bank.

As Daniel Noboa traveled, he announced part of his future cabinet. Names such as Gabriela Sommerfeld for the Ministry of Foreign Affairs, Sonsoles García in the Production portfolio, Sariha Moya in the Ministry of Economy, or Mónica Palencia as Minister of Government have already been revealed. The tasks of Vice President Verónica Abad, who will be in charge of migration issues for Africa and the Caribbean, were also disclosed.

Political groups in the Assembly are holding meetings to define a majority, though concrete results have not been achieved so far. Beyond disputes, there have been approaches between the correísmo, the social Christians, and the new ruling party, which could form a legislative majority.

ECONOMIC CONTEXT

Ecuador is experiencing power cuts again. This situation last occurred in 2009, but the current situation is reminiscent of what happened between 1992 and 1993. The current energy crisis is due to droughts in the country and, especially, the lack of maintenance of hydroelectric plants and planning for water shortages. To alleviate this situation, President Guillermo Lasso traveled to Colombia to buy energy, which will also be acquired from Peru. Power outages will continue until early December.

The debate over the increase in the Unified Basic Salary (SBU) continues in the National Salary Council, where workers' unions demand an urgent upward revision. One of the major challenges for the new government will be covering the public payroll expenses, which would reach USD 1.301 billion, maintaining the trend of 2022.

Another pressing responsibility is meeting payments to local governments, the Ecuadorian Social Security Institute (IESS), and suppliers. Considering the short maneuvering time, possible solutions include agreements reached with multilateral organizations and the early sale of oil, an alternative proposed by EP Petroecuador. However, the conflict in the Middle East has impacted the oil landscape, causing uncertainty. On average, the price of a barrel of crude oil was USD 85 in October, representing a 10.8% decrease.

SOCIAL CONTEXT

The transport strike ended after an agreement between transporters and the government, ensuring security on the country's roads. Authorities have determined that military accompaniments will take place on 30 road axes in the country.

The El Niño phenomenon continues to cause concern in Ecuador. Currently, an estimated loss of USD 3.8 billion in the primary sector and a 20% deficit for shelter assistance is expected. Facing potential effects of the meteorological phenomenon, the mayor of Guayaquil, Aquiles Álvarez, will allocate USD 25 million to address them.

The Constitutional Court begins to debate euthanasia. The request for assisted death by Paola Roldán has generated opinions both in favor and against this measure. Now, the decision is in the hands of Ecuador's highest judicial institution, which will set a precedent with its opinion.

Meanwhile, the indigenous movement demands the new government to review their demands, which were not addressed by President Guillermo Lasso and caused intense mobilizations in June 2022.



| COLOMBIA

POLITICAL CONTEXT

The regional elections held on October 29 have been interpreted in various ways. While some see them as a referendum on Gustavo Petro's administration, others analyze them as an indicator of approval for the government in different areas of the country. The results reflect a significant political shift and a decline in the president's influence in several regions.

In major capitals, right-wing and center-right politicians critical of government policies were elected. With promises to address security and mobility challenges as a top priority, Carlos Fernando Galán won the mayoralty of Bogotá, Federico Gutiérrez in Medellín, Alejandro Éder in Cali, and Alejandro Char in Barranquilla.

On the legislative front, the health reform progressed in the debate on the remaining 51% of the articles amid a somewhat turbulent political landscape. The setback suffered by the government in the elections coincides with the deliberation of the most complex part of the text. Despite this context, 10 additional articles were approved. The fate of Petro's social reforms will depend on his ability to establish dialogues with the new leaders, which could impact the relationship between the president and the regions.

ECONOMIC CONTEXT

The National Administrative Department of Statistics (DANE) reported that in October, the annual inflation rate was 10.48%. This is the lowest figure since Gustavo Petro took office and is the result of seven consecutive months of declines, dropping below the 12.22% recorded in the same period in 2022.

Foreign trade decreased by 13.6% in September compared to the same month last year, resulting in a loss of USD 4.127 billion in income. This decline is attributed to lower external sales of fuels and other products from extractive industries, marking nine consecutive months of decreases, according to DANE data.

Following the tenth board meeting of the year of the Board of the Republic Bank, the manager of the entity, Leonardo Villar, announced that interest rates would remain at 13.25%. The exchange rate of the U.S. dollar closed a week of high volatility at COP \$4,037, marking a downward trend over the last month and an appreciation of the local currency.

SOCIAL CONTEXT

Total Peace is at its most critical moment since negotiations with armed groups such as the ELN or the Central Military Command (EMC) of the FARC began. The recent kidnapping of the father of Lucho Díaz, a player for Liverpool and the Colombian national team, by the ELN has raised significant concerns. This adds to the critical situation in El Plateado, Cauca department, after FARC dissidents threatened farmers to pressure the army's departure. These events led to the unilateral suspension of talks by the EMC, creating uncertainty in the peace process.

The Total Peace policy, one of the government's main priorities, is also threatened by a significant increase in kidnappings in the country. During the first nine months of the year, there has been a 70% increase, according to data from the Ministry of Defense. In this period, 60 people have been rescued, and 6 have died.

Finally, disapproval of President Gustavo Petro's management has increased to reach 63%, while only 30% approve.



| CHILE

POLITICAL CONTEXT

The Constitutional Council sent the proposal for a new constitution to the Expert Committee for review and observations. These were subject to a vote by the Constitutional Council, requiring a 3/5 majority for approval. Subsequently, both institutions met in the Joint Committee to make additional adjustments. Finally, the Constitutional Council conducted the last vote on the final text on October 30, and after approval, it was handed over to President Gabriel Boric, who called for a plebiscite on December 17.

The first attempt to establish a new constitution took place last year, criticized for its lack of inclusivity and being dominated by the left. The second attempt is now being questioned as the council responsible for its drafting has been mostly composed of right and far-right representatives. Several of its norms have not been the result of consensus and have been accused of being ideologically biased. Just as in September 2021, when the proposal was rejected by 62% of voters, polls indicate a similar outcome this time.

In the legislative arena, the Senate rejected a proposal aiming to advance the closing time for commerce and direct customer service. The initiative suggested that personnel in the sector would not work after 8:00 PM from Monday to Saturday and after 6:00 PM on Sundays.

ECONOMIC CONTEXT

President Gabriel Boric presented the budget for 2024, foreseeing a 3.5% increase in public spending, focusing on key areas such as security, health, education, housing, emergencies, caregiving, and culture. The project includes measures to improve spending control, such as new rules for public tenders and the elimination of direct allocations to regional governments. It also proposes to reform agreements between state agencies and non-profit entities to increase transparency and efficient use of public resources.

The World Bank adjusted its forecast for the Chilean economy, now estimating a contraction of 0.4% in 2023, aligning with the Ministry of Finance's projections of zero growth. The Central Bank reduced the monetary policy rate by 50 basis points to 9%, in contrast to the United States, which maintains rates at their highest level since 2001.

Meanwhile, the International Monetary Fund expects GDP to contract by 0.5% in 2023 and grow by 1.6% in 2024, below the 2.4% of 2022. Chile and Argentina are the only countries in South America whose economies would shrink in 2023, facing a challenging scenario.

SOCIAL CONTEXT

According to the Ministry of Social Development and Family, the value of the basic food basket reached 67,012 pesos (USD ≈75.5) in September. This represents a 2.5% increase from the previous month and marks the highest price of the year after an accumulated increase of 11% in the last 12 months. The most notable increases were in storage potatoes, at 37%, squash, 19.5%, lemons, 12.8%, and new onions, 8.2%. Meanwhile, the foods that experienced the largest price reductions were tomatoes, -10.1%, wheat flour, -6.6%, vegetable oil, -4.2%, and frozen corn, -3.6%.

The Consumer Price Index (CPI) increased by 0.7% in September, indicating a moderation in inflation growth.

The poverty threshold per person was set at 225,402 pesos (USD ≈255), while for extreme poverty, it was 150,268 pesos (USD ≈170). This represents a 7.1% increase for both concepts in the last 12 months.



| ARGENTINA

POLITICAL CONTEXT

Javier Milei emerged victorious against Economy Minister Sergio Massa in the second round of the presidential elections. The victory was decisive, with the candidate from La Libertad Avanza receiving 55.7% of the votes compared to the 44.3% of the incumbent. A 12-point difference representing almost 3 million votes handed Milei the win in 21 out of 23 provinces.

The future president has been characterized by an energetic populist and anti-establishment discourse. When positioning him ideologically, media and experts have used terms such as "ultraliberal," "far-right," or even "anarcocapitalist." Self-defined as a libertarian, his ambitious agenda of reforms signifies a political, economic, and social shift for Argentina, with proposals like dollarization or minimizing state intervention.

However, Javier Milei will face challenges in implementing these policies. The legislative elections on October 22 left a fragmented scenario in both chambers, and no party has the quorum necessary to open sessions. Even with the support from Patricia Bullrich and Mauricio Macri, and therefore their allied sectors in Juntos por el Cambio, Milei will have to navigate complex negotiations to govern.

ECONOMIC CONTEXT

According to data from various private consultancies, October's inflation is estimated to range between 8% and 11%. This would represent a reduction compared to the record-breaking inflation in August and September. The Institute of Labor Statistics of the Metropolitan University for Education and Work explains that "the slowdown in October's inflation is due to the freezing of the official exchange rate and regulated prices. However, it persists at high levels due to the inertia of the exchange rate jump after the primaries." If these figures are confirmed with official data, and considering predictions for November and December, the year-end annual increase would surpass 150%, reaching the highest value in 33 years.

According to the General Directorate of Statistics and Censuses, the variation in the Consumer Price Index of the City of Buenos Aires (IPCBA) throughout October was directly related to increases in housing, water, electricity, gas, and other fuels, as well as education.

SOCIAL CONTEXT

The social climate in recent months has been one of the most turbulent in a long time. The virtually antagonistic government proposals of the two candidates in the presidential runoff are indicative of the strong polarization that has characterized the country. The election results undoubtedly reflect the discontent of the Argentine population with the economic and political situation, a social unrest that Javier Milei has managed to capitalize on.

It's worth noting that the supporters of the future president fueled a campaign that sought to cast doubt on the legitimacy of the electoral and democratic system, alleging possible fraud in the event of Javier Milei's failure. Additionally, there was an escalation of fake news and violence promoted by libertarian sympathizers on social media.

Milei achieved a resounding victory, with notable support in traditionally Peronist territories like Córdoba or Mendoza. Furthermore, he came within a narrow 1.6% of wresting the province of Buenos Aires from the incumbent. These results demonstrate the support that the future president garnered in the most populous areas of the country, which have been particularly affected by the economic crisis.



| BRAZIL

POLITICAL CONTEXT

The Senate approved a reform simplifying Brazil's complex tax system, unifying 5 taxes into a Value Added Tax (VAT), a tax structure the country did not have before. The rate is yet to be decided, although the government estimates it at 27.5%. Certain economic sectors will receive discounts. The law, including a seven-year transition phase, will return to the Chamber of Deputies for a new vote because the Senate made modifications to the previously approved text.

President Luiz Inácio Lula da Silva sanctioned the "Legal Guarantees Framework" in late October. It redefines the use of assets as loan collateral, although the president vetoed a part that allowed the seizure of vehicles without judicial authorization. This legislation sets conditions for seizures, mortgages, or property transfers for debt payment, generating expectations as it could stimulate the credit market.

Regarding the Middle East conflict, 1,400 Brazilians were rescued in two phases through six flights by the Brazilian Air Force, including one from the Palestinian side with 26 people on November 2.

ECONOMIC CONTEXT

According to the Central Bank, in the first nine months of 2023, the public sector had a deficit of R\$ 97 billion. In comparison, in the same period of 2022, there was a surplus of R\$ 126 billion, marking an accumulated decrease of R\$ 223 billion this year. The calculation includes the Federal Government, states, municipalities, and state-owned companies, representing the worst performance since 2020 when, due to the Covid-19 pandemic, the government increased spending on aid.

The National Consumer Price Index (IPCA), the country's official inflation, increased by 0.24% in October, according to the Brazilian Institute of Geography and Statistics (IBGE). The main factor for this increase came from airfares, which rose by 23.7% compared to September. However, the general index experienced a slowdown compared to the previous month, which was 0.26%.

The Selic, the basic interest rate, decreased by 0.5 points, from 12.75% per year to 12.25%, marking the third consecutive cut since August of this year.

The Gross Domestic Product (GDP) grew by 0.9% in the second quarter of 2023, registering an eighth consecutive positive result. It was driven by the expansion of agriculture and livestock, following a growth of 1.8% in the first quarter.

SOCIAL CONTEXT

According to a study by consulting firms Quintessa and Pipe, there is an increase and diversification of companies with a positive social impact in Brazil. Large corporations have shown interest in incorporating corporate social responsibility initiatives into their decisions. The report indicates that the number of such companies increased by 63%, from 44 to 70 between 2019 and 2022. There is also greater specialization of organizations, with increasingly defined focuses and objectives.

The labor market recorded a historic high in employed workers, with an unemployment rate of 7.7% at the end of the third quarter of the year, according to IBGE data.

In the environmental field, figures published by the National Institute for Space Research (Inpe) indicate that the deforested area in the Amazon between August 2022 and July 2023 was 9,001 km², equivalent to the size of the Republic of Cyprus. Although this figure represents a 22.3% decrease compared to Inpe's last measurement, it remains a significant concern.



| MEXICO

POLITICAL CONTEXT

The pre-election campaign began on November 20th to elect the next president in 2024. Key contenders include Claudia Sheinbaum from Morena, with a 51% voter intention, and Xóchitl Gálvez from PAN, PRI, and PRD, with 26%, according to various poll averages. Over 20,000 public offices will be at stake, including the renewal of the Congress of the Union, local legislatures, and 9 governorships, including that of Mexico City.

Concerning the election of the 9 local executives, the Electoral Tribunal of the Judicial Power of the Federation (TEPJF) determined that political parties and their coalitions must nominate at least five women out of the nine candidacies.

Additionally, President Andrés Manuel López Obrador announced the inauguration of several infrastructure projects in the southeast of the country in December. These include the first routes of the Mayan Train, the Tulum International Airport, and La Plancha Park in Mérida.

ECONOMIC CONTEXT

The national currency has continued to appreciate in recent weeks. According to the Bank of Mexico, the interbank exchange rate is 17.83 Mexican pesos to the US dollar.

The National Institute of Statistics and Geography (INEGI) reported that inflation reached an annual rate of 4.26% at the end of October, marking its lowest level since February 2021 when it was 3.76%.

The Chamber of Deputies approved the 2024 Federal Expenditure Budget (PEF), which includes cuts to the Judiciary, Legislative, the Federal Electoral Institute (INE), and the Superior Audit of the Federation (ASF). On the other hand, the spending proposal favors social programs and prioritized infrastructure projects such as the Mayan Train and the Isthmus of Tehuantepec Corridor, as well as the Federal Electricity Commission (CFE) and Petróleos Mexicanos.

From November 17 to 20, the tenth edition of "El Buen Fin" took place, during which various department stores offered promotions and discounts. The goal was to stimulate commerce and boost the economy, with the participation of over 176,000 businesses projected and an expected sales increase of 5% to 6% compared to the previous year.

SOCIAL CONTEXT

The coast of Acapulco in Guerrero suffered severe damage from Hurricane "Otis," a Category 5 hurricane on October 25. Over 7,000 hectares of constructions were estimated to be affected, with thousands of people displaced. Despite this, authorities announced that the "Tianguis Turístico," scheduled for April 2024, will keep Acapulco as its venue. The event aims to promote commercial exchange and revive tourism after the natural disaster. Additionally, the Federal Government announced that Petróleos Mexicanos (Pemex) managed to restore the supply of LP gas to the population and reopen several gas stations in the hurricane-affected area. The Federal Electricity Commission (CFE) also reported that most communication services are now restored.

The Mexican Social Security Institute (IMSS) announced that there were over 22 million jobs at the end of October. 86.1% are permanent positions, and 13.9% are considered temporary, with an average salary of 531.5 pesos (USD ≈31).

An OECD report revealed that 3 out of 10 Mexicans do not have access to medical services, a right that was affected after the Covid-19 pandemic. Moreover, only 57% believe they have quality medical care in their locality.



| BOLIVIA

POLITICAL CONTEXT

The Supreme Electoral Tribunal (TSE) issued a resolution invalidating the MAS congress held between October 3 and 4. During these sessions, former President Evo Morales was proclaimed as the sole candidate of the party for the 2025 general elections. Morales expressed his rejection and argued that the government, led by Luis Arce, recently expelled from MAS, is behind the resolution. This exacerbates the fracture within the ruling party, deepening the internal crisis that divides the faction led by Evo Morales and the one led by the current president.

On October 17, a Cabildo was held in the city of El Alto, La Paz department, convened by social and union organizations affiliated with the ruling party. In the event, President Luis Arce and Vice President David Choquehuanca joined various organizations, supporting their rejection of the validity of Morales's MAS congress.

The Cabildo approved 19 resolutions, including the non-recognition of the congress and the call for a new one, led by MAS and social and union organizations. This episode adds to the complexity of the political situation in Bolivia, once again highlighting the challenge the ruling party faces in maintaining internal cohesion.

ECONOMIC CONTEXT

Fuel supply interruptions persist, causing a significant impact with shortages of essential products and a widespread increase in prices. In response to this situation, the government announced a plan to mitigate the effects of diesel shortages, including the importation of fuel from other countries and the release of strategic reserves.

The economic situation has been further aggravated by the fall in the price of sovereign bonds following Evo Morales's announcement of candidacy for the 2025 presidential elections. This circumstance exerted additional pressure, leading to consideration of a possible downgrade in the country's credit rating.

The sale of gold by the Central Bank of Bolivia was also noteworthy. The institution announced on October 12 that it had sold 17 tons of fine gold for USD 1.26 billion. These resources were allocated to the payment of state debts, intensifying the issue surrounding International Reserves.

SOCIAL CONTEXT

Environmental challenges persist, worsening with forest fires and water shortages due to drought. The situation is a significant concern for the Bolivian population due to its negative effects on quality of life. In October, more than 1,600 forest fires were recorded, affecting extensive areas totaling over 200,000 hectares. These fires have caused the loss of homes, crops, and animals, leading to the evacuation of thousands of people.

The ongoing drought affecting much of the country has caused a severe water shortage in several regions. The declaration of a drought emergency in places like La Paz and Potosí highlights the severity of the situation, and the population demands immediate government responses to address this water crisis.



| URUGUAY

POLITICAL CONTEXT

The controversial granting of a Uruguayan passport to the fugitive drug trafficker Sebastián Marset in December 2021 led to the resignations of the Ministers of Foreign Affairs and Interior, as well as the deputy ministers of these portfolios. Former Deputy Chancellor Carolina Ache, who resigned in December 2022 due to this case, presented audios to the prosecutor in which then-Chancellor Francisco Bustillo asked her to "lose" her mobile phone. This was an attempt to eliminate the existence of a WhatsApp chat between Ache and Guillermo Maciel, Deputy Minister of the Interior, who warned of Marset's dangerousness before the passport was issued. This communication would undermine the version later defended by the ministerial officials, who claimed that "nobody knew" who Marset was.

Gradually, candidacies are being formalized for the upcoming general elections next year. The current mayor of Montevideo, Carolina Cosse, confirmed her nomination to be the pre-selected candidate for the Broad Front. Meanwhile, Robert Silva, president of the National Public Education Administration, and Gabriel Gruméndez, president of Antel, resigned from their positions to run as pre-candidates for the Colorado Party.

The Milei phenomenon has reached Uruguay, and the Libertarian Party, the ideological offspring of the Argentine La Libertad Avanza, has been registered with the electoral court. Several Uruguayan politicians have expressed concern about Javier Milei, describing him as "unpredictable," "capricious," or "a time bomb."

ECONOMIC CONTEXT

The Exante Business Expectations Survey revealed that 85% of Uruguayan entrepreneurs consider the country's business climate to be "good" or "very good." Positive aspects contributing to this include legal certainty, political stability, low inflation, and economic openness. However, high costs, exchange rate delays, unions, and bureaucracy are identified as the main obstacles to business. Additionally, almost half of those surveyed said their company is being affected by the crisis in Argentina. Entrepreneurs positively evaluate the management of President Luis Lacalle Pou's government: 79% approve, and only 3% disapprove.

Uruguay is betting on wood to build sustainable social housing with the construction of the tallest building of this type in South America. The country has three pulp processing plants and hundreds of thousands of hectares of eucalyptus, one of its main export products.

Google announced the development of a global data center in Uruguay, strengthening the country's position as a technological and innovation hub.

SOCIAL CONTEXT

Over 3,000 people were evacuated from their homes due to flooding in the departments of Artigas, Salto, and Paysandú, adjacent to the Uruguay River. The affected individuals fear thefts in their homes during their absence.

Danilo Astori passed away at the age of 83, a key figure in Uruguayan left-wing politics as a founding member of the Broad Front, Minister of Economy during Tabaré Vázquez's two terms, and Vice President of the Republic alongside José Mujica.

Uruguay is preparing for COP28 in Dubai, which will include its own exhibition focused on the difficulties faced by small countries like Uruguay in accessing cooperation funds for having met certain environmental goals. According to the Minister of the Environment, Robert Bouvier, the country is "doing things right in environmental matters," but "remains marginalized" in accessing funds to carry out tasks related to climate change adaptation.



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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