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LATIN AMERICAN KEY HIGHLIGHTS

DECEMBER 2023



Latin America will enter 2024 with new governments and the aspiration to maintain economic growth despite the challenges

In 2022, two new leaders took office, marking a significant departure from their predecessors and generating high expectations. Firstly, Gabriel Boric in Chile, a country projected to experience zero growth this year and set to vote on a constitutional proposal in a referendum in the coming days, which appears likely to be rejected once again. Secondly, Gustavo Petro in Colombia, who successfully pushed through his healthcare reform in the Lower House but faces greater hurdles in the Upper one. He will not be accompanied by favorable economic conditions, following a 0.3% GDP decline in the third quarter.

Now in 2023, two new presidents have just formed their ministerial cabinets. In Ecuador, Daniel Noboa's top priority is to pass his tax reform. Initially, he may not encounter major friction with the legislature, and the dire state of public finances is pressing. Meanwhile, the Argentine government under Javier Milei has already announced its initial economic measures, focused on cutting public spending, anticipating a harsh impact on the population. However, a significant portion of the citizenry seems willing to accept this sacrifice to escape an endless crisis marked by an annual inflation rate exceeding 160%.

The two left-leaning presidents who took office in 2022 have had to navigate a challenging path and are currently facing notable unpopularity. The fortunes of those who did it in 2023, with a more complex ideological categorization, remain to be seen. It appears that Milei will represent a strong departure from previous administrations, while Noboa, by comparison, signifies a degree of continuity.

Last year, Dina Boluarte assumed office in Peru, not through an electoral process but due to corruption scandals surrounding her predecessor. These scandals now impact the relationship between the legislature and the prosecutor's office as the country deepens its recession. In Bolivia, where political developments have also been marked by judicial actions, it has just become a full member of Mercosur. Access to a trade bloc of over 300 million inhabitants could provide a boost to its economy.

On the flip side, Brazil continues to report positive macroeconomic figures, and President Lula da Silva enhances his international presence. Meanwhile, Mexico focuses on labor issues and, having approved a 20% increase in the minimum wage, prepares to amend the constitution to reduce the weekly working hours from 48 to 40. Finally, Uruguay received a couple of positive notes: it secured the second-best score in Latin America in the PISA report on academic performance and recorded the region's lowest rate of informal labor.



The Peruvian Legislature and Prosecutor's Office are entangled in a new case of alleged corruption, as votes in Congress are purportedly coordinated in exchange for shelving judicial investigations. Additionally, President Dina Boluarte faces constitutional charges for deaths during protests at the beginning of her government. Meanwhile, the Executive is implementing the Unidos Plan to confront the recession, in an economy that has been posting negative figures for five consecutive months.

In Ecuador, President Daniel Noboa has begun his term and has already formed the Ministerial Cabinet. Similarly, the National Assembly has commenced its functions. So far, there have been no major conflicts between the Executive and Legislative branches, which must reach agreements to push through the tax reform. The definition of the bill will be crucial to addressing the economic crisis affecting the country and the hefty internal and external debt inherited by the new government.

The Colombian government successfully advanced the healthcare reform in the House of Representatives after three months of intense debates. Now, it must go through the Senate, where the government will face an even more challenging situation with less clear support than in the Lower House. Unemployment has dropped to 9.2%, and the Colombian peso has been appreciating against the dollar for weeks. However, GDP fell by 0.3% in the third quarter, and public investment continues to decline. In this context, President Gustavo Petro's disapproval rating reaches 66%.

Chile's State Budget for 2024 was approved in a mixed commission, with its final vote scheduled for December. Opposition lawmakers announced their intention to file a constitutional accusation against the Minister of Housing for alleged corruption related to the "convenios" case. The October Consumer Price Index (IPC) stood at 0.4%, and the unemployment rate rose to 8.9%, while the OECD projects zero economic growth by the end of 2023 but anticipates a 1.8% recovery in 2024. The constitutional referendum will take place on December 17, with polls continuing to forecast its rejection.

Argentina's new president, Javier Milei, has already appointed members who will form the Cabinet of Ministers, including several figures with prior government experience. This includes Patricia Bullrich, reappointed as Minister of Security, whose support for Milei in the second round was deemed crucial to his victory. The incoming government has announced its initial economic policies, primarily focused on cutting public spending. Predictably, the effects are expected to be challenging for the population, but a segment of the citizenry seems willing to accept this sacrifice to reverse a deep crisis, marked by an annual inflation rate exceeding 160%.

The Brazilian Senate approved Bolivia's accession to Mercosur, seen as the entry of an ally for Lula da Silva's government into the regional economic bloc, compensating for the arrival of Javier Milei. Brazil is set to close 2023 in line with estimates, with an annual inflation increase of 4.63% and an economic expansion of 2.9%. Additionally, the unemployment rate decreased to 7.6%, surpassing 100 million employed workers.



The Mexican government inaugurated two priority projects for the current administration: the first section of the Maya Train and the Tulum International Airport. Workers' minimum wage will increase by 20% starting January 1, 2024, and the NOM-037 has come into effect to regulate telecommuting and mitigate associated occupational risks. In the same context, the debate continues to amend the Constitution with the goal of reducing the weekly work hours from 48 to 40.

Bolivia has officially joined Mercosur as a full member, gaining access to a potential market of over 300 million people. The legal team of former President Evo Morales has taken legal actions to defend the legality of the party congress held in October. The Modified General Budget for 2023 was approved, and conflicts persist due to road closures by transporters and land invasions by indigenous groups.

President Lacalle Pou traveled to China with Uruguayan businessmen to strengthen trade relations with the Asian giant. The Ministry of Tourism announced measures to promote tourism and mitigate potential consequences of the new government in Argentina. Candidate formalizations are gradually taking place in preparation for the 2024 general elections. The Ministry of Labor and Social Security reported that the country has the lowest level of informal labor in the region, adding to the positive results achieved in the PISA academic performance report.



| PERU

POLITICAL CONTEXT

An investigation by the Public Ministry suggests that Patricia Benavides, the Attorney General, and her advisers may have abused constitutional power for personal gain. The fiscal hypothesis suggests that Benavides coordinated votes in favor of political interests in Congress in exchange for shelving judicial investigations into congress members. Notable cases include the election of the Ombudsman, the disqualification of former prosecutor Zoraida Ávalos, and the removal of members of the National Council of Justice (JNJ). In contrast, the investigation against 40 congress members for corruption during Pedro Castillo's government was archived.

Following the revelation, the police arrested an adviser to Benavides, who became a key collaborator, confirming the establishment of a network of contacts within Congress operating in exchange for political favors. Amid all the disclosures, the prosecutor filed a constitutional complaint against President Dina Boluarte and Prime Minister Alberto Otárola for deaths during protests at the beginning of their government. The case is in Congress, responsible for endorsing or rejecting the investigation.

As a disciplinary measure, the JNJ suspended Benavides for six months, allowing the investigation to continue without restrictions. During these proceedings, the third chief prosecutor will assume the position.

ECONOMIC CONTEXT

The government has introduced measures to recover economic production and halt the recession, as announced by the Minister of Economy and Finance, Alex Contreras. The Unidos Plan aims to prevent the breakdown of the payment chain and boost economic investment in key sectors, implementing 25 emergency measures.

Among the main actions is the awarding of 40 investment projects under the public-private partnership modality, valued at USD 7.976 billion. Additionally, economic stimuli will be applied to affected sectors such as agriculture, fishing, and aquaculture. It also includes the promotion of seven mining projects for 2025, with 13 management and regulatory measures aimed at boosting exploration.

The first results of the Unidos Plan's implementation are expected to be reflected in early 2024. Meanwhile, the Gross Domestic Product (GDP) continues to record negative figures. In September, national production decreased by 1.29%, accumulating five consecutive months in the red and reporting the second-largest drop this year. The most affected sectors were construction, manufacturing, finance, and agriculture.

SOCIAL CONTEXT

The National Meteorology and Hydrology Service (Senamhi) has announced that the El Niño phenomenon will cause above-average rainfall on the coast, northern sierra, and northern jungle of the country, mainly between January and March 2024. In addition, high temperatures are expected to exceed 36°C on the Peruvian coast. Regions at greater risk of landslides include Lima, Cajamarca, Áncash, and Arequipa. Faced with this scenario, the government has completed river cleaning projects to reduce the impact of heavy rains and increased river flow.

The recession has led to a decrease in labor demand and job creation. According to the Lima Chamber of Commerce (CCL), 70% of micro and small enterprises (MYPES) will not hire additional personnel for the holidays, significantly affecting the employment rate. This situation is attributed to the lack of economic stimuli providing greater financing to MYPES, a sector that will be severely affected by the El Niño phenomenon. In response, the government has significant financial support for such companies within its Unidos Plan.



| ECUADOR

POLITICAL CONTEXT

President Daniel Noboa has formed his Ministerial Cabinet. The body is practically complete, except for the Interior portfolio, which has been entrusted to the Minister of Government, Mónica Palencia. The division between the president and the vice president is noticeable. The vice president accepted the president's appointment as peace ambassador in the Palestinian-Israeli conflict and is already performing her duties in the Middle East.

The National Assembly has focused particularly on its oversight function. It did not censure former President Lasso but issued a resolution to the General State Attorney to investigate him for embezzlement. The Legislature is analyzing the Organic Law for Economic Efficiency and Job Creation, a tax reform that President Noboa sent urgently. Before the end of the year, the Chamber must make a decision on the regulation, and any changes will take effect from January 2024.

U.S. Ambassador Michael Fitzpatrick urged the Assembly to pass a Forfeiture Law to seize the assets of corrupt individuals and drug traffickers. According to the American diplomat, Ecuador has front men for drug trafficking within soccer teams, media, companies, and banks. However, he did not provide names of individuals or companies.

ECONOMIC CONTEXT

The discussion of the tax reform comes at the worst moment of the economic crisis, as expressed by President Noboa and the new Minister of Economy, Juan Carlos Vega Malo. The fiscal deficit will exceed USD 5 billion, i.e., 5% of the Gross Domestic Product. The Treasury Single Account would have USD 184 million. The total debt inherited by the new government is USD 63 billion, both external and internal.

This is the first project with which the president will try to improve the country's economic situation. Since it involves fiscal matters, it is his only option to increase revenue in the short term. The regulation incorporates incentives such as increasing income tax deductions for companies that increase the hiring of young people; a 10-year income tax exemption for new investments in renewable energy and for the sale of real estate for housing and fixed-term deposit or securities yields.

It also establishes a new Free Trade Zone regime, with a 0% income tax rate for the first five years and 15% for the remaining time. One of the most debated issues has been the granting of a tax amnesty for interest, fines, and surcharges on tax obligations administered by the SRI. Many argue that this benefits large economic groups, such as those belonging to President Noboa's own family.

SOCIAL CONTEXT

The Quito Metro began operations in early December and has already transported more than a million people. The project, well-received and approved by various sectors, not only aims to improve traffic but also to boost commerce at its stops, revitalizing the economic dynamics of several areas in the capital.

The Prosecutor's Office and the Police dismantled a gang dedicated to the counterfeiting of medications for patients with terminal illnesses. After 17 raids, they seized 300,000 adulterated drugs and an additional 100,000 units of fraudulent medical supplies.

The energy emergency continues in the country. There will be no power outages from mid-December, but they will return in January, as reported by the new Minister of Energy, who indicated that the situation could persist until February 2024.

The crisis situation in terms of security also continues, one of the worst in the country's history. The wave of crimes and violence has placed Ecuador among the top 10 countries with the highest crime rates globally.



| COLOMBIA

POLITICAL CONTEXT

After more than three months of intense debates and exchanges, Gustavo Petro's government managed to secure the necessary votes to unblock the healthcare reform being discussed in the plenary session of the House of Representatives. They approved 133 articles and rejected 10, preserving the essence of the project defended by the Executive.

However, the most challenging test awaits in the Senate, where the Seventh Committee will be the first debate scenario before reaching the plenary. Support for the government in the Upper House is less clear, and the scenario is even more complex with the possibility that the Liberal Party and the Greens declare themselves independent. In addition, the President of the Senate, Iván Name, of the Green Alliance, has been critical of the reform from the start.

The fate of other reforms, such as pensions, is also uncertain due to initiatives seeking to modify or archive the government's proposal. The Executive's intentions are hindered by a weakened coalition and the lack of new solid alliances that facilitate the process in Congress. It is expected that the government will use its political capital during the year-end recess to adjust its majorities.

ECONOMIC CONTEXT

Debates on the minimum wage increase are taking place in a situation of high inflation and a high interest rate set by the Banco de la República, which remains at 13.25%. According to calculations by Grupo Bancolombia, annual inflation would reach 10.2% in November. Considering labor productivity per hour, a salary base increase of at least 10.96% is estimated, reaching COP \$1,287 million (USD ≈325). This increase would occur in an economic context where GDP decreased by 0.3% in the third quarter.

As for public investment, it has shown a constant decrease. It fell by 8.9% in the first quarter, 24.6% in the second, and 33.5% in the third. Despite the expectation of correcting this trend through the execution of state investment spending, this has not materialized.

On the other hand, the unemployment rate dropped to 9.2% in October, 5 percentage points lower than in the same month in 2022. In addition, the local currency has been appreciating for several weeks, and the U.S. dollar has fallen below COP \$4,000.

SOCIAL CONTEXT

The government's openness to dialogue with various sectors has become necessary after the poor results in the regional elections. President Gustavo Petro met with prominent businessmen in the country to mitigate tensions associated with social reforms facing obstacles in Congress. The meeting was perceived as an effort to reassure the business sector, considering the high disapproval of the president, reaching 66%.

Several proposals were analyzed to address inequality in access to opportunities, improve educational coverage, and promote business development, especially in rural areas. However, there were conflicting positions, as some sectors believe that the present businessmen do not represent the more than two million in the country, and the marked distance with the guilds has been notable.

The Constitutional Court annulled another emergency decree aimed at addressing the humanitarian crisis in La Guajira. The Court considered that the decree was not related to the threat of worsening the crisis due to water scarcity, according to the opinion of Justice Cristina Pardo Schlesinger.



| CHILE

POLITICAL CONTEXT

The Chilean National Congress voted the State Budget for 2024. However, there were discrepancies between the Senate and the Chamber of Deputies on some issues, so the Joint Budget Commission was formed to resolve the pending points and the divergences that arose on the bill. In the end, a consensus was reached between the Legislative and the Executive, and the committee dispatched the bill by a large majority. It will go to its final vote during the month of December.

Opposition parliamentarians announced their intention to file a constitutional accusation against the Minister of Housing and Urban Development (Minvu), Carlos Montes. This action comes after, at the end of November, the Investigative Police carried out raids in Minvu offices in several regions of the country, in order to investigate agreements via direct dealings between the Ministry and private foundations.

President Gabriel Boric received the proposed text to replace the current Constitution, marking a milestone in the process that will culminate in a plebiscite on December 17. The new constitutional project has generated controversy, being labeled by the left as partisan and dogmatic. The campaign to advertise the two options has already begun, and so far, 99% of the donations from individuals have been for the pro-choice option.

ECONOMIC CONTEXT

The National Statistics Institute (INE) reported that the Consumer Price Index (CPI) registered a monthly variation of 0.4% in October. This result was slightly below market projections. Of note were increases in food and non-alcoholic beverages, as well as in housing and basic services.

In November, INE reported a rise in industrial production, which registered an increase of 1.1% in October compared to the same month in 2022. This increase, the third in a row, was mainly attributed to the manufacturing, electricity, gas and water sectors.

The Organization for Economic Co-operation and Development (OECD) announced that it projects a stagnation of the Chilean economy by the end of 2023 due to the "weakness" of domestic demand. However, it anticipates a recovery in 2024, with an estimated GDP growth of 1.8%, supported by increases in real wages.

The Committee of Experts of the fiscal pact delivered its report, highlighting a lower collection than initially estimated. The relationship between GDP growth and revenue collection was established at USD 570 million for each point of growth, underlining the importance of strengthening the institutional framework to boost economic expansion.

SOCIAL CONTEXT

President Boric's approval stands at 32%, while the perception of corruption in the country has increased to 84%, with political parties, Congress and municipalities being the institutions most pointed out.

Activa Research released its poll "Pulso Ciudadano" with a third forecast on the constitutional referendum. The "Against" would receive 59.7% of support and "For" 40.3%. But there is a factor to be taken into account, and that is that the vote is currently mandatory, which makes this definition almost unpredictable in the end. There may be some surprises and there is some consensus that the result will be closer than expected.

Unemployment is on the rise and is viewed with concern. The National Institute of Statistics reported that the unemployment rate has climbed to 8.9% during the August-October 2023 quarter, showing an increase of 0.9 percentage points compared to the same period last year. This is due to an increase in the labor force.



| ARGENTINA

POLITICAL CONTEXT

On November 19, the results of the second round of the presidential elections were announced, giving Javier Milei as the winner. The next president obtained 55.7% of the votes, compared to 44.3% obtained by his opponent, the former Minister of Economy Sergio Massa.

This wide difference would be the result, among other factors, of the almost total transfer of 22% of the votes that Patricia Bullrich, former candidate for Juntos por el Cambio, had obtained in the first round to Milei's platform, La Libertad Avanza, thus demonstrating the success of the alliance with Mauricio Macri. "Today the model of the omnipresent impoverishing State is over", asserted Javier Milei in his first speech as president-elect.

After the triumph, the names of the people who would be in charge of the different portfolios began to be announced. Many of them are in the hands of leaders who are not part of the hard base of La Libertad Avanza, but who have already held positions in previous governments. This is the case of Luis Caputo, who was Minister of Finance and President of the Central Bank during the administration of Mauricio Macri and will now be in charge of the Ministry of Economy. As well as Patricia Bullrich herself, who repeats as Minister of Security.

The new government has already announced its first 10 economic measures, mainly focused on cutting public spending, in addition to a significant 50% devaluation of the peso. Some of them are of a temporary nature, and it is expected that in the coming days these will be more concrete, as few details were given in the announcement.

ECONOMIC CONTEXT

Inflation accelerated again in November, which may be explained by the expiration of price agreements between the government and the private sector, as well as by speculations regarding the new policies expected from Javier Milei's mandate. According to different private consulting firms, the number would reach double digits again, and would be around 12%. It is also expected that, in December, due to seasonal issues and an "honesty" of certain variables, this number will continue to rise.

The year-on-year variation reached 160.4%, 68 points higher than the previous year. It represents the highest value since July 1991, according to a study by Fundación Libertad y Progreso, which placed November inflation at 12.6%. The report also recorded an increase in prices at a weekly rate of 6.6% after the second round of elections.

Regarding the City of Buenos Aires, November inflation was 11.9%, according to data provided by the City's General Directorate of Statistics and Census. Specifically, goods recorded an increase of 13.6%, while for services it was 10.7%. The categories of food and medicines were the main drivers of this increase.

SOCIAL CONTEXT

The social climate has followed the line of previous months, with heated political and social discussions in the public debate. Many people have been happy about Javier Milei's victory, expressing excitement about a new government that would embody "a change" that they perceive as necessary.

In much of the media discourse after the elections, the idea has been installed that the coming months will be hard, but that it is a mandatory sacrifice to make the situation improve in the future. This generated divergent reactions: on the one hand, there are those who share this vision, and on the other hand, those who see it as an excuse to take political and economic measures that will harm the popular classes. In view of the foreseeable rise in prices, many people have gone out to stock up on basic necessities, and there have been long lines in supermarkets and wholesale chains.

The sharp acceleration of inflation in recent years has resulted in an increase in the poverty rate in the country, which, according to official statistics, is around 40%. The income of unregistered workers and the purchasing power of the minimum wage have experienced a significant drop, and the situation is likely to worsen in the coming months.



| BRAZIL

POLITICAL CONTEXT

The Senate approved Bolivia's accession as a full member of Mercosur, the regional economic bloc comprising Brazil, Argentina, Uruguay and Paraguay. Bolivia is currently an associated state, and only the sanction of President Luiz Inácio Lula da Silva is needed as the last step to complete the incorporation as part of the legislative process on the Brazilian side.

The president participated in COP28 seeking to position Brazil as a leader in the energy transition. However, the impact of this message was overshadowed by the news that the country would join OPEC+, a group formed by petro-states. Moreover, he proposed the current Minister of Justice, Flávio Dino, for a seat in the Federal Supreme Court to replace the recently retired Minister Rosa Weber.

The Chamber of Deputies approved a bill to make the Black Consciousness Day, celebrated on November 20, a national holiday, after the Upper House had already done so. The initiative of the recently created black caucus, a parliamentary group composed of Afro-Brazilians, must now be sanctioned by President Lula.

After more than a month of negotiations, Brazil has managed to repatriate 32 citizens rescued from the war zone in the Gaza Strip. In Qatar, an intermediary between the two sides of the conflict, Lula da Silva spoke with the country's head of state about a Brazilian still held hostage by Hamas.

ECONOMIC CONTEXT

During an event with businessmen in Saudi Arabia, President Lula reported that the Brazilian trade balance could reach a positive balance of USD 1 trillion by 2030. This would be achieved thanks to the renewable energy, defense, science and technology, agriculture and infrastructure sectors. According to government data, Brazil's foreign trade at the end of November had reached USD 513 billion, with a surplus of USD 86.5 billion.

The National Broad Consumer Price Index 15 (IPCA-15), the country's official inflation rate, increased by 0.24% in October compared to the previous month. Economists maintain the estimate of 4.63% annually by the end of 2023.

While for 2024, the financial market adjusted the projection from 3.90% to 3.91%. Regarding Gross Domestic Product (GDP) growth for 2023, the Central Bank's Focus Bulletin maintains the market expectation of 2.9%.

The government increased the projection of the deficit in this year's public accounts from R\$ 141 billion to R\$ 177 billion. The Ministry of Finance estimates that an additional R\$ 168 billion in annual revenues will be needed to reach zero deficit in 2024, a goal that the Executive still maintains.

SOCIAL CONTEXT

Although deforestation in the Amazon decreased by 22% in the last year, in the Cerrado ecoregion it has increased for the fourth consecutive year. According to data from Prodes (Project for Monitoring Deforestation in the Legal Amazon by Satellite), of the National Institute for Space Research, deforestation has reached 11,000 km² from August 2022 to July of this year. The Federal Government has announced a conservation plan for the ecological zone, which involves greater control over logging permits, increased surveillance and expansion of protected areas.

Unemployment fell to 7.6% in the quarter ending October. This is a historic milestone, as the number of employed workers exceeded 100 million. In addition, the number of permanent contracts, i.e. formal jobs, reached 37.6 million, the highest since 2014.

Although the life expectancy of Brazilians has increased to 75.5 years, this remains below the initial projection made by the Brazilian Institute of Geography and Statistics (IBGE) in 2019, which was 76.2 years. With the Covid-19 pandemic and new data from the 2022 census, IBGE recalculated the figure and adjusted life expectancy.



| MEXICO

POLITICAL CONTEXT

The Mexican government inaugurated several key infrastructure projects for tourism in the southeast of the country. These include the Tulum International Airport and the first section of the Mayan Train, which runs from Campeche to Cancun. In addition, the second stage of the railway project from Cancun to Palenque, Chiapas, is scheduled to be inaugurated on December 31. It is estimated that the rest of the route will be inaugurated on February 29, 2024.

President Andrés Manuel López Obrador announced that on December 26, the state-owned airline, Mexicana de Aviación, will begin operations. It will offer flights to tourist destinations such as Acapulco, Guadalajara, Huatulco, Monterrey, Mazatlán, Oaxaca, Puerto Vallarta, Villahermosa and Ixtapa Zihuatanejo.

Yanet Yellen, U.S. Treasury Secretary and Rogelio Ramírez de la O, Mexico's Secretary of Finance and Public Credit, agreed to establish a bilateral working group to exchange information in order to prevent national security risks that could affect foreign investment in sectors such as technology.

ECONOMIC CONTEXT

The interbank exchange rate of the Mexican peso has remained largely unchanged in recent weeks. According to the Bank of Mexico, the Mexican currency is at 17.36 pesos per US dollar.

The Council of Representatives of the National Commission of Minimum Wages (CONASAMI) informed that, as of January 1, 2024, the minimum wage for workers in Mexico will increase 20%. This increase places the base salary at 248.93 pesos per day, or 7,527 per month (USD ≈435). Likewise, in the border area it will remain at 374.89 pesos, to reach 11,403 pesos per month (USD ≈659).

According to data from the National Institute of Statistics and Geography (INEGI), at the close of November, general inflation reached 4.32%. Food, beverages, tobacco, education and electricity were the products and services that had the greatest impact on this rise.

The Mexican Association of Industrial Parks (AMPIP) considers that the relocation of companies, known as "nearshoring", has encouraged the construction of new industrial parks in the country. This could position Mexico as one of the most important logistics, automotive and manufacturing centers in the world.

The Mexico-Hong Kong Chamber of Commerce and China HomeLife reported that more than 3,000 Asian companies have set up in the country, with those from mainland China currently having the largest presence, followed by firms from Taiwan and Hong Kong.

SOCIAL CONTEXT

Last December 5, NOM-037 on teleworking came into force, with the aim of regulating and avoiding possible health and safety risks associated with this type of work. The regulation applies to employees with more than 40% of their working day based on remote work. Thus, the Ministry of Labor and Social Welfare (STPS) determined that they must have a ventilated and well-lit space, as well as the necessary tools, such as ergonomic chairs, the proportional payment of internet consumption, electricity, cell phones, printers and inks, among others.

In the legislative arena, the debate continues on the labor reform that seeks to modify Article 123 of the Mexican Constitution. Its purpose is to reduce the work time of Mexican employees from 48 to 40 hours per week. The initiative could be approved as of February 2024, although there is the possibility of another Open Parliament on the matter, as proposed by President López Obrador.

According to the procedure, it is necessary for the initiative to be discussed and approved in the Chamber of Deputies, then in the Senate of the Republic, so that it can finally be ratified in at least 17 local Congresses for its publication in the Official Gazette of the Federation (DOF) and its entry into force.



| BOLIVIA

POLITICAL CONTEXT

The political news has been marked by the legal actions taken by Evo Morales' legal team seeking to defend the legality of the congress that the governing party, MAS-IPSP, held in October. The Bolivian justice has ordered a new convocation, and that the Supreme Electoral Tribunal should make a new pronouncement regarding the annulment resolution initially issued.

Six months after the call for the election of magistrates, and its suspension by a resolution of the judicial body, the process has been referred in consultation to the Plurinational Constitutional Tribunal. This procedure before the highest legal instance of the country once again leaves the conformation of the judicial body in suspense.

The Supreme Electoral Tribunal approved the citizen's request to initiate a recall process against President Luis Arce and his Vice President David Choquehuanca. This political event has been considered by the opposition and the sector of the ruling party aligned with former president Morales as a distraction maneuver in view of the limited management of the government.

ECONOMIC CONTEXT

Bolivia has officially become a full member of Mercosur and the milestone has been recognized as a major advance in its trade relations with Brazil, Argentina, Uruguay and Paraguay. The country thus gains access to a potential market of more than 300 million inhabitants, and could reactivate multinational projects such as the bioceanic train, which would link the Pacific and Atlantic oceans through Bolivia, and the free trade agreement with the European Union.

After a long process, the Modified General Budget 2023 was approved. It contemplates additional allocations for the Central Government, Governors' Offices, Municipalities and Universities. These resources would be destined to current spending and payment of Christmas bonuses, displacing the needs of public investment execution.

The country has been affected by a series of road blockades organized by the transportation and productive sectors to demand the supply of diesel. Fuel is being rationed due to the lack of payment to international suppliers from the state oil and gas company.

SOCIAL CONTEXT

The rainy season is causing rivers to swell throughout the country, causing red alerts for floods, landslides and overflows. The main national highway has been severely affected two days after being reopened with an investment of USD 500 million, being closed due to the collapse of platforms.

Land occupation conflicts are deepening throughout the country, especially after a group of people belonging to indigenous communities threatened to kill legally constituted landowners in the eastern part of the country. This has led to the formation of an emergency land cabinet headed by President Luis Arce.



| URUGUAY

POLITICAL CONTEXT

President Lacalle Pou traveled to China with a delegation of Uruguayan businessmen to strengthen trade relations with the Asian giant, one of the country's main export destinations. Xi Jinping conveyed to the Uruguayan president his willingness to move forward with a free trade agreement between the two countries, but this requires the endorsement, as yet non-existent, of the other Mercosur members.

After the trip to China, the President of Uruguay participated in the LXIII Summit of Heads of State of Mercosur and Associated States, held in Brazil. There he ratified Uruguay's willingness to sign a free trade agreement with China.

Little by little the candidacies for next year's general elections continue to be formalized. The Frente Amplio made official its four candidates: Yamandú Orsi, mayor of Canelones; Carolina Cosse, mayor of Montevideo; Andrés Lima, mayor of Salto; and Senator Mario Bergara. The National Party confirmed Álvaro Delgado, President Lacalle Pou's right hand man, and Laura Raffo, who was candidate for Mayor of Montevideo. The Colorado Party nominated the following candidates: the former head of the public education entity, Robert Silva; the former president of the state-owned company Antel, Gabriel Gurméndez; the deputy Gustavo Zubía; the Minister of Tourism, Tabaré Viera; and the former director of Telecommunications Guzmán Acosta y Lara. Former senator Pedro Bordaberry was a question mark among the Colorados, but in the end he will not be a candidate.

ECONOMIC CONTEXT

The Ministry of Tourism announced measures to encourage tourism and to cushion the possible consequences of the new government of Argentina, in addition to alleviating the impact of an increasingly notorious exchange disadvantage. Uruguay offers discounts on fuel, reduced VAT in gastronomy, real estate and car rental, zero VAT in hotels and accommodations and Tax-Free shopping. As for domestic tourism, the Ministry will finance, at the end of the summer, 50% of hotel expenses for lower-income workers.

The country has the lowest level of labor informality in the region, at around 21%, according to data from the Ministry of Labor and Social Security (MTSS). The institution highlights the increase in inspections, the drop in the accident rate, the reduction in informality, and the dialogue between the union movement and the business chambers.

The relationship between Uruguay and the United States is strengthened in view of the imminent approval of an agreement for Uruguayan businessmen and investors to be able to travel to the country without a visa.

SOCIAL CONTEXT

The National Statistics Institute (INE) released the preliminary data of the 2023 Census, which shows that Uruguay's population grew only 1% in the last 12 years, largely thanks to the arrival of immigrants from Venezuela, Argentina and Cuba. This figure confirms the stagnation of the number of inhabitants, the decline in the birth rate and the aging of the population. The country is currently home to 3,444,263 people, 96% of whom live in urban areas and 4% in rural areas.

Uruguay obtained a score of 425 in the PISA report on academic performance, the second highest score in Latin America, behind only Chile. The country rebounded in science and reading tests, obtaining one of the best scores throughout its participation in the tests, although it registered a slight decline in mathematics.



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



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www.atrevia.com



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