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LATIN AMERICAN KEY HIGHLIGHTS

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Moderate economic growth and a relatively relaxed electoral calendar will characterize the year in Latin America

According to projections from experts and international organizations, economic growth in Latin America, despite being positive, is expected to slow down in 2024. This, coupled with inflation data approaching the set targets, leads to expectations that central banks will continue to cut interest rates throughout the year.

In the political and social sphere, the most significant event was the declaration of an internal armed conflict in Ecuador, a measure taken in response to multiple violent acts caused by gangs related to drug trafficking. In line with this topic, 2024 is expected to be the year when tangible results are achieved in the ongoing peace process in Colombia. Additionally, inflation has finally reduced to a single digit.

The increase in prices in 2023 was ultimately 4.66% in Mexico, while more names of candidates are emerging for this year's presidential elections. On the other hand, former President Evo Morales will not be able to run for office in Bolivia, as ruled by the Plurinational Constitutional Court.

The new government of Argentina has already announced the first, and numerous, measures it intends to implement, focusing primarily on the liberalization of the economic system. Its effects are already being felt and analyzed in neighboring Uruguay, being more positive for the export sector but negative for tourism.

As projected by polls, the Chilean citizens rejected the new constitution proposal in a referendum. Meanwhile, in the face of optimistic economic forecasts, the Central Bank decided to cut the interest rate. In Brazil, the country's monetary authority made the same decision, and labor market data continue to be positive.

Finally, the feared effects of the El Niño phenomenon in Peru will be later and more moderate than expected. The country has experienced several months of economic contraction, but the World Bank's projections are hopeful for this year.



The president of Peru, Dina Boluarte, completed one year in office amid an adverse economic context and a high level of public disapproval. Despite several months of GDP contraction and a decrease in productive activity, experts and the World Bank's projections are optimistic for 2024. Former president Alberto Fujimori was granted freedom among criticism from human rights organizations, and the effects of the El Niño phenomenon are expected to be more moderate and delayed than anticipated.

The government of Ecuador declared the existence of an internal armed conflict due to the wave of violence affecting the country. This allows the Armed Forces to deploy throughout the national territory to confront organizations classified as terrorists. In the legislative realm, two urgent economic laws proposed by President Daniel Noboa were approved, while obstacles arise in the Assembly for the trade treaty with China. Investigations continue for the "Metastasis" case, which suggests the existence of an organized crime network within state institutions, with officials involved in drug trafficking.

If in 2023 the Colombian government managed to advance the health reform in the legislative process, in 2024, it would be the turn of the other two major reforms for Gustavo Petro: labor and pension systems. However, the path ahead would not be easy due to the complicated relationship between the Executive and Congress, where clear support is currently lacking. Inflation has reduced to single digits, employment shows positive data, and there are expectations and demands that the peace process begins to yield tangible results in 2024.

Chilean citizens once again rejected changing the current constitution in the referendum held on December 17. On the legislative front, the government introduced the National Strategy for Public Integrity, consisting of 210 measures to combat corruption, and a project to reform pensions. Despite slightly higher-than-expected inflation, optimistic forecasts for 2024 led the Central Bank to cut the monetary policy rate.

After Javier Milei's appointment as the new president of Argentina, several of his political and economic proposals began to take effect. Legislation packages and a Decree of Necessity and Urgency, promoted by the ruling party, aim to change the rules of the game, especially through economic liberalization, but their success will depend on parliamentary dynamics. Record inflation and government measure announcements generated a tumultuous social climate and discontent among certain social sectors that called for protests.

The National Congress of Brazil started to analyze the nearly 40 presidential vetoes made by Luiz Inácio Lula da Silva against laws or articles therein. The legislators' decision to either revoke or uphold these vetoes will serve as an indicator of the government's support in Congress. The Central Bank has once again reduced the basic interest rate from 12.25% to 11.75%, marking the lowest level since March 2022. Furthermore, the labor market continues to exhibit positive data.



In Mexico, a new candidate was announced for the upcoming presidential elections this year, Jorge Álvarez Máynez from Movimiento Ciudadano. He joins the race alongside Claudia Sheinbaum from Morena and Xóchitl Gálvez from the Frente Amplio por México. Legislative activity is set to resume on February 1, with the expected debate on labor-related initiatives and proposals for constitutional reform. The annual inflation for 2023 was 4.66%, leading to an increase in the Unit of Measurement and Update to 108.57 pesos per day.

Judicial activity in Bolivia was intense, shaping the political agenda. The Plurinational Constitutional Court issued a resolution stating that former President Evo Morales could not run in the upcoming presidential elections. The institution also extended the terms of the country's highest courts and affirmed the verdict requiring the governor of Santa Cruz to be replaced by the vice-governor. The World Bank's GDP growth forecast for 2024, at 1.5%, is well below the country's authorities' projections, and Net International Reserves are at their lowest level in the last 25 years.

Uruguay's national minimum wage increased by 5.5%, reaching USD 550. There are already at least 20 pre-candidates for the presidential elections scheduled for October, although they will first have to overcome internal party processes until June. The effects of economic measures announced by Javier Milei in Argentina are beginning to be analyzed, with more positive outcomes for the Uruguayan export sector but negative impacts on tourism.



| PERU

POLITICAL CONTEXT

Dina Boluarte completed her first year as president of Peru, with the lowest approval ratings in history. According to the latest Datum survey, only 9% of the population approves of her administration. This result could reflect protests in the country, a sense of illegitimacy towards her mandate, or alliances in Congress.

Nevertheless, among her main achievements, there would be the development of contingency strategies against the effects of the El Niño phenomenon, promoting private investment, and achieving consensus in the Legislature to encourage dialogue and collaborative work mechanisms. However, Boluarte would not have succeeded in taking effective measures to address the economic recession, leading to constant uncertainty in the population at the labor and social levels.

The Constitutional Court authorized the release of Alberto Fujimori amid a wave of criticism for a possible violation of the Inter-American Court of Human Rights' sentence. The Executive consented to comply with the judgment, opposing international mandates.

Congress seeks the return to power of former Attorney General Patricia Benavides after being removed by the National Judicial Council. This action aims to materialize after the revelation that more than 40 legislators would have been involved in a scheme to obtain judicial benefits alongside the former prosecutor.

ECONOMIC CONTEXT

Production continued with adverse results in the fourth quarter of 2024. According to the National Institute of Statistics and Informatics, a decrease in GDP of 0.82% was reported in October, marking eight consecutive months in the negative, and an economic contraction of 0.65% from January to October. The sectors that showed the greatest decline in production in October were construction, financial and insurance, and agriculture. Despite these discouraging results, various experts maintain optimism and announced that, in the last quarter of the year, the economy would reflect significant growth, reversing the negative estimates of 2023.

In the same line, the World Bank presented positive economic projections for the year 2024. According to the institution, it is expected that Peru's GDP will grow by 2.5% by the end of the year and 2.3% the following year. These values would be largely supported by the increase in mining production. Similarly, the Executive continues to implement actions to reactivate the economy and improve productive activity.

SOCIAL CONTEXT

Various experts point out that the effects of the El Niño phenomenon may have been delayed due to the presence of the South Pacific anticyclone off the Peruvian coast. This generates strong winds that inject cold water into the sea and prevent the temperature from rising. This has allowed the Multisectoral Commission in charge of studying the El Niño phenomenon to announce that there is a high probability that the effects of the phenomenon will manifest moderately during the summer of 2024.

This change has allowed the completion of prevention works against the effects of the climatological phenomenon, and prevention campaigns have started with greater force, according to the Executive. The Minister of Economy indicated that more than 50% of the budget allocated to local governments would be executed in the prevention of natural disasters.

Covid-19 cases increased nationwide, mainly in Lima and the southern regions of the country. According to the Ministry of Health, the increasing infections are not categorized as a sixth wave. However, the number of deaths continues to rise slightly.



| ECUADOR

POLITICAL CONTEXT

President Daniel Noboa declared the existence of an internal armed conflict due to the escalating violence in the country. This decree allows the Armed Forces to deploy throughout the national territory to confront the 22 organizations classified as terrorists. Currently, a state of emergency is in effect for 60 days from January 8, restricting freedom of movement every day from 23:00 to 05:00.

The measure has been supported by all political leaders, such as Rafael Correa, Jaime Nebot, or Leonidas Iza, regardless of their tendencies and ideologies. Additionally, it has the approval of the diplomatic corps and accredited international organizations.

The Executive sent 20 questions to be analyzed by the Constitutional Court, thus initiating the process towards a popular consultation. In general terms, the questionnaire addresses issues of security, justice, and migration. Among the highlighted questions are: the scope of military action, deportation and expulsion of foreigners, extradition of criminals involved in transnational crimes, and the application of asset forfeiture as a tool to combat crime.

Investigations into the 'Metastasis' case continue, revealing an alleged organized crime network in which public officials would be involved in drug trafficking. Among the possible involved parties is Wilman Terán, who resigned from the presidency of the Judiciary Council. Meanwhile, the justice system seeks the return of former Vice President Jorge Glas to prison, now residing as a "guest" in the Mexican Embassy.

ECONOMIC CONTEXT

The National Assembly approved the second urgent economic law sent by President Noboa. The project aims to eliminate power service cuts and promote private investment. Among the main measures included are debt forgiveness and the creation of an energy efficiency fund. On the other hand, the latest regulation proposed by the president suggests increasing the VAT from 12 to 15%, something that currently lacks support from Correísmo and Social Christians and would not be approved in Parliament.

The trade agreement with China faces uncertainty in the legislature, as the faction of the Correísta Revolución Ciudadana believes that the treaty would negatively impact small and medium-sized producers. This regulation adds to the approval of the Economic Efficiency and Job Generation Law (tax reform). Among the provisions of the document that seeks to encourage private investment are: the refund of paid VAT for real estate projects to individuals and companies, the hiring of young people aged 18 to 29, forgiveness of the \$60 income tax payment for the fiscal year 2022, or the remission of interest and fines to local governments.

As recognized by the Executive, the country does not currently boast the best economic figures. The balance of this last quarter shows that the GDP grew by 0.4%, and household consumption contracted by 4.7%. Poverty exceeds 25%, and extreme poverty is already approaching 10 percentage points. Additionally, public investment has decreased by 5.6%.

SOCIAL CONTEXT

Ecuador recorded around 8,000 violent deaths in 2023, with an average of 45 per 100,000 inhabitants and a daily average of 22 deaths, making it the most violent country in the region. In recent days, a wave of violence has been experienced on a national scale.

Following the escape of the drug lord known as "Fito," various acts such as explosions, kidnappings, looting, or shootings occurred throughout the territory, despite the state of emergency already in place. The climax was the takeover of a television channel where, live on air, members of the Los Tiguerones gang sought to intimidate the state and citizens with their message.

Power cuts are expected to resume from February 29, despite authorities continuing to analyze whether the recent rains have helped increase the flow in the main hydroelectric plants.



| COLOMBIA

POLITICAL CONTEXT

The year 2023 concluded with an ambivalent legislative outcome. While the health reform passed in the plenary of the Chamber, the other two of great importance to the government, the labor reform, and the pension system reform, did not make substantial progress in their processes. The government's focus on the health reform resulted in significant political wear and tear, hindering the progress of the other two and leading to the shelving of the regulation of cannabis use. According to experts, this could be a prelude to legislative dynamics for the next period, as the government lacks majorities, and its relationship with the Senate President, Iván Name, is complicated.

The Congress is currently in recess, but a politically unstable year is anticipated, with an ambitious government agenda that will require executive dialogue to reach consensus and secure votes in the Legislature to push forward the pending reforms.

The year began with the inauguration ceremonies of governors and mayors who will be in power until 2027. In various cities, there was a common call in the speeches of the newly inaugurated officials, emphasizing the importance of addressing security issues. Several made direct requests to the Executive to work together on this matter. Meanwhile, the new mayor of Bogotá, Carlos Fernando Galán, stated that he would focus his efforts on combating crime to improve security and coexistence.

ECONOMIC CONTEXT

After a year and a half of high inflation, it finally decreased to a single digit, with the 2023 figure below the market expectations' average. The annual variation was 9.28%, representing a decrease of 3.8 points compared to 2022, according to the National Administrative Department of Statistics (DANE).

The technical director of DANE, Andrea Ramírez Pisco, reported that six spending divisions exceeded the general annual inflation variation. These were: transportation, with an increase of 15.42%; restaurants, 13.22%; alcoholic beverages and tobacco, 11.95%; education, 11.41%; goods and services, 10.08%; and health, 9.49%. Regarding food and non-alcoholic beverages, the annual variation was below the general rate, at 5%.

Despite the economic challenges the country faces, such as high inflation, interest rates that have only been cut by 25 basis points and remain at 13%, and moderate GDP growth, employment shows more positive data. In January 2023, the unemployment rate was 13.7%, while in November, it dropped to 9%. In the eleventh month, over 66,000 people left unemployment, while around 700,000 found jobs. Additionally, the minimum wage increased by 12%, reaching COP \$1.3 million (USD ≈330).

SOCIAL CONTEXT

The government of Gustavo Petro continues its efforts to achieve "total peace," focusing on advancing seven peace processes composed of dialogues and negotiations. Although this work has had positive aspects, it is expected to start showing more concrete results in the coming year.

At the end of 2023, the end of kidnappings for extortion purposes was announced, easing the tension that marked the last cycle of negotiations. However, the ELN's top commander, Antonio García, set last-minute conditions that again generated uncertainty about the viability of the agreement. García asserted that the suspension of kidnappings would only be feasible if the guerrilla began to receive resources for its financing.

2024 will be the year in which the government must make tangible progress in its peace agenda, especially as public disapproval of its management continues to increase. This reached its peak at the end of the year, reaching 66% according to an Invamer survey. Additionally, the percentage of respondents with a negative perception of the government's direction also increased, rising from 59% in October to 67% in December.



| CHILE

POLITICAL CONTEXT

The result of the constitutional referendum confirmed that the current fundamental law will remain in force, generating a sense of relief in the government and highlighting divisions within the opposition. Although the majority of the opposition supported the option in favor, a faction of the Republican Party did not. The ruling parties confirmed that they will not seek a new plebiscite.

The Executive unveiled the National Public Integrity Strategy, featuring 210 proposed measures at the national level. Seventy of them focus on the public service sector, ranging from preventing conflicts of interest to implementing post-employment restrictions to regulate the transition between the public and private sectors.

President Gabriel Boric announced a bill to lift bank secrecy to control tax evasion. The opposition rejects this initiative, arguing that it could have a potentially negative impact on trust, investment, and the country's economy.

The government proposed pension reforms under the so-called 1-2-3 formula, meaning that out of the additional 6% employer contribution, 1% would be allocated to promoting female employment, 2% to individual savings, and 3% to social insurance.

Finally, opposition lawmakers filed a Constitutional Accusation against Minister Carlos Montes for his alleged involvement in the "Convenios" case.

ECONOMIC CONTEXT

The National Institute of Statistics released a report on the inflation for the month of November 2023. The Consumer Price Index recorded a monthly variation of 0.7%, surpassing market expectations that estimated an increase not exceeding 0.3%. This increase was mainly driven by rises in food and non-alcoholic beverages, as well as in the transportation sector.

The Central Bank issued the fourth Monetary Policy Report of 2023. The document projects a year-end with zero economic growth and estimates that the GDP will increase between 1.25% and 2.25% in 2024, while for 2025, the expansion would range between 2% and 3%. Additionally, it is expected that inflation will reach the target of 3% by mid-2024.

This more stable and optimistic economic context led the institution to cut the Monetary Policy Rate by 75 basis points, closing December at 8.25%.

The Financial Market Commission released the 2023 Indebtedness Report. It highlighted that individuals aged between 40 and 45 present the highest level of indebtedness, showing a strong correlation with the decision to purchase a home.

SOCIAL CONTEXT

In the referendum on December 17, citizens once again expressed their rejection of changing the current constitution for another proposal, showing that this attempt also did not meet the generated expectations. After years of constitutional processes, Chileans have decided to remain as they were. These multiple rejections of constitutional modification suggest a lack of trust and satisfaction on the part of the citizenry towards the political class, reflecting a gap between the population's expectations and the reality of the constitutional process.

Chile records high rates of murders, assassinations, and the presence of organized crime. This reality has led citizens to perceive that the country is going through a concerning situation in terms of security, becoming one of the main issues they say they face in their daily lives.



| ARGENTINA

POLITICAL CONTEXT

On December 10, Javier Milei assumed the position of the new President of the Argentine Republic, along with other elected public officials in the recent elections. Since then, his discourse shifted to reinforce the idea that the upcoming months will be challenging for a significant portion of the population, rather than just for the political class, as he had stated during his electoral campaign.

On December 21, a Decree of Necessity and Urgency (DNU) with more than 300 articles aiming to deregulate the economy, in line with the ultraliberal ideology of the ruling party, was published in the Official Gazette. The norm came into effect and is being debated in the Chamber of Deputies and Senators for approval or invalidation. At this point, parliamentary dynamics will come into play as the ruling party might not have the necessary votes for its sanction.

A package of laws titled "Law of Bases and Starting Points for the Freedom of Argentiniens" was also presented to Congress for consideration in extraordinary sessions. One of the most striking points is the request to declare "public emergency in economic, financial, fiscal, pension, security, defense, tariff, energy, health, administrative, and social matters until December 31, 2025," a situation that would delegate to the Executive Branch powers that currently belong to the Legislature.

ECONOMIC CONTEXT

Minister of Economy, Luis Caputo, was one of the key figures in the last month. He had previously held the same position during Mauricio Macri's administration, playing a crucial role in negotiating the loan with the IMF for over USD 40 billion, one of the highest debt levels in the country's history.

On December 12, the minister announced a series of economic measures, including devaluation, tax increases, termination of state labor contracts, suspension of the advertising budget, cabinet reshuffle, cessation of transfers to provinces, reduction of energy subsidies, elimination of export duties, and the replacement of the Import System with a new one that does not require license approval.

The December price increase is expected to be around 30%, according to various private consulting firms, marking the highest since the same month in 1991. This figure will provide the final data for the annual inflation of 2023, potentially breaking records if it exceeds 200%. Some of the reasons explaining this phenomenon include the sharp devaluation of the peso, which raised the official dollar value by 118%, going from 366 pesos to 800, and the cancellation of price agreements between the private sector and the government.

SOCIAL CONTEXT

The social climate continues to be tumultuous, marked especially by the effects of the new political and economic measures on a large part of the population. This adds to the high inflation that has resulted in a significant loss of purchasing power for citizens. Prices in the categories of "food and non-alcoholic beverages" and "transport" recorded the highest increases.

Several demonstrations by political groups and self-convened citizens opposing the new government's measures took place. Marches and pot-banging protests against the legislative packages and the DNU occurred in different parts of the Federal Capital and throughout the country. However, there are also those who would be negatively affected by the new policies but accept that they are "making an effort" with the hope of improving the country's situation in the future.

A highly relevant issue among the lower-income classes is the issue of permanent housing rentals, as the law that regulated them was repealed, and it is now celebrated as a "free contract between parties," where the majority of tenants would be adversely affected.



| BRAZIL

POLITICAL CONTEXT

The National Congress has begun analyzing the nearly 40 vetoes by President Luiz Inácio Lula da Silva. Notable among them are those presented against the Guarantees Framework, Fiscal Framework, Temporal Framework (for the demarcation of indigenous lands), and Payroll Decongestion (for 17 sectors of the economy). So far, federal senators and deputies have overridden the president's veto in the last two mentioned proposals. This dynamic serves as a sort of indicator to analyze and understand the government's support in the legislature.

The Chamber of Deputies approved, in the first round, the main text of the constitutional amendment proposal reforming the tax system. The Congress also gave the green light to budgetary guidelines for 2024, including revenue and expenditure forecasts, as well as the goal for controlling public accounts.

On January 8, the "Unbreakable Democracy" event was held in Brasilia, commemorating the first anniversary of antidemocratic attacks on the Three Powers' headquarters. The event was called by President Lula da Silva, aiming to reaffirm the importance and strength of democracy and symbolically restore some elements of public heritage vandalized during the attack.

Ricardo Lewandowski, former justice of the Supreme Federal Court, accepted the president's proposal to take on the role of the new Minister of Justice.

ECONOMIC CONTEXT

The Central Bank reduced the basic interest rate, Selic, from 12.25% to 11.75% after the latest meeting of the Monetary Policy Committee. This is the lowest rate since March 2022 when it was at 10.75%. The financial market's projection is for Selic to fall to 9.25% by the end of 2024.

According to the "World Economic Situation and Prospects for 2024" report by the UN published in January, it is expected that GDP will slow down its growth, from 3.1% in 2023 to 1.6% in 2024. This would result from the prolonged impact of high-interest rates and the decline in external demand.

The National Consumer Price Index increased by 0.56% in December, marking a significant acceleration as it closed November with a variation of 0.28%. The group of products and services that recorded the highest increase was food and beverages, with a rise of 1.11%, accounting for an impact of 2.3 percentage points on the overall index.

Thus, the accumulated inflation for 2023 was 4.62%, marking the first time the target has been met since 2020.

SOCIAL CONTEXT

The labor market has shown positive figures again. In the moving quarter ending in November, there was an increase in the employed population in formal or informal jobs and a rise in average income. According to data from the Brazilian Institute of Geography and Statistics (IBGE) published at the end of December, the unemployment rate stood at 7.5% at the end of November, the lowest value for this period since 2014 when the indicator was 6.6%.

In the coming days, the "Voa Brasil" program is expected to be launched, offering airplane tickets for 200 reais per leg. The Minister of Ports and Airports, Silvio Costa Filho, stated that the measure will take effect in early February, now with slightly clearer rules about the target audience and how the initiative will operate. It is expected that around 20.6 million Brazilians can benefit, but the number of tickets available through the project is not yet known.



| MEXICO

POLITICAL CONTEXT

Movimiento Ciudadano announced that federal deputy Jorge Álvarez Máynez will be the party's presidential candidate in the upcoming elections this year. He thus joins the presidential contest alongside candidates Claudia Sheinbaum, representing Morena, and Xóchitl Gálvez, from Frente Amplio por México (PAN, PRI, and PRD).

On February 1, the regular sessions of the Congress of the Union will begin. Legislators have pending discussions on various measures, including those related to labor, the elimination of decentralized organizations, or reforms to the Judicial Branch.

In the labor field, significant initiatives have been announced, which will need to be addressed in the legislature, such as reducing the workweek from 48 to 40 hours, increasing year-end bonuses, and adding new mandatory rest days for Mexican workers.

On his part, President Andrés Manuel López Obrador revealed that he will submit two constitutional reform projects. One aims to ensure that minimum wage increases are above inflation, and the other aims to modify the pension system.

ECONOMIC CONTEXT

According to the report from the Bank of Mexico, the interbank exchange rate stands at 17.01 Mexican pesos per US dollar, maintaining a relatively stable price in recent weeks.

The National Institute of Statistics and Geography (INEGI) reported that the annual inflation rate was 4.66% at the close of 2023, 3.16 points lower than in 2022 when it reached 7.82%. The rise in prices particularly affected food, restaurants, and air transportation and tourism services. Therefore, the institution announced that the Unit of Measurement and Update (UMA) will increase by 4.66% starting February 1, 2024, reaching 108.57 pesos (USD ≈6.40) daily. This value is used as a reference for the payment of contributions, fines, benefits, mortgage loans, and legal provisions.

Regarding the automotive sector, INEGI reported that 1,361,433 new light vehicles were sold in Mexico in 2023, the highest sales figure in the last 5 years. This rebound is attributed to the recovery of the domestic market after the Covid-19 pandemic.

The nearshoring trend, involving the relocation of companies, has driven the country's industrial real estate sector, with over 350 industrial projects starting development in 2023. The states with the highest demand are Nuevo León, Mexico City, and Coahuila.

SOCIAL CONTEXT

According to data from the Mexican Social Security Institute (IMSS), 651,490 formal jobs were created in the country in 2023. On the other hand, the average salary for IMSS affiliates was 537.9 pesos (USD ≈31.80) per day last year.

Since January 8, the International Airport of Mexico City (AICM) has reduced the number of operations per hour from 52 to 43 due to saturation in the demand for air services at the Valley of Mexico terminal. The decision by the Federal Civil Aviation Agency (AFAC) could impact both national and international passengers, as well as the revenues of the airport. The collection through the Airport Usage Fee (TUA) aims to pay off the debt incurred after canceling the airport project that was planned for Texcoco, State of Mexico.



| BOLIVIA

POLITICAL CONTEXT

A resolution issued by the Plurinational Constitutional Court extended the tenure of the highest judicial authorities in Bolivia indefinitely. This measure was taken in response to the failed process of electing new magistrates, creating a legal limbo for this state organ. Consequently, its judgments and any resolutions originating from its courts would lack legal force and finality starting from January 3, 2024.

Before concluding its constitutional term, this same institution has ruled that unlimited reelection is not a human right, thereby disqualifying former President Evo Morales from running again in the 2025 elections.

Furthermore, the Court has also affirmed the judgment requiring the Vice-Governor of Santa Cruz, Mario Aguilera, to replace the Governor and opposition leader, Luis Fernando Camacho, who is in preventive detention due to the 2019 crisis. In this way, it rejects the appeals presented by various authorities and local leaders.

ECONOMIC CONTEXT

The announcement from the World Bank regarding the economic growth forecast for Bolivia in 2024 has sparked uncertainty. According to the institution, a positive variation of around 1.5% is expected in the GDP. This perspective contrasts with the country's authorities' projection, as outlined in the General State Budget, anticipating a growth of 3.7%. Additionally, the budget includes a fiscal deficit of 7.2% and an official exchange rate of 6.96 Bolivianos per US dollar. It is noteworthy that economic expansion is expected to focus on the dynamics between public investment and domestic consumption.

The situation of Net International Reserves remains unstable and is in decline, as announced by the President of the Central Bank of Bolivia, Edwin Rojas. Currently valued at USD 1.7 billion, these reserves mark their lowest level in the last 25 years. The context has led to the emergence of a parallel market for the U.S. dollar, where the exchange rate is 10% higher than the official figure.

SOCIAL CONTEXT

In the eastern region of the country, there has been an increase in land occupation by self-proclaimed "intercultural" indigenous groups. These incidents have occurred in an armed manner, prompting the convocation of an extraordinary ministerial cabinet to address this particular issue. The phenomenon poses a threat to the legal security of landowners who fulfill the Economic and Social Function, creating uncertainty for future investments in the agro-industrial sector.



| URUGUAY

POLITICAL CONTEXT

The Minister of Labor and Social Security, Pablo Mieres, announced a 5.5% increase in the national minimum wage starting January 1, 2024, reaching the amount of USD 550. This measure represents an increase of 1.2 points above the accumulated inflation over the nearly four years of government. Additionally, the government informed that retirees and pensioners will receive an 8.39% increase at the beginning of the year.

Currently, about 20 candidates aspire to run in the presidential elections scheduled for October. The precandidates must first go through the internal election process within each party, a contest that will conclude in June. There are 5 competitors in the ruling Partido Nacional, six in the Partido Colorado, and four in the opposition Frente Amplio.

The initial polls point to Frente Amplio as a potential winner, with Yamandú Orsi and Carolina Cosse as the favored candidates. They are followed by Álvaro Delgado of Partido Nacional, who has the support of President Luis Lacalle Pou, and in third place would be the Partido Colorado, with Robert Silva as the preferred candidate.

ECONOMIC CONTEXT

The first assessments of the effects on Uruguay of the economic measures announced by Javier Milei in Argentina are beginning.

The export sector celebrated the end of the Import System (SIRA), which was an obstacle for Uruguayan entrepreneurs selling in Argentina. Meanwhile, the tourism sector lamented the rise of the "dólar tarjeta" (credit card dollar), as it represents an unfavorable exchange rate for Argentine tourists paying with a credit card. According to Uruguay's Minister of Tourism, Tabaré Vieira, there is also an expected negative impact on the summer season, with fewer Argentinians crossing the border. The exception would be Punta del Este, a destination dominated by high-income tourism, which, in the first days of the season, had almost full hotel occupancy thanks to Argentine and Brazilian tourists.

The increase in fuel prices in Argentina, coupled with the reduction in the exchange rate gap, reduced the shopping tourism of Uruguayans to the neighboring country, easing the situation for border businesses. It is estimated that in 2023, trips by Uruguayans to Argentina involved an expenditure of around USD 1.4 billion.

The Rating and Investment (R&I) agency reaffirmed Uruguay's foreign currency issuer rating at BBB+, maintaining the debt outlook. The organization stated that the country stands out in the region in terms of institutional and political stability.

SOCIAL CONTEXT

PedidosYa, the leading delivery company in the country, laid off the 250 employees who were part of the customer service center. The company claims that the action is part of the restructuring of its strategy for this service, which will now be operated from outside the country. After a tripartite meeting between the company, the workers' union, and the Ministry of Labor, PedidosYa committed to paying the severance within the legal timeframe and assisting in the reemployment of those affected.

There is concern about the spread of the equine encephalomyelitis outbreak, with 56 positive cases reported in horses across almost the entire country. The Ministry of Livestock, Agriculture, and Fisheries announced that there have been no cases reported in humans.

The 10th anniversary of the legalization of cannabis in the country was celebrated. After a decade, it is estimated that 51% of Uruguayans who consume this product do so legally. According to the agency Uruguay XXI, the law has succeeded in reducing drug trafficking, lowering access to cannabis in the illegal market from 58% to 24%.

The International Airport of Rivera, located on the border with Brazil, was inaugurated. It is the first binational-operated airport in Latin America, and it is expected to increase passenger and cargo traffic between both countries.



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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