

A vibrant sunset over a city skyline, likely Chicago, with the sun low on the horizon between skyscrapers. The sky is a mix of orange, pink, and blue, and the city lights are beginning to glow. The skyline is reflected in the calm water in the foreground.

ATREVIATM

LATIN AMERICAN KEY HIGHLIGHTS

JULY 2024

Inflation rises in Latin America due to food prices, but economic growth forecasts improve

Latin America witnessed a new failed coup attempt, this time in Bolivia, following previous ones in Brazil and Peru in 2023 and 2022, respectively. Concurrently, several countries raised their GDP growth forecasts, despite widespread inflation due to rising food prices.

In contrast to Bolivia's political instability, Peru has shown relative calm compared to previous months and recorded a notable 5.28% GDP growth in April. In a similar vein, Chile raised its growth projection for 2024. Meanwhile, in the legislature, there is debate over a pension system reform to increase state participation, although the political landscape will likely hinder its realization.

Uruguay will hold a referendum on a similar reform following the validation of signatures by the Electoral Court for this purpose. It will be a central issue for presidential candidates in the October elections, now defined after internal primaries. In neighboring Argentina, President Javier Milei achieved two victories with the Law of Bases and the May Pact, yet public opinion increasingly holds him responsible for the economic situation.

His Ecuadorian counterpart, Daniel Noboa, has also seen his popularity decline, despite remaining in favorable numbers. After gaining support for measures against organized crime, he now faces challenges such as an energy crisis, fiscal deficit, and public safety. Colombia is also aiming to reduce violence through new peace dialogues, now under a renewed government following six appointments.

New members of Mexico's future executive were also announced after President-elect Claudia Sheinbaum revealed more appointments. Finally, the peso recovered against the dollar following the sharp devaluation in June. Meanwhile, the IMF raised Brazil's GDP growth forecast for 2025, but inflation remains high and the Central Bank halted the interest rate reduction cycle.



A Peruvian delegation, comprised of prominent businessmen and President Dina Boluarte, traveled to China to meet with President Xi Jinping and representatives of his government to strengthen economic and diplomatic relations. Following negative data in 2023, the GDP experienced strong growth in April, up 5.28% compared to the same period last year. Additionally, employment figures remained positive, notably with increased hiring of women.

Approval ratings for Ecuadorian President Daniel Noboa range between 46% and 55%. Despite relatively good popularity, this falls far short of the previous 80% achieved after militarization measures against terrorism, as he now faces challenges including an energy crisis, significant fiscal deficit, and persistent insecurity. The government has removed fuel subsidies and plans tax reform, amidst renewed tensions over indigenous rights due to new oil bidding.

Colombian President Gustavo Petro renewed part of his cabinet to boost economic growth and advance government reforms. Meanwhile, the General Budget of the Nation for 2025 is being formulated, outlining priorities for the National Development Plan and placing special emphasis on victims of the armed conflict. This occurs in a context where inflation continues to exceed the goal of the Central Bank, which may cut the interest rate to 11.25%, and peace dialogues are being reactivated.

The Chilean government aims to reform the current pension system, predominantly managed by private entities, to implement one with greater state involvement. However, negotiations in the Legislature are complex. Projections for GDP growth and inflation in 2024 have slightly increased. The unemployment rate has remained stable, but the minimum wage has seen a significant increase. Meanwhile, electricity rates have risen following the end of price freezes implemented during the pandemic.

President Javier Milei achieved two notable political victories in Argentina: the enactment of the Law of Bases and the signing of the Pact of May. Additionally, Federico Sturzenegger was appointed head of the newly created Ministry of Deregulation and State Transformation. June's monthly inflation is expected to hover around 5%, marking a slight increase from the previous month. Social discontent continues due to ongoing declines in purchasing power, with citizens beginning to hold the president accountable for the situation for the first time.

The Chamber of Deputies of Brazil approved an urgent request for a draft bill equating abortion after 22 weeks of gestation to the crime of simple homicide. During the 64th Mercosur Summit, President Lula da Silva called for stronger climate commitments and attributed the deadlock in negotiations between Mercosur and the EU to European leaders. The IMF raised its GDP growth forecast for 2025 to 2.5%, while inflation rose by 0.21%, driven mainly by increases in food prices.



The president-elect of Mexico, Claudia Sheinbaum, announced new members of her cabinet, including Altagracia Gómez, who will lead the Business Advisory Council with the aim of promoting nearshoring and private investment. The Mexican peso has appreciated against the dollar following the sharp devaluation after the recent election process. Meanwhile, inflation remains high, mostly due to increased food prices resulting from adverse weather conditions.

The candidates competing for the presidency of Uruguay in October are now known. Yamandú Orsi won the internal elections of the Frente Amplio, Álvaro Delgado of the Partido Nacional, and Andrés Ojeda of the Partido Colorado. The Electoral Court validated the necessary signatures for a referendum on the pension system, and several social projects were debated. Security remains the primary concern for citizens, a key issue in the electoral campaign.

The coup attempt in Bolivia was condemned by national and international leaders and organizations. However, it also deepened polarization between supporters of President Luis Arce and former President Evo Morales, who accused Arce of orchestrating a self-coup to boost his popularity. This political instability occurs in a challenging economic context marked by declining revenues from hydrocarbon exports and critically low international currency reserves.



| PERU

POLITICAL CONTEXT

In the lead-up to the inauguration of the Port of Chancay and other key projects for Peru, President Dina Boluarte traveled to China to meet with President Xi Jinping and various Chinese companies. The purpose of her visit was to present Peru as a unified country and demonstrate openness to Chinese investments in the national territory.

The Peruvian delegation included prominent businessmen, who had the opportunity to meet with representatives of the Chinese government. During these meetings, Chinese officials explained their country's economic development, emphasizing technological innovation, global market orientation, and governmental support to enhance investment conditions. They also acknowledged Peru's strategic position in Latin America, expressing their intention to expand their commercial presence and develop new investments further.

In the legislature, political parties are preparing to present their proposals for the new Board of Directors for 2024-2025. In this regard, Fuerza Popular is said to have withdrawn from leading the body due to the upcoming election year leading up to 2026. Names being considered to preside over Congress include Luis Aragón, Gladys Echaíz, Jorge Montoya, Norma Yarrow, Alejandro Muñante, and José Jerí.

ECONOMIC CONTEXT

The Gross Domestic Product grew by 5.28% in April compared to the same period last year, driven by dynamism in sectors such as agriculture, fishing, manufacturing, construction, electricity, and transportation, among others, according to data from the National Institute of Statistics and Informatics (INEI). The institution also reported that economic activity increased by 2.38% during the first four months of the year, with a year-on-year growth of 0.3%.

INEI explained that this result was supported by two additional days of productive activity in April this year compared to the same month in 2023.

By sectors, the fishing sector saw the highest growth at 158.4%, while agriculture grew by 23.69%, mainly driven by the crop farming subsector, which reported a 36.01% increase. Manufacturing showed a rebound of 11.43% after fourteen months of contraction. Additionally, construction advanced by 7.02% and transportation by 7.26%. In contrast, there was a notable 4.34% decline in the mining and hydrocarbons sector. Similarly, accommodation and restaurant services decreased by 3.7%, and financial and insurance services by 2.76%.

SOCIAL CONTEXT

During the first quarter of 2024, over 200,000 people secured formal employment in Lima, representing a 7.2% increase compared to the same period in 2023 and a 1.2% increase from 2019. Thus, more than 3.15 million workers have suitable employment in the capital.

According to INEI data, between March and May this year, more than 5 million people were employed in Metropolitan Lima, a 4.7% increase compared to the same quarter last year. Additionally, there was higher hiring of women than men during this period, with a growth of 6.3% compared to 3.3% for men.

The most dynamic sectors were commerce, with 92,100 new hires, an 8.7% increase; followed by services, with 122,100, growing by 4.1%; and manufacturing, with 22,900, representing a 3.4% increase. According to a ManpowerGroup study, 42% of companies plan to hire more personnel in 2024, while 35% will maintain their current staff levels.



| ECUADOR

POLITICAL CONTEXT

According to several pollsters, public approval of President Daniel Noboa's administration ranges from 46% to 55%. Previously, Noboa enjoyed an 80% approval rating thanks to measures such as militarization against terrorism and tax reforms. However, he now faces challenges including an energy crisis due to infrastructure neglect, a projected fiscal deficit of nearly USD 5 billion, and persistent insecurity, all amidst preparations for the 2025 elections.

To address economic challenges, Minister of Labor Ivonne Núñez proposed reviewing collective contracts in state-owned enterprises to reduce labor costs. Additionally, the government eliminated subsidies for Extra and Ecopaís gasoline to optimize public spending and combat smuggling, which sparked protests from the United Workers' Front (FUT) with limited impact. The transportation sector, though divided, has opted for dialogue over joining protests.

In response to the energy crisis, President Noboa appointed Antonio Goncalves as Energy Minister to enhance electric infrastructure and oil production.

Security remains a key concern. Consequently, Noboa has declared a new state of emergency in six provinces and one canton, valid for 60 days, to address violence following the unconstitutional overturning of a previous decree.

ECONOMIC CONTEXT

The government eliminated subsidies for Extra and Ecopaís gasoline, saving USD 644 million annually. These funds will be redirected towards social expenditures, generating an additional USD 330 million, with USD 100 million allocated to compensate transporters.

Furthermore, in November, a tax reform will be proposed to address USD 5.151 billion in revenue losses from 2022 due to fiscal benefits. The measure will include temporary taxes and eliminate special contributions starting in 2025. In the first half of 2024, tax revenues increased by 7% year-on-year, totaling USD 10.281 billion. This rise was driven by a VAT increase to 15%, generating USD 4.507 billion, alongside self-withholdings of Income Tax for USD 787 million and temporary contributions for USD 515 million.

Meanwhile, Ecuador signed a USD 200 million agreement with the IDB for infrastructure and allocated USD 100 million to the health sector. Debts were also forgiven at BanEcuador, and USD 50 million was transferred to the Ecuadorian Social Security Institute (IESS) to settle contributions.

SOCIAL CONTEXT

Transport Minister Roberto Luque declared a state of emergency in the Central Sierra and Amazonia following a landslide on the Baños-Puyo route that left at least 17 dead and more than 1,000 evacuated. The Ministry of Finance allocated USD 372,000 to address this emergency and support affected communities.

The Secretary of Administration of the Presidency, Arturo Félix Wong, committed to providing resources to the Ecuadorian Cancer Society (Solca) to resume care for IESS patients. This resolution alleviated the resource crisis threatening the continuity of medical treatments.

Indigenous organizations requested government information regarding new oil tenders in Pastaza, citing conflicts and pollution caused by previous projects. The Southeast Oil Round and field renegotiations have revived the debate over prior consultation with indigenous peoples, in accordance with a 2012 Inter-American Court of Human Rights ruling.

River erosion threatens the Coca Codo Sinclair hydroelectric plant, a key infrastructure project with a USD 3 billion investment and 1,500-megawatt capacity. Despite implemented mitigation measures, effective solutions are needed to protect this facility.



| COLOMBIA

POLITICAL CONTEXT

President Gustavo Petro has reshuffled part of his cabinet with the appointment of six new high-level government officials. He justified these changes due to the need to address economic and social challenges inherited from the previous administration and to advance the transformations sought by his government. Petro emphasized the importance of correcting mistakes and tackling strategic issues. He strongly criticized his predecessor Iván Duque's program, labeling it as "economic suicide" for Colombia due to excessive debt acquired under the pretext of the pandemic.

The new ministers are: Juan Fernando Cristo for Interior, Ángela María Buitrago for Justice, Martha Carvajalino for Agriculture, and María Constanza García for Transport. Additionally, César Palomino was appointed as Director of the State Legal Defense Agency, and Lilia Clemencia Solano will head the Unit for Comprehensive Attention and Reparation of Victims.

Petro called on the new officials to boost the economy and reaffirmed his commitment to financial integrity, announcing an economic recovery program for the upcoming legislative period. Congress will convene in August, and the government expects the new ministers to strengthen the capacity to push forward decisive reforms, such as those in health and labor.

ECONOMIC CONTEXT

The Executive is focused on drafting the General Budget of the Nation for 2025, which will be presented to Congress before July 20th. This budget is crucial as it sets priorities for the National Development Plan and pays special attention to victims of the armed conflict in Colombia.

GDP growth is estimated at 1.5% for 2024 and close to 3% for 2025, while the inflation target is set at 3%, aligned with the goals of the Central Bank. Despite these projections, the country faces significant challenges, with persistent inflation reaching 4.34% in June, surpassing the central bank's target. This increase has been driven by rises in food, beverages, housing, and public services prices, raising concerns about its impact on cost of living and purchasing power.

In this context, the Central Bank has been gradually cutting interest rates to 11.75%, with further reductions expected to bring it down to 11.25%, aiming to balance economic growth with price stability, and to encourage foreign investment.

SOCIAL CONTEXT

After four months without formal dialogues, the Colombian government and the Central Military Command (EMC), a dissidence of the FARC, will resume the fifth cycle of talks. This round will involve fewer than half of EMC structures, as several factions have withdrawn from the process.

Despite recent tensions and acts of violence, including threats in Caquetá and an attack in Antioquia that left six soldiers dead, factions led by 'Calarcá Córdoba' remain committed to the peace process. This cycle is crucial for Petro's administration, though time to achieve significant progress is running short.

Additionally, the president seeks international support and plans to present a report to the UN on the challenges of the national reconciliation process. However, compensation for victims has been slow, with only 16.4% of the budget executed in the most conflict-affected areas in 2023. Moreover, security challenges persist, with increases in kidnappings and extortions, highlighting ongoing obstacles to achieving lasting peace in critical regions like Antioquia, Norte de Santander, and Valle del Cauca.



| CHILE

POLITICAL CONTEXT

The government's management of the effects of the "frontal system," a meteorological phenomenon characterized by intense rains that affected the central-southern part of the country, generated strong criticism towards the Executive. The opposition criticized the lack of coordination among authorities and their slow reaction, demanding the interrogation of Interior Minister Carolina Tohá for alleged deficiencies in crisis response.

The reform of the pension system was the central topic of debate in the Senate. The measure aims to replace the current model of Pension Fund Administrators, managed by private entities, with a more state-participatory one. The proposal has sparked political and social controversy due to its potential impact on individual savings and investment. Consequently, the government has not yet found common ground to negotiate the proposal.

Recoleta's mayor, Daniel Jadue, was indicted for alleged bribery, money laundering, and embezzlement in the "Farmacias Populares" case. Jadue denied the accusations, labeling them as "political persecution."

Political parties have begun to define their strategies and candidates for the regional and municipal elections scheduled for October 27. This key electoral process will kick off on July 27 with the official start of electoral campaigns.

ECONOMIC CONTEXT

The Central Bank of Chile presented its Monetary Policy Report for June, upwardly adjusting its GDP growth projection for 2024 from a range of 2%-3% to 2.25%-3%. This improvement reflects moderate optimism about economic recovery, although investment shows no significant improvements. Regarding inflation, the estimate increased from 3.8% to a range of 3.9%-4.1%, due to persistent inflationary pressures.

The unemployment rate remained at 7.8% in the quarter from March to May, while the minimum wage saw a significant increase to \$500,000 pesos (approx. USD 550) per month starting in July 2024, benefiting 800,000 workers. This increase represents a nominal rise of 43% since the beginning of Gabriel Boric's government, and a real increase of 20% considering inflation.

SOCIAL CONTEXT

Violence remains a problem in the La Araucanía region, with new arson attacks and other incidents that continue to concern both authorities and the community regarding security in the area. Although insecurity particularly affects this region, it is a pervasive issue throughout the country.

Electricity tariffs increased significantly after the lifting of price freezes implemented during the pandemic to protect consumers. This measure responded to the need to adjust prices to the actual costs of production and distribution of energy, which rose due to increases in oil prices and other imported energy resources.

To mitigate the impact of this rise on vulnerable households, the government has introduced targeted subsidies to alleviate the economic burden on low-income families. Additionally, it was announced that coverage of these aids will be expanded in the future, aiming to ensure that a greater number of households can benefit and more equitably cope with the additional costs of electricity.



| ARGENTINA

POLITICAL CONTEXT

The National Government enacted the "Bases and Starting Points for the Freedom of Argentines" Law through its publication in the Official Gazette, which includes the 238 articles of the package of measures approved in the National Congress.

Some of the current provisions include the declaration of a public emergency, state reform, and privatizations of wholly or majority state-owned companies and societies. With the approval of the fiscal package, the government achieves its first two legislative victories, securing the norms demanded by President Javier Milei for the signing of the Pact of May, which took place on July 9 in Tucumán during the Independence Day celebrations.

Economist Federico Sturzenegger joined the cabinet, appointed as Minister of Deregulation and State Transformation. In his initial statements to the press, Sturzenegger, who has previously served in public office during the administrations of Mauricio Macri and Fernando de la Rúa, stated that in this "second stage," there will be an emphasis on chapters of the Law of Bases that were left out of the negotiation, such as education and modernization of the judiciary.

ECONOMIC CONTEXT

According to estimates from various private consultants, general inflation in June is expected to range between 5.0% and 5.6% monthly. Regulated sectors are leading the increases for the month due to sharp rises in public utility rates, which varied between 9% and 33% for gas, and from 23% to 160% for electricity. These increases primarily impacted components of the INDEC Price Index such as housing, water, electricity, and gas.

If these estimates are confirmed, June could signify a slight acceleration in prices following the decrease in May, which was at 4.2%, testing the government's forecasts in the advance of the 2025 Budget, which suggest that inflation will be below 130% year-on-year by December 2024.

The exchange rate of the US dollar returned to the media agenda, as the rate in the informal market, known as the blue dollar or free dollar, rose for the second consecutive month and is expected to continue increasing in the near future. This trend was expected to calm down after the devaluation that equated the value of the official dollar to that of the blue dollar in December 2023.

SOCIAL CONTEXT

Social concern and discontent persist due to the constant decline in purchasing power, and in June, 29 out of the 33 people detained during the demonstrations outside Congress while the Law of Bases was being debated were released.

A social perception study conducted by the consulting firm Indaga-RSO reported that dissatisfaction with the economic situation has increased by 10 points over the last three months. Most respondents claim to have reduced their recreational outings and agree that they barely make ends meet each month. The results highlight concerns about job loss, and for the first time, a majority blames the president for the situation. Additionally, the proportion of households facing debt difficulties has increased by 8 points, consistent with public data showing a sharp rise in credit card charges. There has also been an 8-point increase in the percentage of people who say they "can no longer wait" for the economy to improve.

It is noteworthy that the survey reveals a solid core of around 40% who continue to support Javier Milei, a significant figure considering that the remaining 60% do not uniformly support an opposition force.



| BRAZIL

POLITICAL CONTEXT

During the 64th Mercosur Summit held in Asunción, Paraguay, President Lula da Silva emphasized the importance of strengthening democracy and regional integration. He celebrated the halt of the coup in Bolivia and the defeats of the far-right in France and the United Kingdom. He also expressed gratitude for the solidarity received from neighboring countries following floods in southern Brazil, called for greater climate commitment, and blamed European leaders for the stagnation of the Mercosur-EU treaty.

Looking ahead to the 2026 elections, despite his judicial issues, former President Bolsonaro led a gathering of conservatives in Brazil, the CPAC, with Javier Milei and former Chilean presidential candidate José Antonio Kast as guests. The Argentine president, who did not attend the Mercosur Summit, refrained from attacking his Brazilian counterpart to avoid worsening their current relationship but supported Bolsonaro, describing him as a "political persecuted."

The Chamber of Deputies approved an urgent request for a bill equating abortion after 22 weeks with simple homicide, even in cases permitted by law such as rape, risk to the woman's life, and fetal anencephaly. The proposal, with penalties of up to 20 years, sparked controversy and protests. Members of the government, including the president, oppose it for considering it harsher on victims of rape than on their perpetrators.

ECONOMIC CONTEXT

The International Monetary Fund revised upward its GDP growth forecast for 2025 to 2.5% from the previously expected 2%, highlighting the country's economic resilience, efficiency of tax reform, exchange rate flexibility, and its new carbon market structure. However, it also warned of risks such as commodity price volatility and global financial instability. Growth for 2024 is projected at 2.1%, partly due to floods in Rio Grande do Sul.

Inflation rose by 0.21% in June, driven mainly by increases in the food and beverage segment, which rose by 0.44%, staying below May's 0.62%. Products like potatoes, rice, tomatoes, and milk recorded the most significant increases. Over the last 12 months, accumulated inflation reached 4.06%, surpassing the previous period's 3.70%.

The Central Bank of Brazil kept the interest rate at 10.5%, halting a cycle of seven consecutive reductions since August. This decision, expected by the market, is a setback for Lula da Silva, who has been pushing for a rapid rate cut to boost economic growth.

SOCIAL CONTEXT

Brazil's Supreme Court voted in favor of eliminating criminal sanctions for possession of up to 40 grams of marijuana (or six plants), a decision that will stand for the next 18 months. The ruling opens the door to potential thousands of releases from prison and adds Brazil to the list of countries allowing consumption, such as the Netherlands, Uruguay, Colombia, Mexico, or Germany.

Brazil celebrated the LGBT+ Pride Month with massive demonstrations, demanding the urgent need to elect political representatives aligned with the community's demands. International and local companies like Microsoft, Starbucks, Alpargatas, Nestlé, Vivo, MetrôRio, and C&A launched campaigns to celebrate inclusion and diversity in the country.



| MEXICO

POLITICAL CONTEXT

Claudia Sheinbaum, the president-elect of Mexico, announced new members of her cabinet: Rosa Icela Rodríguez as the next Secretary of the Interior, Omar García Harfuch as Secretary of Security, Mario Delgado as Secretary of Education, and Adriana Montiel will continue as Secretary of Welfare.

Altagracia Gómez, president of Grupo PEO, Minsa, and Almer, will lead the Business Advisory Council to promote nearshoring and attract investments close to USD 46 billion in the coming years. Lázaro Cárdenas Batel, former coordinator of advisors to López Obrador, will be the Chief of Staff in the Presidency.

The incoming government announced the creation of three new railway routes for freight and passengers: Mexico-San Luis Potosí-Monterrey-Nuevo Laredo, Mexico-Querétaro-Guadalajara, similar to the Tren Maya, and the expansion of the Suburban Train to Mexico City International Airport (AIFA)-Pachuca, with the participation of private companies and the Army.

The forums organized by the Congress of the Union to analyze and debate the 20 proposals sent by President Andrés Manuel López Obrador on the constitutional reform of the Judicial Branch are still being held. The procedure for the election and reduction of privileges of judges, magistrates and ministers, as well as the creation of a sanctions court, among other measures, are being discussed.

ECONOMIC CONTEXT

The Mexican peso appreciated against the US dollar after significant devaluation following last month's electoral results.

According to data from the National Consumer Price Index, inflation in June was 0.38%, marking four consecutive months of increase and bringing the annual rate to 4.69%. Price increases were particularly high in fruits and vegetables such as tomatoes, oranges, onions, and chili peppers due to weather conditions.

Following the suspension of Mexican avocado imports to the United States, the Association of Avocado Producers and Export Packers of Mexico (APEAM) and the US Embassy reached an agreement to resume trade relations. The avocado industry exports over 1.1 million tons annually, with 95% coming from the state of Michoacán, and generates 250,000 direct jobs.

The Mexican Association of the Automotive Industry (AMIA) reported a 5.2% increase in vehicle production and a 10.6% increase in exports in the first six months of 2024 compared to the same period in 2019, pre-COVID-19. This growth reflects the expansion of the light vehicle industry in Mexico.

SOCIAL CONTEXT

The government launched the Pension Fund for Well-being, with a budget of 44.894 billion pesos (approx. USD 2.480 billion) to allow workers earning less than 16,677 pesos (approx. USD 920) to retire with their full salary. This initiative has sparked controversy as 60% of the funds come from unclaimed private accounts managed by Retirement Funds Administrators (Afores).

There is a planned debate on labor reforms aiming to gradually and flexibly reduce the workweek from 48 to 40 hours, as well as increase the minimum wage, continuing initiatives spearheaded by President López Obrador.

Claudia Sheinbaum's transition team is analyzing the possibility of creating a new Intelligence Agency with investigative capabilities and coordination between prosecutors' offices and security corporations, in addition to addressing the causes of violence and improving police capabilities.

Elements of the Army and National Guard conducted an operation in the borders of Sinaloa, Durango, and Chihuahua, known as the "Golden Triangle." During this operation, Aureliano Guzmán Loera, alias "El Guano," brother of Joaquín Guzmán Loera, "El Chapo," leader of the Sinaloa Cartel, and Luis "N," alias "R-8," El Guano's security chief, were arrested. Military-grade weapons were seized during the operation.



| URUGUAY

POLITICAL CONTEXT

Internal elections were held to select the candidates of each party who will compete in the October presidential elections. In this first, non-mandatory vote, only 35.78% of eligible voters participated, marking the lowest turnout in history.

The left-wing political force, Frente Amplio, received the highest number of votes and achieved its best results since 2009. Following his election, Yamandú Orsi, who garnered 59.1% of the vote, announced that Carolina Cosse, the second most voted candidate with 37.5%, would be his running mate.

The Partido Nacional, of current President Luis Lacalle Pou, had its worst result in an internal election since 1999. Álvaro Delgado swept with 74.4% of the votes, surpassing Laura Raffo with 19.2%. The selection of Valeria Ripoll as the vice-presidential candidate sparked surprise and divided opinions within the white party due to her communist past and recent affiliation.

Andrés Ojeda, who won the Partido Colorado's internal elections with 39.5% of the vote, offered the vice presidency to Robert Silva, the second most supported candidate with 22.4%.

Uruguay assumed the presidency of Mercosur for six months. Lacalle Pou criticized Javier Milei's absence at the summit and highlighted advances in relations with Brazil, through the inauguration of the binational airport in Rivera, and with Argentina, due to the authorization to dredge the port of Montevideo to a depth of 14 meters.

ECONOMIC CONTEXT

The plebiscite on social security once again dominates the country's political and economic agenda, following the validation by the Electoral Court of the necessary signatures for the popular consultation. The referendum, promoted by the PIT-CNT workers' union, which is part of the left-wing Frente Amplio coalition, divides the alliance itself and puts it on the ropes in the race for the presidency. Other parties have warned of the risks of the consultation for the Uruguayan economy and have signed against the three proposed points: lowering the retirement age to 60, equating minimum pensions to the minimum wage, and eliminating the Pension Fund Administrators (AFAP).

Minister of Economy and Finance, Azucena Arbeleche, presented the latest Accountability Bill in Parliament, highlighting positive results achieved in inflation, investment, employment, and wage recovery.

The June CPI recorded a monthly variation of 0.36%, accumulating 3.62% so far this year and 4.96% over the last 12 months. The unemployment rate dropped from 9% to 8.5% in the last month.

SOCIAL CONTEXT

Eight months before the change of government in Uruguay, several social bills are being debated, including the decriminalization of euthanasia. Approved by the Chamber of Deputies in 2022, the project is pending in the Senate due to divisions within the government coalition. Although the Frente Amplio supports it, some of the ruling legislators are against it. Various sectors are pushing for the measure to be voted on in the Senate Health Committee this July.

The extension of paternity leave to 20 days, amendments to the gender law to ensure defense for accused individuals and prevent false accusations, and the proposal to raise the minimum marriage age from 16 to 18 years old are upcoming topics of debate.

Public safety is at the center of the electoral campaign and is the main concern for 49% of Uruguayans. Homicides increased after the pandemic, reaching 382 in 2023, a significant figure for a country of only 3.4 million inhabitants. Despite increased police intervention, stricter penalties, and record incarcerations, the Lacalle Pou government has not succeeded in reducing homicides, which are double the global average.



| BOLIVIA

POLITICAL CONTEXT

Bolivia is going through a period of high tension following the failed coup attempt on June 27th. General Juan José Zúñiga led a military insurrection aimed at overthrowing President Luis Arce, claiming the need to "restore democracy" and release political prisoners.

Arce's swift response, which included appointing new military leaders and ordering troops to stand down, prevented the government's downfall. This event has exacerbated political divisions in the country, with former President Evo Morales accusing the current president of staging a self-coup to boost his popularity.

The incident has been condemned both domestically and internationally by leaders and organizations such as the OAS and the European Union. However, polarization between Arce's supporters and those of Evo Morales continues to be a destabilizing factor.

The government continues to face both internal and external criticism, especially regarding recent negotiations with China and Russia for lithium and other mineral extraction. Concerns have been raised about transparency and environmental impact. Additionally, fuel and dollar shortages have led to protests and road closures by transport leaders and the opposition.

ECONOMIC CONTEXT

Political instability following the failed coup attempt and governmental decisions, such as agreements with China and Russia, along with several ministerial changes, have worsened the country's economic crisis and created uncertainty among both domestic and foreign investors.

Income from hydrocarbon exports has declined, and international currency reserves are at critical levels. Despite Chinese investment in lithium and a GDP growth of 3.1% in 2023, confidence in the government remains low, and annual inflation reached 2.5% in June.

The Executive has attempted to stimulate the economy, but results have been limited. Net international reserves have fallen to USD 4 billion, exacerbating dollar shortages and limiting daily withdrawals to USD 100, attributed to speculative activity.

This has given rise to a parallel market with multiple exchange rates, affecting the importation of fuels and commodities, raising prices and reducing the availability of goods. Experts warn that Bolivia, which imports 56% of its gasoline and 86% of its diesel, faces serious difficulties without sufficient dollars for these purchases.

President Luis Arce announced the discovery of 1.7 TCF of natural gas in La Paz, valued at USD 6.8 billion, making it the country's third-largest gas field.

SOCIAL CONTEXT

The unemployment rate decreased from 4.3% to 4.1% between March 2023 and March 2024, reflecting a slow labor market recovery. The Economically Active Population (EAP) was 4.84 million people in the first quarter of 2024, a 5.3% increase compared to the same period last year.

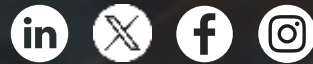
Negative effects of COVID-19 persist, especially among indigenous and rural communities. Public services, such as healthcare, have not returned to pre-pandemic levels, impacting poverty and inequality rates. Additionally, the presence of foreign companies, mainly Chinese, has caused cultural and labor tensions, leading to significant friction.

A recent Ipsos Ciesmori survey revealed that Bolivia has the highest regional rejection of public displays of affection by LGBTQ+ individuals. Forty-one percent of Bolivians oppose these public displays, compared to the global average of 23%, and 29% are against LGBTQ+ visibility in the media, compared to 25% worldwide. Moreover, only 60% support protection against discrimination in employment, housing, and business, below the global average of 74%.

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