

A vibrant city skyline at sunset, with the sun low on the horizon between skyscrapers. The sky is a mix of orange, pink, and blue. The city's lights are beginning to glow. In the foreground, the cityscape is reflected in a body of water, creating a symmetrical effect. A railing is visible in the immediate foreground, suggesting the photo was taken from a waterfront promenade or observation deck.

ATREVIATM

LATIN AMERICAN KEY HIGHLIGHTS

SEPTEMBER 2024

Progress of major reforms in Latin America varied by power dynamics in each country

The relationships between the Legislative and Executive branches in Latin American countries determine the pace at which significant reforms can be implemented. While economic data over the past month has been relatively positive in the region, the effects of climate change remain a constant concern.

Ecuador is experiencing a severe drought that once again threatens the country's energy security. Additionally, tensions between President Daniel Noboa and the Assembly hinder legislative progress. The situation is similar in Chile, where ongoing debates about pension system reform persist, and the Central Bank has cut interest rates to stimulate the economy.

Peru's monetary authority has also lowered the reference rate again, motivated by favorable inflation data. However, this stability is not reflected in the political sphere, as President Boluarte has made 53 ministerial appointments during her tenure.

The tension between branches of government has led to uneven progress on social policies particularly in Colombia, where labor reform is advancing slowly, the health one has been postponed, and tax measures might be implemented by decree, according to the government. A significant constitutional reform was approved in Mexico, establishing the election of judges through popular vote, raising concerns about its potential impact on investments and sparking social protests.

There were also demonstrations in Argentina, against the presidential veto of a law from the Chamber of Deputies that would have increased pensions. Meanwhile, inflation remains around 4% for the third consecutive month. Brazil recorded deflation in August and saw unemployment fall to its lowest level since 2012, but the country experienced a record number of wildfires, which increased by 78% compared to the previous year.

In Europe, potential changes in economic and trade policies following the European Parliament elections could lead to increased protectionism from the Union, though much remains undecided. Additionally, agricultural protests and the stance of the new French Prime Minister, who prioritizes "mirror clauses," are complicating the conclusion of an agreement with Mercosur.



The Peruvian Executive made four ministerial changes, affecting the Ministries of Foreign Affairs, Foreign Trade, and Tourism, Housing and Culture. With this adjustment, President Dina Boluarte has now made 53 appointments in nearly two years in office. The economy grew by 3.6% in the second quarter of the year, driven by fixed investment and consumption. Additionally, with inflation remaining relatively low, the Central Bank reduced the interest rate to 5.25%.

Ecuador's severe drought threatens the country's energy security by reducing the hydroelectric generation capacity. The political scene is marked by tension, both in the relationship between the Legislative and Executive branches and within the government itself, due to friction between President Daniel Noboa and the Vice President, who faces an administrative review for alleged failure to perform her duties. This is compounded by a drop in oil production, and although August saw record tax revenue, the fiscal deficit persists.

Colombia's legislative agenda remains focused on key social reforms for President Gustavo Petro's government. Labor reform is progressing slowly, with 70% of the articles already approved, the presentation of the health one was postponed due to a trucker strike, and given resistance in Congress, tax reform might be issued by decree. The agreement that ended the strike raises concerns about its impact on public finances, while negotiations for "Total Peace" continue despite challenges.

The reform of Chile's pension system continues to face resistance due to a lack of agreement both within and outside the ruling coalition. Moreover, the Senate approved a resolution urging President Gabriel Boric to sever diplomatic relations with Venezuela. The Central Bank cut the interest rate by 25 basis points to 5.50% amid expectations of moderate economic expansion. Evelyn Matthei leads in the polls for next year's presidential election, and government approval has seen a slight uptick.

Inflation in Argentina is expected to remain around 4% in August, consistent with the previous three months. The Legislature passed a law modifying the pension adjustment mechanism, but it was vetoed by the Executive, leading to protests in support of the new law, some of which were suppressed by the police. President Javier Milei's approval rating has now matched his disapproval rating for the first time, though he remains the most valued leader. Poverty and extreme poverty levels continue to rise, now affecting 54.9% and 20.3% of the population, respectively.



The electoral race for municipal elections in Brazil has begun. On October 6, more than 153 million voters will choose mayors and renew municipal councils in 5,569 cities. In São Paulo, the current mayor, supported by Bolsonaro, leads in the polls. Inflation decreased to 4.24% year-on-year, with a negative monthly rate in August, and unemployment dropped to a record low of 6.8%. Additionally, the social network X was blocked due to Elon Musk's non-compliance with court orders, and the government continues to attempt mediation in the Venezuelan conflict.

The approval in Mexico of the constitutional reform to the judiciary, which mandates that judges, magistrates, and Supreme Court ministers be elected by popular vote, has sparked significant controversy and protests. The legal uncertainty stemming from this measure could create concerns for foreign investment, and the local currency has depreciated by around 17% over the past three months. Inflation has decreased, and the automotive sector experienced substantial growth, but employment creation data was notably lower compared to the previous year.



| PERU

POLITICAL CONTEXT

President Dina Boluarte made four ministerial changes. Elmer Schialer took over the Ministry of Foreign Affairs; Úrsula Desilú was appointed to the Ministry of Foreign Trade and Tourism; Durich Whittembury will head the Ministry of Housing; and Fabricio Valencia is now in charge of the Ministry of Culture. With these appointments, President Boluarte has now made 53 ministerial changes since taking office.

Before the swearing-in, there was speculation about the departure of the Interior, Health, and Agrarian Development ministers. However, Boluarte ultimately decided to retain them. The departure of Foreign Minister González Olaechea was notable, given his prominent role in the region due to his stance on the Venezuelan crisis. His successor, diplomat Elmer Schialer, will be tasked with advancing the Asia-Pacific Economic Cooperation (APEC) Forum, which will be attended by U.S. President Joe Biden and Chinese President Xi Jinping.

One of the government's challenges is the restructuring of Petroperú following the resignation of the entire board. The state-owned company, involved in transportation, refining, distribution, and sales of fuels, faces a severe financial crisis with a debt exceeding USD 8 billion. The board presented alternatives that the government did not consider. For now, President Boluarte has ruled out the privatization of Petroperú.

ECONOMIC CONTEXT

The economy grew by 3.6% in the second quarter of the year. The increase in national production was primarily driven by higher domestic demand in May and June, with gross fixed investment rising by 3.4%. Consumption also grew by 2.8%, according to the National Institute of Statistics and Informatics (INEI).

The most productive sectors were agriculture, livestock, hunting, and forestry, which grew by 8% due to the recovery in the agricultural (10.9%) and livestock (1.5%) subsectors. Additionally, growth in fishing and aquaculture was driven by a significant increase in maritime fishing (230.6%).

The Central Reserve Bank of Peru lowered the interest rate to 5.25%, motivated by August's inflation data, with general inflation at 0.28% and core inflation, excluding food and energy, at 0.01%. Thus, prices have increased by 2.0% over the past 12 months.

Year-on-year inflation remains within the target range, below 3%. This positive projection considers that current and expected indicators are in the optimistic range.

SOCIAL CONTEXT

Alberto Fujimori, former President of Peru, passed away at the age of 86. His death elicited mixed reactions, as he is credited with achievements in the economy and the fight against terrorism in the 1990s but was also imprisoned for crimes against humanity.

Currently, more than 17 million people are employed in Peru, a 0.2% increase from 2023, according to INEI.

The organization notes that employment increased in 19 of 26 cities, with notable growth in Puno (5.0%), Metropolitan Lima and the Constitutional Province of Callao (4.7%), and Cusco (4.5%). In contrast, there were significant decreases in Cerro de Pasco (-7.4%), Pucallpa (-4.8%), and Huánuco (-2.3%). The highest unemployment rates were recorded in Huancavelica (13.4%), Moquegua (11.1%), and Cajamarca (10.5%).

The Poder 2024 survey by Semana Económica reveals that President Dina Boluarte is perceived as the most powerful person in Peru, with 76%. She is followed by Keiko Fujimori (75%) and César Acuña (71%), marking the first time two figures outside the Executive have achieved such high ratings in the study. Additionally, 56% of respondents strongly disapprove of Boluarte's administration, while Congress is viewed as the most powerful institution by 89%.



| ECUADOR

POLITICAL CONTEXT

After several months of decline, President Daniel Noboa's approval rating now stands at 51%, while that of the Assembly is at 21.6%. Additionally, the relationship between the Executive and Legislative branches is tense. The Assembly rejected the President's report and sent it to the General Comptroller's Office for review. Noboa, in turn, partially vetoed the Arms Law approved by the Assembly, requesting amendments and the implementation of a traceability system.

The impeachment trial against Attorney General Diana Salazar did not proceed, but the process against Interior Minister Mónica Palencia is expected to be reactivated soon. Henry Kronfle, Assembly President, will need to resign to run for the presidency under the Social Christian Party.

Noboa's cabinet has undergone several changes: María Pinto resigned from the Secretary of Childhood Malnutrition to run for Vice Presidency; Inés Manzano was appointed Minister of Environment; and Mateo Estrella took over the Ministry of Tourism. Tensions between the President and Vice President Verónica Abad persist, and the Ministry of Labor has initiated an administrative review against Abad for alleged failure to perform her duties.

So far, only one electoral alliance has been confirmed for the 2025 elections, between the Revolución Ciudadana and Renovación Total parties.

ECONOMIC CONTEXT

The energy crisis is deepening due to the worst drought in 60 years, which has reduced the country's hydroelectric capacity. Additionally, the Powership energy-generating vessel is experiencing technical delays. Although 340 MW have been added to the system, it is insufficient to cover the 1,080 MW deficit. Meanwhile, oil production has dropped to 467,000 barrels per day due to technical issues and poor management at Petroamazonas.

Despite the government announcing a record tax collection of USD 1.493 billion in August, the fiscal deficit persists. The Executive also decreed debt forgiveness of up to USD 5,000 through the National Development Bank, totaling USD 134 million, to alleviate the financial situation of the population.

In a context where labor informality remains a significant issue, the Ecuadorian Social Security Institute reported a 133% increase in voluntary affiliations due to the Young Affiliation program. However, its long-term sustainability appears uncertain.

Trade agreements with China, Costa Rica, and South Korea promise significant benefits. However, the treaty with Canada has faced criticism because, at the request of the North American country, documents from the negotiations are classified as confidential.

SOCIAL CONTEXT

The Armed Forces and National Police have updated their use-of-force manuals, now allowing more direct lethal responses to improve reaction capabilities against imminent threats. Additionally, there is a proposal to establish specialized judges to ensure impartial judicial procedures in security matters.

So far in 2024, 187.3 tons of drugs have been seized, a 23% increase from the previous year. The "Gran Golpe" operation stood out by seizing 4.5 tons at sea and dismantling a criminal gang, resulting in a USD 840 million loss for drug traffickers.

Illegal mining, especially in the Sierra and Amazon regions, is growing. Several criminal groups control mines and generate substantial monthly income through extortion. The extracted gold is processed and sold in local and international markets, facilitating the laundering of illegal minerals.

The main concerns of Ecuadorians are insecurity (36%) and the economic crisis (17.6%). Additionally, high temperatures and low humidity have increased the risk of forest fires nationwide, prompting authorities to issue alerts for various regions.



| COLOMBIA

POLITICAL CONTEXT

Interior Minister Juan Fernando Cristo continues to seek consensus to advance the social reforms of Gustavo Petro's government in Congress. The labor reform is currently being discussed in the Seventh Committee of the House of Representatives, which has approved 50 articles, with 22 still pending. The presentation of the health one has been postponed due to the minister's focus on resolving the truckers' strike. This delay has caused concern within the Executive, as legislative time is increasingly constrained.

The Ministry of Finance has presented a second tax reform to Congress, aiming to raise 12 trillion pesos in 2025. The first proposal, from 2022, aimed to generate 20 trillion pesos. It seems the project may not secure the necessary majorities in the Legislature, with several congressmen from Cambio Radical and the Liberal Party expressing their opposition. In response, President Petro has indicated he might decree the 2025 budget if Congress fails to approve it, as a lack of funding would impact the implementation of reforms.

ECONOMIC CONTEXT

A truckers' strike, prompted by the rise in diesel prices, lasted four days and affected 21 departments, putting pressure on the government. The strike ended after intense negotiations, preventing an immediate increase of 1,904 pesos per gallon of diesel, which would have saved 1.6 trillion pesos instead of the initially projected 4 trillion.

The agreement reached included an immediate 400 pesos increase in diesel prices, with another 400 pesos increase in December. Additional hikes will be suspended until structural issues, such as the fuel pricing formula and freight system, are reviewed.

However, this agreement does not resolve the deficit in the Fuel Price Stabilization Fund, which remains high and negatively impacts public finances. Experts warn that this leaves a significant fiscal gap, especially for the 2025 budget, which could face financing difficulties and likely require a new tax reform. Some view the end of the strike as a temporary victory, as the underlying problem persists. The fuel subsidy continues to be a significant burden on public finances, accumulating a deficit exceeding 115 trillion pesos.

SOCIAL CONTEXT

Following a meeting on September 3, Colombian government and Segunda Marquetalia, a FARC dissidence, announced a preparatory meeting in Tumaco, Nariño, to advance the second round of negotiations scheduled to take place in Havana. Additionally, an event is planned for September 21 and 22, featuring social leaders, community representatives, and local and national authorities.

The negotiation process has faced several challenges, such as Segunda Marquetalia's demand to suspend the arrest warrant against its leader, Iván Márquez, creating uncertainty. Peace Commissioner Otty Patiño stated that this demand is unrealistic due to the U.S. extradition order. Nevertheless, Segunda Marquetalia remains willing to continue dialogues if suitable conditions are created for the second round in Havana.

A YanHaas survey reveals that 72% of Colombians trust President Gustavo Petro less after two years in office, compared to 28% who trust him more. Distrust is higher among individuals aged 45 to 54 and in cities like Medellín, Bogotá, and Barranquilla. Additionally, 69% doubt that Petro will fulfill his proposals if re-elected.



| CHILE

POLITICAL CONTEXT

The government continues to push for pension reform, aiming for a mixed system with increased state participation, though it faces resistance both within and outside the ruling coalition. Meanwhile, the Constitutional Commission rejected the proposal for a new pension fund withdrawal, arguing it could worsen inflation and weaken future pensions.

The Chamber of Deputies approved changes to the electoral law for the October elections, introducing two voting days for the first time to facilitate participation. It also extended the northern border protection system to combat irregular migration and smuggling. With security as a priority, President Gabriel Boric has led meetings with lawmakers to address organized crime, with a particular focus on migration.

Additionally, the Senate passed a resolution urging Boric to sever diplomatic relations with Venezuela and request the International Criminal Court to arrest Nicolás Maduro. The Finance Committee also approved the removal of VAT exemptions for imports under USD 41 to combat tax evasion and increase revenue.

The "Audio" corruption scandal has severely shaken the judicial and political systems, casting doubt on their integrity and leading to the suspension of Supreme Court Minister Ángela Vivanco.

ECONOMIC CONTEXT

The Central Bank of Chile reported a current account deficit of USD 1.817 billion in the second quarter of 2024, representing 2.3% of GDP. This deficit is attributed to negative balances in income and services, although the goods trade balance showed a surplus. Additionally, external debt increased by USD 2.785 billion, reaching USD 244.465 billion, driven by loans and bond issuances by companies and banks.

The bank cut the Monetary Policy Rate by 25 basis points to 5.5%, in response to the slowdown in private consumption and investment. In its September Monetary Policy Report, it adjusted GDP growth projections for 2024 to a range of 2.25% to 2.75%, indicating a moderate expansion scenario.

The unemployment rate saw a slight decrease of 0.1% from May to July, reaching 8.7%. Real wages rose by 3.4%, and the Monthly Economic Activity Index for July grew by 4.2%, driven by industry, services, and mining. However, informal employment increased, accounting for 27.6% of the total.

SOCIAL CONTEXT

According to a Criteria poll on next year's presidential elections, Evelyn Matthei, the mayor of Providencia, leads with 29%, remaining stable as the most favored candidate. She is followed by former President Michelle Bachelet, who, after a four-point increase, reached 17%, surpassing José Antonio Kast, who dropped to 9%.

President Gabriel Boric's approval rating increased by three points to 38%, while disapproval remains at 50%. 33% of respondents support the current administration, showing a slight increase from the previous month, while 56% disapprove.

Corruption remains a major concern for the public. While 45% of respondents believe it affects all parties equally, 37% specifically identify Chile Vamos as the most implicated. Other parties are also mentioned, including the Communist Party (29%), the Republican Party (26%), and Frente Amplio (24%), reflecting a general mistrust in political institutions.



| ARGENTINA

POLITICAL CONTEXT

Congress continues its busy legislative agenda, with bills aimed at reforming the role of the state, regulating private companies, and introducing social welfare measures. The proposed law to amend pension adjustments was passed by the legislature but vetoed by the executive. This veto triggered a wave of protests supporting the new law, some of which ended in police repression.

The university funding law is currently being debated. It proposes increasing resources for national universities and raising salaries for both teaching and non-teaching staff. The project has already received partial approval from the Chamber of Deputies and is likely to be approved by the Senate. However, from the Casa Rosada, there have been indications of a possible presidential veto, with Chief of Staff Guillermo Francos stating, "We will not approve a law that implies a fiscal deficit."

In August, the government allocated 100 billion pesos to the State Intelligence Secretariat through a Decree of Necessity and Urgency. After being rejected in the Lower House, the government will attempt to prevent the Senate from doing the same, in an attempt to keep the controversial decree in effect, though the chances of success are slim.

ECONOMIC CONTEXT

Private analysts estimate that inflation in August was around 3.9%, similar to the last three months and one-tenth lower than in July. Economy Minister Luis Caputo expects this downward trend to continue in September, due to a reduction at the beginning of the month in the PAIS Tax, which affects foreign currency purchases and payments abroad, cut by 10 points to 7.5%.

The minister aims to bring inflation down to 2% to match the 2% monthly devaluation adjustment. However, several consultancies view this goal as unlikely, as inflation inertia has remained around 4% despite recent declines in the parallel dollar rate.

One of the major issues recently has been the drop in supermarket consumption. Early August saw a sharp deterioration in sales, which fell by 18.7% and reached a "collapse" point after the 10th, when consumption "came to a complete halt," according to industry sources cited by *Ámbito Financiero*. Year-on-year, supermarket consumption has plummeted by 27.6%.

SOCIAL CONTEXT

The Universidad Católica Argentina published a study revealing that the poverty rate reached 54.9% and the indigence rate 20.3% in the first quarter of 2024. In Gran Buenos Aires, the most populous area of the country, these rates are 62% and 25%, respectively, with more than 44% of workers living in poor households.

The Gran Resistencia region in the province of Chaco is the poorest in Argentina, with a poverty rate of 79.5% and an indigence rate of 38.6%. In most regions, poverty levels are above 50% and indigence exceeds 15%.

After just over nine months in office, President Javier Milei remains the highest-rated leader in the country, although his popularity has slightly decreased, showing signs of social fatigue according to an opinion poll by *Opina Argentina*. This is the first time that the president's negative perception matches his approval rating, both at 50%. Thirty percent of respondents have a very positive view of the president, 20% somewhat positive, while 5% view him negatively and 45% very negatively.



| BRAZIL

POLITICAL CONTEXT

The campaign for the municipal elections, scheduled for October 6, has begun. Over 153 million voters will choose mayors and renew city councils in 5,569 cities. President Lula da Silva aims to leverage his popularity to regain ground lost in previous elections and establish alliances for the 2026 presidential race. In São Paulo, current mayor Ricardo Nunes, supported by Jair Bolsonaro, leads the polls. He is followed by Pablo Marçal and Guilherme Boulos, the latter of whom is backed by President Lula.

The government has dismissed the Minister of Human Rights, Silvio Almeida, following accusations of sexual harassment. The allegations, denied by the former minister, were revealed by the Me Too organization and reportedly involve one of the victims being Anielle Franco, the Minister of Racial Equality.

Brazil continues its diplomatic efforts to mediate in the Venezuelan conflict. The release of the electoral records is anticipated, though no deadlines have been set, as Brazil seeks a negotiated solution. Proposals from Presidents Lula and Gustavo Petro, which include new elections or a transitional coalition government, have not been well received by either Chavistas or the opposition. Celso Amorim, an advisor to Lula, suggested that the Maduro government might not be recognized if no agreement is reached, though diplomatic relations would remain.

ECONOMIC CONTEXT

Year-on-year inflation decreased to 4.24% in August, according to data from the Brazilian Institute of Geography and Statistics (IBGE). Monthly inflation experienced deflation of -0.02%, down from 0.38% in July, marking the first negative result since June 2023. This decline was driven primarily by drops in housing prices (-0.51%), residential electricity (-2.77%), and food and beverages (-0.44%). Conversely, education saw the highest increase with a rise of 0.73%.

In its latest meeting, the Central Bank of Brazil decided to keep interest rates at 10.5%, noting that the uncertain inflationary outlook, both global and local, requires caution.

The unemployment rate fell to 6.8% over the past three months, reaching its lowest level since the IBGE began the National Household Sample Survey (PNAD) in 2012. Compared to the previous quarter, the rate decreased by 0.7 percentage points. In absolute terms, there are currently 7.4 million unemployed individuals in Brazil, while the employed population reached a record high of over 102 million.

SOCIAL CONTEXT

Alexandre de Moraes, judge of the Supreme Federal Court (STF), ordered the suspension of the social media platform X in Brazil due to Elon Musk's failure to comply with court orders. Moraes accused Musk and X of promoting extremist messages by not blocking profiles spreading such content. After Musk refused to appoint a legal representative in the country, X was suspended, leading many users to migrate to Bluesky, which gained two million new users. Jair Bolsonaro organized a massive march and called for Moraes's impeachment, labeling him a "dictator" for his decision.

Brazil is facing a severe drought and has recorded a historic number of wildfires, which increased by 78% in 2024 compared to the previous year, according to data from INPE. The Amazon is the most affected biome, with nearly half of the wildfires concentrated there. Smoke from the fires has reached major cities in Brazil, Argentina, Paraguay, and Uruguay.

A new study from the Brazilian Observatory of Inequalities indicated a 40% decrease in extreme poverty in 2023. However, inequality persists, evidenced by a significant gap between the rich and poor, increased malnutrition among indigenous children, and extreme poverty being concentrated among black women and men.



| MEXICO

POLITICAL CONTEXT

President-elect Claudia Sheinbaum Pardo, set to assume office on October 1, has announced new appointments: Ricardo Trevilla Trejo will be the next Secretary of National Defense (SEDENA); Raymundo Pedro Morales will head the Navy Secretariat (SEMAR); and Víctor Rodríguez Padilla will become the Director of Petróleos Mexicanos (PEMEX).

On September 1, the ordinary legislative session began, and the Congress of the Union approved the controversial constitutional reform to the Federal Judiciary with the majority support of Morena, PVEM, and PT. Among other changes, this reform stipulates that judges, magistrates, and Supreme Court justices will be elected by popular vote. Protesters, including students and judiciary workers, occupied the Senate chamber during the debate on this reform.

Other initiatives on the government's agenda include transferring the National Guard to the Secretary of National Defense (SEDENA), eliminating at least 17 decentralized agencies by transferring their functions to government ministries, and labor reforms to increase the Christmas bonus and reduce the workweek from 48 to 40 hours.

President Andrés Manuel López Obrador delivered his sixth and final Government Report, highlighting achievements in the economy, security, social programs, and priority projects of his administration.

ECONOMIC CONTEXT

According to the Bank of Mexico's Survey on Private Sector Economists' Expectations, there is growing uncertainty among foreign companies and trade partners about investing in Mexico. This concern stems from political decisions that may impact the country's economic growth and legal certainty.

Since the June elections, the Mexican peso has significantly depreciated against the dollar. The election results and the approval of the judicial reform have been key factors in this decline, with the exchange rate moving from 16.92 pesos per dollar on June 3 to 19.80 pesos on September 11, marking an approximate 17% depreciation over three months.

Annual inflation ended August at 4.99%, a notable decrease from 5.57% in July, driven by falling prices in agricultural products, according to the National Institute of Statistics and Geography (INEGI).

The automotive industry sold 127,684 new cars in the domestic market in August, marking an 11.9% increase compared to the same period last year, based on INEGI data.

SOCIAL CONTEXT

In Sinaloa, in northern Mexico, violent clashes occurred between armed civilians, allegedly linked to organized crime groups, the Navy, and the Mexican Army. In response to the insecurity, Governor Rubén Rocha Moya declared a suspension of public transport and educational activities at all levels.

Following the summer vacation, more than 24 million students from public and private schools returned to classes for the 2024-2025 school year.

The registration of new workers with the Mexican Institute of Social Security (IMSS) was 58,047, representing a 48% drop compared to the same month last year. For the year to date, 365,449 new positions have been recorded, reflecting a 41.4% decline compared to 2023.

New online entrepreneurs, known as "nenis," who emerged during the COVID-19 pandemic, generated 80.2 billion pesos in 2023, accounting for 9% of retail sales through social media, according to the Ministry of Economy.



| EUROPEAN PERSPECTIVE FOR LATIN AMERICA

A NEW LEGISLATIVE TERM BEGINS: INDUSTRY AND GREEN AGENDA

Following the European Parliament elections in June, German Ursula von der Leyen will continue as President of the European Commission. There is a general consensus among member states and European political groups to focus this five-year legislative term on enhancing European competitiveness and achieving "strategic autonomy."

It remains to be seen whether this "strategic autonomy" will translate into increased protectionism or, as von der Leyen suggests, the pursuit of reliable partners abroad, such as in Latin America. Additionally, it is uncertain whether there will be a slowdown in the ambitious green agenda that has dominated EU policies over the past five years, as many states and political parties have requested.

Currently, the focus has shifted from the "European Green Deal" to the "Clean Industry Pact," prioritizing economic and competitiveness issues over the policies applied during von der Leyen's first term. In the coming weeks, it will be known who will definitively hold the economic, trade, and environmental portfolios, and the direction of the EU's relationship with some of its trade partners will start to take shape.

FREE TRADE AGREEMENT WITH MERCOSUR STILL LACKS CONSENSUS WITHIN THE EU

Brazil has announced plans to restrict the import of European electric vehicles if changes are not made to the agreement, and Mercosur continues to face difficulties advancing within the EU.

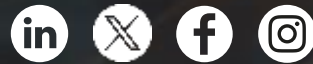
France, which has posed the most obstacles to this progress, has a new Prime Minister since September 5, the conservative Michel Barnier, who seems to be seeking to form a minority among European partners to block the deal. Barnier emphasizes the need for "mirror clauses," which would require Mercosur countries to adhere to the same environmental and social standards as those in the EU. Without this reciprocity, the French approval of the agreement seems unlikely.

Moreover, the European Commission has not pressured for a resolution, given the protests from the agricultural sector in some member states last spring, concerning both the import of certain products and the conditions of the EU's Common Agricultural Policy. On the other hand, countries such as Germany and Spain have urged the Union's Executive to accelerate negotiations to reach an agreement before the end of the year.

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