

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 reflected in the water in the foreground.

# ATREVIA<sup>TM</sup>

## LATIN AMERICAN KEY HIGHLIGHTS

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NOVEMBER 2024

## **The opposition parties made progress in the countries where recent elections were held, while interest rates continue to be broadly cut across Latin America**

Inflation continues to decline across the region, although there have been slight upticks in some countries like Mexico and Brazil, the two largest economies in Latin America. In Mexico, the approval of judicial reform, which establishes the popular election of judges, has sparked economic uncertainty and political controversy. In Brazil, municipal elections reflected a significant advance for the right-wing opposition.

In contrast, Chile, Peru, and Colombia saw a decrease in inflation, prompting their central banks to cut interest rates. In Chile, similar to Brazil, local elections slightly favored the right-wing over the government.

Meanwhile, Peru hosted APEC 2024, bringing together the leading economies of Asia and the Pacific. Leaders such as Joe Biden and Xi Jinping participated, and the occasion was used to inaugurate the Chancay mega-port, which is expected to have a major regional impact. In Colombia, the country hosted COP16 on biodiversity.

Returning to inflation, it is still dropping in Argentina, although purchasing power remains unrecovered. However, despite the government's continued policy of cuts, President Javier Milei's approval has stabilized its decline. This is not the case in Ecuador, where the ongoing energy crisis, with daily power outages of up to 12 hours, has led to widespread disapproval of the government's handling.

In Uruguay's general elections, Frente Amplio secured the majority in the Senate and came very close to doing so in the Chamber as well, though a second round of voting will be needed to determine the next president.

Hearings for the nominees to the next European Commission have revealed their positions on key issues affecting EU-Latin America relations. Additionally, the European Parliament approved a one-year delay in implementing anti-deforestation regulations.





Peru hosted the Asia-Pacific Economic Cooperation (APEC) Forum, which brought together leaders from 21 countries representing more than 60% of the global GDP, including Presidents Joe Biden and Xi Jinping. During the event, Peru and China signed a protocol to optimize the Free Trade Agreement (FTA) and inaugurated the Chancay mega-port. Despite recording a solid year-on-year GDP growth of 3.5% in August, the Central Bank decided to cut interest rates to 5%, driven by the downward trend in inflation.

Ecuador continues to face a severe energy crisis, now with scheduled power outages of up to 12 hours a day. The government is seeking solutions, such as purchasing energy from Colombia and exploring alternatives to hydroelectric power, like thermal generation. Growing social unrest has led to mobilizations, and the government's approval rating has dropped significantly. Furthermore, the economic reforms implemented have failed to stabilize finances or improve employment, while insecurity remains a major issue for the country.

Health and political reforms have made progress in the Colombian legislature, driven by Interior Minister Juan Fernando Cristo. Inflation dropped to 5.81% in September, a relatively good figure compared to the 10.99% recorded in the same month of 2023. This data allowed the Central Bank to again reduce the interest rate to 9.75%. The mining strike concluded with an agreement between the government and small miners' associations, following significant economic losses. COP16 was held in Cali, where the Biodiversity Action Plan was presented. Finally, the government and the ELN will resume peace talks on November 19.

The Chilean Congress approved the constitutional accusations against two Supreme Court justices dismissed in the 'Audio Case,' while rejecting the motion against Interior Minister Carolina Tohá regarding the security crisis. The results of the local elections showed some progress for the opposition, and the president made changes within the Executive. The Central Bank reduced the interest rate to 5.25%, amid a projected GDP growth rate of 2.5%, below the global average of 3.2%.

The Argentine government continues to implement its state-cutting policies. Nearly 10% of public employees have been laid off, 13 ministries have been closed, and public spending has been reduced by 30% year-on-year. Inflation continues to decline, reaching 3.2% in Buenos Aires, one percentage point lower than two months ago. Additionally, the GDP growth projection is relatively positive for the second half of the year, but the price-salary relationship has not been adjusted in favor of consumers, maintaining socio-economic challenges.

The Brazilian right-wing dominated the municipal elections, winning 13 out of the 15 capitals still in play during the second round. Brazil vetoed Venezuela at the BRICS summit for failing to fulfill its promise to release electoral records. Meanwhile, the Future Fuels Law, designed to promote the use of biofuels and decarbonize transportation, was enacted. Inflation over the past 12 months rose to 4.76%, surpassing the official tolerance rate of 4.50%. In addition, wildfires and drought continue to wreak havoc across the country.



The implementation of the controversial judicial reform in Mexico was approved by the Supreme Court of Justice of the Nation. The measure, which stipulates that judges will be elected by popular vote, has generated political and economic uncertainty in the country. Inflation rose slightly after three months of decline, driven particularly by the price of fruits and vegetables. Insecurity remains a serious issue that concerns citizens and affects economic development.

On November 24, Uruguay will hold the second round of the presidential elections between Yamandú Orsi of Frente Amplio and Álvaro Delgado of the Partido Nacional, with Orsi holding a slight lead in the polls. At the parliamentary level, Frente Amplio secured a majority in the Senate but not in the Chamber of Deputies. Additionally, citizens rejected two constitutional referendums on social security reform and the authorization of night raids. Year-on-year inflation decreased in October, reaching 5.01%, staying within the target range for the 17th consecutive month.



## | PERU

### POLITICAL CONTEXT

Lima hosted the 2024 Asia-Pacific Economic Cooperation (APEC) Forum, bringing together leaders from 21 countries representing more than 60% of global GDP. Held from November 11 to 16, the event focused on key topics such as trade, security, and sustainable development. Among the participants were U.S. President Joe Biden and Chinese President Xi Jinping.

Peru leads economic growth among Latin American APEC countries, with an average annual growth rate of 4.1% between 2001 and 2023. This rate outpaces Chile's 3.3%, Mexico's 1.5%, and the APEC economies' average of 3.8%.

The governments of Peru and China signed the Protocol to Optimize the Free Trade Agreement, modernizing key chapters such as Rules of Origin, Customs Procedures, Services Trade, Temporary Entry of Business Persons, Investment, Intellectual Property, and Sanitary and Phytosanitary Measures.

President Dina Boluarte met with Karan Bhatia, Global Vice President of Google for Government Affairs and Public Policy. The multinational announced a donation of 2 million soles to train more than 50,000 people, including teachers and students from public schools, in Artificial Intelligence.

### ECONOMIC CONTEXT

Gross Domestic Product recorded a year-on-year growth of 3.5% in August, mainly driven by improved results in the mining industry, which grew by 8.9%, and hydrocarbons, which rose by 9%, as well as positive performance in all non-primary sectors.

Manufacturing also showed a slight improvement, with a 2.2% increase, due to non-primary manufacturing. However, primary manufacturing fell by 1% due to lower production of fish-derived products.

With these August figures, the economy shows a cumulative annual growth of 2.9%. This result aligns with projections from the Central Reserve Bank of Peru (BCRP) and the National Institute of Statistics and Informatics (INEI), which estimate annual growth between 3% and 3.1%.

In addition to these positive economic figures, the BCRP lowered the interest rate to 5%, placing it at a "neutral" level. This decision was driven by the downward trend in inflation. The monetary authority clarified that this reduction does not signal the beginning of a series of cuts, as future adjustments will depend on macroeconomic data developments.

### SOCIAL CONTEXT

The public transportation sector, through several unions, held a strike demanding government action to combat extortion and insecurity. Among their requests is the repeal of Law 32108, which they claim is benefiting criminal organizations, and stricter measures against them. The transport workers warned that if the government does not take concrete actions to reduce the high levels of crime in the country, they will continue with further protests.

The APEC 2024 coincided with the inauguration of the Chancay mega-port, an infrastructure that will position Peru as the main port of the South Pacific, with direct connection to Asia. It is expected that other countries in the region, such as Brazil, Ecuador, and Bolivia, will also use this port to export their products. Chancay is set to become a logistics hub as well as an attractive destination for tourism and trade.

President Dina Boluarte has a 92% disapproval rating and only a 5% approval rating, while the President of the Council of Ministers, Gustavo Adrianzén, has a 78% disapproval rating. The Legislative Branch also faces a high level of rejection, with an 88% disapproval rating, especially in Lima and Callao.



## | ECUADOR

### POLITICAL CONTEXT

The energy crisis persists, now with power outages of up to 12 hours a day. To mitigate this situation, the government is negotiating the purchase of electricity from Colombia while exploring alternatives such as thermal generation and renewable energy sources. Although the new electricity law aims to attract private investment to ease the situation, citizens are turning to solutions like generators and solar panels, which are insufficient for a long-term resolution.

The conflict between President Daniel Noboa and Vice President Verónica Abad has intensified following the temporary suspension of Abad's duties by the Ministry of Labor. This confrontation has increased polarization within the government, affecting governance in a tense context.

Growing social dissatisfaction, exacerbated by the energy crisis, has led to protests organized by groups like the Confederation of Indigenous Nationalities of Ecuador (CONAIE) and the National Union of Educators (UNE), who demand improvements in key sectors such as healthcare, labor rights, and the review of state contracts. Government approval has dropped sharply from 85% in January to 42% in November, reflecting the magnitude of social discontent.

Furthermore, the electoral scenario has become more complicated following the disqualification of Jan Topic by the Electoral Disputes Tribunal (TCE).

### ECONOMIC CONTEXT

President Noboa has implemented an economic policy with reforms such as raising VAT to 15%, partially eliminating subsidies, enacting legal changes aimed at public savings, combating money laundering, and promoting private investment in the energy sector. However, while these measures aim to stabilize finances, they have not significantly reduced the fiscal deficit or improved adequate employment. Additionally, the energy crisis, worsened by a lack of investment and increased demand, affects sectors like industry and commerce, leading to significant financial losses.

Insecurity also poses an obstacle to economic development, impacting small businesses and vulnerable areas. Meanwhile, the strengthening of the dollar benefits imports but makes Ecuadorian exports more expensive, affecting competitiveness against markets like those of Colombia and Peru.

The visit of the Minister of Economy to China highlighted the need to reconsider the economic strategy, given the recent shift of the Asian country towards renewable energy and technology. Nonetheless, the trade agreement with China presents opportunities to strengthen agro-industrial exports, which are key to the local economy.

### SOCIAL CONTEXT

In the first half of 2024, Ecuador saw a decrease in the number of intentional homicides. According to the Ecuadorian Observatory of Organized Crime (OECO), between January 1 and June 30, 3,036 homicides were recorded, representing a reduction of 585 cases compared to the same period in 2023. This 16.16% decrease marked the first drop in the upward trend that began in 2019. However, the number remains significantly higher than the 2,128 homicides reported in the first half of 2022. Despite this slight progress, security continues to be a nationwide concern.

Spain seized 13 tons of cocaine coming from Ecuador, the largest drug seizure in the country's narcotics history. The cocaine was hidden in a banana container from Guayaquil, destined for an importer at the Algeciras port. This operation, a collaboration between Spanish and Ecuadorian authorities, exposed an apparently legitimate company in Spain that, after investigations, was found to be linked to drug trafficking. While the individuals responsible for the importing company have been identified, they remain at large.



## | COLOMBIA

### POLITICAL CONTEXT

The Seventh Commission of the House of Representatives is preparing to receive the 2.0 health reform, which will be debated through a majority report of 526 pages and 58 articles. According to coordinator Alfredo Mondragón, the proposal aims to implement a social insurance model that overcomes the division between individual and collective coverage, bringing primary care to homes and leveraging the experience of the EPS (Health Promotion Entities) in the system.

The lower house also approved in a second debate the political reform, which now must pass to the Senate for its first round in the legislative process. This measure, which introduces changes to the political system, still faces several debates before becoming law. In this process, the Minister of the Interior, Juan Fernando Cristo, has been key in managing the progress of the reforms, despite time limitations and a broad legislative agenda that tests his ability to achieve consensus—something essential for Petro's government and its goal of passing the proposals in Congress.

The government and the National Liberation Army (ELN) have agreed to resume the negotiation table on November 19, following an extraordinary meeting where the armed group proposed a new negotiation model with mechanisms for monitoring and verifying agreements.

### ECONOMIC CONTEXT

Annual inflation fell to 5.81% in September, a significant reduction compared to 10.99% in the same month last year. From January to September, the accumulated Consumer Price Index (CPI) was 4.58%, compared to 8.01% in 2023.

The Minister of Finance, Ricardo Bonilla, highlighted this downward trend and urged the Bank of the Republic to lower the interest rate to stimulate economic recovery. Although the central bank had made seven consecutive cuts, the most recent in September when the rate decreased from 10.75% to 10.25%, Bonilla still considered it insufficient. Therefore, on October 31, the central bank lowered the rate by 50 basis points to 9.75%.

Unemployment was 9.1% in September, the second-lowest level for this month since 2016. The employed population increased by 107,000 people, while labor informality fell to 55.6%, still representing more than half of the workforce.

In the third week of November, the U.S. dollar was close to COP \$4,360, within a depreciation trend, which has been around 11.4% in the past year.

### SOCIAL CONTEXT

The mining strike affected the supply of food and energy in several regions. The government and associations of small miners reached an agreement to end the protests, following more than 36 hours of intense negotiations. The protests stemmed from environmental regulations that, according to miners, limit their activities in territories where mining is essential for the local economy.

The strike caused significant losses. In Antioquia, more than 100,000 tons of goods were stranded, resulting in an estimated loss of COP \$200,000 million. Boyacá and Cúcuta were also affected, as perishable goods were not sold. The agreement includes measures to formalize mining and facilitate the use of clean technologies, as well as financial access to support sustainable practices.

At COP16 on biodiversity held in Cali, the Action Plan for Biodiversity was presented with the goal of protecting five million hectares. Additionally, the G9, a group of Amazonian countries dedicated to strengthening financing in indigenous territories, was launched, and a specific fund for the conservation of Chocó was created. These advances solidified Cali as a cultural destination, while Minister Susana Muhamad stood out as the first Colombian to chair the event.



## | CHILE

### POLITICAL CONTEXT

The Chamber of Deputies rejected the accusation brought by the Republican Party against Interior Minister Carolina Tohá, attributing responsibility for the country's security crisis. Despite being dismissed, the complaint highlights the pressure the government faces on this issue. The Congress, however, approved constitutional accusations against Supreme Court ministers Ángela Vivanco and Sergio Muñoz, who were removed from office in the context of the "Audio Case" of corruption.

President Gabriel Boric made changes to his cabinet. He appointed Jaime Gajardo as Minister of Justice to lead judicial reforms amidst an institutional crisis. He also designated Luis Cordero, former Minister of Justice, as Undersecretary of the Interior, following the resignation of Manuel Monsalve, accused of sexual abuse. Carolina Leitaó, Mayor of Peñalolén, assumed the role of Undersecretary of Crime Prevention, replacing Eduardo Vergara, who ran for Congress.

The results of the municipal and regional elections have served as a gauge for the political climate ahead of the 2025 national elections. The opposition won multiple mayoralties and regained key communes, such as Santiago, which will now be led by Mario Desbordes, former minister of Piñera. Voter participation significantly increased, as these were the first elections after the reinstatement of compulsory voting.

### ECONOMIC CONTEXT

The Central Bank reduced the interest rate by 25 basis points, bringing it to 5.25%, following the recommendation of the Monetary Policy Group due to the downward trend in inflation. The Consumer Price Index (CPI) recorded a slight variation of only 0.1% in September, with a notable decrease in the price of food and non-alcoholic beverages. The indicator accumulated 3.5% annually, lower than expected, suggesting effective inflation control.

The IMF forecasts a relatively modest economic growth of 2.5% for 2024, below the global estimate of 3.2%, placing the country in an intermediate position.

The export sector is key in this context, having reached a record USD 74.154 billion in sales abroad by September. Mining stands out with USD 42.716 billion in this regard, and e-commerce is expected to close the year with USD 11.500 billion.

In this complex economic environment, Congress and the Executive are engaged in intense debates over the 2025 Budget, adjusting the growth projection to 2.1%. This decision seeks to contain spending and preserve fiscal stability, but with the aim of not affecting sensitive areas such as Health and Education.

### SOCIAL CONTEXT

The unemployment rate closed the third quarter of the year at 8.7%, a slight decrease of 0.2% compared to the same period last year. Despite this improvement, labor informality persists as a structural problem, affecting 27% of workers, particularly in sectors such as commerce.

The National Institute of Statistics (INE) reported that the Nominal Remuneration Index grew 7.8% annually in September, while the Labor Cost Index rose by 8.0%. The commerce, manufacturing, and construction sectors drove these increases, but purchasing power continues to be undermined by the high cost of living. The Real Remuneration Index, adjusted for inflation, shows that, although there has been nominal growth, workers' purchasing power remains under pressure.

Finance Minister Mario Marcel emphasized the importance of improving the quality of employment and noted that the government is promoting technical training programs in high-demand sectors such as technology and energy to address this challenge. However, the private sector continues to express concern over limited economic growth, which is restricting a broader labor recovery.





## | ARGENTINA

### POLITICAL CONTEXT

One of the most notable issues on the political agenda was the presidential veto of the university funding law, which has been a topic of debate for several weeks. Approved by the Chamber of Deputies, where the ruling party lacks a majority, it managed to gather votes from the PRO and UCR. This action adds to the series of budget cuts and adjustments in education, health, infrastructure, and social development.

According to calculations from the Center for Argentine Political Economy and the Association of Budget and Public Financial Administration, during the first ten months of the liberal government, public spending was reduced by 30% year-on-year in real terms adjusted for inflation.

Since taking office in December 2023, President Javier Milei has closed 13 ministries, dismissed around 30,000 public employees—almost 10% of the national workforce—halted public works, and cut budgets for education, health, science, and pensions.

The most affected areas have been: infrastructure (-74%), education (-52%), labor (-65%), social development (-60%), health (-28%), and assistance to provinces (-68%). However, funds for the National Intelligence Secretariat (SIDE) have grown by 216% year-on-year since January, and nearly USD 350 million have been invested in purchasing fighter jets.

### ECONOMIC CONTEXT

The Consumer Price Index (CPI) in the Autonomous City of Buenos Aires dropped to 3.2% in October, down from 4% in September and 4.2% in August. Although this is the lowest figure of the year so far, it accumulates a 122.1% increase in ten months.

Furthermore, according to the Institute of Statistics and Censuses of the Autonomous City of Buenos Aires (IDECBA), the year-on-year variation is 200.9%, meaning the value of the basket of goods and services measured by the institution has tripled compared to October last year.

The Central Bank published its Market Expectations Survey in October, which gathers projections from various consultancies, research centers, and financial institutions. It estimates that monthly inflation for that month would be 3.0%, with a slight reduction to 2.9% in November.

Regarding GDP, it is expected to grow by 2% in the third quarter of the year, which is 0.4 percentage points higher than previously projected, with a 0.9% increase expected in the fourth quarter. However, experts do not expect these positive data to be enough to offset the significant contraction in the first half of the year, when the economy shrank by 3.4%.

### SOCIAL CONTEXT

The situation remains challenging for middle- and low-income sectors. Despite the overall decrease in inflation figures, the relationship between prices and wages has not adjusted in favor of consumers. According to a report from the National Institute of Statistics and Censuses (INDEC), the Total Basic Basket (CBT) increased by 8.1% in October, reaching ARS 345,295. The salary index has not been released yet, but recent statistics from INDEC indicate that, as of September, wages were growing at a slower pace than inflation and well below the increase in basic baskets.

A study from the UCA Social Debt Observatory on the socio-economic situation of retirees reported that one-third of individuals over 60 years old fall into the category of "unstable underemployment," defined as temporary, low-paid, and informally legal work.

Almost eleven months into his term, President Javier Milei's approval rating stands at 50%, according to a study by the Fundación Pensar, halting the decline seen in recent months. 49% of the public supports his administration for achieving goals such as reducing inflation and state spending, despite the economic context.



## | BRAZIL

### POLITICAL CONTEXT

The right and far-right dominated the second round of municipal elections, winning 13 out of the 15 capitals in dispute. In total, the left only won in 2 of the 26 capitals, marking a significant blow to Lula da Silva with two years left until the general elections. In São Paulo, right-wing candidate Ricardo Nunes, timidly supported by Jair Bolsonaro, was re-elected mayor with 59% of the votes, surpassing Lula's candidate, Guilherme Boulos.

Tensions between Brazil and Venezuela grew after Brazil vetoed Venezuela's participation in the recent BRICS summit in Russia. This decision followed Venezuela's failure to fulfill its promise to release the electoral records, which President Nicolás Maduro called "an aggression and an inexplicable, immoral, and hostile gesture."

The "Future Fuels Law" was approved, aiming to encourage research and the use of biofuels to decarbonize transportation. President Lula emphasized that the program envisions investments of R\$ 260 billion (USD ≈46 billion), promoting sustainable development, creating jobs, and solidifying Brazil's leadership in the global energy transition. It will also prevent the emission of 705 million tons of CO<sub>2</sub> by 2037. The law increases the percentage of ethanol in gasoline from a minimum of 18% to 22%.

### ECONOMIC CONTEXT

The IPCA (Consumer Price Index) registered a 12-month inflation rate of 4.76%, higher than the 4.42% recorded the previous month and above the official tolerance threshold of 4.50%. On a monthly basis, the index increased by 0.12 percentage points to 0.56%, with a year-to-date accumulation of 3.88%. The acceleration in October was driven by rising prices of electricity and food, especially meat, influenced by the historical drought affecting the country.

More than three million people in the São Paulo region were left without electricity due to a storm. The service took six days to be fully restored, resulting in losses of approximately R\$ 1.82 billion (USD ≈320 million), particularly affecting the services sector. Criticism was directed at the electricity provider Enel for its lack of concrete responses regarding the service restoration and inadequate investment in maintenance and prevention.

São Paulo's municipal administration also faced criticism for failing to prune trees, which contributed to the damage to the electrical infrastructure.

### SOCIAL CONTEXT

The government launched an operation to repatriate its citizens from Lebanon, where three Brazilians have already died. The president approved R\$ 80 million (USD ≈13.8 million) to fund logistics and send humanitarian aid. So far, ten flights have brought back more than 2,000 citizens. Around 7,000 people requested to return to Brazil, but it was recommended to reserve Air Force flights for those unable to afford their trip independently.

Brazil has experienced a drastic increase in the number of forest fires, with 226,600 hotspots and more than 22 million hectares burned this year, half of which are in the Amazon. This situation is exacerbated by the drought, which affects access to water and causes diseases and malnutrition in local communities. In the Amazon region, more than 1,700 schools and 760 health centers have closed or are inaccessible due to low water levels, further increasing the risk of child recruitment by armed groups in a country plagued by violence.

The Chamber of Deputies unanimously approved a bill banning the use of mobile phones and electronic devices in schools. Rio de Janeiro has already implemented this measure by decree, and São Paulo is advancing with a similar bill in its Legislative Assembly.



## | MEXICO

### POLITICAL CONTEXT

The Supreme Court of Justice of the Nation (SCJN) approved the implementation of the judicial reform, under which approximately 1,700 judicial positions at the state and federal levels will be elected by popular vote in 2025 and 2027. These elections will be organized by the National Electoral Institute (INE). Opposition leaders have accused President Claudia Sheinbaum of attempting to establish an authoritarian regime in Mexico.

Sheinbaum confirmed her participation in the G20 Leaders' Summit to be held in Rio de Janeiro, where the twenty largest economies in the world will meet. She plans to present a proposal to limit military spending and focus on food security, alongside other issues such as gender equity, sustainable development, the digital agenda, and artificial intelligence regulation.

The Mexican government unveiled the National Energy Plan, which outlines four strategic pillars to strengthen the electrical sector, consolidate the Federal Electricity Commission's (CFE) 46% share in electricity generation, and advance the transition to clean energy.

### ECONOMIC CONTEXT

The Mexican peso has recently surpassed 20.60 pesos per dollar, its highest value in over two years. Factors contributing to this depreciation include the effects of the judicial reform, the strengthening of the dollar, and the announcement by elected U.S. President Donald Trump that Robert Lighthizer will be the U.S. Trade Representative for the 2026 T-MEC renegotiation. This renegotiation could exert additional pressure on the Mexican economy.

Inflation ended its three-month decline and slightly increased to 4.76% annually in October. The price of fruits and vegetables, as well as services such as air travel, had a particularly significant impact.

The Mexican Social Security Institute (IMSS) reported that between October 2023 and October 2024, 316,251 jobs were created, reflecting an annual growth rate of 1.4%. However, in October, 138,139 new jobs were added, the highest for the year but the worst for the month since 2011.

The government is seeking new ways to increase revenue without tax reform, including imposing taxes on Chinese companies selling on digital platforms to ease financial and budgetary pressures for 2025.

### SOCIAL CONTEXT

Violence resulting from clashes between organized crime and security forces in various regions has generated a perception of insecurity, which concerns the public and affects economic development.

According to data from the National Urban Security Survey published in October by INEGI, 58.6% of Mexicans do not feel safe in their residential areas. The states with the highest perceived insecurity are Chiapas, Estado de México, Zacatecas, Guanajuato, and Sinaloa.

The Ministry of Health and the company Birmex announced a new system for consolidated purchasing of medicines and medical supplies starting in 2025. The goal is to ensure the availability of pharmaceuticals in the public sector, optimize resources, and digitize all stages of the process.

The government also announced the creation of Tiendas del Bienestar (Wellbeing Stores) as part of a social policy to ensure access to basic products at affordable prices. However, this measure has generated skepticism among analysts and business groups, who predict a direct impact on micro, small, medium, and large local businesses.



## | URUGUAY

### POLITICAL CONTEXT

No presidential candidate secured the necessary majority in the general elections held on October 27 to avoid a second-round vote. Yamandú Orsi, from Frente Amplio, received 43.9% of the votes, while Álvaro Delgado, from the Partido Nacional, finished second with 26.8%. The second-round election between these two candidates will take place on November 24.

Álvaro Delgado has the support of the republican coalition, an informal alliance formed by right-wing and center-right political parties. A poll conducted by consulting firm Opción in the lead-up to the run-off predicts 48.5% of the vote for Yamandú Orsi and 45.1% for Álvaro Delgado, making the outcome still highly uncertain.

At the parliamentary level, Frente Amplio secured a majority in the Senate but, with 48 deputies, was just two seats short of securing a majority in the Chamber of Deputies.

In the elections, two constitutional plebiscites were voted on. One to reduce the retirement age from 65 to 60 years, align pensions with the minimum wage, and eliminate private pension fund administrators. This proposal was rejected, receiving only 39% of the votes. The other, promoted by the governing coalition, would allow nighttime raids on homes. This initiative also failed to gain the necessary support, obtaining only 39.9%.

### ECONOMIC CONTEXT

Inflation decreased in October, reaching 5.01% over the past 12 months, staying within the target range for the 17th consecutive month. The Consumer Price Index (CPI) increased by 0.33%, bringing the year-to-date inflation to 4.76%. The unemployment rate slightly declined to 8.1%, with 154,000 people unemployed. The dollar rose after Donald Trump's victory, reaching above \$42.3.

The rating agency Standard & Poor's maintained Uruguay's BBB+/A-2 rating, the highest in the region, and forecasts growth regardless of the electoral outcome. The country has maintained this rating since April 2023, supported by the highest GDP per capita in Latin America and a strong external profile.

Economy Minister Azucena Arbeleche presented the results of the management of free trade zones between 2020 and 2024. There are currently 12 functioning zones, generating over 21,000 jobs, accounting for 6.6% of GDP, 35% of total exports, and 10% of the country's investments.

President Lacalle Pou signed a decree that exempts VAT for tourists during the summer, benefiting bars, restaurants, car rental companies, and other businesses in the tourism sector.

### SOCIAL CONTEXT

Education, labor conditions, and security continue to be key challenges for the country. The secondary school teachers' association held a 48-hour national strike to protest budget cuts and the educational reform implemented by the government, which includes restructuring the curriculum. During the strike, several high schools were occupied, and protests took place nationwide.

Various unions and social organizations also called for a demonstration in Montevideo, which gathered more than 20,000 people to demand wage increases in line with inflation and a reduction in the workweek.

Security remained a central issue on the public agenda throughout the month due to the upcoming elections and an increase in violent crimes, including several clashes between drug trafficking gangs on the outskirts of Montevideo.

The Ministry of Public Health reported a 15% increase in respiratory disease cases compared to the same period the previous year, primarily affecting children and the elderly. This led to recommendations for flu vaccinations and other preventive measures.





## | EUROPEAN PERSPECTIVE FOR LATIN AMERICA

### **NEW COMMISSIONERS RELEVANT TO LATIN AMERICA**

In the first weeks of November, hearings were held before the European Parliament for the commissioners nominated for the 2024-2029 European Commission. Below are some of the candidates' positions on key areas such as trade, agriculture, international cooperation, and security, with a direct impact on Latin America.

#### **Christopher Hansen - Agriculture and Food**

The commissioner committed to a comprehensive and sustainable roadmap for the agriculture and food sector within his first 100 days, with a strong focus on the competitiveness and resilience of European farmers in the face of unfair competition from non-EU countries.

Regarding the Mercosur agreement, he highlighted both the opportunities and risks for European agriculture, stressing the need for stricter border controls to prevent the entry of products that do not meet EU standards.

He also advocated for "mirror clauses" to ensure that imports comply with the EU's rigorous regulations, particularly in areas such as pesticide use and deforestation. These clauses aim to level the competitive playing field and safeguard the sustainability and safety of products in the European market.

#### **Jozef Síkela - International Cooperation**

One of Jozef Síkela's primary responsibilities will be managing the Global Gateway initiative within the EU's development cooperation framework. Launched by the European Commission two years ago, this geopolitical strategy seeks to enhance EU collaboration with third countries in areas such as infrastructure, connectivity, green transition, health, education, and research, through both public and private funding.

This initiative holds particular significance for Latin America, a region that requires substantial investments to integrate into global value chains, particularly in technology, training, and quality standards.

Global Gateway has committed to mobilizing €45 billion for Latin America and the Caribbean, strengthening cooperation ties and aligning the region's development goals with those of the EU.

During his hearing, Síkela outlined his approach for the Global Gateway, emphasizing a strategy tailored to local needs while aligning with EU priorities such as climate resilience, sustainable development, and conflict prevention. He proposed six key actions to optimize the initiative, including streamlining access to funds, encouraging private sector involvement, and ensuring compliance with policies like the European Green Deal and respect for human rights. He also highlighted the importance of education, job creation, and good governance, considering the impact of Global Gateway in fragile contexts where a balance between EU principles and the adaptation to each country's circumstances is needed.

#### **Maroš Šefčovič - Trade and Economic Security**

During the candidate's hearing, French MEPs repeatedly voiced their opposition to the Mercosur agreement, citing concerns about the transparency of the negotiations. Šefčovič promised to provide all necessary data once the agreement reaches its final stage.



## | EUROPEAN PERSPECTIVE FOR LATIN AMERICA

### **DELAY IN THE DEFORESTATION LAW**

The European Parliament has approved a one-year delay in the implementation of the EU's anti-deforestation regulations, along with some flexibility in the requirements of this key legislation. The decision follows a request from the European Commission to postpone the implementation of the law after pressure from trading partners such as Brazil and the United States, as well as from some member states, including Germany.

The amendments approved by the Parliament include:

- **Implementation Delay:** The law's enforcement is postponed for one year, as previously requested by the Commission and approved by the EU Council.
- **New Classification of "Low Risk" Countries** (in addition to low, standard, and high): Countries with stable or increasing forest areas would be classified as "low risk," which allows for simplified requirements and fewer controls.
- **Information Exchange Platform:** The platform for information exchange and risk classification must be available and operational at least six months before the law takes effect, by June 30, 2025. In the event of further delays, the implementation date should be postponed accordingly.

These adjustments, driven by pressure from trading partners and some member states, still require approval from the EU Council during trilogue negotiations. If an agreement is reached before the end of the year, it could prevent further delays in the implementation timeline and provide clarity to businesses.

### **FRANCE INTENSIFIES PRESSURE AGAINST THE MERCOSUR AGREEMENT**

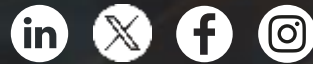
France has stepped up its opposition to the trade agreement between the European Union and Mercosur. French Prime Minister Michel Barnier informed European Commission President Ursula von der Leyen that his country will not accept the deal due to its negative impact on sectors such as agriculture and livestock. He also reiterated that France's concerns are shared by other European countries and that the EU should not disregard the position of such an important member state. As a result, France has intensified its diplomatic efforts to persuade other member states, such as Belgium, Austria, and Ireland, to oppose the agreement.

Meanwhile, Mercosur representatives defend the deal as a historic opportunity to strengthen fair trade in a challenging geopolitical context. Representatives from Argentina, Brazil, and Paraguay emphasize that the agreement is strategic, not only for its economic benefits but also for the shared values between both regions. Despite the disagreements, Mercosur remains committed to advancing negotiations with the European Commission, confident in reaching a consensus that respects the legitimate interests and concerns of all parties.

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For more information, please contact:



**CARMEN SÁNCHEZ-LAULHÉ**

VP ATREVIA LATAM  
(Mexico, Central America, the Andean region & Brazil)

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[csanchezlaulhe@atrevia.com](mailto:csanchezlaulhe@atrevia.com)



**MIGUEL ÁNGEL LÓPEZ**

VP ATREVIA LATAM  
(Peru & Southern Cone)

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[malopez@atrevia.com](mailto:malopez@atrevia.com)



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