

ATREVIA™

A photograph of a city skyline at sunset. The sun is low on the horizon, casting a warm orange and pink glow across the sky and reflecting on a body of water in the foreground. Several skyscrapers are visible, including a prominent one with a spire on the left and a curved, blue-tinted building on the right. The overall mood is serene and modern.

LATIN AMERICAN KEY HIGHLIGHTS

DECEMBER 2024



Mercosur and the European Union reach a free trade agreement after 25 years of negotiations, pending ratification

After more than two decades of negotiations, the European Union and Mercosur, a bloc composed of Brazil, Argentina, Uruguay, Paraguay, and Bolivia, have finalized a free trade agreement that would encompass more than 700 million people and nearly 25% of global GDP. However, it still needs to be ratified.

In the political arena, one of the most prominent developments was the victory of Yamandú Orsi in the Uruguayan presidential elections, meaning the left will return to power after five years. Regarding the Ecuadorian electoral landscape, polls show President Daniel Noboa holding a slight lead over Luisa González, amidst an economic contraction due to the energy crisis, although the situation has improved in this regard.

Meanwhile, Peru continues to report strong macroeconomic figures, but the executive's popularity has not improved, and Congress forced the dismissal of the Minister of Energy and Mines. Similarly, Argentina reported its best inflation figure since 2020, though in this case, Javier Milei is recovering the approval level he lost in recent months.

Donald Trump's victory has supported Milei's political strategy, but it is already generating tensions with Mexico due to tariff threats, a country that, for the second consecutive year, is the leading trade partner of the United States.

In the legislative sphere, Chile approved the 2025 Budget, which prioritizes social issues and includes a 2% increase in public spending. Meanwhile, the situation in Colombia is complex, with the approval of an administrative decentralization reform, the rejection of a tax reform, and lengthy debates on health and labor reforms.

Finally, Brazil's President Lula da Silva was discharged from the hospital after an emergency brain surgery, and has resumed certain activities. The country has reduced the population living in poverty by almost nine million people and announced a more equitable tax system.



The Peruvian Congress censured Energy and Mines Minister Rómulo Mucho over Petroperú's management and delays in publishing the Small-Scale and Artisanal Mining Law, forcing his removal. The economy is growing steadily, recording its highest rate since early 2022. Following last month's rate cut, the Central Bank decided to maintain the interest rate at 5%. Meanwhile, President Dina Boluarte's approval remains stagnant, with 91% of Peruvians disapproving of her administration.

Ecuador's energy crisis is easing, with authorities announcing the suspension of blackouts starting December 20, although several industrial complexes will remain disconnected from the power grid for 15 days. Less than a month before the start of the electoral campaign, polls show President Daniel Noboa with a slight lead over candidate Luisa González. The economy is expected to contract sharply in the fourth quarter due to power outages, insecurity, and fiscal pressures. However, the country reached an agreement with the IMF for a \$500 million disbursement, signaling progress in the government's economic program.

The Colombian government is grappling with internal tensions and controversy as its key reforms face mixed outcomes in the legislature. The economy grew by 2% in the third quarter, falling short of expectations, while inflation continued its downward trend. In response, the Central Bank cut the interest rate to 9.75%. Private investment surged by 22.7%, but public deficit challenges persist.

Chile's legislature approved the creation of the Ministry of Public Security and the 2025 National Budget, prioritizing areas such as healthcare, education, and human rights, with a 2% increase in public spending. Inflation has risen and is projected to remain above 3% until early 2026. Additionally, economic growth forecasts for the end of 2024 have been revised downward. The government introduced a labor reform aimed at improving workers' conditions.

Argentina reported a monthly inflation rate of 2.4% in November, the lowest since July 2020, driven by a significant slowdown in food and non-alcoholic beverage prices. On the international stage, the government had a successful month, bolstered by Donald Trump's victory and meetings with leaders from key partner countries, including China, Brazil, France, and Italy. President Javier Milei has regained some of his lost popularity, though various socioeconomic groups remain in a precarious situation.

Brazilian President Luiz Inácio Lula da Silva was discharged from the hospital after undergoing emergency brain surgery and has resumed some activities. Before his hospitalization, he achieved three notable political victories: hosting the G20 in Rio de Janeiro, securing the EU-Mercosur agreement, and lifting nearly nine million people out of poverty. The government proposed extending income tax exemptions for lower wages, offset by increases for higher earners. Annual inflation rose in November, and unemployment reached its lowest level since 2012.



President Claudia Sheinbaum unveiled the Mexico Plan, aimed at boosting investments and strengthening domestic production. Meanwhile, tensions with Donald Trump are escalating as he threatens to impose 25% tariffs on Mexican imports, despite Mexico being the United States' top trading partner. The economy shows signs of stability, with the peso halting its depreciation against the dollar and strong indicators in inflation and social security enrollment. A 12% increase in the minimum wage for 2025 was announced, along with a raise in the Senior Citizens' Welfare Pension, which will exceed inflation.

Yamandú Orsi was declared Uruguay's president-elect after winning the runoff election. This marks the return of the Frente Amplio to power after five years of a center-right coalition. Prominent economist Gabriel Oddone was announced as the incoming Minister of Economy. Uruguay celebrated the historic preliminary free trade agreement between Mercosur and the European Union, while inflation has remained within the target range for 18 months. Additionally, starting in 2025, Uruguayan citizens will be able to travel to the United States visa-free for up to 90 days.



| PERU

POLITICAL CONTEXT

Congress censured Minister of Energy and Mines Rómulo Mucho, citing incompetence and negligence, which led to his removal from office. The decision arose amid criticism of Petroperú's management and delays in publishing the Small-Scale Mining and Artisanal Mining Law, despite progress in streamlining mining and energy investments under his tenure. Economist Jorge Luis Montero has taken over the position.

The legislature shelved a constitutional reform proposal that sought to allow immediate reelection of mayors and governors, maintaining the current rules for the 2026 elections. Additionally, bills were introduced to encourage political affiliation and simplify candidate selection processes.

At the 2024 CADE Executive Forum, private sector leadership was emphasized as crucial to closing socioeconomic gaps, given the public sector's underperformance. Central Reserve Bank President Julio Velarde forecasted 3% economic growth, suggesting that structural reforms could raise it to 5%. Meanwhile, former Colombian President Álvaro Uribe called for reducing political polarization and strengthening state capacity to address Peru's critical challenges.

ECONOMIC CONTEXT

The economy grew 3.2% in September, reaching a 3.8% expansion in the third quarter, the highest rate since early 2022, according to INEI. This growth is linked to the 2025 Public Budget, allocating S/ 251.801 billion to local and regional governments and prioritizing key areas such as security, infrastructure, healthcare, and education. Investments include road maintenance, health center upgrades, school and housing construction, housing subsidies, and projects in agriculture, sanitation, and defense.

The Central Reserve Bank reported 12-month inflation expectations slightly below 2.5% in November. It maintained the reference interest rate at 5%, citing the positive performance of most current indicators and expectations, following a reduction from 5.25% earlier in November.

Private investment, which was affected by political instability in 2023, is showing signs of recovery, with a projected growth of 2.3% by the end of the year. It is expected to increase by 4.1% in 2025, driven by major projects such as the Chancay Port or the Tía María mining project, with a possible record of over USD 50 billion in investments. Additionally, Proinversión expects to close the year with USD 8 billion in awards through public-private partnerships and projects in assets.

SOCIAL CONTEXT

In the third quarter of the year, the employed population grew by 0.9% in urban areas, 3.4% among people over 45 years old, 3.2% among those with university education, and 0.9% among men. In contrast, it decreased by 1% in rural areas and 0.2% among women. Additionally, employment increased by 5.3% in companies with 11 to 50 employees and 11.7% in the manufacturing sector, but contracted in other sectors such as agriculture, fishing, mining, and construction. As a result, the unemployment rate stands at 5.3%.

The Consumer Price Index (CPI) in Metropolitan Lima increased by 0.09%, with an annualized rate of 2.27%, driven by higher food, electricity, and domestic gas prices. Nationwide, the CPI rose by 0.07%, with housing and culture seeing the most significant increases. Meanwhile, construction material prices fell by 0.04%.

According to an IPSOS poll, 91% of Peruvians disapprove of President Dina Boluarte's administration, while only 4% express approval. This discontent extends to the executive branch, particularly the Ministers of Interior and Development and Social Inclusion. Furthermore, 86% of citizens believe the state of emergency in some Lima districts has not effectively addressed crime.



| ECUADOR

POLITICAL CONTEXT

Less than a month before the start of the electoral campaign, polls show Daniel Noboa, the current president, with a slight lead over Luisa González. The mandatory presidential debate will take place on January 19, lasting three hours. In addition, debates will be held for vice-presidential, national assembly, provincial, overseas, and Andean parliamentary candidates, although these are not mandatory.

The country continues to face an energy crisis due to drought and dependence on hydroelectric power. The government announced that blackouts would be suspended starting December 20, thanks to the recovery of generation capacity and the purchase of electricity from Colombia. However, it also reported that seven industrial complexes (two steel plants, two mining operations, and three cement factories) would be disconnected from the electrical grid for 15 days. Experts warn that the system's stability will depend on rainfall and the management of water resources.

Vice President Verónica Abad remains suspended for 150 days for abandonment of duties, leading to the appointment of Sariha Moya as acting vice president. Although Abad has pursued legal action, a pending protection lawsuit could determine her political future.

ECONOMIC CONTEXT

Ecuador reached a technical agreement with the IMF, enabling the disbursement of approximately USD 500 million as part of a USD 4 billion financial support package agreed upon in May 2024. This agreement reflects progress in the government's economic program, which focuses on structural reforms to strengthen macroeconomic stability, dollarization, fiscal sustainability, and protection for vulnerable sectors.

Despite some achievements, such as the doubling of international reserves and increased exports, the economy faces a projected 5% decline in the last quarter of 2024 due to insecurity, increased fiscal pressure, and energy shortages. The recession is expected to affect domestic consumption, with a 15% decrease in durable goods sales and stagnation in investment.

The government decided to maintain the VAT at 15% for 2025 to ensure revenue and fiscal stability amid economic and security challenges. Additionally, President Noboa is promoting the "Antipillos Law," which imposes a tax of up to 5% on used car purchases, a measure that has sparked legal doubts and criticism from the automotive industry.

SOCIAL CONTEXT

Insecurity continues to be a significant issue in the country, with varying levels of severity across regions. Puerto Bolívar, in the province of El Oro, has become a key point for illicit activities such as drug trafficking. According to authorities, criminal groups like Lobos, Lobos Vox, and Choneros use this strategic port to traffic cocaine to international markets, collaborating with Mexican cartels and European mafias. This criminal activity has intensified conflicts between organizations, resulting in 536 violent deaths in 2024.

Technological modernization in Ecuador's agriculture is transforming traditional practices through the use of agricultural drones. These tools, primarily used for crops like rice and bananas, enable efficient fumigation and fertilization, covering up to eight hectares per load depending on the crop type. Their implementation optimizes resources, reduces costs, and enhances productivity, offering a solution for both small and large producers. In cities like Guayaquil, Machala, and Quevedo, specialized companies provide equipment, training, and technical support, making this technology more accessible.



| COLOMBIA

POLITICAL CONTEXT

The appointment of former senator Armando Benedetti as presidential advisor has sparked criticism both outside and inside the Executive, due to his involvement in multiple scandals. Furthermore, Laura Sarabia, director of the Administrative Department of the Presidency, has been criticized by members of the ruling party, who have reported difficulties in communicating directly with the president.

Additionally, the selection of Miguel Polo Rosero for the Constitutional Court, following the emergence of an extra vote in the first round, raised concerns about the transparency of the process. Meanwhile, the UNGRD case, related to the inefficient management of disaster relief resources, has raised doubts about the handling of public funds.

In this context, the government prioritizes advancing its reforms. The reform to the General Participation System, which will grant greater economic autonomy to departments and municipalities, has been approved, although it faces fiscal challenges for implementation. The healthcare reform is still being debated in the Chamber of Representatives, and it is likely to continue into 2025. The labor reform, which is in its third debate in the Senate's Commission VII, has a limited deadline for approval, before June 2025. Finally, the financing law, the government's second attempt at tax reform, failed to advance in Congress, representing a significant setback for the administration.

ECONOMIC CONTEXT

The economy grew by 2% in the third quarter of 2024, a figure below market expectations. Growth was driven by sectors such as entertainment (14.1%) and agriculture (10.7%), but mining and manufacturing recorded significant declines.

The year-on-year inflation continued to decrease, reaching 5.2% in November, though it remains above the target set by the Bank of the Republic. In response, the bank decided to cut the interest rate to 9.75% in order to stimulate the economy. The unemployment rate also decreased, but it remains relatively high. Meanwhile, private investment grew by 22.7%, reflecting business confidence.

However, uncertainty about the fiscal situation persists, with the deficit potentially reaching 5.7% of GDP, as revenue has fallen due to the economic slowdown. Additionally, high public spending commitments due to social reforms are increasing pressure on public finances. In this regard, the reform to the General Participation System, and the corresponding increase in resources allocated to the regions, could further widen the deficit and affect economic sustainability.

SOCIAL CONTEXT

The electoral race for the 2026 presidential elections is beginning to take shape, with new contenders emerging, such as journalist Vicky Dávila, who has announced her candidacy. Her criticisms of the government have garnered attention from the right. Speculation also surrounds the potential resignations of ministers like Juan Fernando Cristo and Luis Gilberto Murillo, who might run for office.

Polls show a fragmented landscape. Sergio Fajardo and Claudia López lead preferences, though with small differences between the studies conducted by the National Consulting Center and Invamer. Fajardo receives between 13.4% and 10.5%, while López ranges from 10.9% to 9.7%. Vicky Dávila, still in the process of consolidating support, gets between 11.4% and 7.7% of the preferences.

Despite the time remaining until the elections, the government must act to reverse its current low popularity and achieve favorable results. The most recent Invamer poll shows that President Gustavo Petro's approval stands at 35.7%, while disapproval has risen to 59.9%, up from 58% in July 2024.



| CHILE

POLITICAL CONTEXT

The Congress approved the creation of the Ministry of Public Security, which will take over functions previously managed by the Ministry of the Interior, with the aim of strengthening police control and improving coordination in security matters. This move was highlighted as a bipartisan achievement.

A group of senators introduced a constitutional reform to address partisan fragmentation and restore public trust. The proposal includes setting a minimum threshold of 5% for entry into the Lower House and increasing transparency in party financing.

The Senate approved the 2025 Budget, prioritizing areas such as health, education, and human rights, with a 2% increase in public spending. The modernization of the notarial and registry system, including digitalization, public contests to appoint notaries, and measures against nepotism, was also approved. Meanwhile, the Executive proposed raising income taxes for individuals earning over 6 million pesos (approx. USD 6,120) per month.

In regional governor elections, independent candidates stood out by winning in seven regions, highlighting the importance of local leadership in decentralization. Internationally, Chile and China strengthened cooperation under the Belt and Road Initiative, anticipating key diplomatic events in 2025.

ECONOMIC CONTEXT

Economic growth projections for 2024 have been revised downwards by both the government and international organizations. The OECD forecasts a 2.4% expansion, while the IMF predicts 2.3%.

Regarding inflation, the National Statistics Institute reported an accumulated CPI of 4.7% as of November, with an annual increase of 4.2%. The IMF expects inflation to remain above 3% until early 2026 due to factors such as rising electricity tariffs and transportation costs.

This situation impacts the value of the Unidad de Fomento (UF), an inflation-dependent index used for loans, rentals, and contracts. In early December, the UF was at 38,324.11 pesos, and it is expected to rise to approximately 38,400.75 pesos (approx. USD 39) by the end of the month.

The Autonomous Fiscal Council warned that public debt could exceed 45% of GDP in the coming years. In response, the government has proposed budget cuts to achieve a Structural Balance of -1.9%. Additionally, a tax reform has been announced to redistribute the tax burden more equitably among large companies, SMEs, and citizens.

SOCIAL CONTEXT

The Chilean government presented a reform to Law 16,744, which regulates workplace accidents and occupational diseases, aiming to promote equity in the system by creating autonomous commissions and strengthening oversight. The reform also seeks to ensure that all workers have adequate coverage for work-related risks, improving their conditions.

A Cadem report highlighted the high approval ratings of Bomberos de Chile, the fire department, with 97% approval, followed by the Chilean Navy (79%) and Carabineros de Chile (77%), who have shown a notable recovery after low support in 2019-2020. In contrast, political institutions such as the Congress (17%) and political parties (13%) remain among the most unpopular, reflecting deep public distrust. The Police Investigations (PDI) saw a 7-point drop in approval.

President Gabriel Boric's popularity increased slightly, with a 3-point rise bringing his approval to 32%, while disapproval stands at 62%, according to Cadem. This marks a recovery in support levels to those seen prior to the Monsalve case scandal.



| ARGENTINA

POLITICAL CONTEXT

The last month was highly productive for the Argentine government on the international front. Donald Trump's victory provided a boost for Javier Milei's diplomatic strategy, with the Argentine president also accompanying the future U.S. president at the Conservative Political Action Conference (CPAC). During the event, Milei highlighted the achievements of his administration, such as the reduction in inflation.

Javier Milei met with other key leaders, including French President Emmanuel Macron and Italian Prime Minister Giorgia Meloni, strengthening relations with Europe. He also attended his first G20 summit, meeting with Presidents Lula da Silva and Xi Jinping. Brazil and China remain Argentina's key trading partners. Negotiations with Brazil were productive, resulting in an agreement to export gas from the Vaca Muerta field. Meanwhile, with China, Milei softened his critical stance, emphasizing the importance of maintaining constructive relations with the country, which also plays a significant role in the IMF.

Milei's popularity improved, according to Opina Argentina, regaining support lost between August and October. Over 50% of the population now views his leadership positively, highlighting the reduction in inflation and state austerity measures, despite their impact on vulnerable sectors.

ECONOMIC CONTEXT

The national monthly inflation rate for November was 2.4%, marking the lowest rate since July 2020. This result was below market expectations, which projected 2.8%. On a year-over-year basis, inflation accumulated 166%, while the increase so far this year reached 112%.

This result was influenced by a significant slowdown in food and non-alcoholic beverage prices, which rose by only 0.9%, while other sectors such as Education and Housing, water, electricity, gas, and other fuels saw increases of 5.1% and 4.5%, respectively. Services increased by an average of 4.4%, while goods grew by just 1.6%, showing a notable difference between the two categories. Core inflation rose by 2.7%, the lowest since September 2020. This index excludes regulated prices, which rose by 3.5%, and seasonal prices, which experienced a notable drop to 1.2%.

Inflation in the Autonomous City of Buenos Aires remained at 3.2% in November, unchanged from the previous month, according to the Buenos Aires City Statistics and Census Institute (IPCBA). As a result, the year-on-year rate decreased by 23.5 percentage points compared to October, standing at 177.4%.

SOCIAL CONTEXT

Despite the recent slowdown in inflation, various socio-economic groups continue to feel the effects of the significant increases recorded in recent years, particularly the high rates at the start of President Javier Milei's term.

One of the most affected groups are retirees, who have seen a significant loss of purchasing power. According to the Center for Public Policies (CEPA), between January and September 2024, 25.3% of the adjustments in state spending were due to the reduction in the real value of pensions and retirements.

In November, a monthly bonus of approximately USD 70 for those receiving the minimum pension was frozen, a crucial support for many. Furthermore, the government announced the elimination of the moratorium program starting next year, which allowed people to retire without having completed the required 30 years of contributions. This policy will have a significant impact, especially in a context of high informal labor in Argentina, leaving many workers without access to retirement benefits. The combination of these measures increases the economic vulnerability of retirees and presents additional challenges for social protection.



| BRAZIL

POLITICAL CONTEXT

After undergoing emergency surgery for a brain hemorrhage, President Lula da Silva was discharged from the hospital and resumed some activities, although he remains unable to travel internationally.

In Rio de Janeiro, the G20 Leaders' Summit took place, where Lula secured strong backing from 82 countries for the Global Alliance Against Hunger and Poverty, along with the inclusion of a tax proposal targeting major fortunes. The Summit adopted a Final Declaration with 85 points reflecting a consensus on three main issues defined by the Brazilian presidency: global governance reform, sustainable development, and the fight against hunger, poverty, and inequality.

Chinese President Xi Jinping met with Lula to strengthen bilateral relations, signing 37 agreements in areas such as agriculture, trade, investment, and infrastructure.

After 25 years of negotiations, the European Union and Mercosur reached a preliminary agreement on the Free Trade Agreement, aiming to eliminate most tariffs, creating a market of over 700 million consumers. Brazil will be the main beneficiary within the block, as 97% of its exports to the EU would be tariff-free. This could boost the national economy by 0.46% annually.

ECONOMIC CONTEXT

The government announced the exemption from income tax for individuals earning up to R\$ 5,000 (USD ≈824) per month, fulfilling a campaign promise by Lula da Silva. Currently, the exemption applies to those earning up to R\$ 2,824 (USD ≈465). To offset the increased spending, an increase in the tax rate for individuals earning more than R\$ 50,000 (USD ≈8,240) per month is planned. The proposal must be approved by Congress, and if implemented, it is expected to benefit 36 million taxpayers by 2026 when it would take effect.

Annual inflation rose to 4.87% in November, up from 4.76% in October, mainly due to higher costs for food and transportation. Meanwhile, unemployment dropped to 6.2% in the quarter ending in October, marking the lowest level since 2012, when the Brazilian Institute of Geography and Statistics (IBGE) began tracking this data.

Currently, there are 6.8 million unemployed individuals, representing a 17.2% decrease compared to 2023. This decline was driven primarily by growth in industry, construction, and other services.

SOCIAL CONTEXT

An IBGE study revealed a significant reduction in poverty in Brazil. In 2023, the percentage of the population living in poverty dropped from 31.6% to 27.4%, meaning 8.7 million people were lifted out of poverty, reaching the lowest rate since 2012. However, 59 million people remain poor, and 9.5 million are in extreme poverty, in a country with a population of 213 million.

Greenhouse gas emissions fell by 12% in 2023, marking the largest reduction in 15 years, primarily due to a decrease in deforestation in the Amazon, which dropped by 30%. However, emissions increased in other biomes, such as the Pantanal (86%) and the Cerrado (23%). At COP29, Brazil pledged to reduce emissions by 59% to 67% by 2035.

The country accounts for nearly 80% of dengue cases in the Americas, with 10 million infections and 5,870 deaths, showing a high fatality rate as 75% of the 7,900 patients diagnosed with severe dengue passed away.

The release of two new videos showing police violence sparked intense controversy, drawing attention to the actions of Brazil's security forces, which are among the deadliest in the world.



| MEXICO

POLITICAL CONTEXT

President Claudia Sheinbaum met with members of the Mexican Business Council to present the "Mexico Plan," which aims to encourage investments, boost national production, develop various infrastructure projects, and review the trade agreement with the United States and Canada (USMCA). The commitment to invest 25% of GDP, as in 2023, remains unchanged.

Following a threat from Donald Trump, the incoming president of the United States, to impose a 25% tariff on Mexican products, Sheinbaum stated that "one tariff will be met with another in response." According to the Ministry of Economy, the sectors most affected would include automotive and auto parts, electronics, medical equipment, agribusiness, and textiles.

Marcelo Ebrard, Secretary of Economy, announced "Operation Clean-Up" to combat the illegal entry of goods at ports and airports, in order to protect legally established industries within the country.

In the legislative arena, the Congress of the Union approved the elimination of seven autonomous agencies, with their functions being transferred to various federal government agencies. Proposals for labor reforms, such as reducing the weekly working hours from 48 to 40, remain on the agenda and will be debated starting next year.

ECONOMIC CONTEXT

After several months of depreciation, the Mexican peso has reached some stability in recent weeks, currently hovering around 20.20 pesos per dollar. According to the National Institute of Statistics and Geography, inflation ended November at 4.55%, the lowest level since March 2024.

The National Minimum Wage Commission agreed on a 12% increase to the minimum wage for 2025, raising it from 248.93 pesos to 278.80 pesos per day, equivalent to 8,364 pesos per month (USD ≈413). In the northern border region, the monthly wage will reach 12,594 pesos (USD ≈622).

The U.S. Census Bureau reported that, for the second consecutive year, Mexico has solidified its position as the United States' top trading partner, with exports to the U.S. totaling USD 424.4 billion by the end of October, followed by Canada, China, Germany, and Japan.

Following reforms to the Federal Rights Law, starting January 1, 2025, all tourists and foreign visitors arriving in Mexico on cruise ships will be required to pay a fee of USD 42, aimed at improving immigration control and increasing tax revenues.

SOCIAL CONTEXT

The Executive announced that the " Well-Being Pension for Seniors" program will see an increase in 2025, above the inflation rate. Currently, the bi-monthly allocation is 6,000 pesos (USD ≈297).

According to the Mexican Institute of Social Security (IMSS), 24,696 new formal jobs were created in November. This marks a record with over 22.6 million jobs registered with the IMSS, 86.6% of which are permanent, and 13.4% are temporary.

The Secretariat of Security and Civil Protection reported the seizure of over one ton of fentanyl in the state of Sinaloa, with an estimated market value of USD 400 million. President Sheinbaum dismissed the possibility of U.S. military intervention in Mexico to combat organized crime.

Sheinbaum will engage in talks with her future counterpart, Donald Trump, to ensure the continuation of the immigration agreement established with President Biden, aiming to ensure that the mass deportations planned by the Republican president are carried out directly to countries of origin, without passing through Mexico.



| URUGUAY

POLITICAL CONTEXT

Yamandú Orsi was proclaimed the elected president of Uruguay for the 2025-2030 term, after winning the second round with 49.8% of the votes cast. Álvaro Delgado, from the National Party, received 45.9%. In this way, the left, through the Broad Front, returns to power after five years of a center-right coalition. Voter turnout was 89.5%, considering that voting is mandatory.

Orsi consolidated his leadership in urban and peripheral areas, such as Montevideo (56.12%) and Canelones (53.89%), while Delgado achieved notable results in rural departments, such as Rivera (60.64%) and Flores (59.04%).

The future president promised to govern with unity and emphasized the importance of dialogue to build a more integrated society. He expressed his commitment to a democratic country where no one is left behind economically, socially, or politically, and acknowledged those who did not vote for his party, stressing the need to join forces to build a better Uruguay.

Álvaro Delgado accepted his defeat with a conciliatory message, congratulating Orsi and the Broad Front. He reaffirmed his respect for the citizens' decision and thanked his followers and allies, in remarks that reflected a political landscape marked by institutional respect and the pursuit of national unity.

ECONOMIC CONTEXT

The renowned economist Gabriel Oddone was announced as the Minister of Economy in the new administration. Oddone was the primary economic advisor to Yamandú Orsi and describes himself as a "left-wing liberal." His goal is to achieve greater integration of the country into the global economy, strengthen the social protection system, and address fiscal and exchange rate issues.

Uruguay hosted the 65th Mercosur Presidential Summit, where a preliminary agreement was reached on the text of the Free Trade Agreement with the European Union, a significant advancement in regional trade policy. Argentina assumed the Pro Tempore presidency after Uruguay's six-month term.

The Consumer Price Index (CPI) was 0.36% in November, with an annual variation of 5.03%, maintaining the government's target for a year and a half. The future president committed to continuing to control inflation and even reducing the target range set by monetary authorities. Transportation costs were the segment with the highest increase, rising by 1.72% due to the appreciation of the dollar.

A study by the Economic Research Center revealed that the number of Uruguayans traveling to Argentina for shopping has decreased over the last year, due to the reduction in the exchange rate gap, which is the lowest since 2019.

SOCIAL CONTEXT

The Ministries of the Interior and Social Development signed an agreement to promote the social and labor reintegration of incarcerated individuals through tools that enhance the reintegration process for those completing their sentences and seeking a fresh start. The Minister of the Interior, Nicolás Martinelli, stated that security is built by eliminating the root causes of crime, and that it is essential to ensure education, work, and dignity.

The Ministry of Housing reported an increase in the demand for shelters for women victims of domestic violence in November. Montevideo leads the requests for assistance, reflecting a persistent issue in social dynamics.

The exodus of students and teachers from rural areas to the capital continues to pressure the urban system, creating imbalances in educational quality and presenting challenges in terms of access and continuity.

Starting in 2025, Uruguay will join Chile as the only Latin American countries whose citizens will be able to enter the United States without a visa. This agreement is part of the Visa Waiver Program, which allows travel for tourism or business for up to 90 days.



| EUROPEAN PERSPECTIVE FOR LATIN AMERICA

EU AND MERCOSUR: A HISTORIC AGREEMENT PENDING RATIFICATION

The European Union and Mercosur reached a trade agreement that could become one of the largest free trade zones in the world, encompassing over 700 million people. This deal, which has been under negotiation for 25 years, aims to deepen trade and political relations between both regions. It includes significant commitments to stop deforestation by 2030 and aligns its objectives with the Paris Agreement, making it a model for future international agreements.

However, the treaty is not yet finalized. Ratification is required in both the Mercosur countries and the EU member states, presenting a significant political challenge. In Europe, sectors such as agriculture and certain countries, including France and Austria, have shown strong opposition. On the other hand, the agreement opens important opportunities for European industries, particularly German ones, which see the bloc as a way to revitalize their export economy amid global uncertainty.

ANTI-DEFORESTATION LAW: DELAY IN IMPLEMENTATION, BUT NO KEY CONCESSIONS

The EU's new anti-deforestation regulation, designed to ensure imports do not contribute to global deforestation, will come into effect on December 30, 2025, a year later than initially planned. This decision responds to pressures from trade partners such as Brazil and the U.S., as well as from European business sectors that requested more time to adjust. However, efforts by the European People's Party to introduce broader changes, such as classifying certain countries as "low-risk" to ease due diligence requirements, were rejected in the final negotiations.

While the European Commission has promised to review the regulation in 2028 to simplify its implementation, the current consensus highlights the importance of coherent action on climate change. The clarity of the updated requirements and timeline provides companies with a predictable framework to comply with this key legislation.

GLOBAL GATEWAY DRIVES STRATEGIC PROJECTS IN LATAM

The EU Council has updated its list of flagship projects under the Global Gateway initiative, which will mobilize up to 300 billion euros between 2021 and 2027. Latin America plays a prominent role in this scheme, with initiatives such as large-scale green hydrogen production in Argentina, the development of electrical interconnections that will strengthen energy infrastructure across the region, and the implementation of advanced solar technologies to promote the energy transition. These projects aim to drive sustainability and economic growth, aligning with the goals of the European Green Deal.

In addition to economic benefits, these initiatives are designed to strengthen the EU's strategic partnerships in a key region. According to the Council, each project is expected to reach tangible milestones by 2025, demonstrating the EU's commitment as a partner in addressing global challenges, including the growing influence of China in developing countries.

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For more information, please contact:



CARMEN SÁNCHEZ-LAULHÉ

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

csanchezlaulhe@atrevia.com



MIGUEL ÁNGEL LÓPEZ

VP ATREVIA LATAM
(Peru & Southern Cone)

malopez@atrevia.com



SPAIN PORTUGAL BRUSSELS ARGENTINA BOLIVIA BRAZIL CHILE COLOMBIA
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