

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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JANUARY 2025

## **Latin America enters 2025 with expectations following a relatively positive year in economic terms**

The macroeconomic figures at the close of the year were generally positive across the region. Regarding inflation, one of the key challenges of recent years, several countries reported encouraging data.

This is particularly the case in Argentina, where annual inflation dropped by 44.5% compared to 2023, marking one of Javier Milei's greatest achievements in his first year in office. In a similar vein, Claudia Sheinbaum completed her first 100 days as president of Mexico with the lowest inflation in the last four years.

In Uruguay, the indicator remained within the target range for the second year in a row, with the added highlight of the beginning of the power transition to the elected president, Yamandú Orsi, who will take office on March 1. The upcoming elections in Ecuador will decide whether there will also be a transition or if Daniel Noboa will continue, in a very challenging economic context.

Peru and Brazil share similar situations. In Peru, despite strong growth, employment, and inflation data, the public holds a very negative view of President Dina Boluarte. Meanwhile, in Brazil, the historically low unemployment rate and a significant increase in GDP have not prevented a decline in the popularity of Luiz Inácio Lula da Silva.

On the legislative front, key reforms are being debated in Chile: one related to the electoral system to reduce parliamentary fragmentation, and another concerning the pension system. In Colombia, 2025 is expected to be an intense year in this regard, as the lack of a solid coalition in Congress has hindered the approval of several reforms presented and discussed throughout 2024.

Regarding the trade agreement between the European Union and Mercosur, the next step will be to define its ratification model, with several options depending on subsequent negotiations.





The Central Bank of Peru raised its economic growth projection for 2024 to 3.2%. Furthermore, after registering an inflation rate of 2% in December, the bank reduced the interest rate by 25 basis points, bringing it to 4.75%. In addition, the employed population in Metropolitan Lima grew by 5.2% compared to the previous year. However, according to an opinion poll, no public figure was seen as positive in 2024, with President Dina Boluarte being identified as the most negative figure of the year. Additionally, 69% rated 2024 as bad, and 68% believe 2025 will be the same or worse.

The electoral campaign in Ecuador began ahead of the elections scheduled for February 9. Polls show an uncertain scenario, with current President Daniel Noboa and left-wing candidate Luisa González leading the race. Annual inflation closed 2024 at 0.53%, the lowest since 2021, after three consecutive months of deflation recorded up to December. Despite having overcome the energy crisis for now, the economic situation remains difficult: GDP contracted by 1.5% in the third quarter, and there was a significant loss of jobs. This context, along with rising violence, is driving increased emigration.

The complex dynamics between the Executive and Legislative branches in Colombia shaped politics in 2024. Only two key reforms from the government agenda—pension reform and the General System of Participation—were approved, while the future of health, labor, justice, and agrarian jurisdiction reforms will be decided in 2025. The economy closed the year with moderate growth, but inflation has gradually approached the target range set by the Bank of the Republic, enabling continuous interest rate cuts. The agreements reached under the framework of the "Total Peace" initiative, although still in place, face significant obstacles and risks.

The Chilean legislature is debating key reforms, such as the electoral reform, which would establish a 5% threshold for parties to gain access to Congress, and the pension system reform, which would increase the minimum pension and reformulate the contribution system. The minimum wage rose by 2.1%, reaching 510,500 pesos (USD ≈507), and exports registered a historic result. Minister of National Assets, Marcela Sandoval, was dismissed following controversy over the failed purchase of Salvador Allende's house. In addition to the creation of the Ministry of Security, 63 laws have been passed in this area, reflecting the public's growing concern about this issue.



Javier Milei marked one year as president of Argentina with rising popularity, driven by accomplishments such as achieving a fiscal surplus and controlling inflation. Regarding the latter, annual inflation closed 2024 at 118%, a reduction of 44.5% compared to the previous year. Moreover, it is expected to continue its deceleration, potentially reaching 25% in 2025, which would mark its lowest level in 8 years. However, the poverty rate, despite recent improvements, and the purchasing power of families remain significant social issues.

Brazilian President Lula da Silva is recovering from a brain hemorrhage while preparing a plan for the 2026 elections, aiming to counter the decline in his popularity. The Federal Police arrested Walter Braga Netto, former minister under Jair Bolsonaro, accused of allegedly participating in the 2022 attempted coup. Annual inflation reached 4.83% at the close of 2024, exceeding the Central Bank's target ceiling. Unemployment dropped to 6.1%, a historic low, and the government announced a 7.5% increase in the minimum wage for 2025.

Claudia Sheinbaum marked 100 days as president of Mexico, highlighting the first achievements of her administration, such as the judicial reform, the continuation of social programs, and the reorganization of the administration. The general minimum wage increased to 8,364 pesos per month (USD ≈408), and annual inflation stood at 4.21% in 2024, the lowest level in the past four years. However, employment recorded a negative monthly variation, possibly driven by the victory of Donald Trump and its potential commercial repercussions.

In Uruguay, the power transition has begun. Elected President Yamandú Orsi will take office on March 1 and has already announced the members of his future government. Inflation closed 2024 at 5.49%, marking the second consecutive year within the target range, and the new government has committed to continuing the current monetary policy. Exports grew by 13% compared to 2023, thanks mainly to sales of cellulose and soybeans. On the other hand, the rise in violence, particularly in Montevideo, is a growing concern.



## | PERU

### POLITICAL CONTEXT

President Dina Boluarte was named the most negative figure of the year by 56% of respondents in an opinion poll conducted by Datum Internacional. Additionally, the president has recently been involved in a controversy regarding surgery she underwent in 2023, which allegedly prevented her from carrying out her duties for several days. Boluarte explained that the surgery was medically necessary, not aesthetic, rejected the accusations—which she links to attempts at destabilization—and reiterated her willingness to cooperate with investigations.

In this context, no public figure was considered positive by 48% of those surveyed. Furthermore, 69% rated 2024 as a bad year, and 68% believe that 2025 will be equally or more difficult. Insecurity and the economy are the main concerns for Peruvians, highlighted by approximately one-third of respondents in each case.

On another note, the Executive approved an increase in the Minimum Wage (RMV) from S/ 1,025 to S/ 1,130 (USD ≈298) starting in January 2025. This will affect labor benefits such as bonuses, Severance Compensation (CTS), and family allowances.

### ECONOMIC CONTEXT

The Central Reserve Bank (BCR) revised its economic growth projection for 2024 upwards, from 3.1% to 3.2%. This adjustment is driven by various favorable indicators. According to BCR President Julio Velarde, the results are encouraging thanks to strong demand that underpins optimism.

After the revision, primary GDP growth in 2024 is expected to be 3.4%, while non-primary GDP (industry, manufacturing, and services) will stand at 3.1%. Despite this slight adjustment, the projection for a 3% expansion in the economy remains for 2025. A particularly positive performance is anticipated in primary sector activities such as fishing.

The BCR highlighted the recovery of seasonally adjusted GDP in the third quarter, with a growth of 1.2% compared to the previous quarter, exceeding the figure for the end of 2019. Additionally, business expectations remain optimistic, with greater confidence over the next 12 months than in the short term.

The monetary authority reduced the interest rate by 25 basis points to 4.75%, a neutral level, as it is expected to have no short-term impact on economic activity. This decision reflects the stability of inflation, which stood at 2% annually in December, and aims to maintain price stability with favorable projections for 2025.

### SOCIAL CONTEXT

In Metropolitan Lima, the Consumer Price Index (CPI) closed 2024 with a 1.97% increase, averaging a monthly rise of 0.16%. The largest increases occurred in categories such as food, alcoholic beverages, transportation, education, and restaurants.

In the moving quarter that ended in November, the employed population in the capital reached 5.56 million people, marking a 5.2% increase compared to the same period in 2023. Male employment grew by 6.1%, while female employment rose by 4.1%. The employment rate increased by 9.9% among those over 45, but declined by 3.9% among those under 25. Consequently, the unemployment rate stood at 5.7%, adequate employment increased by 11.1%, and monthly income saw a 7.9% rise.

Among other topics, 75.6% of teenagers aged 14 to 17 dedicated themselves exclusively to studying, showing an increase compared to the previous year. 90% of young people aged 6 to 17 accessed the internet via mobile phones. 95.1% of minors under 18 had some form of health insurance, while 17.7% reported chronic health issues, of which 68% sought medical attention.



## | ECUADOR

### POLITICAL CONTEXT

The campaign for the elections scheduled for February 9 officially began, marked by the contest between current President Daniel Noboa and the correísta Luisa González. The polls show some uncertainty: Noboa leads González in Comunicaliza (36.1% vs. 29.7%) and Cedatos (29.7% vs. 20.1%). However, González is ahead in the surveys by Negocios & Estrategias (40% vs. 34%) and Telcodata (47% vs. 42%). Leonidas Iza remains in third place with less than 5%. The presidential debate on January 19 will be crucial to influence undecided voters.

On January 12, the first vice-presidential debate took place, with 14 of the 16 candidates participating, as Galo Moncayo (PSP) and María José Pinto (ADN) did not attend. The participants discussed issues such as the role of the vice presidency, security, the economy, and social development.

The conflict between President Daniel Noboa and Vice President Verónica Abad continues. Abad has questioned decrees she considers unconstitutional, including the appointment of Cynthia Gellibert as acting president. These decisions have been criticized by the National Assembly and legal experts, while the Constitutional Court is evaluating their legality, which could have implications for the political and electoral dynamics.

### ECONOMIC CONTEXT

Monthly inflation was -0.99% in December, driven by a decrease in the prices of essential services such as electricity, and marked three consecutive months of negative figures, according to the National Institute of Statistics and Censuses (INEC). As a result, annual inflation closed 2024 at 0.53%, the lowest since 2021. Despite the decrease, categories such as transportation and food saw significant increases.

The GDP contracted by 1.5% in the third quarter of 2024. The decline in key activities such as construction, oil and shrimp exports, and lower public spending explain this setback. However, sectors like fishing, aquaculture, and real estate activities showed growth.

The labor crisis worsened due to power outages, resulting in the loss of 249,000 jobs. As of November 2024, the country had 132,000 fewer jobs than in 2023, which has sparked criticism for the lack of government action and underscored the urgency of clear proposals from presidential candidates.

The lack of an agreement with the United States leads to annual losses of USD 250 million due to tariffs, affecting the competitiveness of exports. However, the start of Donald Trump's administration and tools like the IDEA Act present opportunities to improve these conditions.

### SOCIAL CONTEXT

Durán closed 2024 with a rate of 145 homicides per 100,000 inhabitants, becoming the most violent city in the Americas. The increase in violence is linked to three criminal gangs: Chone Killers, Latin Kings, and Águilas, who are fighting for control of territories related to activities such as drug trafficking and contract killings. The police have identified critical areas where these organizations operate and have reported that the gangs are taking over homes to store weapons and drugs, displacing residents through threats.

In January 2025, violence persists, with 22 homicides recorded, including 12 in a single weekend. Human Rights Watch highlighted in a report that, amidst the escalation of violence, security forces have violated human rights by committing extrajudicial executions, torture, and arbitrary detentions. The report also pointed to the rise in kidnappings and extortions, with a third of Ecuadorians reporting having been victims of crime.

HRW's report criticizes the weakness of institutions and the high level of impunity, with a judicial system marked by corruption and the insecurity of judges and prosecutors. Additionally, it mentions the severe humanitarian crisis, with thousands of Ecuadorians emigrating due to insecurity and poor economic conditions.



## | COLOMBIA

### POLITICAL CONTEXT

December closed a year of contrasts in the dynamic between the government and Congress. In the first quarter, reforms in health and education were rejected, marking a setback for the executive. In the second quarter, the 2025 budget, along with political and tax reforms, were shelved, prompting the government to unilaterally implement certain measures. However, toward the end of the year, the pension reform and the General System of Participation reform were approved, though the latter only received presidential backing at the end of the process.

During extraordinary sessions, Congress concluded debates on the healthcare reform, which will be addressed in the Chamber in February and continued in the Senate, alongside labor, justice, and agrarian jurisdiction reforms.

The absence of a solid coalition and fluctuating support in the Senate led to a legislative effectiveness of 33% in the first legislative periods, dropping to 10% in the third. Only seven bills were passed, two of which were government-driven. Additionally, corruption scandals, such as the one involving the UNGRD, weakened the president's governability until the end of the year and paved the way for the emergence of new opposition figures, like Vicky Dávila, who began to position themselves for the 2026 presidential elections.

### ECONOMIC CONTEXT

The economy grew moderately in 2024, with GDP increasing between 1.6% and 1.9%, according to different estimates. While this was an improvement over 2023, it still represented a slowdown compared to previous years. Sectors such as industry and construction showed negative figures, affected by the elimination of subsidies for programs like "Mi Casa Ya."

The labor market showed mixed signals: the national unemployment rate slightly decreased to 10.2%, but urban unemployment rose to 9.5% in October. Foreign Direct Investment also had a less-than-ideal year, with net inflows of USD 1.084 billion in the second quarter, equivalent to 1% of quarterly GDP, but declining compared to previous periods.

Inflation closed 2024 at around 5%, nearing the target set by the Bank of the Republic. This allowed for a gradual reduction in interest rates to 9.25%, aiming to stimulate the economy without compromising price stability.

The minimum wage for 2025 increased by 9.54%, reaching COP 1,423,500 (USD ≈328), with an additional transportation subsidy of COP 200,000 in many cases. Regarding the local currency, the U.S. dollar exceeded COP 4,400, surpassing initial expectations.

### SOCIAL CONTEXT

The government's "Total Peace" process also closed a year marked by both achievements and challenges. Ceasefire agreements were reached with groups like the ELN and FARC dissidents, but their implementation faced issues such as the fragmentation of armed organizations and the disruption of illegal activities. The ELN's influence grew by 56%, reaching 232 municipalities, while the FARC dissidents increased from 124 municipalities in 2019 to 234 in 2024. The Gulf Clan, with an 84% increase, now operates in 392 municipalities, consolidating its presence in 24 departments.

Despite a year having passed since the ceasefire agreement with the ELN and the extension of the one with the Estado Mayor Central (EMC), limited resources and the persistence of violence in territories hindered progress. The implementation of the 2016 Peace Agreement has been slow, with improvements in the comprehensive rural reform, but still insufficient to protect vulnerable communities.

In terms of popularity, President Petro closed the year with a 34% approval rating and a 60% disapproval rating. The ongoing corruption scandals and the increase in massacres present significant challenges for consolidating an effective peace agenda in 2025.



## | CHILE

### POLITICAL CONTEXT

The electoral system reform, which would establish a 5% threshold for parties to enter Congress, is currently under debate. The measure aims to reduce parliamentary fragmentation and the proliferation of small parties but has been criticized for potentially limiting pluralism and excluding minority sectors.

The legislature is also discussing the government's pension reform, which proposes raising the Guaranteed Universal Pension to CLP 250,000 (USD ≈248), increasing the contribution rate by 6% with public management, and transforming the pension fund administrators (AFPs) for greater efficiency and equity. Disagreements persist regarding the additional 6%: the government suggests a mixed scheme, while the opposition prioritizes personal savings. Progress includes generational funds and limits on fees, but consensus is still lacking.

President Gabriel Boric called for the resignation of Marcela Sandoval, Minister of National Assets, after the controversy over the failed purchase of Salvador Allende's house, intended to become a museum. The operation was canceled when it was revealed that one of the co-owners was Maya Fernández, Minister of Defense, leading to conflicts of interest. The government attributed her departure to political responsibility. The Allende family defended its integrity, while the opposition called for a review of the continuity of the involved authorities. Undersecretary Sebastián Vergara will assume the position on an interim basis.

### ECONOMIC CONTEXT

Exports recorded a historic result. Between January and November, services reached a volume of USD 2.518 billion, reflecting an 18% increase compared to the same period in 2023, surpassing the total for that year. Goods exports totaled USD 90.741 billion, 4.7% higher than the previous year, with copper, fresh fruit, and organic food products standing out.

However, Chile dropped to 11th place in The Economist's OECD economic performance ranking, reflecting the ongoing challenges in competitiveness. Nonetheless, the Monthly Economic Activity Index showed a year-on-year growth of 2.1% in November, driven by services, mining, and agriculture.

Starting in January 2025, the "anti-evasion law" introduces a daily interest calculation on tax debts, encouraging tax compliance. In the labor sector, the minimum wage rose by 2.1%, reaching CLP 510,500 (USD ≈507).

The proposed income tax reform seeks to increase contributions from high-income individuals, which will allow for a reduction in the corporate tax burden, aiming to balance fiscal equity and promote economic development.

### SOCIAL CONTEXT

In his year-end message, President Gabriel Boric called for unity, highlighting the pension system reform, the Educational Reactivation Plan, and the recovery of community spaces. He also celebrated progress in the forgiveness of the State Guarantee Credit (CAE) and the fight against drug trafficking.

One of the most significant social issues was the increase in the minimum wage as part of a plan to protect workers' purchasing power amid inflation. This increase is particularly important in the context of growing concerns about the cost of living, though there is still uncertainty about its potential impact on small and medium-sized enterprises.

The foreign population grew by 4.5% in 2023, reaching 1,918,583 people, according to a government study. The calculation of this figure, necessary for improving public policy planning, was criticized by the opposition for including individuals in an irregular situation, reigniting the migration debate.

The new Ministry of Security has promised a comprehensive approach to organized crime. The government highlighted the approval of 63 laws related to the issue, reflecting significant legislative progress. However, citizens' perception of security remains an ongoing challenge.





## | ARGENTINA

### POLITICAL CONTEXT

One year into Javier Milei's presidency, a significant portion of the population appears to have regained confidence in his administration. According to a survey conducted by Argentina Opina in December, 53% of respondents view the president positively, a 4-point increase from the previous month. However, internal tensions within the executive branch have become evident. Vice President Victoria Villarruel, increasingly distanced from the core of the government, has ceased to participate actively in cabinet meetings, positioning herself in a state of political isolation. Moreover, her popularity has sharply declined, making her the least favored official within the ruling party.

The government closed the year with a notable achievement: a fiscal surplus, according to official data, one of the objectives set during the presidential campaign. It also announced plans to further reduce public spending in 2025, eliminate certain taxes, and suspend new hires in the public administration starting in January.

These measures contrast with a contentious increase in senators' gross salaries, which sparked outrage in various sectors. Additionally, a controversial episode occurred when a senator was arrested attempting to enter Paraguay with USD 211,000 in undeclared cash.

### ECONOMIC CONTEXT

Annual inflation closed 2024 at 118%, a decrease of 44.5% compared to the previous year. In December, prices rose by 2.7%, showing a slight rebound from November. While inflation remains high, the outlook for 2025 points to a further slowdown, with an estimated 25% annual rate, which would be the lowest in eight years.

The government set the Minimum Vital and Mobile Wage (SMVM) increase by decree due to a lack of consensus in the Salary Council, which includes various labor representatives. The new value was set at ARS 279,718 (USD ≈268), representing a 5.5% increase compared to the last update in October.

The decree sets monthly SMVM increases until March, when the wage will reach ARS 296,832 (USD ≈285). However, these figures are far from covering the basic family basket cost. According to data from the National Institute of Statistics and Census, a household composed of two adults and two children requires ARS 439,240 (USD ≈422) to avoid indigence and ARS 1,001,466 (USD ≈962) to stay above the poverty line. Notably, the Total Basic Basket price saw a 102% annual increase by November.

### SOCIAL CONTEXT

The latest reports on the country's social situation reveal the direct effect of devaluation, inflation peaks, and recession on labor and poverty indicators. Although the second half of the year saw some improvement due to inflation slowdown, employment has yet to recover from the losses incurred during the economic restructuring process. Furthermore, the purchasing power of wages experienced a significant decline that has not been compensated as of yet.

A study by the Ministry of Human Capital showed that, in the third quarter, poverty decreased to 38.9%, compared to 52.9% in the first quarter. The decline was attributed to the slowdown in inflation and the strengthening of social programs such as the Universal Child Allowance.

Based on the same data, a report from the Social Debt Observatory of the UCA concluded that, "the population living in poverty is at levels similar to those of the third quarter of 2023 (38.6% in 2023 and 38.9% in 2024)." According to the director of the observatory, Agustín Salvia, "the drastic decrease is mainly due to the slowdown in price increases and the relative growth in the purchasing power of wages in the middle sectors."



## | BRAZIL

### POLITICAL CONTEXT

President Lula da Silva is recovering after suffering a brain hemorrhage and undergoing two surgeries, from which he emerged without physical or neurological sequelae. His popularity, at 79 years old, has been declining according to surveys, prompting him to prepare changes in his cabinet ahead of a potential reelection bid in 2026.

The Federal Police of Brazil arrested Walter Braga Netto, former minister of Jair Bolsonaro and former Army general, for allegedly interfering in investigations accusing him of involvement in a plan to prevent Lula from assuming his third term in 2022. Braga Netto was Bolsonaro's vice-presidential candidate in 2022 and served as Minister of Defense during his administration.

Supreme Federal Court Minister Flávio Dino authorized the release of R\$ 370 million (USD ≈61 million) in funds for the government to meet the constitutional minimum health expenditure requirement, an amount deemed essential by the Advocacy General of the Union (AGU). Of the total, R\$ 40.5 million comes from the Senate, and R\$ 330 million from the Chamber of Deputies. The health committees must confirm the allocation by March 31, or the funds will be canceled.

### ECONOMIC CONTEXT

Annual inflation closed 2024 exceeding the target ceiling of 3% (with a tolerance margin of 1.5 points), reaching 4.83%. This was primarily due to the rise in the dollar and commodity prices, alongside the accelerated growth of the economy. The Central Bank reported a 3.3% increase in GDP until the third quarter of 2024, projecting 3.5% growth for the entire year.

The government approved a savings plan to cut expenses and fulfill its electoral promise to the middle class. Initially, the fiscal adjustment was expected to reach nearly USD 12 billion for 2025 and 2026. However, changes introduced by congress members, mainly supporters of Jair Bolsonaro, reduced the final figure. The approval came after weeks of financial uncertainty, with the dollar hitting a historic record of 6.27 reais.

Brazil's states announced an agreement to raise the Goods and Services Circulation Tax (ICMS) from 17% to 20% on international purchases, effective from April 1, 2025. This measure was adopted to increase state revenue amid the rising demand for imported goods and to balance competition with domestic products, promoting the consumption of products made in Brazil.

### SOCIAL CONTEXT

Unemployment fell to 6.1% in the quarter ending in November, maintaining its lowest historical level, according to the Brazilian Institute of Geography and Statistics (IBGE). This is the second consecutive time the country has reached this low since the historical series began in 2012. Previously, the lowest rate was in December 2013, at 6.3%.

Currently, 6.8 million people are unemployed, while the employed population reached 103.9 million, a historical record representing a 3.4% growth year-on-year. Notably, employment in the transportation, storage, and logistics sectors increased, driven by the growth in online sales.

The federal government set the minimum wage for 2025 at R\$ 1,518 (USD ≈251), an increase of R\$ 106 (USD ≈17.5) from 2024, equivalent to a 7.5% rise. This adjustment is based on the 2023 law on minimum wage appreciation, updated by the new plan approved in December 2024. The new rule maintains annual adjustments according to inflation measured by the INPC but limits the real gain to a range between 0.6% and 2.5%.



## | MEXICO

### POLITICAL CONTEXT

President Claudia Sheinbaum Pardo celebrated her first 100 days in office, highlighting the continuity of social programs implemented by former President Andrés Manuel López Obrador, such as the pension for senior citizens. She also emphasized the approval of several constitutional reforms, including those regarding the Judiciary, the elimination of decentralized public agencies, and the creation of new entities such as the Secretariat of Science, Humanities, Technology, and Innovation, the Secretariat of Anticorruption, and the Agency for Digital Transformation and Telecommunications, among other actions.

The president, along with the Advisory Council for Regional Economic Development and Relocation (CADERR), composed of 15 entrepreneurs from various sectors, presented Plan Mexico. This project aims to boost the development of the automotive, aerospace, and electronics sectors, as well as attract investment into the Well-being Development Poles.

Donald Trump, the incoming president of the United States, stated that Mexico is “controlled by drug cartels” and labeled it a “very dangerous” country due to the dominance of criminal groups. These statements serve to justify his warning to classify Mexican cartels as terrorist organizations, as well as the possible imposition of a 25% tariff on Mexican products and the renegotiation of the trade agreement between Mexico, the United States, and Canada (USMCA).

### ECONOMIC CONTEXT

The National Institute of Statistics and Geography (INEGI) reported that the annual general inflation rate was 4.21% in 2024, its lowest level in the past four years. As a result, the Unit of Measurement and Update (UMA), which determines fines, taxes, and mortgage credits, will increase by 4.21% starting in February, reaching 113.14 pesos daily.

Meanwhile, the general minimum wage for 2025 will be set at 278.80 pesos per day, equivalent to 8,364 pesos monthly (USD ≈408). In the free border zone, it will be 419.88 pesos daily, or 12,596.40 pesos monthly (USD ≈615). These increases will benefit 8.9 million workers, representing 40% of the 22.6 million registered with the Mexican Institute of Social Security (IMSS).

According to figures from IMSS, 405,259 formal jobs were lost in December, showing a monthly variation of -1.8%. The Secretary of Economy, Marcelo Ebrard, attributed these unemployment figures to the uncertainty generated by the elected U.S. President Donald Trump, particularly with respect to trade and tariff policies.

Regarding the exchange rate of the Mexican peso, it has remained relatively stable since the beginning of the year, especially when compared to the previous period marked by a significant depreciation against the dollar.

### SOCIAL CONTEXT

The Secretary of Security and Citizen Protection, Omar García Harfuch, presented a report on the progress of the Security Strategy during the first 100 days of Sheinbaum's government. He highlighted that, from January 2018 to December 2024, intentional homicides decreased by 18.3%, and gunshot injuries fell by 19.7%. However, robbery with violence registered a 10.6% increase.

Furthermore, during the first three months of the current administration, 7,720 individuals have been arrested for various serious crimes. Additionally, 66 tons of drugs have been seized, including 1,668 kilos of fentanyl, and 3,600 firearms have been confiscated nationwide.

In this context, the Communication Council will allocate a budget of 300 million pesos to promote the campaign “Stay Away from Drugs. Fentanyl Kills” through digital media, radio, television, print media, events, and transportation systems to prevent synthetic drug use among adolescents and young people in secondary and high school institutions, aiming to reach 11.8 million young individuals.



## | URUGUAY

### POLITICAL CONTEXT

The power transfer process began following the elections held last October. Yamandú Orsi, from the Broad Front, will assume the presidency on March 1, succeeding the center-right government of Luis Lacalle Pou. The transition is characterized by the willingness of both parties to collaborate.

The president-elect has already announced the members of his future cabinet, following intense negotiations with the various sectors within the Broad Front. The composition of the new government seeks to balance sectoral expectations and gender representation, with five female ministers and nine male ministers.

Among the most notable appointments are: Carolina Cosse, former mayor of Montevideo, who will take on the vice presidency; Gabriel Oddone, a well-known economist, who will lead the Ministry of Economy and Finance; Carlos Negro, a prosecutor, who will become the new Minister of the Interior; Cristina Lustemberg, a pediatrician, who will head the Ministry of Public Health; and Mario Lubetkin, a journalist with a long career at FAO, who will assume the role of Minister of Foreign Affairs.

Yamandú Orsi expressed his intention to maintain macroeconomic stability and achieve greater equity in resource distribution, as well as address challenges such as poverty, inequality, and insecurity—issues of significant concern to Uruguayan society.

### ECONOMIC CONTEXT

Inflation closed 2024 at 5.49%, marking the second consecutive year within the target range. This achievement is attributed to the monetary policy of the Central Bank, which Yamandú Orsi's new government has committed to continuing under the direction of Guillermo Tolosa.

However, the significant appreciation of the dollar is putting pressure on inflation, as seen in the December Consumer Price Index (CPI), which showed an increase of 0.34% compared to the previous month. It is expected to continue affecting inflation indices in the future.

Exports totaled USD 12.845 billion in December; a 13% increase compared to 2023. This growth is mainly attributed to an increase in cellulose exports and the recovery of soybean sales, which had been affected by the 2023 drought. China remained the main market for Uruguayan products, accounting for 24% of the total, followed by Brazil at 18% and the European Union at 14%.

The Central Bank intervened preventively in one of Uruguay's leading brokerage firms, Grupo Bursátil Uruguayo, after detecting irregular operations within the company that could be classified as a criminal offense. The monetary authority suspended the company's activities and fully replaced its statutory authorities.

### SOCIAL CONTEXT

In December, there was a significant increase in violence rates, particularly in the last days of the month. From December 25, nine homicides were recorded over a three-day period, seven of them in Montevideo, surpassing the usual average and raising social concerns. Despite official statistics indicating a 5.8% decrease in homicides during the first half of 2024 compared to the same period in 2023, this surge triggered alarms. Minister of the Interior Nicolás Martinelli stated that, although the situation is concerning, similar events have been observed in December in previous years, suggesting a seasonal trend.

In Montevideo, the initial results of the "Neighborhoods Without Violence" program were evaluated in areas affected by crime. The project, based on the U.S. "Cure Violence" model and partially funded by the Inter-American Development Bank (IDB), aims to prevent homicides by treating violence as a contagious disease. "Violence interrupters," individuals with an understanding of the local context, work on de-escalating conflicts and supporting individuals to break away from cycles of violence. Since its inception in March 2024, the program has intervened in 170 violent incidents.

Former President José Mujica announced that his cancer has spread and that he will not undergo further treatment.





## | EUROPEAN PERSPECTIVE FOR LATIN AMERICA

### POSSIBLE SCENARIOS FOR RATIFYING THE EU-MERCOSUR AGREEMENT

The recent political agreement on the trade pillar of the EU-Mercosur Association Agreement, reached on December 6, 2024, opens the door to various options for its ratification. Although the legal basis of the text has not yet been defined, three main scenarios are being considered that could determine the process and timelines for implementation:

- 1. Single Mixed Agreement Model:** Similar to the EU-Canada trade treaty (CETA), this would classify the agreement as mixed, encompassing both exclusive EU competences and shared competences with the member states. This would make the agreement comprehensive but subject to constant blockages, as it would require the ratification of all member states, as was the case with CETA.
- 2. Separate Agreement Model:** Like the modernized treaty with Chile, the agreement could be divided into two texts: one "interim" agreement focused solely on EU competences, which would come into effect after approval at the EU level, and another mixed agreement, which would include all components and require national ratification. This approach allows for quicker implementation of the purely commercial parts while managing the more complex mixed ratification process.
- 3. Parallel Agreement Model:** Inspired by the EU-Singapore agreement, this scenario involves separating the agreement into two legally independent treaties: one for the EU's exclusive competences and another for shared competences. Both could coexist after their ratification, reducing the impact of potential blockages in national parliaments.

The choice of model will depend on the proposal from the European Commission, expected in mid-2025, and on negotiations between the member states in the Council.

### ECUADOR RECEIVES THE FIRST EFSD+ FAST-CITIES GUARANTEE IN LATIN AMERICA

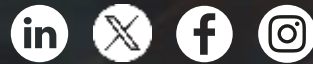
The EFSD+ FAST-Cities guarantee, launched by the European Union, is an innovative financial instrument supporting sustainable urban projects in developing regions, such as Latin America. Its goal is to reduce financial risks associated with sustainability investments by mobilizing both public and private resources for key projects without the need for sovereign guarantees. The first guarantee in Latin America has been implemented in Cuenca, Ecuador, enabling the French Development Agency (AFD) to finance the city's Integrated Solid Waste and Green Areas Management Program with 25 million euros. This project is crucial for ecological transition and urban sustainability.

This milestone strengthens the reach of the Global Gateway project in Latin America, highlighting its role as a bridge between the European Union and the region. The implementation of the EFSD+ guarantee in Latin America represents a step forward in finding financing models that reduce dependence on sovereign guarantees, aiming to support local governments in carrying out projects that contribute to sustainability and urban resilience.

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