

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.

ATREVIATM

LATIN AMERICAN KEY HIGHLIGHTS

FEBRUARY 2025

The return of Donald Trump has a strong influence on the current political and economic context of Latin America

The arrival of Donald Trump at the White House has been strongly felt in Latin America. His protectionist and isolationist measures, characterized by unilateralism, are already influencing the political, economic, and social reality of a region closely linked to the United States.

Colombia was the first country to nearly enter a trade war with the U.S. after Trump announced commercial and consular reprisals following President Gustavo Petro's refusal to accept military planes carrying deported individuals in inhumane conditions. The crisis was averted, but it highlighted the country's economic and diplomatic vulnerability to the North American giant.

A few days later, Mexico, the U.S.'s main trade partner, found itself in a similar situation. The threat of a 25% tariff on Mexican products never materialized after President Claudia Sheinbaum promised several measures related to security and migration. However, the calm didn't last long, as the White House announced another tariff on steel and aluminum imports, metals of which Brazil and Mexico are the second and third-largest U.S. suppliers, respectively.

In contrast, Trump's arrival has provided international backing for Argentina's president Javier Milei, who, alongside his political ally, continues to attack what they call the "woke" ideology and withdraws his country from the WHO. Ecuador's president, Daniel Noboa, also seems to be emulating the New Yorker, using the threat of tariffs against Mexico to pressure trade issues.

As for countries less affected by this disruption, Peru recorded one of the highest economic growth rates in Latin America, as well as one of the lowest inflation levels. Meanwhile, Chile passed a historic pension system reform, establishing a mixed model. Finally, Uruguay is preparing for Yamandú Orsi to be named the new president on March 1st.

As this new reality takes shape, the European Union could take a more prominent role in the region where the United States is ceding ground. In recent weeks, there have been meetings and agreements to strengthen relations with countries like Mexico and Bolivia, as well as efforts for both regions to advance in digital transformation.



The Peruvian economy grew by 3.3% in 2024, one of the highest increases in Latin America, consolidating its recovery after a 0.6% contraction in 2023. Additionally, annual inflation dropped to 1.97% in January, while the interest rate remained at 4.85%, both of which are among the lowest in the region. However, insecurity continues to be one of the main concerns for Peruvians, prompting both the Executive and the Legislature to take measures, while weakening the popularity of the Minister of the Interior.

Ecuador will hold a runoff election on April 13 to choose a president following the results of the general vote. The current president, Daniel Noboa (ADN), received 44.16% of the votes, while Luisa González (RC) garnered 43.99%. In the Legislative branch, the lack of a clear majority will require compromises to ensure governability. The economy faces significant challenges, such as consolidating the agreement with the IMF, reducing the fiscal deficit, addressing the debt with the IESS, and increasing country risk, all under a new Minister of Economy and Finance. In addition, the crisis of insecurity and violence persists.

Colombia was on the brink of a trade war with the U.S. after Petro's refusal to accept deportation flights, citing their inhumane conditions. The crisis was averted, but it highlighted the country's commercial vulnerability. Furthermore, governmental instability is growing due to internal tensions, reflected in the broadcasting of a tough Cabinet meeting and the resignation of several cabinet members. Meanwhile, insecurity and violence are increasing, especially on the border with Venezuela. Nevertheless, the economy shows signs of recovery, and GDP could grow by 2.6% in 2025, compared to 1.8% in 2024.

The Chilean Congress approved a historic reform to the pension system, establishing a mixed model. Additionally, employers will be required to contribute an extra 7%, and the Guaranteed Universal Pension will gradually increase in the coming years. Inflation rose more than expected, reaching 4.9% year-on-year, above the Central Bank's target range of up to 4%. Unemployment decreased slightly, and the reconstruction following last year's devastating fires is progressing slowly.



Monthly inflation in Argentina recorded its lowest level in nearly five years, bringing the year-on-year rate to 84.7%, more than 200 percentage points lower than the peak in April 2024. However, President Javier Milei made international headlines due to his involvement in a cryptocurrency scandal, an alleged scam that affected about 44,000 people. Furthermore, the president's statements at the World Economic Forum against minority groups sparked outrage, leading to massive protests across the country.

Brazil asked the United States for an explanation regarding the alleged degrading treatment of its recently deported citizens. Additionally, the 25% tariff announced by Trump on steel and aluminum imports is a particular concern for Brazil, the second-largest supplier of steel to the U.S. Meanwhile, January's inflation saw its lowest monthly figure for this time of year since 1994, and unemployment fell to historic lows. President Lula da Silva's popularity continues to decline, but Jair Bolsonaro remains banned from running until 2030, generating uncertainty about the leaders who may contest the 2026 elections.

The political and economic situation in Mexico has been heavily impacted by Donald Trump's arrival to the presidency of the United States. The threat of a 25% tariff on Mexican products in exchange for measures against migration and organized crime has caused strong diplomatic and commercial tensions between both countries. After passing this test, the announcement of a tariff on steel and aluminum—of which Mexico is a major supplier—now creates uncertainty. Despite this context, the peso remains relatively stable, and inflation recorded its lowest figure in four years, prompting the Central Bank to cut the interest rate.

Uruguay's next president, Yamandú Orsi, is preparing for the transition to assume office on March 1st. The virtual president has announced the creation of interministerial working groups to address challenges such as security, education, and economic growth. Inflation has remained within the target range for 20 months, and the Central Bank projects that the economy will grow by 3.5% in 2025. Public security continues to be a major concern for Uruguayans, and a financial scandal has affected thousands of investors in the livestock sector.



| PERU

POLITICAL CONTEXT

During her speech at the 2025 World Economic Forum held in Switzerland, President Dina Boluarte stated that Peru has regained political, economic, and social stability, establishing itself as a safe destination for investments. However, she acknowledged that organized crime represents a regional challenge. She mentioned that her government is working to strengthen the police force, which initially lacked the necessary logistics, by providing equipment and vehicles to combat crime and improve security in the country.

Congress has promised to prioritize the debate on the bill regarding urban terrorism. This initiative, announced by the President of the Legislature, Eduardo Salhuana, seeks to increase penalties for crimes such as extortion, contract killing, and theft, as well as speed up trials through amendments to the Criminal Procedural Code.

In the electoral arena, an Ipsos poll published in the newspaper Perú 21 shows that Keiko Fujimori, leader of the political party Fuerza Popular, leads the presidential voting intention with 12%, while Carlos Álvarez and Rafael López Aliaga are tied in second place with 4%.

Finally, the inauguration of the new Jorge Chávez International Airport in Lima will take place on March 30 due to delays in construction and safety certifications, following a meeting with Lima Airport Partners (LAP) and aviation unions.

ECONOMIC CONTEXT

The economy grew by 3.3% in 2024, consolidating its recovery after the 2023 recession (-0.6%), according to data from INEI. In December, growth was 4.85%, driven by sectors like fishing, which recorded a 24.89% increase over the year, and mining and hydrocarbons, which advanced by 2.04% due to higher production of copper, molybdenum, and silver. Manufacturing, agriculture, trade, and transportation also showed positive performance, while the financial sector was the only one to end the year with a contraction (-1.6%).

The World Bank estimates that GDP will grow by 2.5% in both 2025 and 2026 due to a slowdown in consumption after pension fund withdrawals in 2024. Investment in mining and infrastructure will drive the economy, while public spending will lose prominence.

Monthly inflation was -0.09% in January, bringing the year-on-year inflation to 1.97%. As a result, the Central Bank decided to maintain the interest rate at 4.75%.

Donald Trump's tariff policies are reshaping global trade, particularly affecting China, Mexico, and Canada. For Peru, this could create opportunities, such as in agroexports and textiles. However, the increase in import costs and a strong dollar could impact consumers.

SOCIAL CONTEXT

The employed population in Metropolitan Lima reached 5.46 million in 2024, a 4.6% increase compared to the previous year. Employment grew especially in Manufacturing (8.1%), Trade, and Construction (6.1%), reducing the unemployment rate to 6.4%. The average monthly income rose by 6.6%, reaching 2,035.4 soles (USD ≈547.32).

The Trade sector grew by 3.45% nationwide in November 2024, mainly driven by increases in wholesale trade (3.44%), retail (3.99%), and automotive trade (3.88%).

The production of potable water in Lima registered a 0.5% drop in December, according to Sedapal. Despite an increase in the flow of the Rímac and Chillón rivers, those in the northern Pacific region, such as Tumbes and Chira, saw a decline.

According to a Datum survey for the newspaper El Comercio, 87% of Peruvians believe that Interior Minister Juan José Santivañez should resign, possibly due to the perception of rising crime. Furthermore, only 4% of respondents approve of President Boluarte's management. In contrast, Lima Mayor Rafael López Aliaga saw a 13-point increase in his approval rating during the same period, rising from 33% to 46%.



| ECUADOR

POLITICAL CONTEXT

The general elections resulted in a highly competitive race. According to preliminary results, Daniel Noboa (ADN) reached 44.16% of the votes, followed by Luisa González (RC) with 43.99%, which leads to a second round on April 13. Noboa prevailed in the Sierra, except for Imbabura, while González won in the Coast. Leonidas Iza (PK), with 5.24%, came in third, and his electoral base could become a key factor in the runoff. In the Assembly, the distribution of legislators between RC (67), ADN (66), PK (9), PSC (4), and other parties (5) creates a scenario without a clear majority, requiring agreements to ensure governability.

The electoral observation missions of the EU and OAS noted the transparency of the process but recommended greater regulation of social media and electoral funding, as well as a clearer separation between government management and election campaigns.

President Noboa reorganized his cabinet, appointing new ministers for Finance, Production, Energy, Environment, and Economic Inclusion, along with a new ambassador to Turkey. Meanwhile, the dispute between Verónica Abad and Noboa over the Vice Presidency remains unresolved, awaiting rulings in two lawsuits filed by Abad against government decisions.

ECONOMIC CONTEXT

Luis Jaramillo was appointed Minister of Economy and Finance, replacing Juan Vega, in a complex environment with challenges such as consolidating the agreement with the IMF, reducing the fiscal deficit, and the debt with the IESS. Additionally, his tenure is marked by political and economic uncertainty as Daniel Noboa's government comes to an end. The country's risk increased after the elections, rising from 903 to 1,244 points, reflecting uncertainty surrounding the second-round elections and the departure of Juan Vega from the ministry. This increase makes credit more expensive for the country.

The concession of the Sacha oil field to Sinopec faces opposition from various groups, such as Conaie, which claim a lack of transparency and economic harm. Jaramillo must issue a Fiscal Risk Report to make the concession feasible, which includes an advance bond of USD 1.5 billion.

In trade, the agreement with China has yielded mixed results. While 90% of Ecuadorian products are tariff-free, exports fell by 12%, and imports were slightly reduced, while the process for obtaining phytosanitary permits remains slow. Furthermore, Ecuador made progress in its agreement with Canada and seeks to strengthen ties with the U.S., while relations with Mexico have deteriorated after the imposition of a 27% tariff on its imports.

SOCIAL CONTEXT

The 2024 Corruption Perception Index, prepared by the Fundación Ciudadanía y Desarrollo (FCD) along with Transparency International, revealed a decline in Ecuador's ranking, placing the country at 121st out of 180 countries, with 32 points out of 100. This drop from the 39 points reached in 2020 is due to various factors, such as corruption scandals related to the Metástasis and Purga cases, which involved high-ranking judicial officials. Additionally, the institutional crisis, reflected in the lack of renewal of the National Court of Justice and the National Electoral Council, has increased public distrust in institutions.

In terms of security, the country experienced a rise in violence during January 2025, with 732 violent deaths, a 56% increase compared to the same month in 2024. The provinces of Guayas, Manabí, and El Oro were the most affected, mainly due to the intensification of conflict between criminal gangs and the fragmentation of organized crime, which has led to an increase in contract killings.

In the migration field, 1,297 Ecuadorians were deported from the United States in 2025, which exacerbates social challenges. In response, the government has implemented assistance programs for deportees, including financial support and training options.



| COLOMBIA

POLITICAL CONTEXT

The relationship between Colombia and the United States deteriorated after President Gustavo Petro rejected deportation flights of Colombians, denouncing the poor conditions during the transfer. This decision provoked threats of commercial and consular sanctions by Trump. Eventually, Colombia accepted the return with better guarantees, but the incident highlighted the country's commercial vulnerability and limited negotiation capacity in pressure scenarios with the United States.

Several congressmen resigned to prepare for the 2026 elections. Additionally, the ruling coalition weakened after the exit of the Liberal Party, which could make it difficult to approve key reforms, such as those related to health and labor.

The televised retransmission of a Cabinet meeting, organized by Petro to demonstrate transparency in his management, led to a cabinet reshuffle. The initiative exposed significant internal tensions, especially regarding the appointments of Armando Benedetti as Chief of Staff and Laura Sarabia as Foreign Minister, both of whom have been implicated in various scandals.

In response to growing criticism of his management and resignation threats, the president requested the formal resignation of his senior officials. Ministers of the Interior, Defense, Culture, Labor, and Environment have resigned, with more departures expected.

ECONOMIC CONTEXT

Despite political instability, Colombia has shown signs of economic recovery. The unemployment rate decreased to 9.1% in December 2024, representing a 0.9 percentage point drop compared to the previous year. Inflation remained at 5.22% in January for the third consecutive month, still above the 3% target set by the Bank of the Republic.

The Minister of Finance estimates that the GDP will grow by 2.6% in 2025, a figure that matches the projections of the Bank of the Republic and surpasses the 1.8% recorded in 2024.

Fiscal challenges continue to affect the economic outlook, such as historical debts, low tax collection, and insufficient budget execution. In response to these issues, the government decided to postpone the execution of 12 trillion pesos outlined in the 2025 budget for key sectors like Finance, Labor, and Infrastructure. This measure has raised concerns in these sectors and among the opposition. The situation is worsened by the suspension of USAID assistance, crucial resources for humanitarian aid and security in the country.

SOCIAL CONTEXT

The Catatumbo region, on the border with Venezuela, remains a hotspot of violence due to the presence of armed groups linked to drug trafficking and illegal mining. The escalation of the conflict led the government to declare a state of internal commotion, an exceptional measure that grants special powers to restore public order without requiring approval from Congress.

As part of this decision, the government appointed a military commander with control over all security forces in the region and suspended environmental licenses for projects in strategic areas. It also implemented other fiscal measures and subsidies in public services for the affected communities, including agricultural loans or tax discounts for those who provide free accommodation to displaced persons.

While the government maintains that these actions aim to contain the humanitarian crisis, political sectors and human rights organizations question the necessity of such drastic measures, suggesting more moderate alternatives.

The conflict in Catatumbo and increasing insecurity in other regions of the country represent a key challenge for the government. As a result, the security crisis has become one of the central issues in the lead-up to the 2026 presidential elections.



| CHILE

POLITICAL CONTEXT

On January 29, Congress approved a historic reform to the pension system, establishing a mixed model that combines individual capitalization with a social insurance. Under this scheme, the AFPs (Pension Fund Administrators) will continue to operate, but with stricter rules such as reference portfolios and bidding to reduce commissions. Additionally, employers will have to contribute an additional 7%, which will be split between the individual accounts of workers and a social insurance fund that will finance benefits such as the "Benefit for Each Contributed Year," which will increase pensions based on the years of contributions, and the "Compensation for Women," which will provide additional support to women with lower average pensions. A progressive increase in the Guaranteed Universal Pension is also planned to strengthen social security.

A new mandate for Donald Trump could lead to reduced interest in Chile, decreasing cooperation on issues of security, migration, and the fight against organized crime. Additionally, his tough stance on China could indirectly affect the country by increasing import costs and creating uncertainty in foreign trade, as China, like the United States, is one of Chile's main partners. In the migratory field, restrictions with the U.S. are likely to tighten, making it more difficult for Chileans to study, work, or travel to the U.S.

ECONOMIC CONTEXT

Inflation saw a significant increase in January, with the Consumer Price Index (CPI) growing by 1.1%, surpassing market expectations. Year-on-year, inflation reached 4.9%, above the tolerance range set by the Central Bank of Chile, which is between 2% and 4%. This rise reflects inflationary pressures that could affect the cost of living and economic planning in the coming months.

In response to this scenario, the Central Bank of Chile decided to maintain the interest rate at 5% during its most recent meeting. This marks a pause in the monetary easing cycle, which had included cumulative cuts of 325 basis points throughout 2024. The goal is to contain inflation and prevent the economy from overheating.

The National Institute of Statistics (INE) reported that the unemployment rate for the October-December 2024 quarter was 8.1%, down by 0.4 percentage points compared to the same period the previous year. This decline is due to a 0.9% increase in employment, driven by the public administration, healthcare sector, and mining.

SOCIAL CONTEXT

One year after the devastating wildfires that primarily affected Valparaíso and Viña del Mar, causing the deaths of 137 people, the affected communities continue to face serious challenges in reconstruction. While some residents have made progress with government support, there are ongoing criticisms regarding the slow pace and lack of resources in the process. The Ministry of Housing and Urbanism has acknowledged these delays and committed to speeding up the reconstruction. To date, only 41% of the 3,043 displaced families have received some form of aid or are in the process of rebuilding.

With the end of the legislative period and the arrival of summer, there has been an increase in temporary migration to the south of the country. Many people are looking to escape the urban pace and connect with nature, reflecting a growing preference for a quieter life in rural areas.

On the other hand, security remains one of Chile's main concerns. In response to rising crime in several cities, the government has reinforced police presence and implemented measures to improve crime prosecution. However, experts point out that an integrated approach is needed, addressing the social causes and promoting reintegration.



| ARGENTINA

POLITICAL CONTEXT

Javier Milei assumed the presidency in 2023 with 56% of the votes; however, his electoral coalition has not had a majority in Parliament, so he has had to rely on alliances and the support of strategic officials to move forward with his agenda.

In October 2025, legislative elections will be held, and the government will seek to increase its representation in both the Chamber of Deputies and the Senate. In preparation for these elections, a bill has been proposed to eliminate the PASO (Primary, Open, Simultaneous, and Mandatory Elections) in Argentina.

In a poll by Aresco on voting intentions, the ruling party La Libertad Avanza leads with 42.3%, ahead of Unión por la Patria (32.4%), while the PRO and UCR register 7.1% and 5.4%, respectively.

The victory of Donald Trump seems, at first, to be positive for the government. Milei has doubled down on his ideological alignment and controversial international profile, following the steps of his American counterpart. His participation in Davos is an example of this strategy, where he attacked the so-called "woke ideology," aligning even with the use of this terminology, which is uncommon in Latin America. Furthermore, the government announced that Argentina was withdrawing from the World Health Organization, following Trump's recent move.

ECONOMIC CONTEXT

The monthly inflation rate for January was 2.2%, the lowest in nearly five years, since July 2020. This represents a decrease compared to the 2.7% recorded in December. Thus, the annual inflation rate stood at 84.7%, maintaining the downward trend that began in April 2024, when the indicator reached 289.4%.

The exchange rate lag, referring to the dollar price in the country, has been a topic of debate, as it has continued to decrease after the sharp rise in November. Under Milei's administration, it has reached an unusual stability in recent months. In this regard, the government assures that it will not devalue the local currency.

Milei promoted the cryptocurrency \$LIBRA through his social media, which experienced a strong appreciation before collapsing, a movement that reportedly caused a loss of around USD 87 million for about 44,000 people. Due to this scandal, the government's reputation was severely affected, leading to a drop of up to 6% in Argentine stocks on Wall Street. However, the situation began to stabilize, and the Buenos Aires Stock Exchange advanced by 4%, partially recovering the previous losses.

SOCIAL CONTEXT

The scandal surrounding the cryptocurrency was described by Wise Capital as "a scam with several affected users." In response, federal judge María Servini will oversee the investigation, which could include other complaints filed by victims against the president. In defense, Milei stated that he did not promote the digital currency but only disseminated it, acting "in good faith." Additionally, the government involved the Anti-Corruption Office to determine if any improper conduct occurred by any official, including the president himself.

Javier Milei's speech at Davos sparked discontent among a large part of the society. The president targeted feminism, diversity and inclusion measures, immigration, abortion, and environmentalism, categorizing them as struggles that seek to exploit and take money from the state. With these statements, Milei, who usually focused his public speeches on economic issues, accused vulnerable minorities, especially the LGBT community.

The rejection of this speech materialized in the first major social protest of 2025 against Javier Milei and his government. The epicenter was Buenos Aires, with about one million people, and there were replicas in the main cities of the country and in Argentine embassies worldwide.



| BRAZIL

POLITICAL CONTEXT

The Brazilian government demanded explanations from the United States for the "degrading" treatment of recently deported Brazilian citizens from American territory. Many of them reported being victims of abuse and stepping onto Brazilian soil still handcuffed, actions that would violate the agreement signed between the two countries in 2018 on dignified treatment. Since 2020, more than 7,000 Brazilians have been deported, 211 since Trump's arrival, and it is estimated that there are still 230,000 living irregularly in the U.S.

A Quaest poll revealed that 49% of Brazilians disapprove of President Lula da Silva's management, surpassing for the first time the 47% approval rate, which has been affected by negative perceptions of his economic policies and unfulfilled campaign promises. Disapproval is increasing and is especially concerning in the Northeast, which is crucial for his party's victories. Lula has started 2025 with a new communication director and travel plan to sell his achievements and regain the trust of voters ahead of the 2026 elections.

On the other hand, Jair Bolsonaro's participation in the upcoming elections is also in doubt, as he is ineligible until 2030, accused of attempting a coup. Michelle Bolsonaro traveled to the U.S. to attend Trump's inauguration on behalf of her husband, who could not travel because the judiciary withheld his passport.

ECONOMIC CONTEXT

Inflation in January slowed to 0.16%, the lowest level for this month since 1994. The drop is attributed to the Itaipú Bonus, a discount on electricity bills that benefited 78 million consumers. According to the Brazilian Institute of Geography and Statistics (IBGE), the financial market now projects inflation to rise from 5.08% to 5.5% in 2025. Inflation projections for 2026, 2027, and 2028 are 4.22%, 3.9%, and 3.73%, respectively.

The announcement of a 25% tariff on steel and aluminum by the Trump administration has raised concerns in Brazil, the second-largest supplier of steel to the U.S. In response, the government has chosen the path of negotiation, ensuring that Brazil will not initiate a trade war.

Additionally, the South American giant hopes to repeat the strategy used during Trump's first term, which involved negotiating quotas with reduced tariffs.

The government revoked a measure that expanded the inspection of transactions exceeding R\$5,000 (USD ≈866) for individuals and R\$15,000 (USD ≈2,600) for companies, following rumors that the Pix, an instant and cost-free payment system widely used by merchants, would be taxed. To stop fake news and prevent economic losses, the regulation was annulled.

SOCIAL CONTEXT

The IBGE announced that the average unemployment rate dropped to 6.6% in 2024, the lowest level since 2012. The country also set a record for employed individuals, with over 103.3 million on average. The average unemployed population in 2024 was 7.4 million, representing a 13.2% decrease compared to 2023.

The number of homeless people increased by 25% in 2024, according to a study published by the Federal University of Minas Gerais. In total, this population reached 327,925 last year. Of the total, 11% are illiterate, and 7 out of 10 did not complete primary education.

In 2024, fires burned more than 300,000 km², an 80% increase compared to the previous year, according to MapBiomass, a network of NGOs, universities, and tech companies. This destruction, comparable to the size of Italy, was worsened by the historic drought caused by El Niño. Lula appointed André Correa do Lago, a diplomat and climate negotiator, as president of COP30 to address the environmental challenges the country is facing.

During Fitur, Brazil confirmed a record number of international visitors in 2024, with 6.6 million, and expects growth of between 8% and 10% over the next two years.



| MEXICO

POLITICAL CONTEXT

After days of uncertainty, President Claudia Sheinbaum and Donald Trump agreed to pause the 25% tariff on Mexican products until March 4. In exchange, the government committed to reinforcing security at the border, reducing the trafficking of drugs like fentanyl, and preventing the passage of firearms.

However, days later, Trump signed an executive order, which will go into effect on March 12, imposing a 25% tariff on imports of steel and aluminum, for which Mexico ranks third and eighth as a supplier. This measure would impact the transportation, construction, and manufacturing sectors. It is also expected that Trump will impose tariffs on pharmaceuticals, oil products, semiconductors, and automotive goods.

In line with this, Ecuador announced a 27% tax rate on Mexican products such as medicines, automobiles, appliances, hygiene products, and computers. This decision would apply if Mexico does not sign a free trade agreement with Ecuador.

President Sheinbaum presented two constitutional reforms, which seek to prohibit reelection and nepotism. These initiatives add to the reform of INFONAVIT, the reduction of the workday, the Public Procurement and Works Law, as well as the secondary laws of the Federal Electricity Commission and Pemex (Mexican Oil).

ECONOMIC CONTEXT

The exchange rate has remained at an average of 20 pesos per dollar for the third consecutive month, reflecting relative stability of the national currency amidst a potential trade war with the United States.

According to the National Institute of Statistics and Geography (INEGI), the annual inflation rate was 3.59% in January, the lowest level in four years. With this data, the Bank of Mexico decided to cut the interest rate by 50 basis points, to 9.50%.

On the other hand, the monetary entity reported that in December 2024, remittances reached USD 5.228 billion, a 4.9% decrease compared to the same month in 2023. This is the first drop in nine years, during a period when workers abroad send money to their families for year-end celebrations.

As part of the Mexico Plan, the Federal Government published a decree offering tax incentives, with income tax deductions of up to 91%, on investments in machinery, equipment, training, technology, and other fixed assets made in 2025 and 2026.

The Ministry of Economy lifted restrictions on the import of genetically modified corn, complying with a dispute settlement ruling that Mexico lost against the United States under the US-Mexico-Canada Agreement (USMCA).

SOCIAL CONTEXT

Since his return to the White House, Donald Trump has implemented strict policies on migration, security, and the fight against organized crime. He suspended the entry of immigrants, as well as asylum applications, sent the military to the border with Mexico, and allowed raids in schools and churches to deport migrants to the Guantanamo prison.

Additionally, the Republican issued several executive orders declaring the total elimination of cartels and transnational criminal organizations, designating them as terrorist organizations, and declared a national emergency at the border with Mexico.

These measures have generated significant tensions between Mexico and the United States, affecting the bilateral relationship and cooperation on trade, migration, and security. For its part, the Government of Mexico announced the "Mexico Embraces You" program, which provides migrants with access to health services, welfare programs, economic support, and assistance with administrative procedures.

The average equivalent salary was 18,540 pesos per month (USD ≈907) in January, which represents a 7.8% increase compared to the same month last year, according to the Mexican Institute of Social Security (IMSS).



| URUGUAY

POLITICAL CONTEXT

On March 1, Yamandú Orsi will take office as the new president, marking the return of the Broad Front (Frente Amplio) to power after a period of administration by the National Party. Both parties agreed that Alejandro Sánchez, appointed as the future Secretary of the Presidency, will lead the transition team for the incoming government. Meanwhile, the Secretary of the Presidency, Rodrigo Ferrés, and the Deputy Secretary, Mariana Cabrera, were appointed to head the process from the outgoing government.

Orsi announced the creation of interministerial working groups to comprehensively address the country's most pressing challenges. Among the first proposed measures is an education reform aimed at modernizing the system and improving the quality of teaching, as well as initiatives to strengthen public security through increased investment in technology and police training. Policies will also be promoted to encourage investment and economic development, with special attention to SMEs.

The Corruption Perception Index for the public sector, by Transparency International, ranked Uruguay as the least corrupt country in Latin America, with a score of 76 on a scale from 0 (highly corrupt) to 100 (highly clean). This places it in 13th position out of 180 countries.

ECONOMIC CONTEXT

Annual inflation fell to 5.05% in January and has remained within the target set by President Lacalle Pou for 20 months, closing his term with controlled price increases, while the incoming administration is committed to keeping the index low. One of the factors influencing inflation in January was the reduction in the electricity bill. The state-owned company UTE implemented a discount plan for certain consumers at the end of the year.

The Central Bank forecasts a 3.5% increase in GDP for 2025, mainly driven by private spending, while in 2026, it is expected to approach its potential growth level. However, public spending is expected to have a slightly negative contribution in 2025 due to the lack of a budget at the beginning of the new government.

This projection takes place within a regional context of uncertainty, with challenges in neighboring countries such as Brazil and Argentina.

A financial scandal affected thousands of investors in the livestock sector. Conexión Ganadera, a company with 25 years of experience, revealed a deficit of approximately USD 250 million, with assets valued at 150 million and liabilities reaching 400 million. This situation left around 4,000 investors uncertain about their investments.

SOCIAL CONTEXT

Public security continues to be a central concern for Uruguayans. The Ministry of the Interior announced the addition of 2,000 new police officers to strengthen the presence and operational capacity across the country. Additionally, the expansion of the video surveillance system is expected, increasing the number of security cameras to 20,000, with the goal of improving monitoring and response to criminal activities. These actions seek to consolidate a public security strategy that combines crime suppression with preventive and social measures. In parallel, a group of experts proposed the creation of an Institute of Criminology and Public Policy at the University of the Republic to develop a research program on coexistence, violence, crime, and public policies.

A Uruguayan soldier died in Congo during clashes with the M23 rebel group while serving in the United Nations Mission. His remains have already arrived in Uruguay for burial. Two other wounded soldiers were repatriated and are recovering at the Military Hospital in Montevideo.

The inaugural Carnival Parade took place in Montevideo, marking the start of the carnival season that runs through March. The parade featured over 40 groups, including murgas (musical theater troupes), comparsas (carnival groups), and parodists.



| EUROPEAN PERSPECTIVE FOR LATIN AMERICA

THE EURO-LATIN AMERICAN PARLIAMENTARY ASSEMBLY DEBATES THE IMPLEMENTATION OF THE GLOBAL GATEWAY

The Euro-Latin American Parliamentary Assembly of the European Parliament held a meeting to discuss the implementation of the Global Gateway Investment Agenda in the context of the digital transition in Latin America and the Digital Alliance.

The EU-LAC Digital Alliance, with 20 participants, is advancing in areas such as artificial intelligence, cybersecurity, data protection, and connectivity, with the goal of both regions becoming producers and not just consumers of technology. Fernández-Shaw, Director of Latin America and the Caribbean Affairs at DG INTPA (European Commission), emphasized that digitalization is key to bi-regional cooperation and should be based on public-private partnerships.

The European Commission highlighted the importance of effective digital inclusion to avoid amplifying social inequalities and emphasized efforts in cybersecurity, such as the LAC4 center in Santo Domingo and triangular programs with Chile, as well as the importance of integrating development banks and private entities to finance investments.

The EU seeks to create support and investment ecosystems to avoid the region lagging behind in supercomputing, which is considered crucial for technological development. The Commission reaffirmed its commitment to digital development through Global Gateway, combining investments, regulation, and appropriate standards to strengthen cooperation with Latin America.

The following priorities for the Global Gateway in digital policy were highlighted:

- 1. Investment in digital infrastructure:** Improve connectivity through submarine cables, fiber optic networks, and supercomputing centers.
- 2. Cybersecurity and data protection:** Strengthen cooperation on cybersecurity to ensure a safe digital environment.
- 3. Digital inclusion:** Reduce the digital gap through training programs, with a special focus on women and rural populations.
- 4. Public-private partnerships:** Mobilize private investments to complement public financing in strategic digital projects.
- 5. Supercomputing and technological sovereignty:** Prevent Latin America and Europe from becoming passive consumers of artificial intelligence and other key technologies due to lack of production capacity.
- 6. Promoting digital entrepreneurship:** Facilitate cooperation between Latin American and European startups in strategic sectors such as health and agri-food.



| EUROPEAN PERSPECTIVE FOR LATIN AMERICA

NEW EU-MEXICO TRADE AGREEMENT

The European Commission announced the conclusion of negotiations for the modernization of the trade agreement with Mexico, which will replace the 2000 Global Agreement. The pact includes the removal of tariffs on key European products such as cheese, pork, wine, and chocolate, as well as the protection of over 500 EU products with geographical indications. It also incorporates binding commitments on labor rights, sustainability, and climate change, along with a mechanism for Alternative Dispute Resolution.

One of the most sensitive points was access to the Mexican electricity market, which the EU lost due to internal reforms in Mexico. In return, the European Commission limited the export quotas of Mexican agricultural products such as beef, poultry, and ethanol. This agreement, which comes shortly after the one reached with Mercosur, still requires approval from the EU Council, the European Parliament, and Mexican authorities.

HIGH-LEVEL DIALOGUE BETWEEN THE EUROPEAN UNION AND BOLIVIA

On January 30, the ninth High-Level Dialogue between the European Union and Bolivia was held in Brussels to review their bilateral relations. The EU reaffirmed its commitment to sustainable development in Bolivia, supporting projects in the areas of environment, climate change, governance, and human rights. The importance of responsible investments in lithium was also highlighted, within the framework of the EU-Bolivia Multiannual Indicative Programme (2021-2027) and the Global Gateway Agenda.

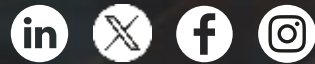
Both parties agreed to strengthen trade and investment, and the EU welcomed Bolivia's accession to Mercosur. The need for cooperation on security was also emphasized, particularly in the fight against drug trafficking and organized crime, promoting collaboration with EUROPOL and dialogue with CLASI (Latin American Committee on Internal Security).

On the international front, the EU reiterated its support for Ukraine and peace in Gaza, as well as its commitment to regional cooperation and the EU-CELAC Summit in 2025. Both delegations reaffirmed their interest in maintaining an open dialogue to move towards greener and more inclusive societies, within the framework of multilateralism and human rights.

ATREVIA™



www.atrevia.com



AGENCY

PUBLIC RELATIONS

MARKETING INFLUENCERS

COMMUNICATION AND DIGITAL MARKETING

ADVERTISING & ACTIVATIONS

CONSULTING

CORPORATE AND PUBLIC AFFAIRS

CULTURE & PEOPLE

SOCIAL TREND, MONITORING AND TRACKING

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
ECUADOR MEXICO PANAMA PARAGUAY PERU DOMINICAN REPUBLIC URUGUAY