

ATREVIATM



LATIN AMERICAN KEY HIGHLIGHTS

MAY 2025

Latin America continues to face challenges in security and inflation amid ongoing tariff uncertainty

The uncertain tariff outlook stemming from the United States has yet to produce a clear impact on Latin American economies. Meanwhile, the region continues to grapple with internal challenges such as inflation and insecurity.

The murder of 13 miners in Peru led to the resignation of Prime Minister Gustavo Adrianzén—a situation that contrasts with the country's economic optimism, driven by strong growth forecasts. In Ecuador, 11 soldiers were killed, also in connection with illegal mining, a problem Daniel Noboa will have to confront after being re-elected president, though without a clear majority in the legislature.

Violence surged in Colombia due to actions by armed groups, with more than 20 law enforcement officers killed in recent weeks. Although inflation rose, the Central Bank lowered the interest rate, as did Mexico, where a close aide to the Head of Government of Mexico City was the victim of a fatal attack just weeks before the first and controversial judicial elections.

In contrast, Brazil's Central Bank raised its interest rate to the highest level in nearly two decades. President Lula's recent uptick in approval ratings may be affected by a corruption case involving Social Security. His Argentine counterpart, Javier Milei, has lost some support, but he remains the country's highest-rated leader, while inflation has fallen to its lowest year-on-year level in four years.

In Chile, inflation eased but remains above the Central Bank's target range, while President Boric has been implicated in the ProCultura case. Uruguay, by contrast, has kept inflation within target for 23 consecutive months. In the local elections, the left won in Montevideo, while the National Party secured 13 of the 19 departments.

As tariff tensions with the U.S. persist and China's influence in the region grows, the European Union is working to strengthen its ties with Latin America. The European Parliament is reaching consensus on a more proactive strategy, while Brussels deepens its climate partnership with Mexico and continues to push for ratification of the Mercosur deal—still blocked by France despite broad support.



Peruvian Prime Minister Gustavo Adrianzén resigned amid criticism over his handling of public security, following the recent murder of 13 miners. He was replaced by Eduardo Arana, who previously served as Minister of Justice. Meanwhile, the Central Bank agreed to cut the benchmark interest rate by 25 basis points, bringing it down to 4.50%. In addition, Minister of Economy and Finance José Salardi projects 4% economic growth for 2025—above the global average, which is estimated at 2.8%.

After being certified by the CNE, Daniel Noboa will be sworn in again as President of Ecuador on May 24. His administration will face the challenge of building alliances in a fragmented National Assembly to move forward with its legislative agenda. At the same time, the government is working on a support program with multilateral organizations to improve fiscal stability and implement local projects. The IMF forecasts modest growth of 1.7% for 2025, reversing the -2% contraction recorded in 2024. The country also faces ongoing challenges in security and healthcare. Following the killing of 11 soldiers in Orellana, security operations have been reinforced, and in response to recent outbreaks, health measures have been activated in several regions.

The Colombian Senate rejected the popular consultation proposed by the government to push forward labor reform. Meanwhile, the healthcare and pension reforms continue to move through Congress. On the economic front, activity shows signs of moderate recovery. Although inflation rose in April compared to March and remains above the Central Bank's target, the monetary authority cut the interest rate to 9.25%. All of this is unfolding amid a backdrop of growing violence in several regions of the country.

Chilean President Gabriel Boric has been linked to the ProCultura case following the leak of a phone call with Josefina Huneeus, ex-wife of Alberto Larraín, founder of the organization under investigation. Although the president is not listed as a defendant or witness in the case, the conversation has sparked political controversy. April inflation came in lower than expected, though it remains above the Central Bank's target. In addition, both the monetary authority and the IMF have lowered their GDP growth projections, now estimating a 2% expansion for 2025.



Monthly inflation in Argentina slowed to 2.8% in April, following three consecutive months of increases. The year-on-year rate stood at 47.3%, the lowest level in four years. This was the first inflation figure released after the lifting of currency controls and the adoption of a dollar band system, both implemented under the agreement with the IMF. According to a recent study, nearly 30% of workers are unable to cover the cost of the basic goods basket. Despite a drop in his approval rating, Javier Milei remains the country's most highly rated political leader.

Brazil is working to diversify its foreign trade and strengthen its global presence following the tariff tensions triggered by the U.S. A multimillion-dollar fraud scandal in the pension system has hit the government hard, leading to the resignation of the Minister of Social Security. The recent rise in inflation prompted the Central Bank to raise the benchmark interest rate to its highest level in nearly 20 years. Meanwhile, unemployment fell to historic lows, and the government increased both the minimum wage and social spending. One year after the floods in Rio Grande do Sul, reconstruction efforts face criticism, and thousands of families remain in shelters.

Mexico is preparing to hold its first judicial elections on June 1. Judges, magistrates, and ministers of the Judiciary will be elected by the public following a historic and controversial reform. Despite inflation rising for the third consecutive month, the Bank of Mexico decided to cut the interest rate again. Amid trade tensions with the United States, the Mexican peso remains stable, and the country is preparing to review the USMCA. Additionally, the government announced a gradual reduction of the workweek and an increase in the minimum wage. Meanwhile, the assassination of Ximena Guzmán, a close aide to the Head of Government of Mexico City, shocked the capital.

In Uruguay's departmental and municipal elections, the National Party won 13 of the 19 departments—two fewer than in 2020. The Broad Front retained control of Montevideo, meaning the left will complete 40 years of uninterrupted rule in the capital. Inflation decreased in April, keeping it within the Central Bank's target range for the 23rd consecutive month. Uruguay assumed the coordination of the Southern Group bloc for the upcoming COP30 and bid farewell to former President Pepe Mujica, who passed away at age 89 due to cancer.



| PERU

POLITICAL CONTEXT

The murder of 13 mining workers on May 4 worsened the political and social crisis in Peru. The government's response was harshly criticized, accelerating the resignation of then Prime Minister Gustavo Adrianzén. He was replaced by Eduardo Arana, while Ángel Alcántara took over as Minister of Justice. The rest of the cabinet was confirmed by President Dina Boluarte, seeking to maintain continuity.

A few days before his resignation, Adrianzén had declared a state of emergency in the province of Pataz, La Libertad, as part of an operation against illegal mining. The measure included a curfew from 6:00 p.m. to 6:00 a.m. and the suspension of mining activities in Pataz, Parcoy, and Tayabamba.

Political parties are debating in Congress who will assume the presidency of the Board of Directors in the last year of the 2021–2026 term. This is a key process, as in 2026 a phase of over three decades of unicameralism will come to an end. However, the electoral context has caused reluctance among parliamentary groups, increasing support for an independent figure to hold the position.

ECONOMIC CONTEXT

The Central Reserve Bank agreed to cut the benchmark interest rate by 25 basis points to 4.50%. With this move, the rate is now close to the level considered neutral.

Economy and Finance Minister José Salardi projects economic growth of 4% for 2025, supported by solid macroeconomic fundamentals, responsible fiscal and monetary policies, and a strong focus on public and private investment. During the presentation of the Macroeconomic Projections Update Report (IAPM), he highlighted that this growth exceeds the global average of 2.8% amid an uncertain international context with trade tensions.

Salardi mentioned several key measures, such as promoting investment projects worth over USD 70 billion, a deregulation shock to boost productive sectors, improving financing conditions, and taking advantage of high commodity prices.

After two months of debate, Ilich López Ureña, president of the Congressional Economy Commission, announced that a bill is being drafted to allow the withdrawal of up to 4 UIT (Tax Units, equivalent to 21,400 soles or approx. USD 5,860) from private pension funds (AFP). The proposal would also allow these funds to be used as collateral for loans. Currently, there are 12 bills under consideration on this measure.

SOCIAL CONTEXT

Monetary poverty affected 27.6% of the population in 2024, representing 9.4 million people. This figure shows an improvement of 1.4 percentage points compared to the previous year. The average monthly income was S/1,196 (approx. USD 327), an increase of 2.3% compared to 2023, according to the National Institute of Statistics and Informatics (INEI).

Poverty remains concentrated in urban areas, where 70% of the population living in poverty resides, while extreme poverty affects 5.5% of Peruvians, with a slight improvement. Additionally, 31.8% are in a condition of economic vulnerability. Researcher Javier Herrera warned that Peru could take 40 years to reach Chile's poverty levels, demanding a rethinking of public policies considering this growing challenge.

Urban transport unions carried out a 24-hour strike in Lima and Callao on April 10 to demand action against rising insecurity on routes, such as extortion and killings. The Urban Transport Authority (ATU) implemented a contingency plan and deployed military buses. President Dina Boluarte acknowledged the problem but criticized the strike and defended the actions of the government and the police.



| ECUADOR

POLITICAL CONTEXT

The National Electoral Council (CNE) confirmed the mandate of President-elect Daniel Noboa and Vice President María José Pinto until 2029, after securing 55.63% of the votes in the recent elections. The inauguration is scheduled for May 24 before the National Assembly, where the ruling party will lead the main legislative bodies. This new phase begins after a period of intense political tension marked by the dissolution of Parliament in 2023 through the “mutual death” mechanism promoted by former President Guillermo Lasso.

Noboa will face the challenge of strengthening his team with technical profiles. Although challenges persist in several areas, the Executive has shown openness to new appointments, which could allow a reorientation of priorities and progress in implementing the Phoenix Plan, focused on sustainability and efficiency. Among the priorities, the government plans to submit key projects such as the so-called “Anti-Thief Law”, centered on security and economic dynamization.

In the new Assembly, composed of 151 legislators, there is no clear majority. ADN and the Citizen Revolution each hold 66 seats, requiring alliances to reach an absolute majority. The legislature will face the challenge of addressing social demands, reducing the backlog of over 1,000 pending initiatives, and contributing to institutional stability.

ECONOMIC CONTEXT

The IMF projects economic growth of 1.7% for 2025. Although relatively modest—only above Bolivia in the region—the country is reversing a contraction of -2% in 2024. Economy Minister Sariha Moya has held meetings in Washington with the IMF, the World Bank, IDB, and CAF, aimed at consolidating a new financial and technical support program to back government reforms. According to CAF CEO Sergio Díaz-Granados, there is positive alignment among multilateral organizations, which consider sustained recovery viable if effective coordination is maintained and political stability ensured.

Although risks exist, such as a fiscal deficit exceeding USD 5 billion, declines in consumption and private investment, and negative inflation in April, development banks highlight Ecuador’s advantage of maintaining open access to financing.

This support would strengthen state liquidity, improve spending quality, and advance an orderly fiscal reform. Furthermore, joint work with local governments is planned to implement strategic projects. The current situation thus offers a window of opportunity to lay the foundations for a structural recovery with a long-term vision.

SOCIAL CONTEXT

Ecuador and France signed a Declaration of Intent to strengthen cooperation on security matters. The agreement, signed by Interior Minister John Reimberg and French Senator François-Noël Buffet, seeks to jointly combat transnational organized crime. This bilateral alliance responds to worsening violence in Ecuador, where in 2024 the government declared an “internal armed conflict” and classified criminal gangs as terrorists. In the first quarter of 2025, 2,361 homicides were recorded.

Illegal mining, linked to drug trafficking, represents a key challenge. Progress in interinstitutional cooperation will strengthen control in 20 provinces, especially 14 with the greatest impact. Groups such as Los Lobos and Comando de Frontera operate in Amazonian areas, where the State has increased its presence with coordinated strategies and technology. The murder of 11 soldiers in Orellana highlighted the urgency of improving security. Since then, operations to reclaim territory and promote legal alternatives have intensified.

The country is experiencing outbreaks of whooping cough, yellow fever, and leptospirosis. The Ministry of Health has deployed vaccination brigades and established epidemiological barriers. These actions demonstrate the need to contain and mitigate the health impact.



| COLOMBIA

POLITICAL CONTEXT

The Senate rejected the public consultation promoted by the government to advance labor reform. However, the plenary revived the previously shelved bill by approving an appeal, allowing the text to continue its legislative process in a different committee from the Seventh. This maneuver gives the Executive a final opportunity to push the reform forward before the June 20 deadline.

Meanwhile, the health reform is progressing in technical committees, while the government is considering the possibility of implementing some changes by decree. Regarding pension reform, it has the support of the Attorney General's Office and awaits a ruling from the Constitutional Court. However, this court has requested information from the Prosecutor's Office and the Supreme Court about alleged bribes received by the presidents of the Senate and the Chamber for its approval.

In the Executive branch, Natalia Molina took over as director of the National Planning Department, while Gustavo Bolívar resigned as head of the Department of Social Prosperity and is positioning himself as a presidential candidate for 2026. Recent polls place him among the favorites, along with Vicky Dávila and Sergio Fajardo. In the judicial field, the replacement of magistrate Cristina Pardo in the Constitutional Court is underway.

ECONOMIC CONTEXT

The economy shows signs of moderate recovery. In February, the Economic Monitoring Indicator (ISE) grew by 1.77% in its original series compared to the same month last year, and by 2.96% in the seasonally adjusted series, mainly driven by the dynamism of the services sector (commerce, health, transportation, and education). In contrast, industry and construction continue to decline.

Annual inflation stood at 5.16% in April, slightly higher than the 5.09% in March and above the target range of the Bank of the Republic, which is between 2% and 4%. Despite this trend, the monetary authority lowered the interest rate to 9.25% before the latest inflation data was known. This rebound could halt future cuts in the short term.

In the labor market, unemployment dropped to 9.6% in March, with over one million new jobs, although informality rose from 56% to 58%, reflecting some structural fragility.

President Petro traveled to China to strengthen diplomatic and economic relations within the framework of the China-CELAC Forum, with a possible letter of intent for Colombia to join the Silk Road.

SOCIAL CONTEXT

Colombia faces a serious deterioration of public order. In recent weeks, more than 20 uniformed personnel have been killed by illegal groups such as the ELN and FARC dissidents. There have also been reports of forced confinements and armed shutdowns, such as the one led by the ELN in Chocó, which affected more than 32,000 people. Although the government promotes its "total peace" policy, the increase in violence questions its effectiveness, especially in territories where negotiations are ongoing with some actors while others intensify attacks.

On the social front, multidimensional poverty decreased from 12.6% in 2023 to 11.5% in 2024, representing 251,000 fewer people in this condition. However, more than six million Colombians remain poor. The Eastern and Caribbean regions led the reduction, while Bogotá and the Central region recorded increases. Important challenges persist, such as formalizing employment, improving education quality, and reducing long-term unemployment.



| CHILE

POLITICAL CONTEXT

Ahead of the November presidential elections, the main candidates have already begun their campaigns. On the left, Gonzalo Winter (Broad Front), Carolina Tohá (Democratic Socialism), and Jeannette Jara (PC) will compete in primaries on June 29. On the right, Evelyn Matthei (UDI) and José Antonio Kast (Republicans) lead the preferences. Winter has called for not toning down the discourse to attract right-wing voters, while Matthei presents herself as a continuity candidate and Kast as a more radical alternative.

The ProCultura case, investigating possible irregularities in the allocation of public funds to the namesake foundation, has gained significant public attention. Although President Gabriel Boric is neither accused nor a witness, his name surfaced following the leak of a court-authorized phone interception between him and Josefina Huneeus, ex-wife of Alberto Larraín, founder of the ProCultura Foundation and a former friend of the president. This has sparked controversy over the legality of the wiretaps and increased tension between the government and the opposition.

Additionally, the regional prosecutor of Coquimbo requested to tap the president's phone due to suspicions of irregular financing of his campaign through the foundation, but the justice system rejected this request.

ECONOMIC CONTEXT

The Consumer Price Index recorded a monthly increase of 0.2% in April, below market expectations. Thus, the annual inflation rate stood at 4.5%, still above the Central Bank's target but within a manageable range. In this context, the Central Bank Board chose to keep the Monetary Policy Rate (TPM) at 5%, adopting a cautious stance while analyzing the evolution of prices and economic activity.

Both the Central Bank and the IMF revised down their GDP growth forecasts, estimating a 2% expansion for 2025 due to slowing consumption, weak investment dynamism, and global trade uncertainty.

The government and the Central Workers' Union (CUT) agreed to raise the minimum wage to 529,000 Chilean pesos (approx. USD 565) starting in May, and to 539,000 Chilean pesos (approx. USD 575) from January 2026. They also agreed on improvements to family subsidies and the creation of an observatory to monitor workers' income and labor conditions.

SOCIAL CONTEXT

Labor Day was commemorated with marches in various cities across the country, in a context where the holiday was declared mandatory for workers in commerce, supermarkets, and malls. The demonstrations focused on defending labor rights, demanding wage increases, and expanding collective bargaining coverage.

On the other hand, with the arrival of winter, the Ministry of Social Development launched a preventive plan to strengthen care for homeless people by expanding shelter availability, health operations, and emergency routes in the country's main regions.

The debate on Chile's low birth rate — currently 1.16 children per woman — has gained traction on the public agenda. In this context, several presidential pre-candidates have begun proposing measures such as birth bonuses, universal access to daycare, extended paternity leave, and even the possible creation of a national gamete bank.

The Center for Public Studies revealed that public order, security, and the economic situation have positioned themselves as the main concerns of the citizenry, pushing social demands to the background. Support for the government fell to 22%, while the disapproval level rose to 66%.



| ARGENTINA

POLITICAL CONTEXT

Following the entry into force of the USD 20 billion IMF loan, along with an additional USD 3.1 billion from international organizations, the government implemented a long-anticipated measure: the lifting of the "currency clamp" (foreign exchange controls). At the same time, the Central Bank introduced a floating exchange rate system with moving bands, setting a floor of around 1,000 pesos and a ceiling of 1,400 pesos per U.S. dollar.

Presidential spokesperson Manuel Adorni confirmed that the Executive is finalizing the details to launch a package of measures aimed at encouraging the use of the dollars held by Argentines. This initiative is part of the so-called "Phase 3" of the economic program.

Four provinces held elections to renew their legislatures and other local offices. In Salta, candidates aligned with Governor Gustavo Sáenz obtained the majority of votes; in Chaco and San Luis, the provincial ruling parties prevailed; and in Jujuy, the ruling coalition "Jujuy Crece" also won.

According to a Management & Fit survey, Javier Milei's image fell by 3.7 points in April, although he still maintains 40.8% support, the highest among political leaders. Approval of his management dropped to 46.3%, down 4.7 points since February.

ECONOMIC CONTEXT

Inflation moderated to 2.8% in April, compared to 3.7% in March, according to INDEC data. This is the first record following the removal of foreign exchange controls and the adoption of a floating band scheme for the exchange rate, breaking a three-month streak of acceleration. On an annual basis, inflation stood at 47.3%, the lowest level in four years. Restaurants and hotels (4.1%) and recreation and culture (4.0%) led the increases, while transport (1.7%) and home maintenance (0.9%) showed the smallest rises.

The government attributes this moderation to the fiscal surplus, the contractionary monetary policy, and the new exchange rate regime, which according to its projections will deepen the disinflationary trend.

It also highlighted that the core index, which excludes regulated and seasonal prices, remained at 3.2%. Despite the relief, accumulated inflation so far this year is 11.6%, reflecting a still challenging scenario.

To maintain this downward trend, the Executive has announced upcoming measures in its economic plan: reduction of the money supply, wage control, new adjustments in public service tariffs, and pressure on companies that apply unjustified price increases.

SOCIAL CONTEXT

On April 10, the third national strike since Javier Milei came to power took place. The strike, called by the General Confederation of Labor (CGT), was a protest against the socio-economic situation. Organizations supporting the strike denounced layoffs, subsidy cuts, price instability, repression, and the new indebtedness with the IMF. The protest included the suspension of various transport services.

A study by the organization Fundar, published through its Argendata database, revealed that almost 30% of workers cannot cover the cost of the basic basket. In sectors such as agriculture, domestic service, and construction, more than half of employed people live in poverty. In contrast, the financial and mining and hydrocarbons sectors report incomes above average.

Poverty reached 38.1% of Argentines in the second half of 2024, which, despite representing a reduction of 14.8 percentage points compared to the first half of last year, reaffirms that real wages remain low by historical standards.



| BRAZIL

POLITICAL CONTEXT

Amid tariff tensions with the United States, Brazil is seeking to strengthen its commercial and strategic international relations. During a BRICS meeting, a joint response to the tariffs imposed by Donald Trump was discussed, highlighting the importance of transactions in local currencies to bypass the dollar. President Lula da Silva also actively participated in the China-CELAC forum in Beijing, where China offered a credit line of USD 9 trillion to Latin America. This credit, denominated in yuan, reinforces Chinese influence and strengthens ties between the two regions.

The president signed the Annual Budget Law for 2025, which includes an increase in the minimum wage and funding for education, health, and social programs. Following the announcement, the president's popularity showed a slight recovery in most polls.

However, a corruption scandal at the National Institute of Social Security (INSS) threatens this improvement. The case involves illegal deductions from pensioners, initiated during the previous government, but the opposition claims that the current government was warned about the scheme since 2023, which led to the resignation of the Minister of Social Security. The opposition has pushed for a parliamentary investigation, which could further weaken the government.

ECONOMIC CONTEXT

Inflation was 0.43% in April, down from 0.56% in March, but the year-on-year rate rose slightly to 5.53%, exceeding the 4.5% limit set by the National Monetary Council. The "Food and Beverages" group contributed with a 0.82% increase, while "Health and Personal Care" rose 1.18%, driven by a price adjustment in medicines. On the other hand, "Transportation" registered deflation of -0.38% due to falling prices of airfares and fuels.

This situation led the Central Bank to raise the benchmark interest rate to 14.75%, its highest level in almost 20 years. Meanwhile, GDP growth projections remained stable in April: 2% growth in 2025, 1.70% in 2026, and 2% in 2027.

The unemployment rate was 7% in the first quarter of 2025, the lowest for a first quarter since 2012. Although it increased 0.8 percentage points compared to the previous quarter, it decreased 0.9 points compared to 2024. Currently, 7.7 million people are unemployed, and the population outside the labor force totals 67 million. The average monthly income reached a record R\$ 3,410 (USD ≈607).

SOCIAL CONTEXT

President Lula da Silva signed the Annual Budget Law (LOA) for 2025, setting the minimum wage at R\$ 1,518 (USD ≈270), representing a real increase of 2.5%. The LOA foresees a primary surplus of R\$ 14.5 billion, allocating R\$ 226.4 billion to education and R\$ 245.1 billion to public health. Social spending will also be increased, with R\$272.3 billion allocated to programs such as Bolsa Família and the Continuous Cash Benefit (BPC).

On World Education Day, the NGOs Todos Pela Educação and Iede published a study showing that racial inequality in basic education has increased since 2013. The NGOs highlight the urgent need for public policies to address these inequalities, worsened by the pandemic.

One year after the floods in Rio Grande do Sul left around 200 dead and 500,000 displaced, the Inter-American Commission on Human Rights (IACHR) published a report pointing out how the climate crisis intensified inequalities in the region, affecting Afro-descendant and indigenous communities the most. The report highlights failures, inefficiency, and delays in alert and containment systems. Although the government allocated R\$ 89 billion for recovery, thousands of families remain in shelters, and reconstruction efforts face criticism for lack of community participation.



| MEXICO

POLITICAL CONTEXT

The country is preparing for the judicial elections to be held on June 1. For the first time, the historic reform establishing the popular election of judges, magistrates, and ministers of the Judiciary will be implemented. The measure aims to democratize access to justice and reduce the perception of corruption by allowing citizens to choose their judges. However, it has also raised concerns about possible politicization and loss of independence of the judicial system due to economic or political interests.

The ruling party, Morena, announced it will restrict the nomination of relatives of public officials to avoid nepotism and will prohibit ties to organized crime. These measures must be supported by its allies, the Labor Party (PT) and the Ecologist Green Party of Mexico (PVEM), if a coalition is formalized.

Bilateral relations with the United States remain tense after the U.S. Department of Agriculture suspended Mexican cattle imports for 15 days as a preventive measure against the spread of the screwworm. In response, the head of the Secretariat of Agriculture and Rural Development, Julio Berdegué, blamed the U.S. government, arguing it is the sole producer of the sterile fly used for containment.

ECONOMIC CONTEXT

Annual inflation rose to 3.93% in April, marking its third consecutive month of increase, according to the National Institute of Statistics and Geography. Despite this, the Bank of Mexico cut the interest rate to 8.5%, its seventh consecutive cut and the third by 50 basis points. Meanwhile, the Mexican peso has remained relatively stable against the dollar in recent weeks.

The Secretary of Economy, Marcelo Ebrard, announced that during the second half of 2025, the review process of the United States-Mexico-Canada Agreement (USMCA) will begin. According to Ebrard, these negotiations will allow Mexico to strengthen its commercial position against other regions and continue attracting foreign direct investment.

In the automotive sector, Gabriel Padilla, CEO of the National Auto Parts Industry (INA), reported that 92% of auto parts produced in Mexico comply with the USMCA rules of origin, exempting them from tariffs. The remaining 8% will face an average tariff of 27% when exported to the United States.

In the tourism sector, Mexico attracted USD 10.2685 billion in foreign exchange during the first quarter of the year, a 4.7% increase compared to the same period in 2024, although average spending per tourist fell by 2.2%, from USD 817 to USD 799.

SOCIAL CONTEXT

Ximena Guzmán, personal secretary to Clara Brugada, head of Mexico City's government, was shot and killed alongside advisor José Muñoz on the morning of May 20. The attack took place in the Moderna neighborhood. Both Brugada and President Claudia Sheinbaum condemned the crime, as authorities investigate the perpetrators and the motive behind the attack.

On Labor Day, President Claudia Sheinbaum announced the gradual reduction of the workweek from 48 to 40 hours, aiming for full implementation by 2030. To advance the initiative, the Ministry of Labor and Social Welfare will hold dialogue sessions from June 2 to July 7 with representatives from labor, academic, business, and union sectors, with the goal of presenting a consensus proposal to Congress. The Center for Economic Studies of the Private Sector, linked to the Business Coordinating Council, warned that the reform could raise labor costs for SMEs by up to 36%.

Meanwhile, the government reaffirmed its commitment to strengthening the purchasing power of the minimum wage, which is expected to rise by 12% in 2026. Since 2018, the minimum wage has increased its purchasing power by 125%, and it is projected to cover 2.5 basic baskets by 2030, compared to 1.8 today. Additionally, the PACIC anti-inflation plan has been extended for six more months.



| URUGUAY

POLITICAL CONTEXT

On May 11, departmental and municipal elections were held — the last vote in the current electoral cycle. The Broad Front (Frente Amplio) won the Montevideo mayoralty again for another five years, with Mario Bergara as the next mayor, after securing 50% of the votes. With this victory, the left will complete 40 years of governance in the capital. The opposition, represented by the Republican Coalition and led by Martín Lema, gained only a few thousand votes more than in the previous election, reaffirming the historic dominance of the left over Montevideo.

In the rest of the country, the National Party retained most of the mayorships, 13 out of 19, although it did not maintain the 2020 result when it held 15 departmental governments. The Broad Front won four mayorships, one more than in 2020, while the Colorado Party kept its traditional stronghold in Rivera. The major novelty was the debut of the Republican Coalition, which prevailed in Salto, a key area for the left.

The campaign tone was marked by tensions between the ruling party and the opposition. At the national level, several departmental candidates began debating management proposals, emphasizing issues such as mobility, housing, and decentralization.

ECONOMIC CONTEXT

Monthly inflation fell in April to 0.32%, placing the year-on-year rate at 5.35%. This marks 23 consecutive months within the target range set by the Central Bank. The categories that most influenced the April CPI were food and beverages, and clothing and footwear.

Despite positive signals, the Uruguayan economy remains exposed to external factors such as commodity prices, exchange rates in neighboring countries, and the evolution of international financial markets. Additionally, the market awaits key internal decisions, such as the guidelines of the Wage Councils, which will set the framework for upcoming wage negotiations, and the approval of the five-year budget, which must soon be passed by Parliament.

Exports grew by 4%, reaching USD 1.033 billion, according to Uruguay XXI, the Uruguayan agency for Investments, Exports, and Country Brand. Meat led sales, followed by pulp, dairy products, beverage concentrates, and wheat. The main destinations were Brazil, China, the United States, the European Union, and Argentina, representing 72% of total exports.

SOCIAL CONTEXT

As part of its strategy for climate leadership in the region, Uruguay assumed the coordination of the Southern Group (Argentina, Brazil, Ecuador, Paraguay, and Uruguay) for the upcoming COP30. María Fernanda Souza, Director of Climate Change, announced that the country will promote “blue bonds” to finance projects in coastal ecosystems, a joint initiative by the Ministries of Environment and Economy.

Poverty affects 17.3% of Uruguay’s population, according to a new measurement by the National Institute of Statistics (INE), which uses a different methodology from the previous one that showed 8.3%. Marcelo Bisogno, director of INE, clarified that the data are not comparable due to substantial changes in calculation methods. Child poverty is particularly concerning, affecting 32% of children under six, and poverty in female-headed households stands at 16.1%. Still, Uruguay and Chile maintain the lowest poverty levels in Latin America, according to CEPAL and the World Bank.

The country bid farewell with honors to former president Pepe Mujica, in a funeral procession through the streets of Montevideo and a lengthy wake at the Legislative Palace. The ex-leader governed the country from 2010 to 2015 and passed away at age 89 due to cancer.



| EUROPEAN PERSPECTIVE FOR LATIN AMERICA

THE EUROPEAN PARLIAMENT DEBATES A RENEWED STRATEGY WITH LATIN AMERICA

On May 13, the European Parliament's Committee on Foreign Affairs debated a report on the European Union's strategy in Latin America, presented by MEP Davor Ivo Stier (European People's Party). Stier advocated for a more proactive stance in the new global order, highlighting the historical, economic, and cultural ties between the two regions. He warned about the loss of European influence to China, Russia, and Iran, and urged the ratification of key agreements such as those with Mercosur and Mexico. He also proposed strengthening cooperation against organized crime, increasing parliamentary oversight of the Global Gateway instrument, and ensuring the EU-CELAC summit in Colombia has a real political impact.

Political groups showed consensus on the need to strengthen the bi-regional alliance. Socialists and Democrats supported institutionalizing dialogue and protecting human rights; Greens and the European Free Alliance called for greater attention to communities affected by treaties and more civil society participation. Conservatives, Reformists, and Patriots emphasized the urgency of combating organized crime and the influence of authoritarian regimes. The European Commission valued the report as a basis for a new roadmap at the EU-CELAC summit, focused on security, green transition, and global governance.

MEXICO AND THE EU STRENGTHEN THEIR CLIMATE AND ENERGY ALLIANCE TOWARDS COP30

European Commission Executive Vice-President Teresa Ribera made an official visit to Mexico, where she met with the Ministers of Environment and Energy, Alicia Bárcena and Luz Elena González. The objective was to boost cooperation on energy transition and climate action. This meeting consolidates Mexico's position as a strategic partner of the European Union in Latin America. Both parties agreed on the urgency of accelerating the implementation of the Paris Agreement and strengthening international collaboration ahead of COP30, which will be held in Brazil.

The initiative reflects Brussels' interest in tightening its alliances in Latin America amid a transforming geopolitical scenario.

Cooperation with Mexico allows the EU to project its green agenda worldwide and build bridges with key Global South actors. For Mexico, this relationship opens doors to European investment and technological innovation without compromising its energy sovereignty. The challenge will be to translate these commitments into concrete results before COP30.

FRANCE MAINTAINS BLOCKADE OF EU-MERCOSUR AGREEMENT DESPITE INCREASING PRESSURE

France maintains its rejection of the trade agreement between the European Union and Mercosur, despite renewed momentum from Brussels and a global context marked by U.S. protectionism. Emmanuel Macron's government argues that the current text does not guarantee protection for sensitive agricultural sectors, such as livestock farming, and demands "mirror clauses" that ensure environmental and sanitary standards equivalent to European ones.

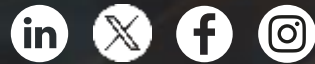
However, pressure is mounting to move forward with ratification. The European Commission plans to approve the agreement in the fall, once the legal review is complete. Countries that previously showed reluctance, such as Italy and Austria, have aligned with Brussels, which could leave France isolated. Even within the French Executive, there are nuances: the Minister of Trade has suggested formulas like safeguard clauses, which would allow progress without reopening the negotiated text.

France's blockade reflects tensions between the EU's geopolitical ambitions and its internal dynamics. While Brussels seeks to strengthen its strategic autonomy and diversify alliances amid global instability, one of its main agreements with the Global South remains stalled. The lack of consensus could weaken Europe's projection in Latin America against actors like China or the United States.

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