



Latin American Keys

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SUMMARY

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MOST LATIN AMERICAN COUNTRIES ARE PHASING OUT SANITARY RESTRICTIONS AS INFLATION CONTINUES TO RISE

Latin American governments and health authorities are progressively eliminating the sanitary measures currently established following a widespread decline in coronavirus infections. However, inflation continues to rise in the region, reaching double figures in some countries and surpassing records set decades ago.

In Peru, Ecuador, and Paraguay, face masks are now optional in most cases, and in the Dominican Republic, all health restrictions for tourists have been lifted.

Inflation rates in Mexico, Chile, and Argentina are the highest it has been for years. Following Turkey, Argentina has the highest annual inflation rate in the G20, standing at 55%. This is a widespread trend in the region.

In the electoral arena, left-wing candidates Gustavo Petro and Lula da Silva are positioned as favorites for the first round of the upcoming presidential elections in Colombia and Brazil. Polls indicate that they will most likely face right-wing candidates Federico Gutiérrez and Jair Bolsonaro, respectively, in the second round.

The Peruvian Government introduced a bill aiming to reform the Constitution. However, due to the lack of political and popular support, the initiative was rejected by Congress. In Lima, a 24-hour curfew was imposed due to the national strike organized by the transportation unions, who demand for a reduction in gasoline prices. A 3.6% GDP growth is expected in 2022, but private investments could fall to historic lows.

Ecuadorian President Guillermo Lasso is about to complete his first year in office amid a significant drop in popularity. Whereas in the first months of his administration, his approval rating exceeded 70%, it now stands at around 35%. People's dissatisfaction is centered on unemployment and insecurity. At the same time, the Minister of Production announced that in the first four months of this year, a historical record was broken after reaching USD 3 billion in new investment contracts. In most cases, masks have been optional since April 28.

With less than a month to go before the **Colombian presidential elections**, Gustavo Petro remains the leader in the polls. He is followed by Federico Gutiérrez, being the most likely to face the left in the second round. Rodolfo Hernández and Sergio Fajardo have declared that they will not support any other candidate, although the leader of the Liberal Party, César Gaviria, has announced that his organization will support Gutiérrez. Inflation continues to affect the economy, and the increase in basic food basket prices continues to rise.

Since **the Argentinian President** Alberto Fernandez reached an agreement with the IMF, whatever support he had from within his government and the legislature has faded away. Relations with his vice-president Cristina Fernandez are divided, and the opposition in Congress is growing stronger. In view of this situation, the President has started an international tour in search of allies he does not have at home in hopes of solving the problems the country is experiencing. Argentina is the second country in the world with the second-highest inflation rate recorded in the last year, 55%. In addition, in the last few weeks, the number of positive coronavirus cases has increased by 27%.



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The new Chilean Constitution that will be voted on in a few months appears to lack sufficient popular support. According to the polls, 48% of those surveyed would vote against it, and only 35% state being in favor. One of the main reasons for this is distrust in the legislative body, expressed by 58% of the population. Inflation has increased by 4.8% so far this year, while in the last 12 months, it has reached 10.5%, the first double-digit rate recorded in 30 years. The country reopened its borders on May 1.

The IMF predicts that **the Dominican Republic's economy** will grow by 5.5% this year, a favorable figure compared to other countries in the region. In addition, the fiscal deficit is expected to be 2.7%, the average for Latin America being 4.7%. Tourism continues to boom, reaching a record high in April with the arrival of 626,010 visitors. This number represents a 91% increase compared to the same month last year and a 7% increase compared to 2019. The government is seeking to promote the development of regional border areas through various projects, and the country has lifted coronavirus restrictions for tourists.

Former president Lula da Silva is still leading the polls in **Brazil** for the upcoming October elections. He is expected to receive 44% of the votes, followed by the current president, Jair Bolsonaro, with 31%. Despite no evidence or indications, the president is pursuing a strategy of creating doubts about the security of the elections and has even suggested that the Armed Forces should carry out a parallel vote count. The GDP is expected to grow by 0.8% this year, while accumulated inflation for the last 12 months is 12.13%.

Inflation in **Mexico** is at its highest level in 21 years. It increased by 7.72% in April, which has led to a significant reduction in the purchasing power of families, especially those with fewer resources, due to the basic food basket price increases. Surveys continue to show the Morena parties as favorites for the upcoming elections for governors. Currently, almost 90% of the population has already received the complete vaccination program.

The Paraguayan Senate approved a bill that exempts government fuel suppliers from submitting sworn statements. The pressure exerted by the transport unions through mobilizations was crucial. According to IMF predictions, the Paraguayan economy will see the smallest growth in the region in 2022, at 0.3%. This is due to the drought's impact on the agricultural sector. However, there is a 4.5% increase for 2023. In view of a decrease in Coronavirus cases, the health authorities have ended the mandatory use of masks



Latin American Keys presents a monthly report about the political, economic, and social situation of Latin America. Through this report, ATREVIA's Analysis and Research team provides companies with a first-hand perspective regarding the evolution of the political-institutional scene in the region.

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