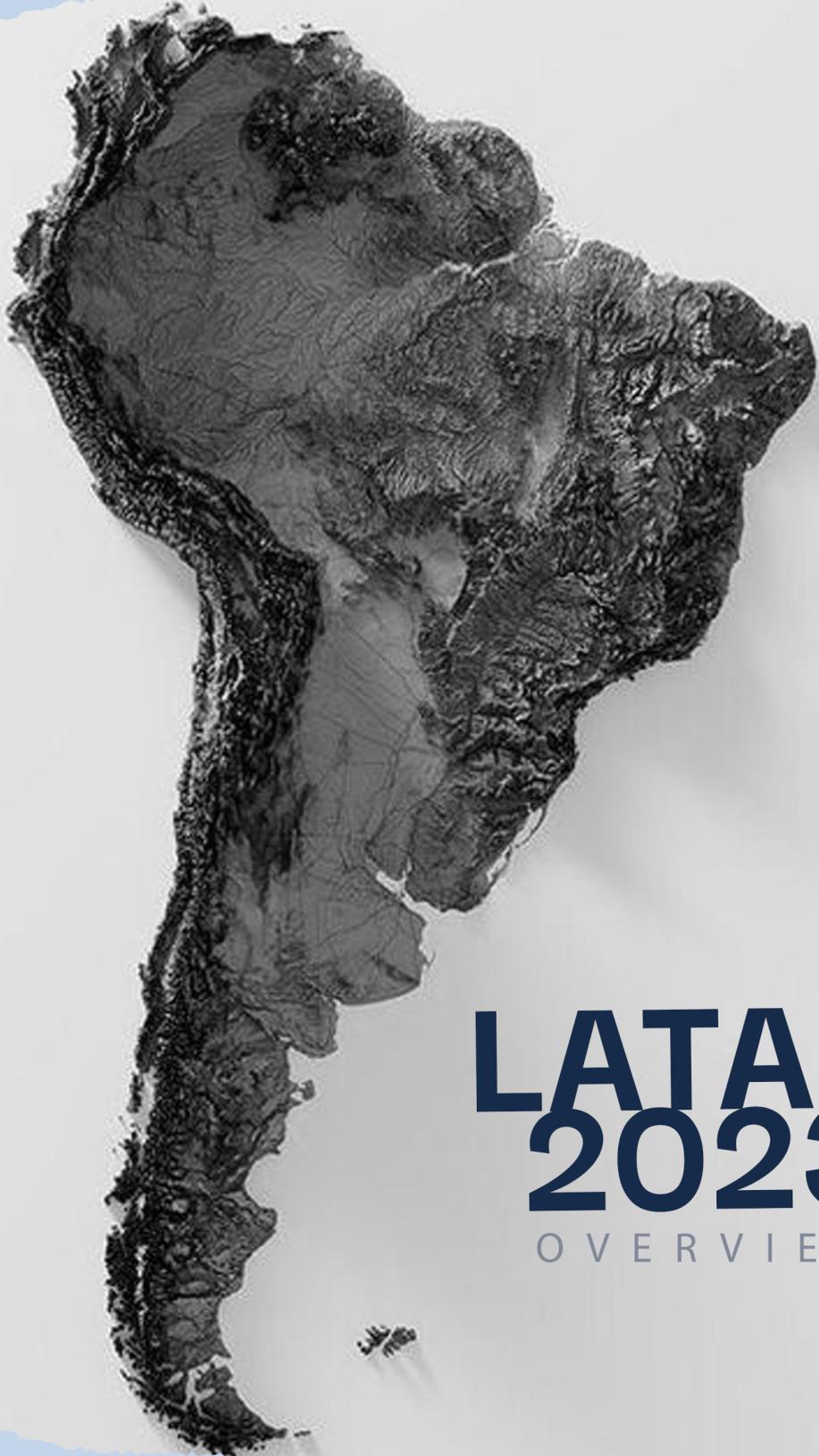


.VALI CONSULTORES

PUBLIC AFFAIRS CONSULTING FIRM



LATAM 2023

OVERVIEW

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Latin America has experienced a transformation in its political landscape over the last few years, which was consolidated by the different elections that took place in 2022. The presidential victories of Gustavo Petro in Colombia and Lula da Silva in Brazil were added to the triumphs of other leftist movements in the region, with leaders such as Gabriel Boric in Chile (2021), the ousted Pedro Castillo in Peru (2021) and Andrés Manuel López Obrador in Mexico (2018). The common tendencies of these governments have favored the prioritization of a regional agenda within their political projects. The closeness and openness with which presidents Gabriel Boric, Gustavo Petro and the recently inaugurated Lula da Silva have presented themselves in their speeches to their neighbors has been accompanied by the participation of the governments of Mexico and Peru in different multilateral scenarios.

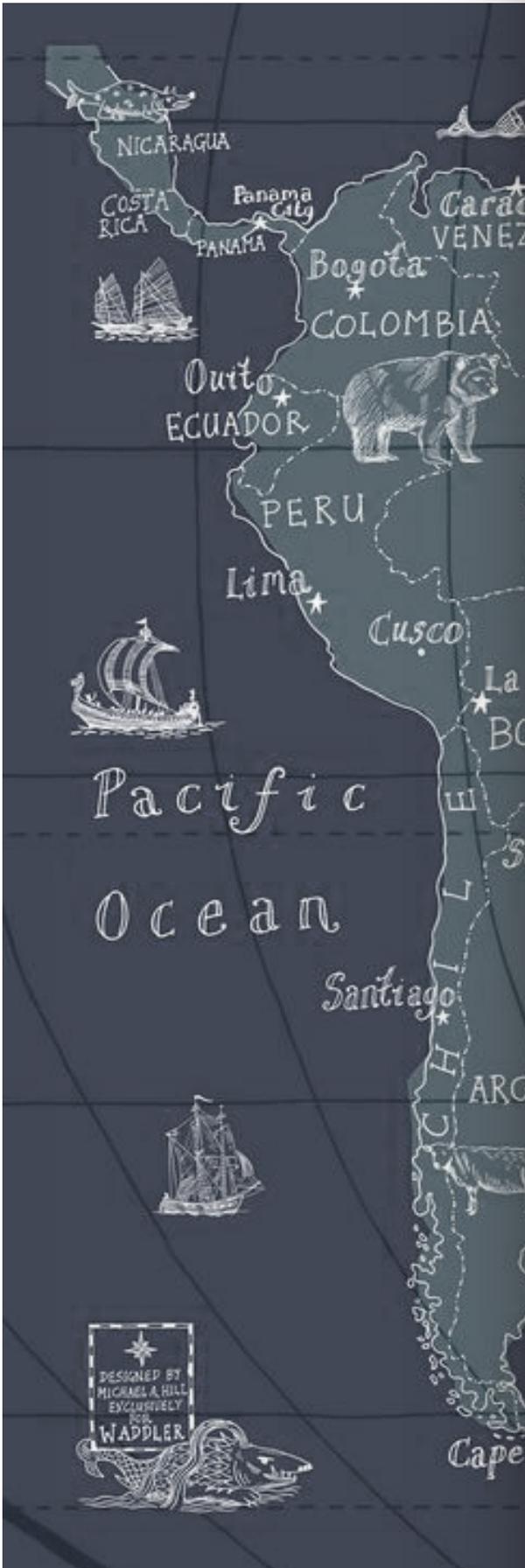
That is why Vali Consultores, a public affairs consulting firm, is interested in understanding the opportunities and challenges presented by the countries in the region. This is based on a review of the political, social, and economic outlook in Mexico, Brazil, Chile, Colombia, Peru and Ecuador in 2022 and their expectations for 2023. In this way, we address the dynamics of the different sectors of the economy, their potentialities as well as the political and regulatory environment. We expose the relevance of regional integration amid the challenges identified and the progress expected in this area, as well as the potentialities of the economic relations with the USA and China.

Latin America OVERVIEW

POLITICAL OVERVIEW:

The shift to the left that has taken place in most of the countries of the region has revealed expectations of a greater role for the State in the development of social policy and the economy. This amid highly polarized elections and major challenges in terms of governability for most of them. The narrow electoral victories in Brazil (51% vs. 49%), Colombia (50.44% vs. 47.3%), Peru (50.12% vs. 49.88%) and Ecuador (52.5% vs. 47.50%) have shown a weakening of the electoral capital of the center parties and the strength of other political forces in the region. In cases such as Chile, Brazil, and Peru this has been reflected in their low legislative power which has hindered their progressive agenda. These are some political affairs that must be considered:

- **PERÚ**: Social protest and growing civil unrest given the impeachment of President Pedro Castillo in December 2022.
- **BRAZIL**: The takeover of the Planalto Palace by Bolsonaro's supporters, following Lula da Silva's inauguration in Brazil.
- **CHILE**: The lack of articulation within Gabriel Boric's bench in the Chilean Congress has already earned him close to 70% disapproval within the public opinion.
- **COLOMBIA**: The dismantling of fuel subsidies and high food prices have begun to generate growing discontent within some sectors.
- **ECUADOR**: Limitations to comply with the agreements reached with the Confederation of Indigenous Nations in the framework of the National Strike of 2022 and the increase in fuel and agro-inputs prices are potential generators of social mobilizations.



ECONOMIC OVERVIEW:

In 2022, the region had a substantial increase in inflation levels, and it will remain at 8.1% approximate in 2023, with a slowdown that will not reach the pre-pandemic levels (ECLAC projections). Also, the adoption of measures to curb inflation by Central Banks will have an impact on the sources of financing for emerging economies such as those in Latin America.

In 2022, the increase in interest rates by the Deutsche Bundesbank and the U.S. The Federal Reserve has caused a decrease in investors in countries within Latin America. Therefore, the need to establish strategies to maintain the course of monetary policy and make Latin American markets more attractive to investment, thus attracting new resources to the region, taking advantage of potential windows of opportunity within different sectors. The International Monetary Fund projects that by 2023, the region will have a 2.6% growth, which contrasts with the 3.1% estimated for 2022 (ECLAC).

PART 02

Opportunities and challenges LATIN AMERICAN COUNTRIES WILL FACE.

(COUNTRY - PERÚ)

Pedro Castillo completed his first year in office, amid a tense relationship with the Legislature. Going through a presidential vacancy motion, Pedro Castillo tried to dissolve the Congress; but the Congress processed and approved the presidential vacancy motion on December 7th, 2022, and Dina Boluarte, vice-president of Pedro Castillo's government, took office. In this way, in 2023, the executive power will have to seek its favorability with the Congress to remain in office until the next general elections in April 2024. Moreover, she will have to face a growing social discontent, which is expressed in protests in different areas of the country. The demands are the closing of the Congress, the resignation of the President, an early election and the development of a Constituent Assembly. On the other hand, the Ministry of Economy and Finance (MEF) estimates a GDP growth for 2023 of 3%. About inflation, Scotiabank projects that it will be 4.5%, below the 8.2% of 2022.

ECONOMIC SECTORS' PERFORMANCE AND DYNAMICS

Mining-energy sector:

The adverse social climate experienced by the sector during 2022 was reflected in a 3.75% contraction in mining investment. Peru had to face a reduction of US\$1,008 million in its investment levels because of various socio-environmental problems and anti-mining protests, especially in the southern part of the country. In addition, the increase in international fuel prices was added to the country's difficulties in supplying the domestic market with this product. For the time being, Peru has a portfolio of projects for US\$46 billion to be executed in mining-energy projects that seek to favor investment in the sector.

Agriculture:

Despite the rise in fertilizer and agrochemical prices due to the war in Ukraine, failed attempts to execute urea tenders, multiple rotations, and lack of continuity in the policies of the Ministry of Agrarian Development, positive results were maintained in the 2022-2023 Agricultural Campaign. Difficulties for the implementation of the Second Agrarian Reform in 2022 have increased social discontent, which has generated an increase in social mobilization and possible effects on agro-export performance. The Prime Minister, Alberto Otárola, indicated that Boluarte's administration will not continue to promote the Second Agrarian Reform. However, a drought bonus will be delivered, as well as the FertiAbono (fertilizer subsidy) to compensate for the increase in the cost of fertilizers.

Health:

There was consensus between the executive and the legislature to move forward in increasing health infrastructure and equipment, as well as improving the working conditions of human capital in the provision of services, with an increase in the budget allocation of 8% by 2023. By 2023, the Ministry of Health plans to make progress in specific aspects, reaching 82.5% of complete vaccination schedules in children under 15 months, 82.5% coverage for tuberculosis detection, as well as mental health care, controls for pregnant mothers, oncological medicine, and antiretroviral treatments for the HIV population. This, in addition to a series of legislative initiatives aimed at speeding up the sanitary registration of drugs approved in countries with high sanitary surveillance and expanding access to high-cost drugs in the country.

Infrastructure:

In 2022, the government of President Pedro Castillo published the National Sustainable Infrastructure Plan for Competitiveness. In this document, the government established the objective of using public investment mechanisms such as Public Private Partnerships, Works for Taxes and other co-financed private initiatives to boost investment in this area and reduce the infrastructure gap in the country. Despite this, the Peruvian Institute of Economics considers that the trend in the sector is negative, as private investment in infrastructure has been experiencing a contraction since 2021 and the political situation of the country has posed new challenges to the government's strategy.

Technology and Communications:

According to the Chamber of Electronic Commerce of Peru, online sales in the country have been experiencing a development with growth of over 30% since 2020. This, due to the strengthening of digital payment systems in the country, which has benefited from the financial inclusion policy promoted by the Central Bank. The Ministry of Transportation and Communications concluded the year with the implementations of the projects aimed to strengthen access to this service, as well as the digital economy. By 2023 the country will focus on promoting connectivity, especially in rural areas.

COUNTRY - ECUADOR

2022 was a scenario of unfavorable governance; the opposition majority tried to promote a motion to dismiss President Guillermo Lasso, in the framework of the country's protests in June. In view of this, the government promoted dialogue tables between them and parliamentarians to make different initiatives viable. On the other hand, although inflation is one of the lowest in the region (3.7% by December 2022), Ecuador's economic growth has been low compared to its neighbors (2.7%). It is expected that by 2023, growth will continue to decelerate to 2%; and mining, hydrocarbons and fisheries will be the sectors driving the country's GDP growth. For 2023, the main challenge faced by the government are the elections of different local authorities and a popular consultation that includes issues such as political reform, anti-corruption, and citizen security.

ECONOMIC SECTORS' PERFORMANCE AND DYNAMICS

Mining-energy sector:

Mining exports totaled US\$2.31 billion in 2022, and the country's oil production experienced a 1.5% growth, which has prompted the Ministry of Mines to propose incentives to promote conventional and non-conventional energy projects this year to attract foreign investment to the country. By 2023, the government has made a commitment to indigenous organizations to reform Executive Decree 151, to stop mining activities in protected areas and guarantee prior consultation. This would result in a loss of investment close to \$5,804 million dollars over the next four years.

Agriculture:

Agroexports have experienced a decline in foreign market demand due to higher inflation worldwide, lower availability of containers, and the fall in agricultural production in Ecuador, due to higher prices for fertilizers, plastics, and cardboard. By 2023, bananas are expected to have greater dynamism due to the support given by the government to the sector. Likewise, there will be a greater promotion of agroecology, agroecological transitions and the strengthening of INIAP (National Institute of Agricultural Research of Ecuador) to promote the operation and creation of new seed banks.

Health:

During 2022, due to complaints of low supply levels nationwide, the Ministry of Public Health implemented supply strategies and added about 30 new drugs to the National Basic Drug List. The Ministry of Finance planned to invest US\$273.8 million by 2022 in health projects; however, as of September, only 17% of the budget was allocated. Likewise, the investment budget for the health sector will total US\$261 million in 2023, US\$23 million less than in 2022.

Infrastructure:

Ecuador seeks to create instruments to strengthen the country's competitiveness to attract investments for the infrastructure sector, in which there is a portfolio of projects totaling around US\$50 billion. For 2023, the Ministry of Transportation and Public Works will receive an allocation of US\$297.6 million, reducing its budget by 16% compared to 2022. The government expects this reduction to be offset by the development of public-private partnerships (PPP).

Technology and Communications:

In August 2022, the government announced Ecuador's Digital Transformation Agenda, a public policy tool aimed at complementing and strengthening the legal and regulatory framework for the promotion and development of Digital Transformation in Ecuador. The National Assembly also passed the Digital and Audiovisual Transformation Law, which seeks to promote investments in the audiovisual sector, providing incentives to companies. In addition, the Fintech Law was approved, establishing a regulatory framework for the activities of financial technology services. For 2023, the presentation and socialization of the measures of the National Digital Transformation Policy is pending. Likewise, it is expected that the regulation of the Fintech Law will be issued.

COUNTRY: COLOMBIA

In 2022, Gustavo Petro was elected as the first left-wing president of Colombia, with proposals banners focused on environmental sustainability, peace, and social justice. Also, the Congress for the term 2022 - 2026 is constituted by an important participation of alternative political forces, focused on promoting new social policies. Therefore, president Petro has majorities in Congress and a favorable governance scenario. This allowed the approval of the Tax Reform for an amount of \$19,7 billion pesos (USD 4,279 thousand million) and a National Budget of \$405,229 billion pesos (USD 88,462 thousand million). For 2023, the Government must maintain its coalition within Congress to ensure the second package of reforms (health, pensions, and labor) and the discussions to approve the National Development Plan (as it is going to be the main roadmap to implement the public policy for the next four years in each sector). On the other hand, in October there will be regional elections, in which local and departmental authorities will be elected. This is important for the political project of the Government party at regional level. In the economic context, according to the World Bank, in 2023 the Colombian economy will have a deceleration in its growth, which will be 1,3% whilst OECD estimated that growth will be 1,2%.

ECONOMIC SECTORS' PERFORMANCE AND DYNAMICS

Mining-energy sector:

The Government seeks to consolidate a leadership role in energy transition and sustainable productive transformation as they seek to stop exploration and mining projects. For 2023, the mining-energy sector will assume the political uncertainty and the prospect about the regulatory context proposed by the Government, which will determine the advance of the new investment projects in the country and the energy sovereignty in the medium term.

Agriculture:

During 2022, the government aimed to improve the rural conditions and productivity. Therefore, it made progress in the delivery of 680,000 titled hectares and subsidies to farmers for the acquisition of agro-inputs. By 2023, the Ministry of Agriculture expects to develop the Agrarian Reform with a big challenge: due to its budget it will not be enough for the purchase of lands, the implementation of the agrarian reform and the compliance of the commitments to the agricultural sector.

Health:

Since September 2022, the Government started to develop a health reform proposal, which suggests the strengthening of the public sector for the benefit of health services, the elimination of the Health Promoting Entities (Entidades Promotoras de Salud- main health providers in the country) and the improvement of the national production of medicines. For 2023, the Government's agenda will concentrate on presenting the health reform in February, the restructuring of INVIMA (surveillance and control entity) and generic medicine projects.

Infrastructure:

In 2022, the Government's priority was restructuring the National Infrastructure Agency and the opening of bidding processes for different constructions. For 2023, the Government will resolve the bidding processes of the navigability of the Magdalena River and the construction of the "Canal del Dique". Also, the guilds have demanded the president to speed up some constructions that are priorities for transportation.

Technology and Communications:

The Government proposes an ICT policy transformation, with an improvement in connectivity coverage and digital literacy. Therefore, the Government's goals are increase the coverage from 70% to 85% of the territory, the auction of the 5G spectrum, and the renovation of 70% of the radioelectric spectrum.

COUNTRY: CHILE

According to the survey of the firm Cadem, the approval of the Chilean president reached 36% of favorability among citizens at the end of 2022. The Government's favorability has been affected by the limited consensus to propose a new constitutional text, the strengthening of organized crime, the social conflict in South Macrozonas, as well as the changes in the cabinet of president Boric and the difficulties to create consensus within the Government coalition to pass legislative initiatives. In addition, the mistrust of the private sector towards the Tax Reform, the approval of the Escazú Agreement and the projects to contain the fuel prices increase and electricity have to be considered. In 2023, Chile will have two elections to modify the constitutional text. The first election will be held in April to choose the 50 constituents who will shape the new text and the second election is the referendum in November. Economically, the Central Bank estimates that inflation for 2023 will be approximately 5% and Chile's growth will be negative between 0.75% and 1.75% during 2023.

ECONOMIC SECTORS' PERFORMANCE AND DYNAMICS

Mining-energy sector:

This is the main productive sector in the country due to the extraction of minerals such as copper, lithium, and cobalt. Likewise, the mining sector has been strategic for the transition to clean energy in the country, becoming one of the main axes of Gabriel Boric's Government in environmental and energy matters. Chile has become one of the regional leaders in energy transition, seeking decarbonization through the closure of four coal-fired power plants. By 2023, the energy sector will seek to increase the energy generation capacity to 4.8GW through investment projects for more than USD\$4 billion.

Agriculture:

According to the National Society of Agriculture, the agrarian sector had a low growth between 3% and 4% during 2022, because it was affected by the increase in fertilizer prices due to the conflict between Russia and Ukraine, and droughts. For 2023, the industry expects a drop in the agrarian sector activity between 0.5% and 1.5%, as there will be an increase in production costs in the country.

Health:

By 2023, the health sector is expected to deepen in technology and infrastructure issues with the aim of improving competitiveness and productivity at international level. Likewise, Gabriel Boric's Government will seek to move forward the health reform, which has been structured and coordinated since September 2022.

Infrastructure:

The Government's plan 'Infrastructure for wellbeing in 2023' is an opportunity for the sector in Chile because it seeks to install infrastructure in different indigenous and rural communities of the country. This plan will look to increase State investments in infrastructure, through a budget of \$348 billion Chilean pesos (US\$445 thousand million). By 2023, the structuring of the railroad project that will connect the metropolitan regions of the cities of Santiago de Chile and Valparaíso is expected to begin, with investments of US\$1.3 billion.

Technology and Communications:

The technology sector in Chile is one of the most developed at the regional level. The country has one of the highest capacity broadband speeds in the world, as well as a solid and growing digital economy. The potential of 5G technology, the reduction of digital gaps and the expansion of fiber optics in the country, raised the projected investment figures to \$27,809 million dollars for the period 2022-2031. By 2023, it is expected a growth of 3.5% in investments in the ICT sector.

COUNTRY: MEXICO

In 2022, the 2018-2024 mid-term elections were held, which counted with a 52% participation of the electorate. The ruling party (Morena) expanded its territorial power as governors, national deputies, mayors, and aldermen were elected. The elections were crucial as an assessment of Andrés Manuel López Obrador's time in office. The political landscape was marked by the constant deterioration of internal security and the growing presence of organized crime, the worrisome weakening of freedom of the press and democratic institutions. Throughout the previous year, Mexico exceeded the growth projections made by institutions such as the World Bank and the International Monetary Fund. By 2022, the GDP grew by 3.1%. Such growth was due to the increase in foreign direct investment (46%), export growth (18%) and domestic consumption (13%).

ECONOMIC SECTORS' PERFORMANCE AND DYNAMICS

Mining-energy sector:

During 2022, López Obrador administration did not grant new mining concessions, which made it necessary for private sector companies to invest more in exploration to find new deposits in the territories previously granted. This will have implications for the search of new deposits of various critical minerals for energy transition, such as nickel, copper, manganese, and lithium, which will favor foreign investment in the country.

Agriculture:

The agri-food sector for 2022, exported products for a value of \$27,645 million dollars (15% increase). In addition, imports amounted to US\$21,108 million (19% increase). Furthermore, Mexico's Chamber of Deputies approved the Federal Expenditure Budget, which established an amount for the Ministry of Agriculture and Rural Development of \$70,527.9 million Mexican pesos. In 2023, these resources will be earmarked for food self-sufficiency programs, the growth of the primary sector and support for rural producers.

Health:

By 2022, IMSS- Bienestar (Health care system), seek to provide free medical care to people who do not have a social security; the plan was implemented in nine states. The government plans to increase health coverage by 100%, as well as to strengthen the construction of hospital infrastructure, guarantee the delivery of medicines and improve the provision of these services. By mid-2023, the consolidation of the new Mexican health system is expected, linking all the states of the country.

Infrastructure:

For 2022, the Ministry of Communications and Transportation (SCT) allocated a total budget of \$65,553 million Mexican pesos (US\$3.5 million) which was earmarked for air, road and rail projects (General Felipe Ángeles International Airport, construction of the Mexico-Toluca Interurban Railway and the extension of the Suburban Train to the Felipe Ángeles International Airport (AIFA). 2023 will come with a government budget allocation amounting to US\$39.7 billion, earmarked for investment projects. The Mayan Train will be one of the main priorities in this area.

Technology and Communications:

The ICT sector in Mexico has had an asymmetric development in different regional markets. This sector has a different level of priority for the government authorities of each State. The telecommunications sector has registered a greater dynamism thanks to the expansion in consumption and the increase in services that has been occurring in recent years. For 2023, the sector is expected to increase 5,8%. Nonetheless obstacles are expected such as the economic slowdown and the reduction in the population's purchasing power.

PAÍS. BRASIL

Since the inauguration of President Luiz Inácio Lula Da Silva on January 1, the country has started a new political cycle characterized by social and environmental proposals that contrast with the agendas of the previous government. He has reversed the privatization processes of Petrobras and Correios and presented a series of reforms through the enactment of different decrees such as the reactivation of the Amazon Fund. This new

scenario for the country has resulted in considerable challenges in terms of governance within the legislature and public opinion regarding the increasing polarization observed during the general elections. This resulted in the takeover of the Congress, the Presidency, and the Supreme Federal Court on January 8, which sought to overthrow the new Government.

By 2023, President Lula Da Silva will focus on shaping greater alliances within Congress and public opinion to develop a government agenda with a strong social component, amid of a largely conservative legislature. At the economic level, Lula Da Silva's government faces a stable outlook, with a GDP growth projection close to 1% in 2023 and the revaluation of the national currency against the dollar, being one of the first currencies in terms of revaluation (5.62%). In this context, Brazil maintains an inflation rate forecast of 5.36%, which is moderate compared to other countries in the region.

ECONOMIC SECTORS' PERFORMANCE AND DYNAMICS

Mining-energy sector:

In the third quarter of 2022, the mining sector had a 33% increase in revenues \$75.8 billion reais (US\$ 15 thousand million) versus \$57 billion (US\$ 11 thousand million) in the previous period. Added to this is the 39.5% growth in crude oil exports compared to 2021, which amounted to \$42.7 billion. By 2023, a potentialization of renewable energies is expected, based on the country's most important energy source, hydroelectric power plants. Likewise, the continuity of oil exploration announced by the new government has been positively received within the mining-energy sector who are monitoring how the privatization of Eletrobras will be done.

Agriculture:

Agricultural production had to experience a substantial increase in the price of agro-inputs and a growth in demand, particularly for grains, due to the Russian-Ukrainian war. This has enabled the sector, responsible for 28% of the country's economy, to consolidate its position as the third largest agricultural producer in the

world particularly in soybeans and corn. Furthermore, the government will seek to stimulate the sector with 'green loans' to finance small farmer projects for the cultivation of soybean and corn.

Health:

In the last four years, the Brazilian health system has been focused on primary care programs through the 'Previne Brasil' strategy, an instrument that increased coverage within the country's health system, reaching 166 million citizens covered by this system. By 2023, initiatives will concentrate on the state's offer of public mental health policies, actions aimed at women's health in order to increase public health insurance in the country.

Infrastructure:

The current infrastructure legislation will not be modified to give continuity to the projects under development. Considering the 80 auctions in the sector during the last four-year period, mainly impacting the road infrastructure and the transportation sector, with 364 works worth R\$117 billion (US\$ 23 thousand million). The sector plans to reach investments of up to \$26 billion (US\$ 5,7 thousand million) by 2027.

Technology and Communications:

Conexis Brasil Digital's¹ 2022 survey revealed that the sector's gross revenues reached \$69.5 billion reais (US\$ 13,8 thousand million) in the third quarter of 2022, representing a contraction of 2.1% compared to the same period of 2021. For 2023, in terms of connectivity, it is important to note that the Ministry of Communications plans to reach the goal of providing 60% of the population with 5G technology by 2027.



In recent years, the region Congresses have allowed the positioning of alternative political parties, as well as the construction of broad multi-party alliances. Some examples of this were the impeachment of Dilma Rousseff in Brazil (2016), the four presidential vacancies in Peru in the last 5 years, and the failed process against Guillermo Lasso in Ecuador (2022). In the case of Mexico and Colombia, there is legislative support regarding the government's agenda and favorability by public opinion. On the other hand, Ecuador, Peru, and Chile have had limitations to advance in this matter, giving space for more discussion and brakes to the executive's projects.

¹Organization that brings together different telecommunications and connectivity companies

By 2023, the political agendas of the countries seek the support and the strengthening of the alliances with parties, which have begun to influence the positions of presidents such as Gabriel Boric, Lula Da Silva and Gustavo Petro, on issues such as the development of mining production, speeches in favor of energy transition and decarbonization of the economy. On the other hand, for 2023, in Peru there will be discussions regarding to reforms (pension, university education and health); in Brazil there will be discussions respecting the income tax and payroll tax relief; in Ecuador there is a lack of legislative support for the package of constitutional reforms; in Chile the search for support for the drafting of the new constitution continues; in Colombia health, labor and pension reforms will be presented; and in Mexico the reform of the Electoral Code will be prioritized.

that has consolidated itself as the main commercial ally of many of these countries, through loans and investment projects. The consolidation of progressive governments in several Latin American countries, China's strong economic interests in commodities and strategic infrastructure, and the contradictory positions of the Trump administration in the region have resulted in a misalignment of political and economic agendas. Now, the U.S. administration of Joe Biden, has promoted friendly dealings with the governments of the region as they have also made clear their desire to strengthen relations with the U.S., in the face of their growing economic and political needs. By 2023, geopolitical competition between China and the U.S. will bring interests to the agenda that Latin American leaders will seek to capitalize on.

REGIONAL INTEGRATION AGENDA - 2023

The countries of the region will be able to make progress in deepening diplomatic ties in response to the economic challenges of 2023. Likewise, the ideological affinities of the region's leaders have already led to a series of points in common: policies of sustainability, peace, and protection of nature. Governments have made commitments to cooperate in this regard. State visits, participation in multilateral forums, the signing of memoranda of understanding and the strengthening of diplomatic relations have favored joint work in the region. However, attention to internal economic, political, and social difficulties and challenges pose a first obstacle to progress on common projects in the region.

Political interest will increasingly seek to respond to the economic realities of the region, and the spaces of multilateral understanding will be the scenario to seek greater resources for economies that are approaching a sharp slowdown in their growth. Thus, the green agenda will be a potential entry point for private projects. Likewise, projects such as the Pacific Alliance have contributed to the projection to Asia-Pacific markets, generating greater opportunities for productive linkages between Colombia, Peru, Chile, and Mexico. This also provides conditions for other countries, such as Ecuador, to become interested in belonging to the group.

Finally, the projection of the region's markets towards Asia-Pacific has been strengthened by the growth of China's economic interests in the region, a country

CONCLUSION

-The political projects of the region's governments will seek to maintain their electoral capital in the short and medium term, and attention to growing economic and security concerns will influence their stance on investment in key sectors.

-The demand for stronger action in midst of rising living costs, as well as the electorate's expectations in terms of social policy, may have an impact on growing social discontent and the different agendas of governments.

-Increases in food prices will put pressure on governments to take measures in the sector, which are already focusing their strategies on strengthening small producers, such as subsidies for the purchase of fertilizers.

-Over the year 2023, different governments in the region will develop tax reform initiatives with key points regarding the progressiveness of collection, the environmental issue with green taxes, the increase in taxation of the private sector and the creation of anti-evasion mechanisms.

-The energy transition and the abandonment of fossil fuels will be a divergent trend within the regional scenario. While governments such as Chile's and Colombia's will seek to materialize these objectives at the local and regional level, Mexico and Brazil will continue to support extractive activities amid growing economic needs.



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