Introduction – General Regional Context

The near constant social, political, and economic shifts within Latin America and the Caribbean (“LAC”) region necessitate an almost continuous review and evaluation of the risks and rewards of conducting business within the region. Recent leftward political shifts driven by underperforming national governments, the continued economic impact of COVID-19, declining socio-political mobility, increased migration, increases in organized criminal activity, climate change, and the influence of geopolitical issues have all impacted regional political and economic stability. Further, the global competition between the U.S. and China has created a unique set of circumstances that are impacting the power equilibrium which is creating distinct opportunities for those willing to strategically invest as part of the anticipated economic recovery.

The pandemic acted as an accelerating force that exposed multiple underperforming governments in the region and exacerbated long standing social and economic issues. This resulted in the rise of populist political figures who now dominate the political landscape. Programs designed to address education, poverty, climate change, and access to healthcare—as well as programs designed to liberalize trade relationships and to promote regional and global investments—have been slowed or halted. Capital flight, nationalization fears, violence and organized crime, reductions in foreign direct investment, regulatory changes, and the strength of governmental institutions, specifically the judiciary, are beginning to impact investor perceptions. However, despite these challenges, the 2021 GDP growth forecast for the six major Latin American economies was revised upward at the end of Q1 2021.

Whether you are monitoring investments in the region or looking for opportunities to invest, participation in this evolving marketplace without the proper support presents significant economic, political, and reputational risks. We believe information, knowledge, and insight are critical to making informed decisions and avoiding unnecessary risks, and we hope this whitepaper provides some insights into the current socio-political conditions within the region.

The Weakening of the State and Its Inability to Meet Social Demands

For many it is common knowledge that individual governments have consistently failed to address basic economic and social issues including providing adequate healthcare, primary education, infrastructure, and a minimal public safety net to meet the demands of their populations. In most cases, central, regional, and local governments are overextended in terms of resources, and public corruption is still commonplace in Latin America and the Caribbean which further erodes the limited trust in these government’s ability to meet the needs of their citizens. The health crisis created by the COVID-19 pandemic served to further expose governmental shortcomings resulting in a combination of these issues being brought to the political forefront.
According to the Economic Commission for Latin America and the Caribbean (ECLAC) data, in 2020 the global pandemic caused a dramatic increase in the extreme poverty rate from 12.5% to 33.7%. In terms of population, the total number of people living in poverty reached 209 million by the end of 2020, an increase of 22 million from the previous year. Out of this total, 78 million people were in extreme poverty – 8 million more than in 2019. The pandemic has generated an unprecedented economic recession in LAC. April 2021 ELAC projections estimate a contraction of the regional Gross Domestic Product (“GDP”) of 7% for 2020, which was the largest economic contraction since the 1900s, compared with a global GDP decline of 3.3% to 4.4%. The economic deterioration triggered an overall increase in crime inclusive of violent, property, public order, enterprise (organized), and white collar.

Individual and institutional financial strains, coupled with endemic public corruption, has increased criminal activity and the perception of governmental ineffectiveness leading to increased social unrest and demands for political change along with increased accountability and transparency. Capitalizing on the social unrest, foreign operators from both Venezuela and Cuba began promoting more progressive economic and social policies (the “Castro-Chavist economic model”) in Latin America, which were already being heavily promoted by Evo Morales and Pedro Castillo in Bolivia and Peru, respectively. These efforts resulted in a significant shift leftward in recent regional elections, such as in Peru, where the Marxist party of Pedro Castillo recently won the presidential election. Left leaning candidates are gaining popularity and will have an impact on the upcoming elections in Chile, Colombia, and Brazil, while leftist politicians already control Argentina, Ecuador, Mexico, Nicaragua, Venezuela, and Bolivia. These political shifts are projected to increase relations with China, reduce the regional pressure on Venezuela to reform, and challenge U.S. influence.

Regional Geopolitics

To date, the new Biden Administration has not presented a clear strategic policy for Latin America that addresses the ongoing drug trade, immigration, the leftward political shift, and the increasing presence of Chinese influence. Internationally, Russia, China, and Iran continue to show their support for Cuba, Venezuela, and Nicaragua, and are expanding their influence in Argentina, Bolivia, Mexico, and to a lesser extent, Peru. The current void created by the United States’ limited engagement is raising questions about its level of commitment to the region. In addition, the continued presence of both FARC and ELN guerrillas in both Venezuela and Cuba and the presence of Iranian and Russian military personnel in Venezuela is equally concerning.
It is worth noting that the Biden Administration has only recently demonstrated a willingness to assist with the region’s vaccination efforts even though Latin America has suffered a disproportionate impact from COVID-19. With only 8% of the world’s population, Latin America represents almost 35% of all COVID-19 deaths. Russia and China have used vaccine assistance to further their influence as the U.S. has focused resources elsewhere. Thus, external geopolitics and political ideology are playing a role in vaccination efforts.

The continued polarization of regional governments and the dominance of left-wing populist regimes are also impacting the effectiveness of U.S. engagement. With a focus on diplomacy and multilateral cooperation, the U.S. is emphasizing the effectiveness of regional and hemispheric institutions that promote democratic reform efforts and sustainable economic ties while addressing the drug trade and the associated violence, economic, and immigration issues. The reliance on existing institutions and practices, especially in light of the pandemic and migration crises and past policy failures, is undermining the U.S.’s ability to provide leadership. The impact of reduced U.S. engagement is creating additional political and economic risks for weakened governments that have previously relied on the U.S. to mitigate border tensions, control the flow of drugs, and lead the fight against transnational organized criminal networks and political corruption.

According to UNCTAD’s Global Investment Recipient Countries Report 2020, China has surpassed the United States in investments for the first time in the region. This data is one of the many indicators of how China is expanding its economic influence in Latin America and globally. For China, Latin America is key to acquiring raw materials and commodities to support its industrial output.

## Migration and Crime

Homicide rates and criminal activity continue to be among the highest in the world, with Venezuela, Mexico, Brazil, Colombia, El Salvador, Guatemala, and Honduras representing the countries with the highest crime rates. These crime rates include public corruption in the judicial, police, and military sectors of government that involve bribery, illegal gratuities, contract extortion, bid rigging, influence peddling, graft, and embezzlement. Legal insecurity and the weakening of the rule of law occurring under the populist governments have negatively impacted foreign direct investment. These conditions also favor the presence of organized crime and promote uncertainty and insecurity within the individual countries and the region including instances of mass migration, which is straining the fiscal budgets of neighboring states as well as regional and international charitable organizations.

Venezuela’s mass migration has had a significant social and economic impact on Latin America and the Caribbean, causing the receiving countries to assume costs that exceed their capacity for social
assistance. Other mass migration issues include multiple Central American countries and the massive caravans of travelers who are moving toward the southern border of the United States. These caravans have been linked to political objectives, and the individual participants have been victims of misinformation and exploitation, creating multiple recurring humanitarian crises.

Figure 1 – 2021 Regional Security Index Latin America
Country Analysis

MEXICO

Mexico's nationalistic approach to U.S. relations is concerning because of the size of its economy and population, its shared border with the U.S., and its importance to the U.S. economy as a strategic partner in CUSMA (updated NAFTA). Currently, Mexico is one of the most violent countries in the world due to the almost uncontrolled presence of organized crime, which has both regional and international consequences. The drug cartels exert various levels of control or influence over the electoral process in each of Mexico’s 32 states. 91 political candidates were assassinated during the last election period ending in June 2021. During 2020, more than 35,400 people were murdered, and the latest data from the Mexican Government and the U.S. DEA identify nine main drug cartels with sixteen major satellite criminal cells that operate within Mexico.

Andrés López Obrador (“AMLO”), Mexico’s president, has managed to avoid publicly condemning Cuba and Venezuela, with whom he sympathizes, while simultaneously maintaining relations with the U.S. even with the current level of corruption and impunity in Mexico. The costs associated with corruption and insecurity are estimated at 238 billion dollars, equivalent to 21.3% of the Mexican GDP (CIPP). Further, Mexico’s growth under AMLO's leadership has been poor, with GDP growth of 0.4% in the first quarter of 2021 (INEGI). The World Bank estimates 3.89% annual growth rate in 2021 for Mexico.

Other economic and social development indicators in Mexico show little improvement. Increases in the poverty rate, a general lack of functioning social programs (including healthcare, as evidenced by the poor COVID-19 response), and continued uncertainty surrounding foreign direct investments due to tax increases and a lack of economic and judicial reforms are all negatively impacting investment. In the last election in June 2021, President Andres Lopez Obrador's ruling coalition maintained control of the lower house of Congress despite losing two-thirds supermajority for the first time. This new shift will force AMLO to negotiate with his opponents rather than autonomously rule over Congress. For the moment, relations with the U.S. are cordial, although he is facing pressure from the Biden Administration due to dissatisfaction toward Mexico's energy plan, which does not prioritize renewable energy and demands to fight organized crime more effectively.

GUATEMALA

Promoting the position of former President Jimmy Morales, President Alejandro Giammattei will continue to limit the actions of the International Commission against Impunity in Guatemala (CICIG).
This move was seen as undermining the judicial system reforms that were aimed at preventing and addressing corruption in Guatemala and will likely impact the judicial selection process. Further the actions of criminal gangs associated with drug cartels, including a large presence of Mexican cartels, extortion, and public safety issues throughout the country are expected to continue unabated.

With one of the lowest GDP per capita in the region, Guatemala’s growth continues to face the same challenges as in previous years—a lack of highly skilled labor, low quality infrastructure, high crime, and corruption. The United Nations High Commissioner for Human Rights issued a report on Guatemala, in which it referred to “a difficult human rights context,” with high and persistent levels of inequality, discrimination, insecurity, and impunity. Guatemala’s homicide rate remains the fourth highest in Latin America, surpassing that of Colombia and Mexico. Like neighboring Honduras, Guatemala forms part of the Colombia-Mexico drug trafficking route and is home to several drug trafficking organizations as well as being a major source of the recent immigration caravans heading to the U.S. border.

HONDURAS

General and organized crime continue to have a strong social effect, negatively impacting the quality of life for Hondurans. During 2021, Honduras registered an average of 10 homicides per day; this includes an increase in both homicides and massacres. The Observatory of Violence of the National Autonomous University of Honduras stated that there were 15 massacres with 52 victims in 2021 compared to 12 massacres and 37 victims 2020. A new penal code that came into force during 2020 contained provisions that addressed penalties for corruption and other crimes committed by politicians linked to organized crime, but the code has not been subjected to significant enforcement to test its effectiveness.

The presence of militarized youth gangs (“Maras”) is still significant, even years after the creation of The National Anti-Maras and Gangs Force (2018). The task force has had minimal success in maintaining control of specific territories, and extortion, kidnappings, and murders are continuing unabated. The police and military forces are under constant siege from external gangs and internal corruption, and the justice system has also been ineffective due to constant threats and harassment against judges. With these and other social shortcomings, the present situation for Hondurans is complex and is being aggravated by the crisis caused by the

HONDURAS

Honduras is expected to have an increase of 4.5% in its GDP in 2021 despite organized crime continuing to impact quality of life.
COVID-19 pandemic. However, according to data from the World Bank,\textsuperscript{x} Honduras is expected to have an increase of 4.5% in its GDP in 2021, the second highest growth in the Central American region, but it remains to be seen if this projection can be achieved.

NICARAGUA

The Ortega regime continues to be completely aligned with the communist policies and ideologies of Cuba and Venezuela. Elections will be held on November 7, 2021, but the government is currently moving against the opposition, imprisoning candidates, and disqualifying other political candidates. Social protests in 2019 left 320 dead, and the government continues to demonstrate its willingness to do whatever is required to hold onto power. According to the Central Bank of Nicaragua\textsuperscript{x} the GDP is expected to increase by 3.7% in 2021 after decreasing 2.0% in 2020, the third consecutive year of contraction, which was due to a combination of the COVID-19 pandemic and the damages caused by hurricanes Eta and Lota last November. Although the crime rate increased by 8.7%, as compared to 2019, data shows it is below that of the rest of the Central American countries.

EL SALVADOR

Nayib Bukele, the president of El Salvador, continues to consolidate his power after a resounding electoral victory on February 28, 2020. Bukele has subsequently moved to suspend five magistrates and their substitutes in an attack on the judiciary. The dismissal of these officials generated a prompt reaction from several national and international bodies, which pointed to the blatant attempt to concentrate power and suppress the control of other state bodies. The U.S. Secretary of State, Antony Blinken, expressed his "deep concern" for the actions of the Salvadoran Congress, making clear that "democratic governance requires respecting the separation of powers." Generally, this type of action generates general uncertainty about the economy and foreign investments. According to data from the World Bank,\textsuperscript{xi} El Salvador's economy ended 2020 with a GDP contraction of 7.9%. While the presence of gangs and organized crime is still prevalent in El Salvador, 2020 ended with a lower rate of criminal activity than in 2019.
COSTA RICA

In many ways, Costa Rica is a success story in terms of development. Considered an upper middle-income country, Costa Rica has experienced sustained economic growth over the past 25 years, based on openness to foreign investment as well as gradual trade liberalization. Costa Rica’s GDP is projected to grow at 2.6% in 2021. A small increase in homicides was recorded in comparison between 2019 and 2020, but during the first months of 2021 there has been a slight decrease. Some penetration of Organized Crime and Drug Trafficking has been detected, but the government has reacted to prevent an escalation of criminal activity.

PANAMA

After a GDP contraction of 17.9% in 2020, Panama is projected to experience a strong rebound in 2021 helped by the increase in the mining sector and the start of new public investments. The Panamanian political situation is mired in several corruption scandals including both the Martinelli and Varela presidencies. Currently there have been complaints against the Cortizo government relating to purchases associated with addressing the COVID-19 pandemic. The Integrated System of Criminal Statistics (SIEC) noted that in the last three years (2016 to 2019), intentional homicide rates in Panama have been gradually increasing. The homicide rate has increased from 10.3 per 100,000 inhabitants in 2016, to a rate of 11.4 per 100,000 inhabitants in 2019. With an average of 1 homicide per day, Panama has one of the lowest homicide rates in Central and Latin America. Despite the pandemic, as of December 2020, homicides in Panama increased by 6% according to the Overseas Security Advisory Council (OSAC).

DOMINICAN REPUBLIC

Over the last 25 years the Dominican Republic (“DR” has experienced a remarkable period of strong economic growth with tourism, remittances, foreign direct investment, mining revenues, free trade zones, and telecommunications contributing to make the DR one of the fastest expanding economies in the Latin American and Caribbean region.
According to World Bank, the Dominican Republic’s GDP contracted by 6.74% in 2020, but is expected to grow by 5.5%, in 2021 and 2022.

In 2021, Dominican President Luis Abinader will begin the construction of a 400-kilometer border fence with Haiti. The objective is to reduce the impact of illegal immigration, drug trafficking, and the transit of stolen vehicles. The government estimates that about 500,000 Haitian immigrants, many without residency permits, reside in the Dominican Republic, making up about 5% of the country’s population. Citizen insecurity remains one of the biggest problems in the Dominican Republic. In September 2020, the Dominican Republic recorded 705 murders, according to the Citizen Security Observatory (OSC), leaving the country with a projected annual total of 940 murders and a homicide rate of 9 per 100,000 inhabitants.

HAITI

According to the 2020 UN report, Haiti’s homicide rate stood at 13 per 100,000 inhabitants. In general, criminality is mostly due to gangs competing for control of the marginalized neighborhoods in the capital city of Port-au-Prince. During the first months of 2021, there were several incidents of insecurity affecting the general social activity. In July 2021, President Jovenel Moïse was killed, and the investigation is ongoing. As a result, the government declared a state of emergency.

Haiti remains the poorest country in the Americas. The months of confinement due to COVID-19 have led to a deepening of the economic crisis in the Caribbean country, which may have closed 2020 with a fall in GDP of about 4%, as calculated by the International Monetary Fund. The general health situation remains at risk with a precarious sanitary infrastructure.

VENEZUELA

Hugo Chávez assumed power in February 1999, and since then, Venezuela’s decline and its alliance with Cuba has been constant. The alliance began to be known as "castrochavismo" framed within the 21st Century socialism. Nicolas Maduro, Chávez’s successor, is a direct representative of Cuban interests in Latin America. The continued contraction of the Venezuelan oil industry has reduced the capacity of Maduro to assist his allies. However, Maduro’s government has continued to exert political influence in the region through foreign policy engagement focused on ideology. Today, Venezuela does not hide its alignment with Russia, China, Iran, Turkey, Cuba, and Nicaragua or its desire to influence regional politics, which has set the stage for a potential conflict on the border with Colombia.
Unlike years ago, when the Venezuelan problem was contained within its national borders, the regime has engaged in a strategy to become the figurehead for regional and international interests within the region. Of the 5.5 million Venezuelans who have fled the country, 4.5 million remain in neighboring Latin America countries. Internally, there is no longer a credible opposition. Leopoldo López and Juan Guaido lost support and credibility, and María Corina Machado is the only relevant opposing figure, but she does not have enough support to effect change. Further, the number of political prisoners has increased according to the latest UN reports.

The presence of internationalized criminal activity related to drug trafficking has grown, and the crime rate in Venezuela is one of the highest in the region. In addition, politicized criminal groups have developed and have greater influence than the Venezuelan armed forces. A complete evaluation of the political and economic situation in Venezuela is difficult as the statistics provided by the government are not credible and difficult to corroborate. According to reports by the International Monetary Fund (IMF), the inflation rate is at an annual percentage of 5,500% and the GDP is expected to fall 10% during 2021, the largest estimated decline in the world.

**COLOMBIA**

Colombia is the country that has received the most Venezuelan immigrants causing significant economic and social impacts. Tensions created by the regime of Nicolas Maduro are transforming the border into a war zone where various guerrilla groups have also increased their activity. These border provocations may be part of a wider plan to destabilize the government of Ivan Duque. Foreign interference has also been confirmed, including Russian diplomats who were expelled for activities not compatible with their function.

Since the middle of 2019, the level of crime has begun to increase in Colombia, especially in the border areas with Venezuela. The homicide rate is 24.3 per 100,000 inhabitants. Colombia will hold presidential elections in 2022, and Gustavo Petro, a communist candidate for the political movement Colombia Humana, appears to be a viable candidate. The possibility of a Petro presidency would align Colombia with Cuban and Venezuelan ideologies. Despite the current situation, BBVA Research reported the Colombian economy is expected to recover in the coming months and expand by 5.5% in 2021 and 4.8% in 2022.
BRAZIL

According to data released by the Brazilian Institute of Geography and Statistics (IBGE),\textsuperscript{xix} GDP grew by 1.2% in the first quarter of 2021. Compared to the previous three months, the figure confirms that the Brazilian economy is slowly growing after increasing by 3.2% in the fourth quarter of 2020. Brazil will hold presidential elections in 2022, and it is very likely that Lula da Silva will run again and possibly be the main contender against current President Jair Bolsonaro. Bolsonaro is currently leading a government surrounded by controversy, which has caused discontent across significant parts of the population.

The pandemic has also hit the country extremely hard. Brazil has one of the highest mortality and contagion rates, as well as historically high rate of poverty. At the beginning of 2021, there were social protests associated with police brutality and against Bolsonaro, due to the various operations carried out as part of an anti-crime effort. According to data from the Brazilian Yearbook of Public Safety 2020, between January and June of last year about 26,000 people were killed, one every 10 minutes, a 7.1% increase from the same period in 2019, despite the restrictions implemented by the pandemic.

ECUADOR

Insecurity and internal violence in Ecuador are significant issues. At the end of 2020, Ecuador had the highest crime rate in more than six years. After years of a downward trend starting in 2019, the amount of criminal activity, international homicides, and organized crime related to drug trafficking continues to increase. The 2021 Presidential Elections confirmed the defeat of Rafael Correa and his ideologies famously known as “el Correismo.” The new President Guillermo Lasso will have the opportunity to continue Lenin Moreno’s goal of keeping Ecuador integrated to the international market and away from the populist agenda promoted by Correa. The Central Bank of Ecuador (BCE) expects Ecuador’s economy to grow 2.8% in 2021.\textsuperscript{xxi}

PERÚ

Perú has been severely affected by the pandemic due to a strict and prolonged quarantine which has led to a GDP decline of 11.1% in 2020.\textsuperscript{xxii} Employment fell by an average of 20% between April and
December, and the public deficit increased to 8.9% of GDP in 2020, up from 1.6% the previous year. Pedro Castillo's arrival in Peru represents a turning point toward communism that could have a major impact on the country. Castillo has very radical ideologies and sympathizes with Cuban and Venezuelan political regimes. However, his party only has 37 of the 130 seats in Congress, making it difficult for any of his proposals to advance, including proposed reforms to the constitution. In his public comments Castillo has stated his intention to challenge the free market and current international trade agreements with radicalized leftist ideas. However, Castillo has been forced to moderate his position. Citizen insecurity had been increasing even before the pandemic because of various political crises that adversely impacted public security. This has been especially prevalent during the last months of 2020 where there have been some actions attributed to Sendero Luminoso, a revolutionary communist party and guerrilla force whose presence in Peru has resurged.

BOLIVIA

The Minister of Economy and Public Finance highlighted the recovery of multiple economic sectors including mining, construction, hydrocarbons, manufacturing, the increase in exports, and decrease in the unemployment rate. Currently, Bolivia remains politically aligned to the ideologies of Cuba, Venezuela, and Argentina, and Evo Morales has commented on his intention to continue the Castro-Chavez model. While Bolivia is a major producer of coca leaf, the criminal activity of the cartels is not as visible in urban areas. According to the UN report on Bolivia, crime has grown 70% in the last decade, which is relatively low compared to other countries in the region.

PARAGUAY

Paraguay is known as the largest producer of marijuana in South America, supplying consumer markets in Brazil and Argentina. Criminal groups such as the First Capital Command (Primeiro Comando da Capital, PCC) and the Red Command (Comando Vermelho, CV) have both made aggressive moves, including criminal and smuggling activity to establish themselves along the triple border between Argentina, Brazil, and Paraguay. The guerrilla presence within the European People’s Party (EPP) became known during 2020. The influence of these and other criminal organizations within the political
structure of the country is one reason the country suffers from economic insecurity, corruption, smuggling, and organized crime at all levels of the government and the judicial system. The global recession led to a GDP decline of 1.2% in 2020. Beginning in 2021, GDP growth is expected to return to 4% as the global economy recovers. With a weaker economy, and inflation close to the lower band of the target range (4 +/- 2%), the Central Bank of Paraguay (BCP) has been able to continue a prudent macroeconomic policy over the last decade, with low public debt, and adequate foreign exchange reserves. Accordingly, these macroeconomic policies and adequate crisis response measures are expected to be effective in absorbing part of the economic shock caused by COVID-19.

CHILE

During 2019, Chile experienced several social demonstrations that affected the entire region not unlike those in Colombia, Ecuador, and Peru, where Cuban and Venezuelan infiltrators were part of a regional agitation and destabilization plan. During 2020, the pandemic contributed to reducing social unrest, but in 2021 the public protests returned. Chile's political situation remains tenuous after the 2019 social upheaval associated with promoting greater equity, access to health, education, and a demand for increased pensions. Efforts to draft a new Constitution obtained overwhelming public support, but pushback from the conservative forces in the government has left the constitution update process unresolved.

According to the OECD Economic Surveys in Chile, the Central Bank reported that Chile's economy will expand by 10.8% in the second quarter, while inflation will be 0.3%. The International Monetary Fund (IMF) raised the economic growth forecast for Chile again. Last October the IMF projected a GDP growth of 4.5% for 2021 which has been progressively increasing over time. In February, GDP growth rose to 5.8% and later reached 6% in March. Issues with crime and public safety have intensified in 2021 with an enormous increase in criminal activity. However, Chile continues to have a lower insecurity rate in relation to other countries in the region such as Argentina, Paraguay, and Brazil.
ARGENTINA

The Argentine government no longer disguises its relationship with Venezuela; instead, it confirmed its relationship with several public statements and concrete actions on an international level. The government already turned toward a model that parallels the Venezuelan government, the difference being Argentina does not have oil reserves to underwrite the desired policy initiatives. Argentina’s main export is soybeans, and the commodity price has been volatile, which impacts government funding. In the last twelve months, inflation climbed 46.3%, recording five consecutive increases since November 2020. Annual inflation is estimated at 36% on the low end, the second highest after Venezuela. Further, Argentina is still unable to reach an agreement with the Paris Club or the IMF to obtain the funding necessary to avoid another debt default. The high levels of corruption at the state and government level combined with a steady increase in insecurity and criminal activity have created a negative tension in the country. Argentina is also one of the countries with the highest infection rate and deaths per million inhabitants in the world due to the inadequate management of the COVID-19 pandemic.

URUGUAY

The current government of Lacalle Pou has prioritized Uruguay's international relations by adapting a more moderate position. Specifically, transitioning away from the political ideologies of the current government of Argentina, Uruguay is seeking rapprochement from the U.S. and Europe. During 2020, the Uruguayan economy recorded a sharp drop in the GDP of 5.9% due to the impact of the COVID-19 pandemic. The Central Bank of Uruguay (BCU) has estimated a modest GDP growth of 2.9% in 2021 and a slight improvement for 2022. During the period of January to March 2021, the criminal activity in Uruguay decreased compared to the previous year.

Conclusion

The political instability within the LAC presents a serious malaise which is harmful to predictable economic performance. The leftward shift in several of the region’s significant economies will likely continue to shorten policymakers’ decision processes leading to sub-optimal, short-term policies that
may prolong or inhibit economic recovery within the region post pandemic. However, except for a few countries, most economies within Latin America are likely to experience growth in 2021 and beyond as the COVID-19 pandemic subsides.

For more information about social, political, and economic risks impacting multinational corporations, financial institutions, government agencies, and individuals in Latin America, contact:

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