



For the beginning of 2020, global environment outlooks are complex. After a growth that has diminished and a stagnant economy, the global environment is facing challenges recovering economic growth. The three growth drives in Latin America: Brazil, Mexico and Argentina, could improve their position in the global environment; however, outlook will continue to be challenging. In addition to a low economic growth, there is political uncertainty in Latin America. The political risk will remain high, and economic repercussions of changes and political events of 2019 are likely to continue in 2020. Among external factors, some relevant ones are the following: trade tensions, global downturn, the decline in demand, and prices of raw materials. The Mexican ambassador to Bolivia, María Teresa Mercado, was declared “persona non grata” by the Bolivian interim president, Jeanine Añez, and was given a 72-hour period to leave the South American country. Mexico is stagnated, given low investment and uncertainty from the USMCA approval, which has yet to be ratified by the US and Canada. Despite progress of the partial agreement between the US and China, the tariff battle is unpredictable and can raise alarms if new protectionist measures are reactivated or announced. The low global growth of 2019 has affected demand and has negatively impacted Latin American exports, which according to the latest ECLAC forecasts will fall 2%, compared to the 8.3% rise recorded in 2018. The wave of protests in Latin America marked a turning point. Although for very different reasons, in countries such as Ecuador, Chile, Colombia and Bolivia, protests began against government measures.



FOREIGN POLICY



Given the political asylum granted by Mexico to former Bolivian president, Evo Morales, and government officials, **tension with the current government of Bolivia has increased.**



The diplomatic conflict between both countries started when, in a statement, the Ministry of Foreign Affairs showed its concern over the **excessive way in which the diplomatic headquarters in La Paz was protected with Bolivian enforcement officers.**



The Mexican Government filed a complaint with the Organization of American States (OAS) and the Inter-American Commission on Human Rights, for the same reason.



On December 27, there was an altercation between the Bolivian police and Spanish diplomatic staff, in the immediate vicinity of the Official Residence of Mexico.



After the altercation, **ambassador María Teresa Mercado was declared “persona non grata” by the interim president, Jeanine Añez, and was given a 72-hour period to leave the South American country.**





ECONOMY

With Argentina in recession, **the regional GDP progress in 2020, which according to the IMF will grow 1.8%, will depend on Mexico and Brazil.**



It is a stagnation linked to low investment and uncertainty after the hectic USMCA approval, which has yet to be ratified by the US and Canada.



Brazil is still failing to resume its growth potential, although measures such as pension reform and market liberalization could improve its debt and boost its economy.



TRADE



The US and China will grow in 2020 less than previous years, and will affect the rest of the world, including Latin America, which depends on international flows and is very sensitive to the fall in world economy activity.



Despite the partial agreement between the US and China, the tariff battle is unpredictable and can raise alarms if new protectionist measures are reactivated or announced.



Latin American economies have a high degree of openness abroad. The low global growth of 2019 has affected demand and has negatively impacted Latin American exports, which according to the latest ECLAC forecasts will fall 2%, compared to the 8.3% rise recorded in 2018.



The expected economic improvement of 2020 does not guarantee automatic relief of the situation, as the poor behavior of exports so far is explained by the fall in value and not by the volume exported.



BREXIT

2020 begins with Europe focused on Brexit. Although it is practically a fact that **separation between the United Kingdom and the European Union will finally occur on January 31,** both parties will negotiate the conditions of their new relations throughout the year.





SOCIAL CONFLICTS



The wave of protests in the region marked a turning point. Although for very different reasons, in countries such as Ecuador, Chile, Colombia and Bolivia, people took to the streets to protest against their governments.



The greater risk perception due to uncertainty and social protests has impacted local currencies, which have speed up their depreciation and, in cases such as in Chile, intervention in the Central Bank market has been necessary to fight it.

