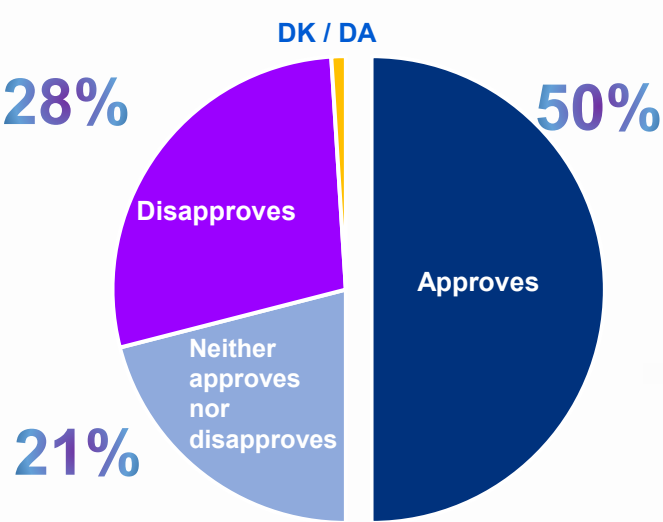


POLITICAL OUTLOOK URUGUAY 2022



POLITICAL PRIORITIES

Luis Lacalle Pou's administration

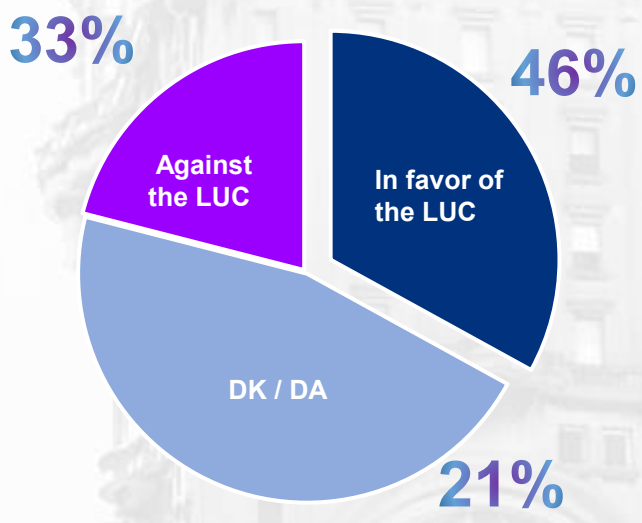


Opinion survey on Lacalle Pou's administration.
Source: "Equipos Consultores"; December 22, 2021

Facing the presidential elections of 2024, the government will seek to **maintain the unity of the coalition and the numbers of acceptance of its administration**, which have ranged between 50% and 60%¹. In order to do so, it will be key to **manage the tension with the union movements** after the crisis generated by the pandemic, something that could be exploited by the opposition "*Frente Amplio*".

LUC referendum

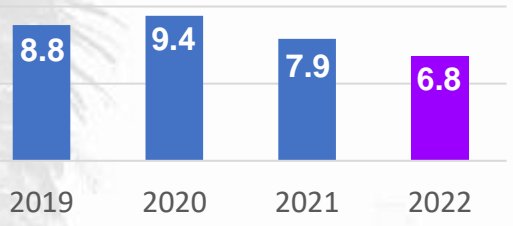
On March 27, a **referendum will be held to repeal 135 articles of the Law of Urgent Consideration (LUC)**, promoted by the government of Lacalle Pou. Avoiding the repeal of the law will be the political priority of the government in order to strengthen the ruling coalition, made up by the "*Partido Nacional*", "*Partido Colorado*", "*Cabildo Abierto*", "*Partido Independiente*" and "*Partido de la Gente*".



Opinion survey on the Urgent Consideration Law (LUC).
Source: "Equipos Consultores"; December 8, 2021

ECONOMIC PRIORITIES

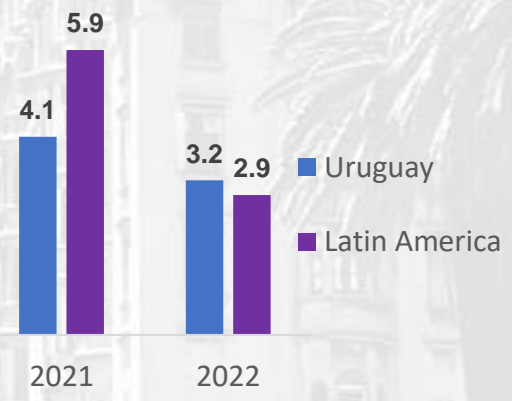
Unemployment, investment and inflation



Projected inflation for 2022
Source: Data obtained from the National Institute of Statistics

Although in 2021 the unemployment rate has shown a significant drop, reaching 8%¹ by October 2021, **the government will seek to sustain the pace of recovery with new investments**. In addition, one of the keys for 2022 will be to know how far **the rate increase policy of the Central Bank of Uruguay is enough to contain inflation**, which closed at 7.9%² in December and is expected to close at 6.8%³ in 2022, according to the expectations surveys.

GDP growth projections, 2021 - 2022 for Uruguay



GDP growth projections, 2021-2022 for Uruguay
Source: Data obtained from ECLAC report on the economic impact of coronavirus disease on Latin America and the Caribbean

ECLAC forecasts a **slowdown in the region's GDP growth**, which would reach 2.9% in 2022. In that line, it projects a 3.2% growth for Uruguay this year, almost one point below 2021.

Regional Integration – Mercosur

One of the government's main challenges for 2022 is the relationship with Mercosur partners and the need to **reach an agreement that makes extra-regional bilateral deals compatible**, such as the one Uruguay is pursuing with China, in order to guarantee expansion possibilities.

¹ Data obtained from the National Institute of Statistics
² Data obtained from the National Institute of Statistics
³ Data obtained from the Inflation Expectations Survey of the Central Bank of Uruguay