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FEATURED Q&A

What Will Result From Peru's Razor-Thin Vote?



The thinnest of margins separate the candidates in Sunday's presidential election in Peru. Supporters of socialist Pedro Castillo already took to the streets on Monday to claim fraud. // Photo: Facebook Page of Pedro Castillo.

Q Peru is on edge as a razor-thin margin in Sunday's presidential runoff election separates socialist Pedro Castillo and conservative Keiko Fujimori. Castillo widened his lead on Monday as vote counting continued, and Fujimori alleged "irregularities" but gave little proof. With 96.8 percent of the votes counted, the ONPE election agency showed Castillo ahead, with 50.3 percent to Fujimori's 49.7 percent. What do the starkly divided results mean for Peru and for the next president's ability to govern? How likely is the country to see unrest and claims of fraud by the candidate ultimately deemed the loser? Does the surge in support for a socialist agenda mean that Peru will swing to the left no matter who wins the race?

A Cynthia McClintock, professor of political science and international affairs at The George Washington University: "The narrowness of the electoral victory further darkens the prospects for stable, democratic governance in Peru. Extremely narrow electoral victories often lead to challenges and are likely in Peru. After her 2016 loss, Fujimori vengefully mounted unrelenting legislative opposition to the president; Castillo's political rise was based on his leadership of a prolonged nationwide teachers' strike. Even before this razor-thin result, prospects were grim. Castillo and Fujimori reached the runoff despite tallying only 19 percent and 13 percent, respectively, in the first round because the field of candidates was immense—18; together, eight relatively centrist, palatable candidates achieved approximately 40 percent. In this context, many legislators will contemplate the impeachment of the president (relatively easy and common in Peru). Fujimori

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Cuba's Top Debt Negotiator in Talks With Paris Club

Cuban Deputy Prime Minister Ricardo Cabrisas is in France where he is scheduled to meet this week with the Paris Club to discuss Cuba's debt.

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Petroecuador Awards Tender for Crude Purchase to PetroChina

Ecuadorian state oil company Petroecuador awarded a tender to PetroChina for the purchase of approximately 2.16 million barrels of Oriente grade crude.

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'Do Not Come': U.S. VP Harris Tells Guatemalans

During her first foreign trip as U.S. vice president, Kamala Harris met with Guatemalan President Alejandro Giammattei and urged would-be migrants not to journey to the United States.

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Harris // File Photo: @VP via Twitter.

POLITICAL NEWS

‘Do Not Come’: U.S. VP Harris Tells Guatemalans

U.S. Vice President Kamala Harris met Monday with Guatemalan President Alejandro Giammattei and urged would-be immigrants not to make the dangerous journey to the United States, Reuters reported. “Do not come. Do not come. The United States will continue to enforce our laws and secure our borders,” she said. “If you come to our border, you will be turned back.” Harris, whose trip to Guatemala City was part of her first foreign trip as vice president, said she had “robust” talks with Giammattei on the need to fight corruption in Central America in order to help deter illegal immigration to the United States, Reuters reported. During a news conference with Giammattei, Harris said a U.S. task force would work with prosecutors in Guatemala to punish corrupt individuals in the region. “We will look to root out corruption wherever it exists,” said Harris, The New York Times reported. “That has been one of our highest priorities in terms of the focus we have put here after the president asked me to take on this issue of focusing on this region.” During a roundtable discussion with human rights activists and other leaders of civil society, Harris discussed the “impact that the lack of judicial independence can have on civil society, especially with regard to the highest courts in the land,” Politico reported. The comment was seen as a jab at Giammattei, who recently defended a move by Guatemala’s Congress to block a crusading anti-corruption judge from being seated on the country’s Constitutional Court. Giammattei on Monday denied criticism that he has weakened democratic institutions and contributed to corruption. He described accusations against him as “misinformation,” The New York Times reported. Harris on Monday also announced new steps to fight illegal immigration. The Biden administration will deploy Homeland Security officers to the northern and southern borders of Guatemala in order to train local officials. The administration

also outlined investments of \$48 million in programs for entrepreneurship, affordable housing and agricultural businesses in Guatemala, part of a program to invest \$4 billion in the region over four years, The New York Times reported. Harris is scheduled to continue her trip today to Mexico where she is expected to meet with President Andrés Manuel López Obrador.

ECONOMIC NEWS

Cuba’s Top Debt Negotiator in Talks With Paris Club

Cuba’s chief debt negotiator is in France and is scheduled to meet Thursday with representatives of the so-called Paris Club of 14 wealthy nations to discuss the Caribbean nation’s debt, Reuters reported, citing diplomats from four of



Cabrisas // File Photo: Radio Havana Cuba.

the countries involved. The Cuban government had signed a landmark agreement with the group in 2015 but defaulted on the payments last year, and it had only partially met its obligations in 2019. Cuban Deputy Prime Minister Ricardo Cabrisas is expected to shift the blame to new U.S. sanctions and the Covid-19 pandemic to explain why the country might default on the due payments again this year, according to the unnamed diplomats. Issues to be discussed at the meeting include unpaid maturities and penalties, as well as a scheme of future payments. The Cuban government confirmed to Reuters that Cabrisas is in Paris “on a working visit” but did not provide further details. The Paris Club did not respond to a request for comment by the wire service.

NEWS BRIEFS

Haitian Government Delays Constitutional Referendum Over Covid

The Haitian government on Monday said it would delay the constitutional referendum originally scheduled for June 27, citing the Covid-19 pandemic, Agence France-Presse reported. It did not offer a new date for the vote. President Jovenel Moïse, who has been ruling by decree after legislative elections slated for 2018 were delayed and the end of his term was disputed, had announced the referendum earlier this year in addition to national elections in September. [Editor’s note: See related [Q&A](#) in the Jan. 25 issue of the Advisor.]

Immigrants Who Entered U.S. Illegally Ineligible for Green Cards: High Court

The U.S. Supreme Court on Monday ruled unanimously that 400,000 immigrants currently living in the United States for humanitarian reasons are not eligible to become permanent residents, the Voice of America reported. Justice Elena Kagan, writing for the court, said U.S. immigration law does not allow migrants who entered the country illegally to obtain permanent residency, or “green cards,” even if they have temporary protected status, or TPS. Migrants from 12 countries, including El Salvador, Haiti, Honduras, Nicaragua and Venezuela, currently have TPS in the United States.

Nicaraguan Opposition Member Ordered Held for Three Months

Judicial authorities in Nicaragua on Monday ordered that Arturo Cruz Sequeira, an opposition member and potential presidential candidate, be detained for three months while his case is investigated, the Associated Press reported. Cruz, a former Nicaraguan ambassador to the United States, was arrested Saturday under a controversial “treason” law.

Cuba this year began to enforce a series of market-oriented changes seeking to lift its economy, which contracted 11 percent in 2020, according to the economy ministry. [Editor's note: See related [Q&A](#) in the Feb. 22 Advisor.]

BUSINESS NEWS

Petroecuador Awards Tender for Crude Buy to PetroChina

Ecuadorean state oil company Petroecuador said Monday that it had awarded a tender to buy approximately 2.16 million barrels of Oriente grade crude to PetroChina, Reuters reported. A portion of the crude is set to be transported via a new pipeline connecting to the South American nation's Punta Gorda port, Petroecuador said in a statement. The company added that the Chinese state firm will pay a discount of \$2.49 per barrel to West Texas Intermediate, or WTI, crude prices for the oil that will be exported from Ecuador's traditional port of Balao, while it would pay a premium of \$2 per barrel over WTI for the oil exported via Punta Gorda. Vessels from Punta Gorda can transport more than two million barrels of crude, as the port is equipped to handle very large crude carriers, or VLCCs, unlike Balao. The Ecuadorean company said four firms had submitted bids for the crude, but PetroChina had the best offer. It is set to deliver the crude in three cargoes of 360,000 barrels each at Balao and one cargo of 1.08 million barrels at Punta Gorda this month. In related news, new Ecuadorean President Guillermo Lasso last week tapped Juan Carlos Bermeo as his energy and nonrenewable natural resources minister after the president's first pick, Roberto Salas, withdrew his name from consideration the previous week. Bermeo previously served as the former manager of state oil company Petroamazonas, and he was vice minister of hydrocarbons during the administration of former President Lenín Moreno. [Editor's note: See related [Q&A](#) in the May 7 issue of the weekly Energy Advisor.]

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would have a better chance at survival; between her party and the parties that endorsed her for the runoff, she would have 45 percent of the seats. Still, amid an ambitious anti-corruption effort, Fujimori's history of financial wrongdoing and abuse of power (in particular, intervention in judicial appointments) is common knowledge; her 2021 first-round vote of 13 percent was down from 40 percent in 2016. Fujimori became competitive with Castillo only gradually, as voters' fears of a far-left agenda mounted (fueled by Fujimori's campaign ads). In the case of Castillo, between his party and the parties that endorsed him for the runoff, he would have only 32 percent of the seats. Further, although Castillo's party, Perú Libre, is socialist, Castillo became its candidate only after its platform was written; Castillo has backed away from its far-left positions. To survive, Castillo would probably have to continue to moderate—but this shift could divide his party. Both Castillo and Fujimori (despite her pro-market ideology) made extravagant promises that will be difficult to meet. Sadly, dissatisfaction with this election is likely to spell dissatisfaction with democracy, too, and democracy is in danger."

A Nicolás Saldías, analyst for Latin America and the Caribbean at The Economist Intelligence Unit: "The too-close-to-call race is a testament to Peru's polarized politics, echoing the 2016 results when Keiko Fujimori lost to Pedro Pablo Kuczynski by 0.2 percent of the vote. However, what is novel about this year's results is how stark the regional divisions of the vote have become with regions in the south, such as Ayacucho, Puno and Cusco voting for Castillo at more than 80 percent, while Fujimori dominated vote-rich Lima with more than 60 percent of the vote. Given the extremely close results, it seems likely that whoever loses the election will contest the results and claim fraud, which will likely lead to bouts of social unrest. However, it is unlikely that claims of

fraud will be seen as legitimate, given the presence of international observers and the electoral authorities being seen as impartial. These results suggest that governance for Peru will be difficult for whoever becomes president, as opposition to their policies will be premised on durable and deepening socioeconomic and regional lines. These deepening divisions likely reflect the impact of the coronavirus crisis, which saw the economy shrink by 11 percent in 2020 and poverty increase by 10 percentage points, erasing all the gains made over the last decade. Castillo's strong performance shows there is support for more statist policies and greater economic redistribution, but what appears to be more salient is Perú Libre's base of support in the interior, which overlaps with longstanding ethnic and class divisions as well as divisions over inward-versus outward-oriented growth."

A Luis Miguel Castilla, former Peruvian ambassador to the United States and former economy minister of Peru: "The new administration's capability to deliver the changes demanded by half of Peruvians will depend on building a political coalition in an ideologically polarized Congress (where no party has a majority) and on the capacity to assemble a cabinet that is experienced enough to tackle an ongoing vaccination process and avoid derailing economic recovery. In the short run, the need to contain market panic (in the case of a victory by Castillo) should moderate extreme positions by announcing key appointments. In either case, the risk of social conflict remains high and will constrain future margins of action and recovery of confidence. This may be heightened by electoral authorities' resolution of more than 300,000 contested votes. In previous runoff elections, 153,000 votes (2011) and 76,000 votes (2016) were annulled. Electoral results give a clear message that most Peruvians expect real changes to reduce Lima's excessive centralism and disconnect

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tion with the rest of the country, improve the quality and access to basic services, boost an insufficient social protection network and repudiate traditional elites tarnished by corruption and populism. Regardless of who wins, Peru's outlook will depend on respecting constitutional democratic rules and, at the same time, being able to deliver on promises of change. Insisting on a new constitution as a silver bullet to address longstanding structural challenges may lead to a process of even further instability and social setbacks. Unfulfilled expectations are the biggest threat faced by Peru's democracy and prospects."

A **Mariana Zepeda, Latin America research analyst at Frontier-View:** "As expected, margins in Peru's presidential elections are razor-thin, and it may be days before results are finalized. While current trends favor Pedro Castillo, it remains unclear who will ultimately win the presidency. Keiko Fujimori and Castillo each appealed to fewer than 20 percent of voters in the first round, and the support they have amassed for the second round has been driven less by ideology and more by fear, leaving voters to grapple with whether they are more worried about the concerns associated with Fujimorismo's human rights abuses and the corruption cases that have plagued Fujimori and her party, or Castillo's hard-left positions. What has been clear since the first round is that whoever wins will face a fractured country, where the president's ability to govern will be limited by a splintered Congress, an economy shattered by Covid-19, a difficult health situation and an unlikely scenario that keeps commodities in a bull market. It is also clear that Peru is on the verge of social unrest. Peru has the world's highest per capita Covid-19 death toll, and last year's 11.1 percent GDP contraction plunged some three million more people into poverty. Not only did the pandemic exacerbate class and

geographic divisions, it also laid bare years of chronic underinvestment in Peru's public services. Peru's political crisis is far from over, and no matter who wins the race, the country faces a difficult path ahead."

A **Beatriz Llanos, political analyst:** "Neither Castillo nor Fujimori will have a majority in the fragmented Congress, in a country with little culture of political dialogue. Governance is likely to remain unstable, as it has been for the past five years. Both political sectors could be trapped in the win-lose logic that has turned politics into a zero-sum game. The people want change. We will see whether lessons have been learned and whether there is an awareness of the magnitude of the crisis if agreements on several key areas are reached despite the great differences between the two sides, and if they are willing to move forward by accepting opposing viewpoints and moderating maximalist positions. The next president must understand that he or she comprises sectors that need to dialogue with the opposing side. Structural inequality, excessive Lima centralism and unsatisfied rights—exacerbated by the pandemic—of citizens in regions where Castillo has won all point toward a revision of the status quo. It remains to be seen whether Castillo will moderate his statism and distrust of private investment, or if he will accentuate them. It is also unclear whether Fujimori understands the insufficiency of neoliberal immobility focused on macroeconomic growth to generate comprehensive, pro-equality policies. It is not the first time that a presidential election has been won narrowly. The first test for Peruvian democracy will be to accept a result without stirring up claims of fraud."

The Advisor welcomes comments on its Q&A section. Readers can write editor Gene Kuleta at gkuleta@thedialogue.org.

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