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FEATURED Q&A

What Can Peruvians Expect of Their New President?



Martín Vizcarra was sworn in Friday as Peru's president, following the resignation of his predecessor, Pedro Pablo Kuczynski. // Photo: Peruvian Government.

Q **Martín Vizcarra was sworn in as Peru's president on Friday, after the country's Congress accepted the resignation of his predecessor, Pedro Pablo Kuczynski, who was brought down amid graft allegations and accusations that his supporters tried to buy the loyalty of a lawmaker in an earlier impeachment attempt against him. Kuczynski, widely known as PPK, has repeatedly denied wrongdoing. What does Kuczynski's exit after just a year and eight months in office mean for Peru's politics and institutions? What can Peruvians expect of Vizcarra? What messages should businesses and foreign investors in Peru take from the episode?**

A **Cynthia McClintock, professor of political science and international affairs at The George Washington University:** "The good news for Peru is that the government of Pedro Pablo Kuczynski will not be limping through three more years, bereft of popular support and unable to advance its agenda through a recalcitrant legislature dominated by the Fujimorista party. PPK was elected because he had been considered an honest democrat. However, he was increasingly perceived as blind to the conflicts of interest involving Odebrecht and to have bartered the pardon of authoritarian president Alberto Fujimori for his survival of a December impeachment vote. And it is also good news for Peru that the succession to Martín Vizcarra was orderly and constitutional and that Vizcarra's reputation as governor of Moquegua was excellent. As PPK's first transportation minister, Vizcarra was faulted for problematic provisions in an airport contract, but political analysts consider him to be honest. The hope is that Vizcarra will

Continued on page 3

TODAY'S NEWS

POLITICAL

Peru's Vizcarra Takes Office, Vows to Fight Graft

Peruvian President Martín Vizcarra was sworn in as Peru's president, vowing to fight corruption. His predecessor, Pedro Pablo Kuczynski, resigned amid graft allegations that he denies.

Page 2

ECONOMIC

Group Behind Planned Mexico City Airport Raises \$1.6 Bn

Grupo Aeroportuario de la Ciudad de México reportedly raised the funding through an initial public offering of shares.

Page 3

POLITICAL

Temer Signals Intent for New Term in Brazil

Brazilian President Michel Temer signaled in a magazine interview published over the weekend that he intends to seek a new term in the country's presidential election in October. Temer's approval ratings are in the single digits.

Page 2



Temer // File Photo: Brazilian Government.

POLITICAL NEWS

Vizcarra Sworn in as Peru's President

Martín Vizcarra was sworn in Friday as Peru's president, succeeding Pedro Pablo Kuczynski, after Congress accepted Kuczynski's resignation and ended his presidency, which lasted just a year and eight months. Kuczynski had

“The moment has arrived to say 'enough.'”

— Martín Vizcarra

been facing his second impeachment proceeding on corruption charges, which he has repeatedly denied. Vizcarra, who had been serving as the country's vice president and ambassador to Canada, flew back to Peru from Toronto on Thursday, his 55th birthday, and arrived in Lima in the early-morning hours on Friday. Vizcarra was draped with the presidential sash before members of Congress on Friday and called on them to work together, while he also vowed to crack down on corruption, *La República* reported. “The moment has arrived to say 'enough,’” Vizcarra said in his inaugural address, *The Wall Street Journal* reported. “We are a country with a future, but that future depends on our behavior.” In the speech, Vizcarra did not outline how exactly he plans to crack down on corruption, and he discussed few specifics, other than saying he would form a completely new cabinet, the Associated Press reported. He also said that he would work to ensure the strength of the country's institutions. “Don't lose faith in our institutions,” he said. “Let us show you that Peru is bigger than its problems.” Vizcarra's success in office could hinge largely on the position of Keiko Fujimori, the leader of right-wing opposition party Popular Force, which has the largest number of seats in Peru's Congress, *The Wall Street Journal* reported. The party last week released videos showing allies of Kuczynski, including Keiko

Fujimori's estranged brother, lawmaker Kenji Fujimori, apparently trying to offer favors to another lawmaker in exchange for his support of Kuczynski when he was facing an earlier impeachment attempt in December. Kuczynski tendered his resignation the following day, reiterating his denial of any wrongdoing and saying that his political opponents had made it impossible for him to govern. After Vizcarra's inauguration, Keiko Fujimori said it was time to be unified and optimistic about the country's future, *The Wall Street Journal* reported. “We wish success to President Vizcarra,” she said in a posting on Twitter. A relative unknown to most Peruvians, Vizcarra was a one-term governor of Moquegua, Peru's second-least populated province, from 2011 to 2014. He also served as transportation and communications minister under Kuczynski before becoming the country's ambassador to Canada. He served in the ministerial and diplomatic roles while also in office as vice president. In a poll this month by Ipsos, 81 percent of Peruvians did not recognize Vizcarra's name, the Associated Press reported. Vizcarra's first major appearance on the world stage will be next month when Peru holds the Summit of the Americas, hosting heads of state including U.S. President Donald Trump. Vizcarra did not mention the summit in his inaugural address, but state news agency Andina reported on Friday that he has instructed the country's foreign ministry to continue preparations for the gathering.

Brazil's Temer Signals Run for New Term

Brazilian President Michel Temer signaled in an interview published over the weekend that he intends to run for a full term in the country's October presidential election. “It would be cowardly not to be a candidate,” Temer told weekly news magazine *IstoÉ*. The statement is a reversal from Temer's stance when he became president following the impeachment and removal from office of his predecessor, Dilma Rousseff, *Folha de S.Paulo* reported. At the time, he said he would only serve for the remaining two and

NEWS BRIEFS

Twelve Killed as Bus Careens From Road in Western Ecuador

Twelve people were killed and 25 others were injured Saturday when the bus they were riding in slid off a road in western Ecuador, *Agence France-Presse* reported. The incident happened at about 2 p.m. local time in the Jipijapa highway in the Las Américas region of Manabi province, according to the Ecuadorean Traffic Commission. The previous week, two buses collided in neighboring Guayas province, leaving 11 dead and 54 injured.

Bolivians Demonstrate for Access to Ocean

Bolivians took to the streets in demonstrations across the country on Friday to demand access to the Pacific Ocean for the landlocked nation, the Associated Press reported. Bolivia's government last week petitioned the International Court of Justice in The Hague, asking it to force Chile to enter negotiations over the issue. Chile then argued before the court that it has no obligation to do so and that the matter was settled in a treaty more than a century ago. On Friday, Bolivians waving the country's flag and holding banners flooded the streets of La Paz and other cities in the demonstrations.

Coca-Cola FEMSA Closes Plant Amid Threats, Attacks

Coca-Cola FEMSA, the world's largest Coca-Cola bottler, announced on Friday that it is closing one of its facilities indefinitely due to persistent attacks. Citing consistent violent attacks and a failure of rule of law, the company announced in a statement that it would immediately cease operations at its Altamirano plant in Guerrero State. The decision followed two separate attacks on workers at the plant, where workers have been receiving threats since January.

a half years of Rousseff's term. When asked about his low approval rating, Temer pointed out that his approval rating has doubled from 3 percent to 6 percent and said with a laugh that a 50 percent increase would now put him at 9 percent approval. Temer's term so far has been tumultuous, as he has worked to fend off corruption and obstruction of justice charges. Winning a new term would allow Temer to maintain a special legal standing that has so far spared him from facing a criminal trial, *The New York Times* reported. Twice last year, Congress voted to protect him from a trial in the country's Supreme Court. In the interview with IstoÉ, Temer said he has come to believe that he must defend is legacy. "I've fixed a country that was broken," he told the magazine. "I'm proud of what I've done, and I need to show what's being done. If I'm not in the fray, what's going to happen is that all the candidates will go after me." The front-runner in Brazil's presidential race, former President Luiz Inácio Lula da Silva, was convicted last year of trading favors with construction company OAS. Last Thursday, Brazil's highest court suspended Lula's 12-year prison sentence, preventing him from being detained until the high court's justices meet again on April 4 to consider the merits of the case against him. Lula denies wrongdoing and has vowed to continue appealing his conviction.

ECONOMIC NEWS

Group Behind Plan for New Mexico City Airport Raises \$1.6 Bn

The group behind the planned new airport for Mexico City on Friday raised \$1.6 billion through an initial public offering of Fibra E shares, Bloomberg News reported. Grupo Aeroportuario de la Ciudad de México, also known as GACM, sold 300 million of the securities for 100 pesos apiece, raising 30 billion pesos, the news service reported. The sale included an overallotment known as a greenshoe, according to a person with knowledge of the matter.

FEATURED Q&A / Continued from page 1

continue the anti-corruption agenda that he began at his inauguration, govern effectively, and gain popular support—or, move toward a new presidential election. Vizcarra has a huge advantage over PPK: the weakening of the Fujimorista party. First, the party has divided between the two siblings—Keiko and Kenji Fujimori, and now Kenji is weakened by the video showing him trying to bribe a legislator. Further, the charges against Keiko for her dealings with Odebrecht have resonated; and, she is widely perceived to have put her desire for revenge against PPK (for her narrow loss in the 2016 presidential election) ahead of the good of the country. There is bad news, too: a diminution of democracy. Every Peruvian president elected since 1985 has been tainted by credible charges of illegal campaign financing from Odebrecht. Of these five leaders, only one (Ollanta Humala) is in jail, and, for most analysts, the reason is political, not legal. The Fujimorista party has been trying to dominate electoral and judicial institutions and has been altering rules in its favor. In a 2017 Latinobarómetro poll, only 16 percent of Peruvians were 'satisfied with the way democracy was working.' If leaders' misconduct continues, the call 'Que se vayan todos' ('Kick them all out') will become much louder."

A **Julio Carrión, associate professor of political science and international relations at the University of Delaware:**

"Many anticipated the fall of PPK, but hardly anyone guessed that it would happen this way. Even two days before the scheduled impeachment vote on Thursday, much uncertainty remained about its outcome. Informed observers only knew that it was going to be very close, one way or another. But in the wake of the videos exposing vote-buying to save his presidency, the pressure for PPK to resign came like a tsunami. By Tuesday evening, he was isolated, and even some prominent supporters called for his resignation. In a way, the fact that

his resignation was almost unanimously demanded prevented a more serious crisis. The Vizcarra presidency has been received with surprising goodwill, and there is a clear possibility that he will enjoy a healthy

“ Although Keiko Fujimori is the short-term winner, her party has split...”

— Julio Carrión

honeymoon period. For now, the survival of Peru's democracy seems assured. Although Keiko Fujimori is the short-term winner, her party has split, and her strategic position has weakened. The new government is in place in great part due to the impeachment process she advocated, and she cannot confront Martín Vizcarra with the same ardor and intransigence she used to confront PPK. Because of his lack of party affiliation and congressional representation, Vizcarra could create a broad-based government that is able to generate significant popular support. He has the potential to replicate the experience of Valentín Paniagua, who led a popular caretaker government after the fall of the Fujimori regime, but Vizcarra needs to show that he is serious about fighting corruption. Peru's democracy remains fragile and could break if the hegemonic pretensions of the congressional majority are not checked. To counteract this pressure, Vizcarra needs a broad governmental coalition. The prospects of Peru's young democracy rest on his ability to build such support."

A **Francisco Durand, professor of political science at the Catholic University of Peru:**

"When the party in office does not control Congress, a government crisis follows (as occurred in 1968, 1992, 2000 and now 2018). This time, Congress won and replaced the president, following the rules.

Continued on page 4

FEATURED Q&A / Continued from page 3

Keiko Fujimori is the great winner. A victory against Kuczynski, involved in the Lava Jato scandal for doing business with Odebrecht while serving as Alejandro Toledo's minister or right after. A big loser is Kenji Fujimori, who prevented Kuczynski's impeachment in December, but now will possibly be ousted from Congress and unable to become a presidential candidate. The political crisis

“The new government is fragile, and it will be difficult for Martín Vizcarra to organize a broad-based government with credibility...

— Francisco Durand

is not over. The new government is fragile, and it will be difficult for Martín Vizcarra to organize a broad-based government with credibility, capable of dealing with the corruption scandals that cut across all major parties. The major parties are now supporting Vizcarra, expecting to control the ongoing investigations. Most likely, the left will be excluded and the government will tilt to the right. At the same time, undeclared campaign donations and shadow lobbying is perceived as a crime and may weaken Vizcarra or end his term. That is, unless Vizcarra proves to be shrewd enough to remain in office by building a coalition of honest independents and manages to obtain popular support to counterbalance his lack of a political base and confront bribe-hungry politicians. Additionally, if the economy improves along with public spending, and international mineral prices remain high,

his chances may improve. In the meantime, given that the fundamentals of the Peruvian economy look good, businesses and investors should not worry. Yet, if Vizcarra falls and elections take place in a highly volatile environment, the markets will succumb to political noise.”

A Carlos Arata, partner in the corporate practice at Rubio Leguía Normand in Lima:

“These are very hard times for the country. Most of our politicians are involved in corruption scandals and members of Congress do not seem to acknowledge how discredited they are now. Judges and prosecutors appear to be on witch hunts that are intended more to start political careers than to pursue criminals and find the truth. Our institutions are not working, so we need to work on strengthening them. Unfortunately, that is a long-term task and not a very popular one. Vizcarra's position is very weak so he will have to form alliances, especially with Fuerza Popular, led by Keiko Fujimori, and APRA, which won't make many of PPK's voters happy. Also, Vizcarra has a very difficult task on recovering economic growth amid the instability we are experiencing, though this is a great opportunity for him. Reconstruction of the north of the country and all the stalled projects are a good starting point. This can win him some support. The next six months are very important to show investors—local and foreign—that Peru is greater than its problems, that we respect rule of law and promote private investment and that our government has zero tolerance of corruption.”

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

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