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## FEATURED Q&A

# Will Fujimori's Release Shake Up Peruvian Politics?



Keiko Fujimori, leader of Peru's opposition Popular Force party, was released from prison last week but still faces corruption allegations. // File Photo: Facebook site of Keiko Fujimori.

**Q** Peru's Constitutional Tribunal last week freed opposition leader Keiko Fujimori from preliminary detention while she is investigated for alleged corruption. The tribunal's ruling does not constitute a judgment of Fujimori's guilt related to accusations that she accepted bribes from Brazilian construction giant Odebrecht, which she denies. Hundreds of people took to the streets to protest Fujimori's release, clashing with riot police. What's behind Fujimori's release, and why has it come now? Will the release strengthen her Popular Force party for the 2020 parliamentary elections scheduled for Jan. 26?

**A** Gino Costa, member of Peru's Congress: "Most Peruvian politicians are being investigated for receiving bribes or campaign finance from Odebrecht or other Brazilian construction firms. Keiko Fujimori allegedly received \$1 million from Odebrecht for her 2011 presidential campaign. Thirteen months ago, a judge ordered her preliminary detention on the basis that she was obstructing justice. The decision was confirmed by a three-judge panel, the Supreme Court and two constitutional courts, before the Constitutional Tribunal granted her freedom in a controversial 4-3 vote. The implications of Keiko's release are twofold. First, the Constitutional Tribunal will continue to have the last word in the Lava Jato investigations and will demand extremely high standards of proof, which could end up favoring impunity. Between those who favor a strong stand against corruption and those who complain about the abuses of the judiciary, it is very clear whose side the current Constitutional Tribunal is on. Second, although her image

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## Colombian Gov't Meets With Union Amid Protests

Colombian government representatives met with union leaders behind the country's nationwide strikes, but the two sides reached no agreement and were at odds over how talks should proceed.

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## Peru, U.S. Close to Deal to Promote Investments

The two countries are discussing an agreement to promote U.S. investments in Peru, a move by the United States to counter Chinese influence in the region.

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### POLITICAL

## U.S. Att'y General Meets With Mexican President

U.S. Attorney General William Barr met with Mexican President Andrés Manuel López Obrador in Mexico City. U.S. President Donald Trump has said he wants to designate Mexican drug cartels as terrorist organizations.

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Barr // File Photo: U.S. Department of Justice.

## POLITICAL NEWS

## Colombian Gov't, Union Meet, But Reach No Agreement

Representatives of Colombia's government met Thursday with union leaders behind the country's nationwide strikes, but the two sides reached no agreement, Reuters reported. The meeting in Bogotá happened a day after thousands of protesters gathered in the capital amid a national strike, in which protesters are demanding changes to President Iván Duque's social and economic policies. The government and the union leaders remained at odds Thursday over how the talks should proceed. Duque's government has sought more expansive talks involving various groups, but the committee that has organized ongoing protests has said that involving other groups could dilute its demands. "We remain deeply at odds with the government over the make up of the discussions," Diógenes Orjuela, the head of the Central Union of Workers, or CUT, told reporters after the meeting, Reuters reported. "Furthermore, the government has taken a step back by labeling the discussions as exploratory. We continue to hold that this is a table for negotiations between the government and the national strike committee, to discuss the 13 demands that have been raised." Demonstrators have demanded that the government better implement its 2016 peace agreement with the former Revolutionary Armed Forces of Colombia, or FARC, rebels, work harder to stop the killings of human rights activists and disband the ESMAD riot police force, which has been accused of using excessive force. Protesters also oppose a proposed government tax reform that would reduce taxes for businesses. They also are against proposals such as raising the pension age and cutting the minimum wage for some workers—ideas Duque said are not part of his agenda. Amid the protests, Duque has seen his popularity fall to 26 percent, the lowest level for any Colombian president since 1996, The Washington Post reported. Five people have been killed in the protests, which broke out

last month. The demonstrations in Colombia followed massive protests in other countries in the region, including Chile, Ecuador and Bolivia. The protests in Colombia have mainly been peaceful, though there have also been attacks against public transportation systems and looting of businesses, Reuters reported. The government and the union have agreed to meet again next week. [Editor's note: See related [Q&A](#) in the Nov. 20 issue of the Advisor.]

## ECONOMIC NEWS

## Peru, U.S. Close to Signing Deal to Promote Investments

Peru and the United States are close to signing a deal to promote U.S. investments in the South American country as part of a U.S. initiative to counter Chinese influence in the region, a Peruvian diplomat told Reuters on Thursday. The United States launched "Growth in the Americas" in 2018 to boost private sector investments in energy and infrastructure in Latin America, following China's invitation for several countries in the region to join its global Belt and Road Initiative. "The Trump administration is interested in balancing Chinese influence in the region a bit," said Cecilia Galarreta, the director of North American affairs in Peru's foreign ministry. She added that a draft memorandum of understanding, or MOU, with Washington to join the Growth in the Americas initiative was under evaluation by Peru's energy and mines ministry, as well as by the finance ministry. The United States has signed MOUs under the initiative with Argentina, Chile, Jamaica and Panama. Meanwhile, Chile, Jamaica, Panama and Peru have signed MOUs with China to join the Belt and Road Initiative. China has been warming up to Latin American nations in recent years, with countries such as El Salvador, the Dominican Republic and Panama cutting ties with Taiwan in favor of establishing them with China. [Editor's note: See related [Q&A](#) in the Dec. 13, 2018 issue of the Latin America Advisor.]

## NEWS BRIEFS

## U.S. Attorney General Meets With López Obrador in Mexico City

Mexican President Andrés Manuel López Obrador and other senior officials met with U.S. Attorney General William Barr on Thursday to discuss the threat of Mexican drug cartels, in a meeting López Obrador described as "good," Reuters reported. U.S. President Donald Trump said last week that he was moving to designate Mexican drug gangs as terrorist organizations. López Obrador said on Twitter that Barr understood that "our constitution obligates us to adhere to the principles of cooperation for development and nonintervention in foreign affairs." He did not provide further details. [Editor's note: See related [Q&A](#) in Thursday's Advisor.]

## Trump to Meet Next Week With Paraguay's President

Paraguayan President Mario Abdo Benítez will travel to Washington next week to meet with U.S. President Donald Trump, the White House announced Thursday. The meeting on Dec. 13 will focus on strengthening cooperation between the two nations, the White House said, adding that the two leaders will discuss issues including trade, rule of law and security.

## Walmex Reports Largest Monthly Increase in Same-Store Sales

Walmart de México, the country's largest retailer, said Thursday that sales at stores in Mexico that have been open for more than a year increased 6.9 percent in November, as compared to the same month last year, Reuters reported. It was the biggest monthly hike this year. Walmex, as the company is known, said total sales in Mexico rose 8.4 percent in November and overall sales, including Central American stores, reached almost 61 billion pesos (\$3.15 billion) for the month.

## Brazil Underreports Exports by \$7 Bn Due to Data Glitch

Brazil's government has underreported exports in recent months by nearly \$7 billion due to a glitch in its trade data system, The Wall Street Journal reported Thursday. The error will likely drive down Brazil's currency and force authorities to revise other economic indicators, according to the report. Officials at Brazilian data-processing service Serpro said technicians at the agency failed to notice the error, which a major hardware and software upgrade last year caused. The system began to randomly exclude partial data that exporters registered in a platform that Serpro operated. "The problem had more than one cause, but the humans handling the system should have noticed," Serpro's chief executive, Caio Paies de Andrade, said in an interview. "Some of them actually broke down and cried when they saw what they had done," he added. He said some employees would be fired. Doubts surfaced last week when Brazil's Economy Ministry revised the exports it had reported for the first four weeks of November, up to \$13.5 billion from a previously stated \$9.7 billion, the Financial Times reported. Earlier this week, the ministry published better-than-expected data for GDP in the third quarter, without including the revised trade figures that became available on Monday. "The GDP numbers showed a pretty significant contraction in exports in the third quarter, so maybe that will be revised as well," Gustavo Rangel, chief economist for Latin America at ING Financial Markets in New York, told the newspaper.

## Costa Rica's Coffee Exports Fall 30% in November

A tree-killing fungus that has infected coffee crops led Costa Rica's exports of the commodity to fall 30 percent last month, Reuters

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is extremely tarnished, Keiko Fujimori will have to actively campaign to mobilize her political base in support of her parliamentary candidates. The new Congress, to be elected on Jan. 26 for only 16 months, will have at hand two issues of tantamount importance for her: the renewal of the Constitutional Tribunal with the election of six out of seven magistrates and the possible removal of allies of hers who are accused of corruption."

**A** **Ursula Indacochea, director of the judicial independence program at the Due Process of Law Foundation:** "The recent release of Keiko Fujimori is an important pushback in the fight against corruption in Peruvian politics. The decision was widely criticized because the court decided to ignore the confessions of at least three businessmen under plea bargain agreements, who recognized the delivery of big amounts of money to her political campaign in 2011, directly to her, which she has always denied before the judiciary. Nonetheless, this new evidence could lead to a new request from the special Lava Jato unit to get another pretrial detention order against her. However, there is no doubt that Fujimori's release will be important to Fuerza Popular's strategy ahead of the upcoming parliamentary elections. The party lacks a clear program and concrete proposals to attract voters, and it is compensating

reported Thursday, citing Costa Rica's coffee institute, ICAFE. In addition to the effects of the roya fungus, the Central American nation's

**“Farmers, in general, are in a very tough situation...”**

— Xinia Chaves

coffee crops were hurt by higher costs and bad weather, according to ICAFE. "Farmers, in general, are in a very tough situation due

with strong leadership, basically focused on her. Even though Fujimori's public image has been seriously affected, Fuerza Popular

**“Even though Fujimori's public image has been seriously affected, Fuerza Popular still has secured an important portion of voters...”**

— Ursula Indacochea

still has secured an important portion of voters, and its main challenge is to show it is capable of learning from the past and being constructive in the future."

**A** **Julio Carrión, associate professor and associate chair of the Department of Political Science and International Relations at the University of Delaware:** "Keiko Fujimori had been scheduled for release at the end of April 2020. Last September, the Supreme Court voted to keep her provisional detention but reduced it to 18 months. After appeal, the Constitutional Tribunal approved the habeas corpus motion and granted her freedom. This decision is similar to the one the court issued in April 2018, releasing

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to low productivity per hectare," said the organization's head, Xinia Chaves. She added that investments needed for coffee plantations have also declined. Costa Rica's coffee exports reached 25,627 bags in the first two months of the current harvesting season, a 40 percent drop from the same period in the previous season. ICAFE said it eventually expects the country's coffee exports to rebound during the next season to 1.42 million bags in total, which would be a 10 percent annual increase. Central America and Mexico together produce approximately a fifth of the world's arabica coffee beans in the harvest season.

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former President Ollanta Humala and his wife, Nadine Heredia, who had also been held under provisional detention during their legal proceedings. To analyze the possible political consequences of this decision, one needs to recognize that Fujimori's imprisonment has already had a huge impact. Her absence accelerated internal divisions among her congressional allies and perhaps even led them to the disastrous decisions that eventually resulted in President Vizcarra's dissolution of Congress. Fujimori's freedom is unlikely to reverse these negative consequences. There is a sense of chaos in

“**Fujimori's imprisonment has already had a huge impact.**”

— Julio Carrión

her Fuerza Popular party, and some former representatives are already running under other parties' banners. The chance that her party will obtain a plurality—much less a majority—of seats in the next election is slim. Recent revelations that prominent bankers and business interests supported her presidential campaigns with millions of dollars not only complicate her legal case, but also are likely to have a political impact among low-income voters, many of whom voted for her in 2016. The polls have not been kind to her. In December 2016, 37 percent of those interviewed by Ipsos approved of her; last October, only 8 percent said that they sympathize politically with her. Many Peruvians may have dismissed her ties to the authoritarian regime of her father, but significantly fewer are likely willing to overlook the accusations of corruption. Her party is better off having her free to campaign, but it might not mean much in the end.”

**A** **Jose E. Gonzales, managing partner at GCG Advisors:** “Peru's Constitutional Tribunal, which has seven magistrates, has traditionally been divided between a minority that has systematically voted in favor of causes favoring ‘fujimorismo’ and a majority against it, in a pattern that has revealed an ideological and political divide in the court. In last week's vote, however, a majority of four voted in favor of Fujimori, with three against. Of the majority, three justices argued against the prosecutions' accusations and the confessions of protected witnesses that led Fujimori to prison. One justice, in a singular vote, argued that since Fujimori no longer had a political party, she didn't represent a threat in ‘obstructing justice.’ That singular vote has prompted Peru's attorney general to demand the nullification of the ruling because there was no ‘valid majority’ to justify it. While the issue is being resolved, the ruling reveals that Alberto Fujimori's legacy is a political divide in Peru. The court's decision indeed does not stop a trial that could include charges of tax evasion, illegal enrichment and money laundering, in addition to perjury and obstruction of justice, as a result of further confessions of illicit contributions made to her campaigns. With Congress dissolved and after her 13 months in preventive detention, Fujimori no longer has a political apparatus and an untouchable allure that once made her feel indestructible. With public support of just 10 percent and a private sector that no longer seems to support her, Fujimori's apparent victory might signal the twilight of ‘fujimorismo.’ ”

*The Advisor welcomes comments on its Q&A section. Readers can write editor Gene Kuleta at [gkuleta@thedialogue.org](mailto:gkuleta@thedialogue.org).*

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