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FEATURED Q&A

Has the Special Election Changed Peru's Politics?



Peru's Popular Force party, led by Keiko Fujimori, was previously the biggest opposition party in Peru's Congress. After Sunday's election, it has been left with a fraction of the seats it once had. // File Photo: TV Perú.

Q Peruvians selected legislators on Sunday in an election that President Martín Vizcarra called after he dissolved Congress last September. Who were the biggest winners and losers in the election? What do the results mean for Vizcarra and his agenda? How well will the president be able to work with the new Congress, and will he finally be able to win legislative approval for his contentious anti-corruption reforms?

A **Katya Salazar, executive director of the Due Process of Law Foundation:** "Without a doubt, the big losers of Sunday's election were Popular Force (led by Keiko Fujimori) and APRA, who 'working as a team' turned the Peruvian Congress into a permanent obstacle to the country's governance and a space for protecting corrupt networks and actors. After having been the two main characters of Peruvian politics in recent years (for the wrong reasons), APRA will not have a single representative in the new Congress, and Popular Force won't have more than eight. The biggest surprises were the Popular Agricultural Front of Peru (FREPAF)—which is religious, messianic and has strong links to the rural sector, as well as the more conservative sector of the Evangelical Church—and Unión por el Perú—a combination of nationalism and indigenism linked to Antauro Humala (the brother of former President Ollanta Humala), currently in prison for the crime of rebellion. Both parties will have at least 32 legislators. The new Congress will be quite heterogeneous, extremely fragmented and integrated by new actors in politics who will have only a year and a half to learn on the

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TODAY'S NEWS

POLITICAL

Death Toll in Brazil Flooding Rises to 52

In addition to the deaths, at least 65 people have been injured and two are missing after heavy rains ponded Minas Gerais state.

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BUSINESS

Banco do Brasil Labor Charges 'Absurd': Union

State-controlled lender Banco do Brasil's plan to make it easier to hire and fire staff is "absurd," said a bank employees union. A leader of the union called the plan an attack on workers' rights.

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ECONOMIC

IMF Sending Mission to Argentina Following Talks

The International Monetary Fund will send a mission to Argentina following "very productive" talks in New York with Argentine Economy Minister Martín Guzmán, a spokesman said.

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Guzmán // File Photo: @Martin_M_Guzman via Twitter.

POLITICAL NEWS

Peru's Keiko Fujimori Returned to Prison in Laundering Probe

A Peruvian judge on Tuesday ordered opposition leader Keiko Fujimori back to prison for 15 months, *La República* reported. The leader of the Popular Force party, Fujimori is under investigation in a money laundering case and has already spent 13 months in jail. However, Peru's top constitutional court ordered her release last November, and prosecutors appealed that ruling. Fujimori was taken into custody on Tuesday night, Reuters reported. Prosecutors accuse Fujimori of illegally receiving more than \$1 million from Brazilian construction conglomerate Odebrecht and hiding the money through a network of front men, the Associated Press reported. Fujimori denies wrongdoing. Fujimori arrived in court as Judge Víctor Zúñiga was finishing the announcement of his decision to return her to prison and was immediately taken to the Chorrillos women's prison in Lima, BBC

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job. This scenario is not necessarily bad for President Vizcarra, who will hardly find an opposition force as well prepared as the one he found in the previous Congress, under the leadership of APRA and Fujimori. Peruvian citizens should see these results as a wake-up call and attend to deeper processes that have been taking place discreetly in our country. The old left-versus-right dichotomy becomes futile in this new scenario."

A **Maria Luisa Puig, Latin America analyst at the Eurasia Group:**

"Sunday's legislative elections showed that distrust of the political class is deep, following three years of turmoil that included clashes between the president and Congress and a series of corruption scandals. Parties not linked to corruption or ones that made the fight against graft the focus of their campaigns

News reported. Minutes later, she was seen in a video that circulated on social media. "This isn't justice," she said. "As woman, as wife, as mother, I am going to bring out all the strength that I have." Fujimori added that her husband would seek backing from foreign governments and other groups for her release. Her attorney, Giuliana Loza, vowed to appeal the judge's ruling. Fujimori's jailing came just two days after her Popular Force party fared poorly in the country's legislative election. Its representation in Peru's Congress fell to just 12 seats from 72.

ECONOMIC NEWS

IMF Sending Mission to Argentina After Talks With Guzmán

The International Monetary Fund will send a mission to Argentina in February to discuss the South American nation's economic prospects and debt, IMF spokesman Gerry Rice said Tuesday following a "very productive" meeting with

did well. Meanwhile, Keiko Fujimori's Fuerza Popular party suffered the greatest loss, as it obtained only a fraction of the seats it won in the 2016 elections. A divided Congress in which no group is even close to a majority and with a diminished presence of Fujimori's party will help lower tensions with President Martín Vizcarra. This could facilitate pending political reforms he was pushing before dissolving Congress, including changes to parliamentary immunity from prosecution, though the window for approval will be small. Structural reforms beyond some political initiatives are unlikely. There is no political appetite to advance reforms that could become unpopular. Vizcarra will avoid putting at risk his levels of support, which have remained high, largely as a result of his confrontation with dismissed lawmakers and anticorruption efforts. Furthermore, some incoming lawmakers could push for some

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NEWS BRIEFS

Death Toll in Brazil Flooding Rises to 52

The death toll from last week's heavy rains in Brazil's Minas Gerais state has grown to 52 people, with at least 65 injured and two others missing, the state civil defense agency said on Tuesday, Reuters reported. Most losses occurred in the state capital of Belo Horizonte, with 13 dead. Nearly 33,000 people have been displaced or evacuated from their homes, rescue workers said. Minas Gerais last week had the wettest 24-hour period since precipitation records began 110 years ago, registering an accumulated rainfall of 172 millimeters (6.8 inches) from Thursday to Friday.

Strong 7.7-Magnitude Quake Jolts Caribbean

An earthquake of 7.7 magnitude and a series of aftershocks jolted the Caribbean on Tuesday afternoon, and there were no reports of injuries or serious damage. The earthquake struck at 2:10 p.m. local time. It was centered 86 miles northwest of Montego Bay, Jamaica and 87 miles south-southwest of Niquero, Cuba, according to the U.S. Geological Survey. The quake had a depth of six miles.

Venezuela's National Assembly Allocates \$20 Mn for Litigation

Venezuela's opposition-run National Assembly on Tuesday approved \$20 million to be held in accounts in the United States to pay for litigation abroad, part of its efforts to shield the country's offshore assets from lawsuits by creditors, Reuters. The funds will be collected from accounts previously held by members of President Nicolás Maduro's government, which were frozen last year as part of U.S. sanctions. Investors holding Venezuela's defaulted bonds have long seen the country's foreign assets, including U.S.-based refiner Citgo, as attractive.

Argentine Economy Minister Martín Guzmán, the Buenos Aires Times reported. Guzmán met with IMF officials in New York on Tuesday, an event Rice described as “an opportunity to continue the ongoing dialogue and hear from the minister about the Argentine authorities’ economic plans and exchange views on the debt sustainability analysis.” Tuesday’s meeting was Guzmán’s first contact with the international

The meeting was Guzmán’s first with the IMF since becoming economy minister.

lender since taking office in December under new President Alberto Fernández, Clarín reported. IMF Managing Director Kristalina Georgieva will meet with Guzmán again on the sidelines of a seminar at the Vatican on Feb. 5, and an IMF technical mission is scheduled to travel to Buenos Aires later in February “to continue to exchange views on macroeconomic plans and debt sustainability,” Rice told reporters. Fernández is looking to renegotiate the \$44 billion credit line that the IMF has provided to Argentina over the past 18 months, which totals an important part of the country’s \$335 billion foreign debt, equivalent to more than 90 percent of its GDP, according to the Buenos Aires Times. [Editor’s note: See related [Q&A](#) on the Jan. 14 issue of the Advisor.]

BUSINESS NEWS

Banco do Brasil’s Labor Changes ‘Absurd’: Union

A bank employees union in Brazil said state-controlled Banco do Brasil’s plans to make it easier to hire and fire staff are “absurd,” adding that workers at the lender will fight against it, Reuters reported Tuesday. “This is an attack against employees’ rights and, thus, workers will not allow it to happen,” Ernesto Izumi, a leader of the São-Paulo based union,

THE DIALOGUE CONTINUES

Are Latin America’s Militaries Taking on Too Much Power?

Over the past year, Latin American militaries appear to be taking on more visible roles in countries’ domestic security and politics. In Bolivia, the military’s backing of the interim government led former President Evo Morales to flee the country. In Venezuela, the armed forces’ support for President Nicolás Maduro has been crucial for his retaining power. Meanwhile, military officials have assumed key government roles in Brazil under President Jair Bolsonaro, and Mexico’s military has largely staffed President Andrés Manuel López Obrador’s National Guard security force. To what extent has the role of the military in Latin American countries changed recently, and is it cause for concern? What similarities and differences can be observed as compared to their part in the region’s history? Should the armed forces’ functions be limited to defense, or can they provide valuable contributions to some aspects of governance?

Rebecca Bill Chavez, nonresident senior fellow with the Peter D. Bell Rule of Law program at the Inter-American Dialogue and former U.S. deputy assistant secretary of defense for Western Hemisphere affairs: “Reliance on the military for domestic security isn’t a new trend in Latin America. We’ve learned that once a country starts down the path of militarization, it’s tough to reverse course—even if the policy fails to mitigate crime and violence. Mexico serves

said in a statement posted to the union’s website. The union, which has 140,000 members, is the largest one representing bank employees in the South American country. Banco do Brasil is reportedly planning reforms in a bid to better compete with private rivals. Among the planned changes are weaker job protections

as a case in point. When President Calderón assigned law enforcement responsibilities to the armed forces in 2006, it was meant to be a short-term solution to an urgent public security crisis. Fourteen years later, the military maintains its outsized role in public security, and criminal violence has continued to rise. In fact, Mexico’s homicide rate reached a record high in 2019, and according to a Reforma survey, 56 percent of Mexicans believe that organized criminal groups are stronger than the government. During his campaign, President López Obrador pledged that he would send the military back to the barracks as part of his ‘Hugs, not bullets’ approach to crime. Once in office, however, he recognized the ‘bitter reality’ that the underfunded and often corrupt federal police were not up to the task. As a result, AMLO’s new National Guard is a hybrid force that is staffed in large part by the Mexican Army and Navy (SEDENA and SEMAR). Like his predecessors, AMLO has fallen into a trap: reliance on the military reduces the incentive to strengthen civilian law enforcement. This should be a cause for concern. Until governments commit to real police and judicial reform, we should expect to see continued citizen insecurity, high rates of impunity and troops patrolling the streets.”

EDITOR’S NOTE: The comment above is a continuation of the [Q&A](#) published in the Jan. 23 issue of the Advisor.

for its 94,000 employees, according to sources. The government-run bank’s board has already approved the plan, and talks are underway with the economy ministry, according to the wire service. The Brazilian government would need to first approve the modifications before reform plans can go forward, Reuters reported.

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populist measures in a bid to boost the performance of their parties ahead of the 2021 elections.”

A **Francisco Durand, professor of political science at the Catholic University of Peru:** “The surprising, yet understandable, results confirm the fragmentation of the Peruvian party system and the uncertainty of elections. Almost all historic parties, APRA in particular, have no representation. The only exception is Acción Popular, with 26 representatives, and which is not tainted by the Lava Jato scandal. Fuerza Popular (fujimorismo), the top political force in the previous Congress, had 73 out of 130 seats and now has 12. Therefore, the main opposition parties, APRA and Fuerza Popular, which tried to unseat Vizcarra, have lost. Votes went elsewhere, and that is where surprises occurred. Alianza para el Progreso, a catch-all party led by a millionaire with strong regional support, has 21. FREPAP, a nativist religious party supported by the poor, obtained 15. Two parties led by strong military caudillos have done well. Podemos (with 12), led by General Urresti, campaigned promising higher security. Unión por el Perú, whose candidate, currently in prison, is Antauro Humala, a radical nationalist, received 14, scaring the elites. The latter coincides with the left, Frente Amplio (with 10) on constitutional reforms and changes to the economic model. Newcomer Partido Morado, the party of preference among Lima elites, showed a poor result (with 10). Then, to add to the mix, is Somos Peru, a party centered on local elections (with nine). In sum, there are nine parties with different agendas, mostly representing the center-right, and they are operating with a stronger left. The task ahead, if logic prevails, is to form blocs and advance electoral and judicial reforms. Yet, the temptation to emphasize a more visible oversight role is high. In any event,

Vizcarra will finish his term without facing opposition from the Congress and has a chance to collaborate with this heterogeneous Congress in passing legislation with the center-right.”

A **Carlos Arata, partner in the corporate practice at Rubio Leguía Normand in Lima:** “The biggest losers were Fuerza Popular and APRA. They represented the main (and incredibly harsh) opposition to President Vizcarra. During their time in Congress, they unfortunately used their majority to oppose any measure from the executive branch and obstructed investigations of several public officers, judges and public attorneys of very serious accusations of corruption. They paid a price for this behavior. Now, APRA has been unable to win any seats in Congress, and Fuerza Popular passed from having 73 congressmen and women elected in 2016 to 12 in this election. The biggest winner might be Acción Popular, as it now has the highest number of members elected. Partido Morado may be another as it was able to win seats for nine members. However, the biggest surprises were FREPAP and UPP. FREPAP is an ultra-conservative party, which is anti-LGBT rights and anti-abortion, among others. UPP is a hard-left-wing party led by Antauro Humala (the brother of Ollanta), who led a failed coup against Alberto Fujimori and is now in jail for that. Vizcarra has hard work ahead of him as the Congress now has 10 different parties with different ideas and agendas. However, with very short terms, it is possible that some parties will agree on major changes the country needs (such as political, judicial and anti-corruption), as long as everyone puts their particular interests aside and the country’s first.”

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

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