

THE DIALOGUE

Latin America Advisor

www.thedialogue.org

Friday, February 27, 2026

BOARD OF ADVISORS

Merike Blofield

Professor of Political Science,
University of Hamburg

Joyce Chang

Global Head of Research,
JPMorgan Chase & Co.

Marlene Fernández

Corporate Vice President for
Government Relations,
Arcos Dorados

Peter Hakim

President Emeritus,
Inter-American Dialogue

Donna Hrinak

Director,
Covista

Jon E. Huenemann

Council Member,
GLG Inc.

James R. Jones

Chairman,
Monarch Global Strategies

Craig A. Kelly

Senior Director, Int'l Gov't Relations,
Exxon Mobil

John Maisto

Director,
U.S. Education Finance Group

Nicolás Mariscal

Chairman,
Grupo Marhnos

Thomas F. McLarty III

Chairman,
McLarty Associates

Ernesto Revilla

Head of Latin American
Economics, Citi

Gustavo Roosen

President,
IESA

Andrés Rozental

President,
Rozental & Asociados

FEATURED Q&A

How Is Peru's Election Shaping Up Amid Instability?



José María Balcázar last week became Peru's eighth president in a decade after legislators ousted his predecessor, who had been in office for just four months. // File Photo: Peruvian Government via Flickr [CC BY-NC-SA 4.0](#).

Q Peru's Congress last week ousted the country's interim president, José Jerí, over influence-peddling allegations that he denied and installed legislator José María Balcázar as his successor; the moves came just ahead of the country's April 12 general election. The election features a crowded field of three dozen presidential candidates, with right-wing businessman and former Lima Mayor Rafael López Aliaga in the lead, though with little more than 10 percent support, according to recent polls. What issues will decide Peru's presidential election? To what extent is Peru's chronic government instability—the country has had eight presidents in the past nine years—affecting the country? Which parties or coalitions are best poised ahead of the country's congressional elections?

A Julio Carrión, professor in the Department of Political Science and International Relations at the University of Delaware: "Less than two months before the election, the panorama is still quite unclear. Although there is a decrease in the number of undecided voters in comparison to polls in January, about 35 percent of respondents in a survey this month by the Institute of Peruvian Studies remained undecided. In previous contests, a dark-horse candidate emerged two to three weeks before the election, and this might be the case again this year. Trying to predict at this point who would make it to the runoff would be an exercise in futility. In addition, it is remarkable that despite Peru's political instability and the ongoing crime that is affecting Lima and other major cities, there is little to no substantive debate about security. There is an effort from civil society organizations to

Continued on page 3

TODAY'S NEWS

POLITICAL

Cuba, U.S. in Communication After Four Killed on Boat: Official

Officials of the two countries are in communication after Cuban agents killed four people whom they alleged were seeking to infiltrate Cuba, a Cuban official said.

Page 2

ECONOMIC

Ecuador to Hike Tariffs on Goods From Colombia

Ecuador said Thursday that it will hike tariffs on Colombian goods to 50 percent amid a trade war.

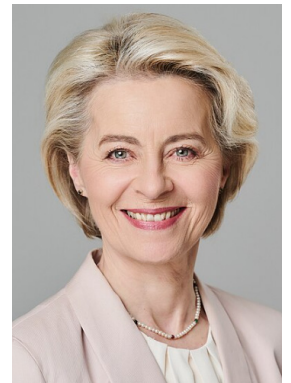
Page 3

ECONOMIC

European Union to 'Provisionally Implement' Deal With Mercosur

The European Union will "provisionally implement" its trade deal with the Mercosur bloc even though the deal has not received approval from the European Parliament, European Commission President Ursula von der Leyen said today.

Page 3



Von der Leyen // File Photo: European People's Party via Wikimedia Commons [CC BY 2.0](#).

POLITICAL NEWS

Cuba, U.S. Officials Communicating After Four Killed on Boat

Cuban and U.S. officials are in communication following Cuban authorities' deadly shooting of four people on a boat off the country's coast in an incident that Havana has called an infiltration attempt, a top Cuban official said Thursday, the Associated Press reported. Deputy Foreign Minister Carlos Fernández de Cossío said Cuba is willing to exchange information with the United States about the incident, which happened Wednesday and also left six others aboard the boat—and one Cuban agent—wounded. Fernández de Cossío added that Cuba's government wants information from the United States on the people involved and that U.S. officials have shown willingness "to cooperate in clarifying the facts," the AP reported. In the incident, 10 armed people aboard a boat registered in Florida opened fire on Cuban soldiers near Cayo Falcones, an island along Cuba's north coast, about 185 miles east of Havana, according to Cuba's Interior Ministry. The commander of the Cuban patrol boat had approached the vessel to identify its occupants before a shootout began, Cuba's government said, The Wall Street Journal reported. Cuba's Interior Ministry said the men were Cuban nationals living in the United States. At least two people aboard the boat—one who was killed and the other who was wounded—were U.S. citizens, the AP reported, citing an unnamed U.S. official. A third person aboard the boat had lived in the United States on a visa, and the others may have been legal permanent residents, the U.S. official told the wire service. The official also said the owner of the boat had reported it stolen in the Florida Keys by one of his employees. De Cossío said Cuban authorities found weapons including pistols and sniper rifles, as well as combat rations, camouflage clothing and communications equipment aboard the boat, along with "a large number of insignia from counter-revolutionary terrorist organizations," the AP

reported. Late Wednesday, U.S. Secretary of State Marco Rubio said the U.S. Coast Guard and the U.S. Department of Homeland Security had launched investigations, the AP reported. "The majority of the facts being publicly reported are those by the information provided by the Cubans," said Rubio, the wire service reported. "We will verify that independently as we gather more information, and we'll be prepared to respond accordingly," he added.

ECONOMIC NEWS

Venezuela Suspends 19 Oil Production Sharing Contracts

Venezuela's government, in coordination with U.S. authorities, has suspended 19 oil production-sharing contracts that private firms signed during the administration of President Nicolás Maduro, four unnamed sources close to the matter told Reuters on Thursday. Most of the projects in question affect relatively small oil-production ventures, with the affected partners of Venezuela's state-run PDVSA including firms based in China, the United States and Brazil, sources told the wire service. The U.S. and Venezuelan governments will jointly review the 19 contracts and could recommend revoking some or all of them, Reuters reported. PDVSA has taken over the projects in question, and the suspension has not yet affected Venezuela's hydrocarbon production levels, the sources added. The reviews of smaller production-sharing contracts are taking place under Venezuela's new hydrocarbons law that the National Assembly passed last month. The law opened a six-month window for authorities to scrutinize existing contracts in the oil and gas sector. The administration of U.S. President Donald Trump, which ousted Maduro in an unprecedented military raid on Jan. 3 in Caracas, has called on private Western firms to invest tens of billions of dollars in Venezuela's oil and gas sector, news site OilPrice.com reported. Also, U.S. Energy Secretary Chris Wright told reporters on Thursday that an oil-supply deal between

NEWS BRIEFS

U.S. Sets Bounty of \$10 Mn For Alleged Sinaloa Bosses

The U.S. government on Thursday unveiled a bounty totaling \$10 million for two brothers who allegedly lead Mexico's Sinaloa cartel's operations in the state of Baja California, the Associated Press reported. U.S. federal authorities on Thursday also indicted Rene Arzate García, known as "La Rana," on narcoterrorism charges. His whereabouts, as well as those of his brother, Alfonso, are unknown, the AP reported. The move came less than one week after Mexico's army killed the leader of the Jalisco New Generation cartel, the Sinaloa cartel's chief rival.

U.S. Military Accidentally Shoots Down Drone Operated by CBP: Report

The U.S. military recently used lasers to inadvertently shoot down a drone that was being operated by U.S. Customs and Border Patrol in the airspace above Mexico's border with Texas, people familiar with the matter told Bloomberg News on Thursday. It's unclear whether the accidental laser shooting was connected to the closure of El Paso's airspace earlier this month.

Panamanian Authorities Reportedly Search CK Hutchison Offices

Panamanian authorities on Thursday searched offices of a unit of Hong Kong-based CK Hutchison, which until recently had contracts to operate two terminals at either end of the Panama Canal, Reuters reported, citing an unnamed person familiar with the matter. The raid was unrelated to Panama's annulling the deals that gave the subsidiary control over the terminals, the person said. Panama's supreme court last month struck down the contracts, citing irregularities in the 2021 decision to award them.

the U.S. government and the administration of acting Venezuelan President Delcy Rodríguez has produced \$2 billion in sales since mid-January, Reuters reported. That figure equates to roughly 30 million barrels of oil, given the current price of West Texas Intermediate crude.

Ecuador to Hike Tariffs on Colombian Goods to 50 Percent

Ecuador's government on Thursday said it will increase tariffs on imports from Colombia to 50 percent, raising them from 30 percent, beginning Sunday, Bloomberg News reported. The move comes amid a trade war between the two countries that began when Ecuadorean President Daniel Noboa announced tariffs on Colombian products last month, accusing the neighboring country of not cooperating in border security and on preventing the entry of cocaine and criminal gangs into Ecuador, Bloomberg News reported. Colombia's government has refuted the allegations, and earlier this week, Colombian President Gustavo Petro said his country would impose 30 percent tariffs on more than 60 Ecuadorean products. [Editor's note: See related [Q&A](#) in Monday's issue of the Advisor.]

E.U. to 'Provisionally Implement' Trade Deal With Mercosur

The European Union will "provisionally implement" its free-trade agreement with South America's Mercosur trade bloc even though the deal has not received approval from the European Parliament, European Commission President Ursula von der Leyen said today, the Associated Press reported. Von der Leyen's statement came after Uruguay and Argentina ratified the trade accord on Thursday. After 25 years of talks, the European Union and Mercosur signed the deal on Jan. 17. [Editor's note: See related [Q&A](#) in the Jan. 27 issue of the Advisor.]

FEATURED Q&A / Continued from page 1

turn the election into a referendum against the parties that have controlled Congress since 2021, but the message seems to be lost in the sea of parties competing for the presidency, the Chamber of Deputies and the new Senate. In addition, if parties do not exceed the minimum threshold (5 percent of the votes and elect seven deputies or three senators), they will not have any representation. This will favor parties with name recognition, and these are the ones that have dominated Congress over the past five years. Given that most voters don't split their ticket, the parties with the largest presidential vote will likely control Congress, and that means at least some of the ruling coalition parties that sustained Dina Boluarte, José Jerí and now José Balcázar in the presidency will have significant presence in the new legislature."

A Eileen Gavin, head of sovereign analysis at Verisk Maplecroft: "Alongside the bread-and-butter issues of jobs, economic opportunity and basic welfare needs, Peruvian voters this year will be most concerned about citizen insecurity and criminality, most visibly violent extortion. But there are also issues stemming from Peru's political hyper-fragmentation and polarization, the rise of disinformation and the spread of hardline religious and social views that risk undermining societal cohesion and the work done to knit Peru back together after its internal conflict in the 1980s and 1990s. Peruvians are exhausted to the point of widespread apathy at politics, but also harbor very strong 'anti-system' sentiments. This has come through very clearly in annual regional surveys such as the Latinobarómetro, on which Peru has emerged in successive editions as the country least satisfied with democracy. It has also led to a deterioration on Verisk Maplecroft's measures of institutional strength, democratic governance and social risk. Opportunistic populists (often backed by vested interests) have been adept

at taking advantage of the collapse of Peru's traditional national parties to grab and abuse power for self-serving ends. The irony is then that these 'alternatives' fail to deliver and are all too often proven corrupt, which only perpetuates the cycle of instability. Peru's crisis of representation, albeit not unique in either the region or globally, is certainly among the most severe. Candidates running on 'mano dura' platforms are likely best placed to capitalize on public security concerns in April. There is also some geopolitical positioning at play, reflecting the intensifying U.S. scrutiny of the Peru-China relationship."

A Cynthia McClintock, professor of political science and international affairs at The George Washington University: "The ousting of Jerí is problematic. The problem is not so much the revolving door of presidents; for almost a decade, power in Peru has been skewed toward the Congress. Rather, a key problem is the drumbeat of corruption scandals less than seven weeks before presidential and congressional elections. The charges against Jerí—primarily, his relationship with a Chinese businessman—were concerning, but did not meet common standards for impeachment; only 6 percent of respondents in a Datum poll thought that, with the ousting, 'Congress had the good of the country at heart.' Instead, Peruvian politicians—in particular, the front-runner, far-right populist Rafael López Aliaga—were trying to burnish their anti-corruption credentials; corruption is a key issue in the upcoming elections (arguably, the leading issue after organized crime). At a critical campaigning stage, corruption scandals consume media time, exacerbate political cynicism and turn Peruvians away from electoral politics. A disturbing number of voters—more than 40 percent in some polls—say that they are undecided or will not vote for anyone. In the last four months, voter support for López Aliaga has barely inched up—from about 10 percent to 15 percent—and in second place,

Continued on page 4

FEATURED Q&A / Continued from page 3

Keiko Fujimori, running for the fourth time, has not inched up from about 8 percent. Clearly, most Peruvians would like an alternative to the populist right. But, without media attention to the 34 (yes, 34) alternatives, voters can't coalesce behind one of the most promising. In the congressional race, the fragmentation of the vote aids the few parties with a base—the parties of Fujimori, López Aliaga and César Acuña. To secure a seat, a party must pass a threshold of 5 percent of the valid nationwide vote or their votes are re-distributed; only seven parties have that."

A **Tomáš Došek, associate professor of political science in the Department of Social Sciences at the Pontifical Catholic University of Peru:** "Literally hours after Balcázar assumed Peru's presidency last week, rumors broke out that he would not last until the general election on April 12. Coming from opposite ideological camps but both with highly questionable political and personal records, the designations of Jerí and Balcázar were a clear sign of the chronic crisis of Peruvian democracy. However, the highly unpopular congressional elites do not take responsibility for them and only pursue short-term electoral interests. In this

context, the presidential campaign is slowly gearing up. On the right, confrontation has heated up between Rafael López Aliaga and Keiko Fujimori, who still have best the chances to reach the runoff, with Carlos Álvarez and other alternative candidates, including the leaders of the current congressional parties, lagging behind. On the center-left, Alfonso López-Chau, Roberto Sánchez and Ronald Atencio, with varied emphases on reforming or refounding the political system, have started to more directly seek the leadership, particularly for the support of southern parts of the country. For now, the Lópezes seem to have the best chances on both sides of the spectrum, with one-third of potential voters still undecided. Poll numbers are catching up gradually but will likely break the inertia only in early March. The coming weeks will tell if Peruvians will opt for an outsider to disrupt the system or support a reformist, programmatic alternative to reboot it. Or there might be a runoff between López Aliaga and Fujimori, which would sacrifice accountability and reaffirm the current elites responsible for the country's instability and institutional degradation."

The Advisor welcomes comments on its Q&A section. Readers can write editor Gene Kuleta.

LATIN AMERICA ADVISOR

is published every business day by the Inter-American Dialogue ISSN 2163-7962

Gene Kuleta
Editor

Jack Quinn
Reporter



Rebecca Bill Chavez, Ph.D., President & CEO

Lila Abed, Director, Mexico Program

Alfonso Blanco, Director, Energy Transition & Climate Program

Margaret Myers, Senior Advisor, Asia & Latin America Program

Manuel Orozco, Director, Migration, Remittances and Development Program

Bruna Santos, Director, Brazil Program

Peter Hakim, President Emeritus

Latin America Advisor is published every business day, except for major U.S. holidays, by the Inter-American Dialogue at 1155 15th Street NW, Suite 800 Washington, DC 20005 www.thedialogue.org

The opinions expressed by the members of the Board of Advisors and by guest commentators do not necessarily represent those of the Inter-American Dialogue. The analysis is the sole view of each commentator and does not necessarily represent the views of their respective employers or firms. The information in this report has been obtained from reliable sources, but neither its accuracy and completeness, nor the opinions based thereon, are guaranteed. If you have any questions relating to the contents of this publication, contact the editorial offices of the Inter-American Dialogue. Contents of this report may not be reproduced, stored in a retrieval system, or transmitted without prior written permission from the Inter-American Dialogue.

Upcoming Events

ONLINE EVENT: Mexico's Electoral Reform-What's at Stake

February 27, 2026 | 11:00 am ET | Online

Second Annual Money Services Business Industry Forum

March 3, 2026 | 9:15 am ET | Miami

