

## Latam Daily: Peru Political Update

- **Peru: Another political update—the latest installment**

### PERU: ANOTHER POLITICAL UPDATE—THE LATEST INSTALLMENT

#### I. Castillo makes a move towards the center...or does he?

**Both presidential candidates—Pedro Castillo (Peru Libre, PL) and Keiko Fujimori (Fuerza Popular, FP)—have stated their desire to reach out to other parties.** Castillo called out to all candidates to “sit down and talk”. Vladimir Cerrón, the PL party leader, also stated that their intention was to talk with “anyone... , independently of their ideology”. However, Castillo and Cerrón also confirmed their intention to create an assembly to prepare a new constitution, to nationalize the Camisea gas operations, and to institute an agrarian reform program.

**On Wednesday, the FP’s vice-presidential candidate, Luis Galarreta, also stated that the party was thinking of forging a wide “unity” front.** Although he didn’t specify the focus of this effort, it would likely favour continuity in economic policy and Peru’s institutional framework. Galarreta stressed that it would not be an anti-Castillo front.

**Both parties are reaching out to others because they are keenly aware of how few people voted for either of them.** The two candidates together obtained little more than a quarter of total votes (i.e., 32% of valid ballots cast). The complication they both face, however, is that voters are not strongly identified with political parties, so endorsements from other candidates may not have much effect. A case in point is Renovación Popular (RP), the party led by Rafael López Aliaga, who is trending third in the presidential race. López Aliaga initially noted an affinity with Castillo on their conservative approaches to social issues (i.e., on family and gender matters); but after this, a number of RP candidates for Congress came out strongly against Castillo and his “communist” agenda. In the end, López Aliaga himself had to backtrack on his endorsement.

#### II. Congress may be a greater concern than initially thought

**According to current trends, the PL may end up having between 34 and 37 seats in Congress. This is greater than initial projections of 28 seats that were indicated by the “quick count” done by Ipsos on Sunday night.** The additional seats were mostly taken from the leftist Juntos por el Perú and centre-populist Acción Popular, rather than from centre-right parties. Although the PL will still fall well short of the 66 seats needed to command a majority, it will have a sizeable position, especially considering that PL members of Congress are likely to share a much more cohesive mindset than those of other parties. The other leftist party, Juntos por el Perú, should have five seats, which would not be enough to help the PL reach the threshold for a majority. Thus, the two parties together would not have sufficient votes to, say, approve elections for a constitutional assembly. Parties that span the range from centre to right would still form a significant counter-balance to the PL, with perhaps 47 seats in the 130-member Congress—and possibly more, depending on the issue. The two camps are likely to lock horns on major economic and institutional issues, but concur on pro-family issues and, to an extent, on anti-business regulations.

—Guillermo Arbe

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