LATAM Market Update

- **Peru: In show of force, Vizcarra demands a vote of confidence from Congress**

President Vizcarra announced that his cabinet, led by Salvador Del Solar, would submit to Congress a demand for a vote of confidence. Impressively, Vizcarra made the announcement not only surrounded by his government cabinet in full, but also by all, or nearly all, regional governors in the country, very few of which are otherwise allied with or linked to the government. This was a tremendous show of political force, that has never happened before in the country, and which is intended to put greater pressure on Congress. The underlying issue for the new confrontation is the lack of progress in Congress to approve government initiatives for political reform, including prohibiting reelection to Congress, and new immunity rules that would make it easier to prosecute members of Congress. A recent issue that also seems to have driven Vizcarra to take a more drastic stance was the recent decision in Congress to uphold the immunity of prosecutor supreme, Pedro Chavarry, who is being investigated for corruption in cases that may also involve opposition members of Congress. Opposition members of Congress have already begun accusing Vizcarra of seeking to increase his popularity, and belittling the announcement as a political play. Congress now has two choices, to award the government a vote of confidence, upon which it will be only morally obliged to promote the political reform and lift the Chavarry immunity, or not award a vote of confidence and risk having the Congress closed and new elections called. However events evolve going forward, the political environment has just become more confrontational again, and the renewed sense of heightened uncertainty cannot be good for the business environment.

CONTACTS

Eduardo Suárez, VP, Latin America Economics
52.55.9179.5174 (Mexico)
Scotiabank Economics
eduardo.suarez@scotiabank.com

Guillermo Arbe
511.211.6052 (Peru)
Scotiabank Peru
guillermo.arbe@scotiabank.com.pe

Mario Correa
52.55.5123.2683 (Mexico)
Scotiabank Mexico
mcorrea@scotiacb.com.mx

Sergio Olarte
57.1.745.6300 (Colombia)
Scotiabank Colombia
olarteas@colpatria.com

Jorge Selaive
56.2.2939.1092 (Chile)
Scotiabank Chile
jorge.selaive@scotiabank.cl