

Latam Daily: Chile's New Centre-Left Candidate; Peru Nears Presidential Inauguration

- **Chile:** Centre-left candidate Yasna Provoste announces candidacy for presidential election
- **Peru:** Political chips begin to fall; opposition presides the new Congress; transition team provides early insights

CHILE: CENTRE-LEFT CANDIDATE YASNA PROVOSTE ANNOUNCES CANDIDACY FOR PRESIDENTIAL ELECTION

On Friday (July 23), the current president of the Senate, Yasna Provoste (51), announced her candidacy for Chile's presidential election. Her candidacy, which was widely expected, continues the consolidation of the candidates' field on the centre-left.

Ms Provoste, running with the Christian Democratic Party, has recently stood out as the opposition's leader in negotiations with the government to finalize a legislative package known as "agenda de mínimos comunes." The bill contemplates economic measures amounting to about USD 11 bn to support Chile's low- and middle-income families and SMEs, as well as a Universal Emergency Family Income.

As discussed in an earlier [Latam Daily](#), our assessment of the primary elections on July 18 is that they shifted the political debate closer to the centre, while at the same time ratifying the public's rejection of traditional parties. This will mean greater challenges for Provoste, who will have to appeal to the progressive electorate in what now looks like a less polarized political environment. Ms Provoste will run against the left's Gabriel Boric (35) and the right's Sebastián Sichel (43), along with any other candidates that emerge in the near future. The first-round presidential election will take place on November 21, 2021.

—Anibal Alarcón

PERU: POLITICAL CHIPS BEGIN TO FALL; OPPOSITION PRESIDES THE NEW CONGRESS; TRANSITION TEAM PROVIDES EARLY INSIGHTS

As the new government's inauguration nears on July 28, news and events are occurring at a fast clip, except perhaps on the issue that is most awaited: the new Cabinet. While the President-elect has yet to announce the names of his future cabinet members, significant developments occurred during the weekend, including new polling numbers on the controversial proposal to rewrite the constitution, and the first national congress of Mr Castillo's Party, Perú Libre. Early insights from Castillo's transition team also preview an attempt to balance political forces, but with a moderate leftist bias.

Congressional Leadership Vote

On Friday, July 23, the new members of Congress were sworn in. On Monday, July 26, they elected María Carmen Alva, from the Acción Popular party, to preside over Congress. Alva is a lawyer, and belongs to a family with a long

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history as part of Acción Popular, although she herself has little political experience. Alva is a moderate centrist and has credibly promised to work with the government.

Initially, three lists for the four-member presiding board had been submitted, one representing the government party, and two led by opposition parties. In the end, the government party list was excluded on a technicality, which ignited protests from them. Although Alva is still relatively unknown, her encumbrance helps reduce the concern in terms of the Congressional agenda, and the type of relationship she will emerge with the Executive. What is less clear is how the different parties will get along within Congress.

Peru's Potential Constitutional Re-Write

Constitutional change is one of the most contentious issues that Pedro Castillo's government will need to address early on. Unlike in Chile, however, rewriting the country's charter has never been a grassroots demand, but appeared as part of the elections process. This gives Mr Castillo some room to maneuver, especially as constitutional change has become increasingly associated with the more radical left wing of the now ruling party, Perú Libre, which could make large segments of society uncomfortable with the issue. As Mr Castillo has become more attuned to public opinion and has met with more people across the political spectrum, he seems to have become increasingly aware of how thorny the issue of Constitutional change truly is.

Pressure in favour of a constitutional re-write would mainly be political, as new poll results published over the weekend reveal popular support, and even congressional support, is limited. Local newspaper El Comercio polled all new members of Congress on whether they would support a new Constitution. Out of the 130 legislators, 45 did not respond; 60 were against; and only 21 were in favour. Given that a new charter would require at least 43 votes (or 67, depending on the chosen legislative path), such an initiative would appear unlikely. Moreover, pollster Ipsos Peru also released survey results that showed only 11% of the population consider constitutional change as a priority—ranking ninth place over more pressing concerns such as: improving health services (75% support); reactivating jobs and the economy (67%); improving education (55%); security, and others.

New Cabinet

We are still waiting for President-elect Castillo to announce his cabinet. This will be crucial to determine the profile of the new government. On Friday (July 23), Castillo appointed a transition team which may help shed some light on the type of balance that Mr Castillo would be seeking for his cabinet. The transition team includes a mix of four types of individuals: independent experts; Perú Libre members that identify with party leader Vladimir Cerrón; moderate leftists linked to centre-left former presidential candidate Verónica Mendoza; and members of other political parties. Castillo appears to be seeking a plurality of centre-left political thought, but one that is more heavily weighted towards the moderate segment of the spectrum.

Interestingly, economic advisor and key figure, Pedro Francke, has reportedly also stated that he asked Socorro Heysen, the current Superintendent of Banks, to remain at her post during the Castillo Government. This would be positive in terms of institutional stability. At the same time, it would seem to suggest that Francke believes he has the authority to make such requests, which reinforces the likelihood of Mr Francke's potential high profile in the future government.

Perú Libre Party Congress

On Saturday (July 24) the now ruling party, Perú Libre, held its first National Party Congress. The event was dominated by party leader Vladimir Cerrón, who spoke on two occasions. He reiterated his party's three main priorities: a new constitution through a Constitutional Assembly; renegotiating contracts (more on this below); and sovereign control over natural resources. Cerrón further stated that Perú Libre would guard against any government deviation from the party platform. He seemed undaunted by the fact that, although Perú Libre holds the largest share of congressional seats, it does not hold a majority.

In our view, Cerrón took this opportunity to send a message of his party's commitment to a far-left agenda, which includes a strong conviction of Constitutional change. The goal of renegotiating contracts, however, is less clear—though it could imply the five mining stability contracts. What is meant by sovereign control over natural resources is also unclear. We do not perceive his stress on three priorities as a significant risk, however, given that Perú Libre's quota of power both in the new Congress and the government is, if anything, weakening, but it could become a source of recurring political noise.

Mr Cerrón appealed to the more radical elements in his party, speaking at one point about a "battlefield platform", consisting of gaining and sustaining power.

Just as interesting as what happened during the Congress was what did not happen. Pedro Castillo opted out of delivering an address on “non-negotiable commitments”. Castillo appears to have preferred to avoid the discomforting experience of addressing an audience that was not in tune with his turn towards moderation.

Our sense from this quick succession of events is that Cerrón continues to promote a radical agenda whereas Castillo is leaning towards a more moderate, albeit leftist, government, but that they are, at the same time, trying to avoid a rift. Castillo, known for his conciliatory nature, would be unwilling to break with Cerrón and Perú Libre, in part because he has no other base of support in Congress, but also because he may rightly feel that a good number of Perú Libre's legislators are more aligned with him than with Cerrón.

Cerrón also has, in practice, been more accepting of Castillo's actions than his Party Congress discourse would suggest. This mirrors a behaviour he had as regional governor of Junín, where he maintained a radical speech but never attempted to break with the institutional framework. Cerrón and Castillo may think differently, but so far, they seem to recognize that they need to work together.

—Guillermo Arbe

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