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Bloomberg

Humala Tops Field in Peru President Vote As Race for Runoff Spot Tightens

By John Quigley - Apr 10, 2011

Former Peruvian army officer Ollanta Humala won the most votes in the Andean nation's presidential elections, though will need to wait for full results to know who he'll face in a June runoff.

Humala won 26.9 percent in the first round of voting today, [Peru's](#) electoral authority said after counting more than 43 percent of valid ballots cast. Former Finance Minister Pedro Pablo Kuczynski trailed with 23.6 percent, while Congresswoman Keiko Fujimori had 21.8 percent. Former President [Alejandro Toledo](#) won 15.3 percent.

A quick count by Lima-based researcher Ipsos Apoyo suggested Fujimori, the daughter of jailed former President Alberto Fujimori, will beat Kuczynski by four percentage points for the right to compete against Humala in a June 5 runoff. Humala won 31.2 percent, according to the same quick count of results at selected voting stations nationwide by Ipsos.

A candidate needs half of ballots cast to avoid a June 5 runoff against the second-place finisher.

Humala, a one-time ally of Venezuelan President [Hugo Chavez](#), lost the presidency to [Alan Garcia](#) by 5 percentage points in 2006. The Andean nation's stocks and bonds tumbled as he surged from fourth into first place in opinion polls over the past month, overtaking Fujimori, Kuczynski and Toledo.

Humala, 48, has pledged to renegotiate a free trade agreement with the U.S. signed by Garcia and raise royalty fees on mining and gas production to boost social spending. While downplaying his ties to Chavez and muting the anti-capitalist rhetoric used in 2006, Humala's campaign platform proposes increasing state control of the economy and drawing up a new constitution.

"A Humala presidency could strengthen the populist axis in [South America](#) or he could join the more liberal, modern left," said Julio Carrion, professor of Latin American politics at the [University of Delaware](#) in [Newark](#). "He's an unknown quantity."

Garcia's Endorsement

Kuczynski may have gotten a late boost from an endorsement April 8 by Garcia's APRA party. An adviser to New York-based fund manager Rohatyn Group, the 72-year-old Kuczynski twice served as finance minister during Toledo's 2001 to 2006 presidency.

Garcia, 61, whose five-year mandate expires July 28, is banned by Peru's constitution from seeking re-election. His party's candidate, former Finance Minister [Mercedes Araoz](#), quit the race in January.

Market Jitters

Demand for Peru's stocks, bonds and currency fell as Humala's advance in the polls sparked concern that, if elected, he'd scare away foreign investment that has fueled the fastest growth in Latin America over the past five years.

The cost of insuring Peru's debt against default rose to its highest since 2009 last week on concern a Humala presidency would jeopardize \$50 billion of mining, energy and infrastructure investment that the government expects will fuel 6.5 percent growth over the next five years. Peru, the world's second-largest producer of copper and No. 1 in silver, grew 8.8 percent last year.

Peru's sol has declined 1.1 percent against the [U.S. dollar](#) since March 20, when Humala began gaining in the polls, making it the worst performer among 25 emerging-market currencies tracked by Bloomberg. The Lima General Index has fallen 3.4 percent in dollar terms during the past month, the fifth-worst performance among 90 primary stock indexes tracked by Bloomberg.

"Ours is a message of inclusion," Humala told reporters today outside his home in eastern Lima, after casting his vote. "The electoral process is a celebration of democracy. It's not about confrontation and polarization. Once the president has been elected, we'll all need to work together."

Fujimori, Toledo

Under Garcia, Peru created 2.5 million jobs and had its first-ever investment-grade ratings from Moody's Investors Service, Standard & Poor's and Fitch Ratings. A third of Peruvians still live in poverty, most of them in the Andean highlands where support for Humala is strongest.

Fujimori, Toledo and Kuczynski support Garcia's policies of promoting free trade and foreign investment.

Fujimori, 35, is the daughter of jailed former president [Alberto Fujimori](#), who her supporters credit with laying the foundations of Peru's economic boom. Like Humala, her support is strongest in the Andean highlands where nostalgia runs high for her father's role stabilizing the economy in the 1990s and defeating a Marxist insurgency. The mother-of-two was elected to Congress in 2006 with more votes than any other candidate.

Toledo, 65, was Peru's first elected president of indigenous descent. A former shoe-shiner, he rose out of poverty to obtain a [doctorate](#) in the economics of human resources from [Stanford University](#) near [Palo Alto, California](#), and has worked for the [World Bank](#), the [United Nations](#) and the International Labor Organization.

Early Frontrunner

Toledo, who had been the early frontrunner, has seen support for his candidacy fade since February and last week sought to forge an alliance with Kuczynski and Castaneda to thwart Humala. They turned him down. Still, he's the only leading candidate favored to defeat Humala in a runoff scenario, by four percentage points, according to an April 3 Ipsos poll.

"We've had almost 10 years of persistent and impressive economic growth," Toledo told reporters in [Lima](#) April 8. "To truncate that would be absolutely damaging. If Ollanta Humala is elected, you will see a run on the markets."

Whoever is elected president may face gridlock in Congress. Humala's Nationalist Party may win about 41 of the 130 seats in Peru's unicameral [legislature](#), compared with 35 for Fujimori's "2011 Force" and 22 for Toledo's "Possible Peru" movement, according to today's exit poll by Ipsos.

Humala had an advantage of between 7 and 9 percentage points over Fujimori in polls conducted last week by Lima-based researchers Datum Internacional and CPI. Kuczynski and Toledo came in third and fourth respectively, both polls showed.

"The electorate is behaving in a really erratic way, with voters moving from Toledo and Fujimori to Humala," said Alvaro Vargas Llosa, a senior fellow at the Independent Institute in [Washington](#). "We've never had such a fluid situation. You can't take anything for granted in the second round."

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