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Peru's Press Abuzz Over Sibling Visit to Moscow

By The Moscow Times

July 10, 2011



Peru's President-elect Ollanta Humala on Friday suspended his brother from his political coalition after he flew to Russia to meet with Gazprom executives about investing in the Andean country's gas fields.

Peruvian newspapers say the July 5 meeting reeked of nepotism after communiques by Gazprom and Russia's foreign ministry said Alexis Humala was sent as a "special representative" of the president-elect. News of the meeting, which surfaced on Thursday, quickly became the leader's first ethics crisis since winning election.

But the president-elect, who campaigned as an anti-corruption crusader, said his brother went to Moscow without his knowledge to angle for business with the world's largest natural gas company, state-controlled Gazprom.

Alexis Humala attended a university in Russia and lived there for many years.

Ollanta Humala takes office on July 28 and has been a harsh critic of the model for Peru's gas sector, saying exports of the fuel put the country's energy security at risk.

Columnists had urged the president-elect to expel his brother from the Nationalist Party they founded together years ago and their Gana Peru coalition of parties put together for June's election. Alexis Humala had been a director of both. Critics also urged the president-elect to ban his brother from holding any government posts.

"I hope Ollanta Humala does the right thing and removes his brother from the party. If not, his anti-corruption discourse will be nothing more than a farce," Augusto Alvarez Rodrich, a columnist for the progressive newspaper La Republica, which supported Humala's candidacy, said Friday.

Humala's press office said his brother was suspended from Gana Peru pending an internal investigation and that Humala's camp has told the Russian ambassador in Lima that Alexis Humala has no official role representing the president-elect.

Once in office, one of Humala's early tasks will be renegotiating higher royalties on gas exports made by the Camisea natural gas consortium.

Argentina's Pluspetrol leads the consortium, which also includes Spain's Repsol, U.S.-based Hunt Oil and South Korea's SK Energy.

Humala, a leftist who has promised to govern as a moderate, has vowed to respect contracts held by companies and avoid unilaterally changing rules for the private sector.

The departing government of President Alan Garcia started renegotiating terms on export royalties in July 2010 to mitigate a price distortion that has angered consumers because exported gas costs less than gas bought on the domestic market.

But the negotiations bogged down, and Humala's government will have to resume them in Peru's small but growing sector, which is potentially worth billions of dollars.

Gazprom doesn't have operations in Peru but in recent years has made inroads into Venezuela, Bolivia and, to some extent, Brazil and Argentina.

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