



Doing Business in Peru: 2015 Country Commercial Guide for U.S. Companies

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Chapter 1: Doing Business in Peru

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Market Overview

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Peru has been one of the fastest growing Latin American economies over the past decade. Between 2003 and 2013 the Peruvian economy grew an average of 6% per year. Though the trend did not continue in 2014, Peru's 2.35% growth was still higher than the 2.0% average growth in Latin America. The government's counter-cyclical stimulus spending, consumption, and private investment are the main driving forces of this growth. Investment grew by 8.3% year-on-year to a value of USD 33.5 billion in 2014. The Ministry of Economy and Finance set a target of 30% growth in public investment, and pledged a total of USD 30 billion over the next five years to address Peru's infrastructure gap, estimated at USD 80 billion. As the economy has grown, poverty in Peru has steadily decreased, falling by half from 56% in 2005 to 23.9% in 2013 according to the World Bank.

Peru's steady economic growth began with the pro-market policies enacted by former President Alberto Fujimori in the 1990's. All subsequent governments have continued these policies, including the current administration inaugurated in July 2011 for a five-year term. President Ollanta Humala pledged to encourage private and public investment in infrastructure projects in transportation, telecommunications, energy, sanitation, airports, and maritime ports. Congruent with his other campaign goals to reduce poverty and narrow the nation's socioeconomic gap, President Humala has increased social spending and raised taxes on mining companies.

Peru's currency, the "Nuevo Sol" (PEN), has been among the least volatile of all Latin American currencies in the past few years, but has depreciated by almost 10% against the USD over 2014. Since the mid-1990's, the PEN's exchange rate with the USD has fluctuated between 1.25 and 3.55 per USD. The exchange rate, as of June 24, 2015, was 3.15 PEN per USD.

The Government of Peru (GOP) has encouraged integration with the global economy by signing 17 free trade agreements with 52 economies, including the United States-Peru Trade Promotion Agreement (PTPA), which entered into force in February 2009. In 2014, trade between the United States and Peru totaled USD 16.1 billion, up from USD 9.1 billion in 2009 the first year of entry into force. From 2009 to 2014, Peruvian exports to the United States jumped from USD 4.2 billion to USD 6.1 billion (a 45% increase) while U.S. exports to Peru jumped from USD 4.9 billion to USD 10.1 billion (a 106% increase). Peru has preferential trade agreements with 52 countries and unions, including Argentina, Brazil, Bolivia, Chile, China, Colombia, Ecuador, the European

Union, Iceland, Japan, South Korea, Lichtenstein, Mexico, Norway, Panama, Paraguay, Singapore, Switzerland, Thailand, the United States, and Uruguay.

In its Doing Business 2015 publication, the World Bank ranked Peru 35th among 189 countries surveyed in terms of ease of doing business. The report rates the ease of processes like starting a business, dealing with construction permits, registering property, and obtaining credit (<http://www.doingbusiness.org/data/exploreeconomies/peru/>).

Market Challenges

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Over the past couple of years, Embassy Lima has received multiple complaints from U.S. firms on cumbersome and inconvenient government procurement processes. Furthermore, some ministers within the GOP are more frequently using a government-to-government (G2G) procurement method in both non-defense and defense-related procurements. This presents a challenge for U.S. exporters trying to comply with all of the tender requirements.

Dispute settlement generally remains problematic in Peru. In 2004, the Peruvian Government established commercial courts to rule on business disputes. With their specialized judges, these courts have reduced the amount of time to resolve a case from an average of two years to just two months. The appeals process resolves most of these cases. However, with the exception of the commercial courts, the judicial system is often extremely slow to hear cases and to issue decisions. A large backlog of cases further complicates businesses' operations.

Court rulings and the degree of enforcement are often inconsistent and highly unpredictable. Allegations of political corruption and outside interference in the judicial system are common, a situation that analysts think leads to the judiciary receiving low approval rates in public opinion polls. Frequent use of appellate processes as a delay tactic leads to the belief among foreign investors that contracts can be difficult to enforce in Peru.

While the legal framework for protection of intellectual property (IP) in Peru has improved over the past decade, enforcement mechanisms remain weak. Despite PTPA implementation and recent changes in laws, which created stricter penalties for some types of IP theft, the judicial branch still has yet to vigorously pursue investigations, convictions and stiff penalties for IP violations.

Both domestic and foreign firms continue to identify cumbersome bureaucratic procedures as impediments to doing business in Peru. For example, shipments are regularly held up for various reasons, including typographical errors on shipping documents. Firms operating in Peru also note difficulties in securing legal solutions to commercial disputes or enforcing arbitration awards.

Market Opportunities

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The best prospects for U.S. exports of non-agricultural products to Peru include the following sectors:

- Construction Equipment
- Electronic Commerce
- Food Processing & Packaging Equipment
- Industrial Chemicals
- Medical Equipment
- Mining Industry Equipment
- Plastic Resins
- Security & Safety Equipment

The best prospects for U.S. agricultural products include:

- Beef and Offal
- Biofuels (Ethanol)
- Cotton
- Dairy Products (Whey, Cheese)
- Forest Products
- Hard Wheat
- Pet Food
- Soybean Meal
- Yellow Corn

Market Entry Strategy

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U.S. companies often find it convenient to appoint local representatives to investigate market opportunities and establish sales networks. Retention of local legal counsel is often required to successfully navigate Peru's business practices and bureaucracy. U.S. exporters, especially those targeting government agencies, are encouraged to contact the Commercial Service (U.S. Department of Commerce) at the U.S. Embassy in Lima to obtain a market briefing and assistance in arranging appointments during a business trip to Peru, and to learn how the Advocacy Center can support their efforts competing in government tenders. For more information on these services, please refer to <http://export.gov/peru/>.

The Foreign Agricultural Service (FAS) (<http://www.usdaperu.org.pe/>) and U.S. Department of State Economic Section (<http://lima.usembassy.gov/econ.html/>) can also provide briefings on the economic, financial, and investment climate in Peru.

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Chapter 2: Political and Economic Environment

The United States began diplomatic relations with Peru in 1827. Since the start of the 21st century, Peru has undergone consistent economic growth, poverty reduction, and broad support for democracy. The U.S – Peru Trade Promotion Agreement (PTPA) went into force on February 1, 2009, increasing incentives for economic and social cooperation between the two countries.

Current bilateral programs include efforts to limit the production and export of illegal narcotics, primarily cocaine, to reduce poverty and to strengthen the rule of law within Peru. The US offers direct support to the Peruvian National Police (PNP) and Customs Agency (SUNAT) as well as funding to build the capacity of judicial actors.

On July 28, 2011, President Ollanta Humala Tasso began his five-year term on a platform of social and economic inclusion for all Peruvians. While the country has experienced impressive growth rates, low inflation, and a dramatic poverty drop, many challenges remain. Just under one-quarter of all Peruvians live in poverty and illegal coca and cocaine production continue to rise. Balancing poverty reduction with environmental stewardship and economic growth will be an ongoing challenge for years to come.

For more background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

<http://www.state.gov/r/pa/ei/bgn/>

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Using an Agent or Distributor

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Peruvian law does not require the use of local distributors for private sector commercial sales. However, for sales to the government, it is recommended that U.S. companies contract and register a local agent. (See "Selling to the Government" later in this chapter.) Exporters to Peru often find it advantageous to have a representative on the ground to stay abreast of the latest opportunities and developments in the company's area of interest.

The Commercial Service in Lima recommends companies to be thorough when selecting an agent or representative in Peru. U.S. companies are encouraged to take advantage of U.S. Department of Commerce services by contacting the local Export Assistance Center (EAC) located in major cities throughout the United States, including Alaska and Hawaii. Services include the International Partner Search (IPS), which helps to pinpoint interested agents and distributors, the Gold Key Service (GKS), which arranges meetings in-country with potential company representatives (agents or distributors), and the International Company Profile (ICP), which reports on the credit and business history of individual local companies. For detailed information, refer to Chapter 10: Guide to Our Services.

Establishing an Office

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It is essential for companies planning to operate in Peru to retain reputable legal counsel. Law firms are referred to as "Estudios" and attorneys as "Doctor" or "Doctora" followed by their last name. An attorney should be proficient in matters concerning taxes

on corporate and branch income, corporate residence, value-added taxes, income determination, capital gains, inter-company dividends/pricing, stock dividends, depreciation and depletion, net operating losses (tax losses), and payments to foreign affiliates. Other significant issues to consider include workers' benefits, payroll and withholding taxes, municipal operating permits, and labor laws that will impact the business when it starts operations. Many U.S. companies retain the local representative of their U.S.-based auditor. A partial list of local lawyers and/or tax and audit firms can be found in this chapter.

Foreign corporations interested in doing business in Peru on a permanent basis must be formally incorporated and registered in the Peruvian Mercantile Registry (Registro Mercantil del Perú). Real estate may be acquired by any foreign entity without the need to establish an office. There are two main types of business organizations that can be used for these purposes: branch offices and incorporated subsidiaries. It is only necessary to vest a local individual with sufficient powers to conduct and close the sale.

Office space suitable for international companies has substantially increased in the last ten years in several neighborhoods of Lima. The price of rent for newly built offices has increased, partly the consequence of numerous foreign companies setting up shop in Peru. Because of the still ongoing housing boom, with fine dwellings built in Lima's residential areas, it is easier for foreign managerial staff to relocate to Peru. The situation in several other cities outside of the capital is more and more similar to that of Lima.

Industrial space is scarce in or close to Lima. New operations have thus had to accept areas in the southern and eastern outskirts of Lima.

Establishing a Branch

To establish a branch, the following documents will be required:

- Copy of the articles of incorporation of the parent company.
- Certificate of incorporation and good standing or other official document certifying the existence and continuous operation of the parent company. This certificate must state that the parent company is not prohibited, either by law or by its own by-laws, from establishing branches abroad. If such a statement cannot be included in the certificate, then a Notary Public may do so in a separate document.
- Copy of the minutes of the board of directors' meeting where the resolution to establish a branch in Peru appears. This resolution should specify:
 - The domicile in Peru.
 - Duration of the branch (may be indefinite) and the commencement of operations.

- The purpose of the branch, clearly specifying the business and operations that will be conducted in Peru, stating that said purpose is comprised in the parent company's purpose.
- Name of person(s) authorized to act in the registration of the branch and in its representation, and powers vested in him/her, which must include powers to resolve any issue related to the branch activities; to hold the corporation liable for its operations; to appear in court; and to respond to suits brought against it. The holder of the parent corporation's power of attorney, duly registered, directs the branch. The parent corporation can revoke such power anytime.
- There is no requirement for the parent company to submit its financial statements to Peruvian authorities.

A Notary Public or appropriate government official in the country of incorporation must legalize all documents granted abroad. A local Peruvian Consul must then authenticate the signatures of the Notary or the government official. The documents should be in Spanish, and if not, must be translated by an authorized translator. Upon receipt, the signature of the Peruvian consul must be legalized in the Ministry of Foreign Affairs (MFA).

Registration fees are as follows:

- Registration fee: approximately 0.3% of the assigned capital with a maximum of approximately US\$1,400.
- Translation fees: between US\$10 and US\$12 per page.
- Legalization at the MFA: US\$20 per document.
- Notary and legal fees: widely variable rates.

Once residence or domicile can be demonstrated, the foreign company must obtain a taxpayer number (Registro Unico del Contribuyente, "RUC"). The taxpayer will use its (or his or her personal) RUC number in all commercial transactions, similar to the federal tax identification number (EIN) in the United States.

Incorporating a Subsidiary

The corporation is the most common form for establishing a business entity in Peru. A minimum of two shareholders is required. One hundred percent foreign ownership of an investment is allowed, except for a limited number of restricted activities (see "Chapter 6: Investment Climate, Openness to Foreign Investment").

To comply with the rules of incorporation of a subsidiary, various documents will be required.

If participating shareholders are foreign individuals, they need only present valid identification (passport), but for corporations participating as shareholders the following documents must be filed:

- Certificate of Good Standing
- Copy of the minutes of the board of directors' meeting where the resolution to participate in the incorporation of a Peruvian company appears. This resolution should indicate the name of the person appointed as representative to act on behalf of the shareholders in all the incorporation procedures.

No minimum capital is required.

The Business Corporation Law regulates three forms of corporation:

- Common corporation (SA: Sociedad Anónima)
- Closed corporation (SAC: Sociedad Anónima Cerrada)
- Open corporation (SAA: Sociedad Anónima Abierta)

Closed Corporation

The closed corporation (SAC) must have a minimum of two and a maximum of 20 shareholders. The shareholders and chief executive officer manage the SAC. Unlike a common corporation (SA), an SAC board of directors is optional. In case of transfer of shares, the law stipulates a right of first refusal for the existing shareholders, but company by-laws may eliminate this right.

Open Corporation

The open corporation (SAA) does not limit the maximum number of shareholders and is intended for companies making public offerings. No limitations are allowed for the transfer of shares. Peru's Exchange and Securities Supervisory agency (Superintendencia del Mercado de Valores, SMV) supervises open corporations.

The above types are limited liability corporations (LLC). Another LLC business structure is the Sociedad Comercial de Responsabilidad Limitada: a legal entity different from its owners, who can be either individuals or corporations. The liability of the partners is limited to the amount of their contribution. As with a typical closed corporation, the minimum number of partners is two and the maximum is 20. However, in this organization a transfer of shares to third parties is subject to approval by the existing partners—right of first refusal is mandatory—and must be registered in the Public Records Office. The name of the company must include the abbreviation "S.R. Ltda."

For more information on setting up a company in Peru, visit the following web pages of the Private Investment Promotion Agency of Peru (ProInversión) and the MFA.

<http://www.investinperu.pe/modulos/JER/PlantillaStandard.aspx?are=1&prf=0&jer=5761&sec=17>

http://www.rree.gob.pe/promocioneconomica/invierta/Paginas/Comience_a_Invertir.aspx
(in Spanish)

http://www.rree.gob.pe/promocioneconomica/invierta/Documents/Peru_Business_and_Investment_Guide_2015_2016.pdf

All potential investors should contact an attorney and/or an accounting firm to understand the legal framework for investment protection established by the Foreign Investment Promotion Law, the Framework Law for Private Investment, the Law for the Promotion of Private Investment in State-Owned Companies, and the Law for the Promotion of Private Investment in Public Utility Facilities.

In the event of a commercial dispute, national or international arbitration may be used, but only if this is agreed to by the parties in an agreement or contract before the dispute arises. Arbitration cannot be imposed unilaterally after the fact as a means to resolve controversies or disputes. Please contact FCS Lima to discuss arbitration venue options. The American Chamber of Commerce in Peru (AmCham) and Lima Chamber of Commerce (CCL) maintain a fully staffed arbitration center open to members and non-members.

Franchising

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The franchise sector in Peru encompasses approximately 375 companies, primarily concentrated in food services. About 52% are foreign owned, mostly by U.S. companies (22%), and 48% are Peruvian. Experts report that the sector is growing and presently moves USD\$ 1.2 million in one year.

There is no specific legislation to govern franchising, although franchises in Peru are subject to general commercial law, general antitrust law, and Decisions 486, 608, and 291 of the Andean Community. According to articles 162 through 164 of Decision 486, a written license agreement must be registered at the patents and trademarks office (INDECOPI: www.indecopi.gob.pe). Prospective franchisers need to be aware of a 30% income tax on royalties, 18% value added tax (paid by the local company), and import tariffs depending on the type of goods. Countries that have signed double taxation agreements with Peru have separate regimes for royalties and withholding income tax (the U.S. is not included).

Promising sectors apart from food services are:

- Aesthetics, beauty and health (beauty salons, spas, gyms)
- Clothing and accessories (clothing, footwear, jewelry, costume jewelry, gifts)
- Specialized services (entertainment, playgrounds, etc.)
- Education (high schools, universities)

Direct Marketing

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Direct marketing is well established in Peru in the services sector, especially among financial institutions and seminar organizers. A common practice is to hire personnel or to contract a company for telemarketing and mailing campaigns. Databases for direct marketing are kept private by its owners and thus are not freely available. Nevertheless, commercial information can be obtained through Peru's Chambers of Commerce and

trade associations (See Chapter 10: Contacts, Market Research and Trade Events). Several call centers providing support to the U.S. or other Latin countries are operating in Peru as well.

Catalog sales for consumer goods in Peru remain small because consumers prefer to personally visit the retail location to determine the quality of the product and ease of obtaining warranty support. Additionally, consumers find parcel delivery through Peru's postal system unsatisfactory. Courier companies are taking advantage of this opportunity to promote their services.

Joint Ventures/Licensing

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Peruvian law allows for joint ventures and licensing agreements with a legally established local partner who will be accountable for all legal matters. The textile manufacturing industry in particular has attracted a great deal of licensing and joint venture activity.

Selling to the Government

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To sell to the Peruvian government, interested suppliers have to participate in a tender process, for which they must register with the National Registry of Suppliers (Registro Nacional de Proveedores, or RNP: <http://portal.osce.gob.pe/osce/node/386>, in Spanish only). The RNP consists of the following chapters: construction firms, construction consultants, suppliers of goods and services, and unqualified suppliers to the government. An individual or a company can register in any of the first three chapters and can choose to register jointly as a goods and services provider.

To register, a company must follow several steps (Spanish, <http://portal.osce.gob.pe/osce/content/guia-de-como-venderle-al-estado>):

- Pay a fee (which is revised annually) at the Government Procurement Supervisory Agency (Organismo Supervisor de las Contrataciones del Estado, OSCE) of about \$79 for suppliers of goods and/or services or about \$124 for construction firms or construction consultants.
- After obtaining the User Kit provided by OSCE once the fee is paid, file the official form (available at www.osce.gob.pe) signed by the legal representative.
- The legal representative must have its powers registered with the Peruvian Public Registry. If the powers of the legal representative are not registered, this can be done within 15 working days. Provide a copy of the incorporation deed or documents that demonstrate the company's legal establishment/status, duly apostilled. The documents need to be translated into Spanish by an official Peruvian interpreter.

Peruvian law permits an independent distributor to pay commissions or fees to third parties in connection with sales to the government. For example, a company in Peru can purchase products from a company in the United States and then pay a third party fee to resell them to the Peruvian government. There are no Peruvian restrictions on

commissions or mark-ups on sales to the government by either agents or distributors and the rates vary widely depending on product, client, and competition.

Government agencies must publish tender notices for all major purchases in the official gazette, while sometimes they also publish tenders in main local newspapers. The government, in an effort to ensure transparency for some government tenders, has been using the United Nations Office for Project Service (<http://www.unops.org/>) to notify potential suppliers or to handle some bids, but this method apparently does not allow screening by the General Controller Agency and has thus fielded criticism. Peru is not a signatory to the World Trade Organization (WTO) Agreement on Government Procurement. The United States-Peru Trade Promotion Agreement (PTPA) includes a specific chapter on Government Procurement (“Contratación Pública” in Spanish).

Selling to government agencies remains problematic in spite of PTPA’s stipulations. In December 2007, the Garcia Administration requested Congressional authority to pass legislation on various matters in order to implement PTPA so that Peru could make the most of it, expressly including government purchases among those matters. Congress quickly consented to the request and Peru’s Government passed Legislative Decree No. 1017 (LD 1017), Government Procurement Law (Ley de Contrataciones del Estado). This law requires public tenders for major purchases of goods, supplies and works by government agencies (including the Armed Forces and the National Police). On the other hand, the Peruvian armed forces and national police have long shown a preference to make deals directly, shunning open tenders. In July 2012, the Defense Ministry enlisted the support of OSCE which, with an implausible opinion, left out private companies from bidding for major purchases through a so called “government to government” procurement (i.e., purchases by a Peruvian government agency from a foreign government agency or government-owned company). The Defense and Interior Ministries used OSCE’s opinion to pass a number of legal precepts on which they based several of their main procurement contracts since then. Further, an article hidden in the 2013 Budget Law (Thirty Final Supplementary Provision) specified that procurements of the Peruvian State from another State are not under the scope of LD 1017.

Among the reasons for its opinion (see Web Resources below), OSCE stated that government to government contracts due to their own character and the nature of the contracting parties (sovereign states) are different from the “administrative contracts” (those in which the parties are a government and a private party). OSCE implausibly argued that the government entity, acting in exercise of the administrative function and protecting public interest, can unilaterally modify contracts. This is in blatant contradiction with Peru’s 1993 Constitution, Article 62, which establishes that “Contractual terms may not be modified by laws or any other provision whatsoever”. Furthermore, even though the parties are sovereign states, OSCE acknowledged that “government-to-government procurement” is at least subject to each contracting State’s public law rules, the rules of international law and the international trade rules.

In the last few years, local media have reported denunciations of overvalued prices in the case of several government-to-government purchases of goods for the police or the armed forces. Cases include purchases of a satellite, planes, and helicopters. Overvaluation has apparently occurred even in the case of open tenders as in the notorious recent case of the purchase of 591 binoculars by the Interior Ministry for the National Police in December 2013. The main local daily *El Comercio* denounced that the Interior Ministry bought the 591 binoculars at the grossly overvalued price of about

\$1,736 each, whereas the daily found similar binoculars at about \$121 each. In early February 2014, the Interior Ministry announced it had annulled the purchase, implying that it annulled the purchase before the daily's denouncement, but the daily proved that that was not the case. The preference of the Ministry of Defense and Ministry of Interior to pursue government-to-government deals continues to today, however the establishment of a new centralized procurement system by the Ministry of Defense for the Armed Forces should lead to positive changes in their purchasing practices.

Distribution and Sales Channels

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The population of Peru is highly centralized, with 30% of all inhabitants living in the capital city of Lima, 50% of GDP generated in and around Lima, and the national government being the main government buyer. As a result, a large portion of the sales activities of U.S. firms occurs in Lima. Sales opportunities do exist and are growing in other major population centers such as Arequipa, Chiclayo, and Trujillo. This could be a consideration for a U.S. company's overall marketing strategy. Representatives in Lima typically have sales agents in these cities, covering sales opportunities in the provinces. Sending letters via express delivery can take up to two weeks and for packages longer due to lengthy holding procedures by Peruvian customs.

The most common method of distribution is the appointment of a representative. Appointing an agent or distributor is advisable for companies seeking to develop a market on a sustained basis.

The Government of Peru has embarked upon an initiative to decentralize some elements of government authority and decision-making, including implementation of spending programs utilizing the "canon," a revenue-sharing scheme of taxes imposed on some extractive industries. This increase in regional authority is an important consideration when contemplating a local representative outside of Lima. Decentralization of government budgeting and spending authority can also make completing sales more challenging, especially in municipalities or provinces where government agencies may have limited experience in designing and implementing major projects or lack of financial and procurement expertise.

An alternative approach to distribution is to establish a local subsidiary or branch office. Companies with a complicated product or service use this method because it allows for effective after-sales service and more aggressive promotion of a product. Costs of commercial and industrial space are relatively high in the Lima area and in several main cities.

Selling Factors/Techniques

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Product pricing is a key selling factor in the Peruvian market. Products from Asian economies such as China, Taiwan, and Korea often outsell more expensive European or North American consumer products in the realm of consumer electronics, appliances and automobiles. Knockoffs and pirated goods are problematic as well. However, with investment in sales promotion and post-sales service infrastructure, U.S. goods can be competitive.

Equipment performance and efficiency influence the decision-maker when purchasing capital goods, notably advanced electronics and construction machinery. The customer often prefers more expensive U.S. or European products, which are highly rated for quality, durability, technology, customer support, and regional service.

Many of the larger representatives have regional offices in other cities outside of Lima. The rest of Peru is largely under-populated and underdeveloped and does not offer an attractive market for technical equipment, with certain exceptions, such as the large-scale mining operations located along Peru's Andes mountain range and petroleum operations in the Amazon jungle.

Payment for major purchases is generally on a net 30-day basis. For new market entrants or when dealing with new customers, it is advisable to request up-front payment or work on a confirmed, irrevocable letter of credit basis. Over the counter purchases are done in cash (U.S. dollars are widely accepted), wire transfer, or credit card. Most retailers use credit terms as a sales technique and major department stores issue their own credit cards. U.S. exporters are encouraged to explore the programs and services offered by the Export-Import Bank of the U.S. (www.exim.gov) to enhance the credit terms offered to Peruvian buyers.

Electronic Commerce

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The Peruvian E-commerce market is small and developing slowly compared to international standards. Business-to-Business (B2B) commerce is mostly conducted between large enterprises with the percentage of transactions growing modestly. These companies use B2B as a commercial practice to cut operational costs. Many medium-size firms do not clearly understand the real importance of electronic B2B and Business-to-Consumers (B2C) solutions. They focus mostly on cost reduction instead of enhancing their distribution channels or developing new products or services that improve their overall reach.

The following is a list of successful firms considered to be local benchmarks in Peruvian E-commerce solutions:

- a) <http://peru.com/> A popular web portal.
- b) <http://www.rosatel.com/> Rosatel allows online orders of flowers and gift baskets.
- c) All banks (e.g., <http://www.viabcp.com>, <http://www.bbvabancocontinental.com>) and most financial institutions have websites to provide clients with services such as paying utility bills, obtaining insurance coverage, internet shopping and information. Transactions are made with debit or credit cards such as Visa, Mastercard or American Express (Amex).
- d) <http://www.wong.com.pe> Wong is Peru's largest supermarket chain. This website allows the company to receive and pay for orders via the internet from local and foreign-based consumers for local delivery.

- e) Telecommunications industry firms have websites and portals to interact with the market in a variety of services, ranging from refilling pre-paid telephone cards to sending direct marketing SMS messages to target market segments (e.g., <http://www.movistar.com.pe>, <http://www.claro.com.pe>).

There have been interesting advances in the use of the internet in several Peruvian government institutions such as the tax collecting agency, SUNAT (<http://www.sunat.gob.pe>); the public registry, SUNARP (<http://www.sunarp.gob.pe>); and the Peruvian state-owned bank, Banco de la Nación, which handles the Treasury accounts (<http://www.bn.com.pe>). The National Elections Bureau, ONPE (<http://www.onpe.gob.pe>) is testing electronic voting and has also improved internet usage.

The Peruvian government has established a special task force under the name of E-Gob Peru managed by the National Office of E-Government and Information Technology (ONGEI: <http://www.ongei.gob.pe/>), under the President of the Council of Ministers. This office is seeking to continuously develop Gov2Citizens solutions for tax payment and information on customs and foreign trade (<http://www.sunat.gob.pe/>) as well as Gov2Gov transactions as a means to reduce expenses within the different agencies. Operational services include a citizens' IDs service portal (<http://www.reniec.gob.pe/>), and business-assistance services for small and medium-size companies (<http://www.crecemype.pe/>). The Peruvian government is also implementing an Electronic Procurement System (SEACE: Sistema Electrónico de Adquisiciones y Contrataciones del Estado). The principal stated objectives of this electronic system are to improve the transparency and the efficient operation of government purchases.

There is no Public Key Infrastructure (PKI) in Peru yet, but digital signatures are widely used for tax declarations (more than one million users). Transactions are made through electronic funds transfer and Banco de la Nación has created a secure platform for online transactions. The Antitrust, Unfair Competition, Intellectual Property Protection, Consumer Protection, Dumping, Standards and Elimination of Bureaucratic Barriers Agency (INDECOPi, <http://www.indecopi.gob.pe/>) is working to implement a PKI under the E-Gob Peru project. Peru is expected to use the U.S. PKI business model.

Development of the legal framework has proceeded as follows:

- a) Protection of Personal Information: Complete.
- b) Electronic Signature: Complete, but will be modified.
- c) Electronic Commerce: Not explicit, but there is a bill that refers to concessions done electronically (Civil Code 141 and 141A.)
- d) Validity for Procedures related to E-Gob Peru: Under development.
- e) Electronic Governmental Hiring Process: Under development.

Trade Promotion and Advertising

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In 2014 Peruvian advertising expenditures are expected to reach USD\$ 751 million. As in previous years, television advertisements account for the biggest expenditures, with USD\$415 million. Newspapers and radio will claim an estimated USD\$115 million and USD\$83 million. Internet advertisements are expected to reach USD\$ 40 million, up 14.3% from 2013.

Lima boasts 30 daily newspapers, a few of which strive for national coverage. Locally oriented newspapers can be found in most provincial capitals. First in terms of influence is *El Comercio*, the nation's second oldest paper with 175 years of continuous publication. Three major dailies, *Peru.21*, *Trome*, and business daily *Gestión*, belong to El Comercio Group. Other major dailies are *Correo*, *La República*, *La Razón*, *La Primera*, *Expreso*, tabloids *Ojo*, and *El Popular*, and the official gazette *El Peruano*, founded in 1825, which acts as the official newspaper of record. All laws passed in Peru must be published in this daily. Additionally, *Caretas*, a weekly magazine founded in 1950, is one of Lima's most influential news publications.

In August 2013, El Comercio Group acquired from the EPENSA Group the control over printing, circulation and publicity of *Correo*, *Ojo* and *El Bocón*. EPENSA retained control over the editorial line.

According to the Ministry of Transportation and Communications (MTC), as of February 2015 there were 5,325 radio and television stations in Peru. Lima boasts the most television stations (127), followed by Puno (121) and Junín (95). The Cajamarca region is the leader in radio stations (320), followed by Ancash (313) and Lima (304).

Radio reaches the largest audience of all communications media, reaching even the most isolated populations in Peru. It is often the first source of current news and is the principal vehicle in the regions outside Lima for transmitting information about local issues and events.

There are thousands of radio stations in Peru broadcasting on AM, FM, and short wave frequencies. Many of these stations are small storefront operations that serve relatively limited audiences. Radio's most influential source of news and information is "Radio Programas del Peru" (RPP). RPP is the only network with a national reach with transmitters and correspondents in virtually every important city in Peru. In most major cities, including Lima, RPP leads most AM and FM ratings and it boasts an influential listening audience, as well as a TV station for simulcast.

Television permeates the urban environment in Peru and has become increasingly available to rural audiences as well. As in the United States, television is often the primary source of news for a majority of those who have access to it.

The most important players in TV are the six major Lima-based television networks, along with a government-owned service, which for years was the only station available in many parts of Peru. These seven broadcasters use affiliates in the provinces much like their counterparts in the United States. In addition, there are numerous smaller independent stations that serve particular cities and regions.

Cable television is also a powerful player in the Peruvian market. A National Urban Study of Radio and TV Coverage conducted in May/July 2014 reported that as of 2014 57.7% of households use cable television (72.5% in Lima and 47.5% in the rest of the country). Canal N, a 24-hour cable news channel owned by *El Comercio*, is highly influential. The main cable service companies are Telefónica del Perú (Spain), offering "Movistar TV"; the America Móvil Group (Mexico), with its product "Claro TV"; the Caracol Group (Colombia), with its local product "Cablevision"; and the DirecTV Group (USA), offering its cable service "DirecTv." Their packages include CNN and programming from other Latin American, Asian and European countries. The remaining

cable companies are small firms offering their services in concentrated areas surrounding Lima or in the provinces.

Major Lima-based networks maintain news websites that correspond to their print and broadcast outlets. The most popular are RPP, El Comercio, Andina, Peru.21, and La Republica news service.

According to a May 2015 poll reported in the daily Gestión, 30% of urban Peruvians use the Internet every day between one and three hours. The Penetration rate of the Internet is 53% in Lima and 46% in the rest of Peru. Among youth between 18 and 24 years old, favorite internet tools are Facebook (96%), YouTube (63%), and Twitter (25%). The most popular websites include Google and YouTube. At the same time, 94% of internet users access news sites. Blogging is still not popular enough to be a source of independent income and most bloggers are affiliated journalists or academics. Although social media has not yet been used successfully in Peru to organize a large scale political movement, it has played a role in mobilizing public opinion and rallies on specific issues. The U.S. Embassy Lima Facebook page has over 205,000 fans and the Twitter account has over 40,000 followers including many of Peru's leading opinion makers.

Pricing

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In general, Peru is an open market, with minimal trade restrictions. The imports-weighted average tariff is 1.8% and the simple average is 3.2%. Distributor mark-up varies according to type of product, but usually ranges between 12% and 25%. All imports are subject to an 18% value-added local sales tax, which can be used as a tax credit by the importer. There are some exceptions: enterprises established in industrial free zones and special treatment zones; companies that have their operations in the jungle regions of Loreto, Ucayali, Madre de Dios, Amazonas, and San Martin, in accordance with the Peruvian-Colombian Amazon Cooperation Treaty. Some luxury items have higher tariffs and some specific goods such as cigarettes, beer, wine, and liquors pay an excise tax according to the lists and rates included in Appendixes III and IV of Legislative Decree No. 821 (passed on April 23, 1996). In December 2007, the 10% excise tax for new automobiles was eliminated, and the excise tax applied to used cars was left at 30%. Imports from countries with which Peru has bilateral or regional agreements are covered by different, preferential tariff schedules.

Sales Service/Customer Support

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Peruvians consider service and support a critical factor in making the final purchasing decision, especially for products that require periodic servicing. It is important for the product to be sold through a reliable distributor that offers the quality and services that the client requires. For example, servicing and availability are currently the two perceived advantages that new Asian autos enjoy over their U.S. competitors in the Peruvian market. Another example would be mining equipment, where U.S. after-sales service enjoys a superior reputation to that of third-country competitors.

Protecting Your Intellectual Property

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IP Rights Climate in Peru

While the legal framework for protection of intellectual property (IP) in Peru has improved over the past decade, enforcement mechanisms remain weak. Piracy remains a significant and endemic problem for legitimate owners of trademarks, copyrights, and patents in Peru. Peru has remained on USTR's Section 301 "Watch List" since 2001 due to continued high piracy rates and inadequate enforcement of IP laws. Weak or unenforced penalties for IP violators also contributed to the Watch List determination.

Under the U.S.-Peru Trade Promotion Agreement (PTPA), Peruvian law must provide the same protection for U.S. companies as Peruvian companies in all IP categories. The PTPA provides for improved IP protection on a broad range of IP rights. Such improvements include: protections for digital products (e.g., U.S. software, music, text, and video); protection for U.S. patents, trademarks and pharmaceutical and agrochemical test data; legal penalties to deter piracy; and an electronic system to register and maintain trademarks.

Despite PTPA implementation and recent changes in laws which create stricter penalties for some types of IP theft, egregious IP rights infringement persists. The judicial branch continues to fail in imposing sentences that adequately deter future IP theft. Prosecutors are not increasing the number of piracy cases they pursue through the entire process to final judgment. Furthermore, the Peruvian public knowingly and openly continues to purchase pirated software, CDs, DVDs, pharmaceutical products, books, and other products. Peruvians purchase pirated and counterfeit products from vendors who operate in the open, as neither party fears punishment by their government which has shown little will to prosecute these illegal actions. The Peruvian government has occasionally carried out raids against individual vendors of pirated goods, but few against criminal gangs that control the supply and distribution chains.

Peruvian government institutions, often with the support of the U.S. Embassy in Lima, sponsor public awareness campaigns about the damage that IP theft causes the Peruvian economy and personal health risks from counterfeit medicines to individuals. Peruvian newspapers highlight stories how piracy harms Peruvians, including counterfeited books by Peru's Nobel Laureate Mario Vargas Llosa.

The International Intellectual Property Alliance (IIPA) estimates that 98% of recorded music in Peru is pirated. The Business Software Alliance and the International Data Corporation (IDC) estimate that software piracy levels decreased from 71% in 2009 to 68% in 2012. While larger U.S. and foreign software companies have been able to provide heavily discounted or free cloud-based versions of their products, smaller software companies continue to struggle to prevent their products from being pirated. The majority of individually-owned motion pictures in Peru are pirated. Peru's piracy rate remains higher than the regional (61%) and global (42%) averages for software piracy.

U.S. pharmaceutical and agro-chemical industries claim that the Peruvian government fails to provide data exclusivity protection for their products. For instance, the Peruvian government does not provide patent linkage or "second use" medical patents. The pharmaceutical industry also claims the Peruvian government does not offer any extension of the patent term for pharmaceutical products to compensate for delays at the patent office. The agro-chemical industry has complained of government mechanisms that allow for the importation of generic copies that infringe on their registered patents.

The Peruvian government agency charged with promoting and defending intellectual property rights is the Institute for the Defense of Competition and Protection of Intellectual Property (INDECOPi, <http://www.indecopi.gob.pe/>), established in 1992. Peru belongs to the World Trade Organization (WTO) and the World Intellectual Property Organization (WIPO). Peru's legal framework provides for registration of trademarks, and inventors have been able to patent their inventions since 1994. Peru's 1996 Industrial Property Rights Law provides an effective term of protection for patents and prohibits devices that decode encrypted satellite signals. Peruvian law does not provide pipeline protection for patents or protection from parallel imports. Peru's Copyright Law is generally consistent with the World Trade Organization's Agreement on Trade-Related Aspects of Intellectual Property (TRIPS).

Protecting Your Intellectual Property in Peru:

Several general principles are important for effective management of intellectual property ("IP") rights in Peru. First, it is important to have an overall strategy to protect your IP. Second, IP may be protected differently in Peru than in the United States. Third, rights must be registered and enforced in Peru, under local laws. For example, your U.S. trademark and patent registrations will not protect you in Peru. There is no such thing as an "international copyright" that will automatically protect an author's writings throughout the entire world. Protection against unauthorized use in a particular country depends, basically, on the national laws of that country. However, most countries do offer copyright protection to foreign works under certain conditions, and these conditions have been greatly simplified by international copyright treaties and conventions.

Registration of patents and trademarks is on a first-in-time, first-in-right basis, so you should consider applying for trademark and patent protection even before selling your products or services in the Peru market. It is vital that companies understand that intellectual property is primarily a private right and that the U.S. government cannot enforce rights for private individuals in Peru. It is the responsibility of the rights' holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. Companies may wish to seek advice from local attorneys or IP consultants who are experts in Peruvian law. The U.S. Commercial Service can provide a list of local lawyers upon request.

While the U.S. Government stands ready to assist, there is little we can do if the rights holders have not taken these fundamental steps necessary to securing and enforcing their IP in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that the USG can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to legal doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a law suit. In no instance should U.S. Government advice be seen as a substitute for the responsibility of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on potential partners. A good partner is an important ally in protecting IP rights. Consider carefully, however, whether to permit your partner to register your IP rights on your behalf. Doing so may create a risk that your partner will list itself as the IP owner and fail to transfer the rights should the partnership end. Keep an eye on your cost structure and reduce the margins (and the incentive) of would-be bad actors. Projects and sales in Peru require constant attention.

Work with legal counsel familiar with Peruvian laws to create a solid contract that includes non-compete clauses, and confidentiality/non-disclosure provisions.

It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IP and stop counterfeiting. There are a number of these organizations, both Peruvian or U.S.-based. These include:

- The U.S. Chamber and local American Chambers of Commerce
- National Association of Manufacturers (NAM)
- International Intellectual Property Alliance (IIPA)
- International Trademark Association (INTA)
- The Coalition Against Counterfeiting and Piracy
- International Anti-Counterfeiting Coalition (IACC)
- Pharmaceutical Research and Manufacturers of America (PhRMA)
- Biotechnology Industry Organization (BIO)

IP Resources

A wealth of information on protecting IP is freely available to U.S. rights holders. Some excellent resources for companies regarding intellectual property include the following:

- For information about patent, trademark, or copyright issues -- including enforcement issues in the US and other countries -- call the STOP! Hotline: **1-866-999-HALT** or visit www.STOPfakes.gov.
- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the U.S. Patent and Trademark Office (USPTO) at: **1-800-786-9199**, or visit <http://www.uspto.gov/>.
- For more information about registering for copyright protection in the United States, contact the U.S. Copyright Office at: **1-202-707-5959**, or visit <http://www.copyright.gov/>.
- For more information about how to evaluate, protect, and enforce intellectual property rights and how these rights may be important for businesses, please visit the “Resources” section of the STOP fakes website at <http://www.stopfakes.gov/resources>.
- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: www.stopfakes.gov/businesss-tools/country-ipr-toolkits. The toolkits contain detailed information on protecting and enforcing IP in specific markets and also contain contact information for local IPR offices abroad and U.S. government officials available to assist SMEs.
- The U.S. Department of Commerce has positioned IP attachés in key markets around the world. The IP attaché who covers Peru is: Albert Keyack (based in Brazil) albert.keyack@trade.gov.

Due Diligence

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U.S. businesses considering exporting to or investing in Peru should perform due diligence on their potential clients, associates, or partners. As a first step, the International Company Profile (ICP) program of the U.S. Commercial Service can provide a background check on the reliability of potential clients or partners. The ICP report includes information on a company's owners, year established, size, sales, financial information and reputation in the market. The Commercial Service and the Economic Section of the U.S. Embassy in Peru are also available to provide commercial and economic briefings to U.S. businesspersons traveling to Peru.

Local Professional Services

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Private Banks

Banco Azteca: <http://www.bancoazteca.com.pe>

Banco Cencosud: <http://www.bancocencosud.com.pe>

Banco de Comercio: <http://www.bancomercio.com.pe>

Banco de Crédito: <http://www.viabcp.com>

Banco Falabella: <http://www.bancofalabella.com.pe>

Banco Financiero: <http://financiero.com.pe>

Banco GNB Peru: <http://bancognb.com.pe>

Banco Interamericano de Finanzas: <http://www.bif.com.pe>

Banco Internacional del Peru – Interbank: <http://www.interbank.com.pe>

Banco Ripley: <http://www.bancoripley.com.pe>

Banco Santander: <http://www.santander.com.pe>

BBVA Banco Continental: <http://www.bbvabancocontinental.com.pe>

Deutsche Bank: <http://www.db.com.pe>

Mibanco: <http://www.mibanco.com.pe>

Scotiabank: <http://scotiabank.com.pe>

Accounting/Business Consultants

Apoyo S.A.: economic studies, business consulting, market research, opinion surveys, multi-customer studies, strategic communication: http://www.apoyo.com/default_eng.asp (Bilingual)

ConsultAndes: executive advisory, business development, public relations, community relations and public responsibility, crisis management, corporate communications, security: <http://www.consultandes.com.pe> (Bilingual)

DBM: outplacement consultant and career transition services: <http://www.dbmperu.com>

ERM: environmental consulting services: <http://www.erm.com/en/Locations/Peru>

Ernst & Young: accounting, auditing and tax advisory: <http://www.ey.com>

KPMG Caipo y Asociados: auditing, tax and financial advisory: <http://www.pe.kpmg.com>

LB&C Logistics Business & Consulting: supply chain security, international trade, legal services: <http://www.lbcperu.com>

Macroconsult: economic studies, business consulting, market research, infrastructure, regulation and competition, investment banking: <http://www.macroconsult.com.pe> (Bilingual)

Malaga - Webb & Asociados: business restructuring, continuous improvement, corporate finance: <http://www.malaga-webb.com>

Organizacion Cuanto: economic studies, social studies, polls, market research: <http://www.cuanto.org>

Pricewaterhouse Coopers SCRL: auditing, accounting, tax and legal services: <http://www.pwc.com>

Credit Rating Agencies

Coface Peru: <http://www.coface.com.pe>

Dun & Bradstreet S.A.C.: http://www.dnbperu.com.pe/eng_default.asp

Informa Peru S.A.: <http://www.informadelperu.com>

Credit Reporting Agencies

Experian Peru: <http://www.datacredito.com.pe>

Infocorp/Equifax: http://www.equifax.com/home/es_pe

Sentinel: <http://www.sentinelperu.com>

Xchange Peru: <http://www.xchange.com.pe>

Executive Search

Amrop Hever: <http://www.amrop.com>

Boyden International: <http://www.boyden.com/offices/lima>

Korn/Ferry International: <http://www.kornferry.com>

Tasa Worldwide: http://www.tasaworldwide.com/index_en.html

Law Firms

Barreda Moller: <http://www.barredamoller.com/en> (Bilingual)

Barrios, Fuentes, Urquiaga Abogados: <http://www.bafur.com.pe> (Bilingual)

Estudio Aurelio Garcia Sayan Abogados: <http://www.garciasayan.com> (Bilingual)

Estudio Echecopar: <http://www.echecopar.com.pe> (Bilingual)

Estudio Ferrero Abogados: <http://www.ferrero.com.pe>

Estudio Grau Abogados: <http://www.estudiograu.com> (Bilingual)

Estudio Olaechea: <http://www.esola.com.pe> (Bilingual)

Muniz, Ramirez, Perez-Taiman & Luna Victoria Abogados: <http://www.munizlaw.com> (Bilingual)

Payet, Rey, Cauvi Abogados: <http://www.prc.com.pe> (Bilingual)

Rey & de los Rios Abogados: <http://www.reyrios.com/indexeng.htm> (Bilingual)

Logistics

Maersk Sealand, ocean carrier: <http://www.maerskline.com/peru> (Multilingual)

Neptunia S.A.: <http://www.neptunia.com.pe> (Bilingual)

Ransa, logistics operator: <http://www.agenciasransa.net> (Spanish)

Scharff Logistica Integrada S.A.: <http://www.scharff.com.pe> (Bilingual)

Moving

Atlas International Service S.A.: <http://www.atlasperucorp.com> (Bilingual)

Express Transports S.A.: <http://www.express.com.pe> (Bilingual)

Security International Moving S.A.C., national and international moving: <http://www.simoving.com.pe> (Bilingual)

Risk-Rating Agencies

Apoyo & Asociados Internacionales S.A.C. Clasificadora de Riesgo:
<http://www.aai.com.pe>

Clasificadora de Riesgo Pacific Credit Rating S.A.C.: <http://www.ratingspcr.com>

Class & Asociados S.A. Clasificadora de Riesgo: <http://www.classrating.com>

Equilibrium Clasificadora de Riesgo S.A.: <http://www.equilibrium.com.pe>

Telecommunications

Claro (Telmex Perú S.A.), telecommunications services: <http://www.claro.com.pe>

Movistar (Telefonica S.A.), telecommunications services: <http://www.movistar.com.pe>

Entel (Entel S.A.), telecommunications services: <http://www.entel.pe/>

Bitel (Bitel S.A.), telecommunications services: <http://www.bitel.com.pe/>

Web Resources

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Antitrust, Unfair Competition Intellectual Property Protection, Consumer Protection, Dumping, Standards and Elimination of Bureaucratic Barriers Agency (INDECOPÍ):
<http://www.indecopi.gob.pe> (Bilingual)

Central Bank: <http://www.bcrp.com.pe> (Bilingual reports and statistics)

Government Procurement Supervisory Agency: <http://www.osce.gob.pe> (Spanish)

InPERU, non-profit organization set up by Peru's main business organizations to promote foreign investments to Peru: <http://inperu.pe> (English)

Ministry of Energy and Mines: <http://www.minem.gob.pe> (Spanish with limited bilingual content)

Ministry of Foreign Affairs: <http://rree.gob.pe/SitePages/home.aspx>

National Interconnected System Operation (Comité de Operación Económica del Sistema Interconectado Nacional, COES-SINAC): <http://www.coes.org.pe> (Spanish)

OSCE's opinion on "government to government" procurement:
<http://portal.osce.gob.pe/osce/sites/default/files/Documentos/legislacion/Legislacion%20y%20Documentos%20Elaborados%20por%20el%20OSCE/Opiniones-2012/078-12%20-%20PRE%20-%20MINDEF%20-%20Ambito%20aplic.LCE%20contrat.gob.%20a%20gob.%20ver.final.doc> (Spanish)

Peru Export and Tourism Promotion Board, PromPeru: <http://www.promperu.gob.pe>
(Spanish)

Peru Travel, Peru Travel Information and Vacations Guide: <http://www.peru.travel>

Private Investment Promotion Agency – ProInversión: <http://www.proinversion.gob.pe>
(Bilingual)

Public Registry (SUNARP): <http://www.sunarp.gob.pe> (Spanish)

Securities and Exchange Supervisory Agency (SMV): <http://www.smv.gob.pe> (Spanish)

SUNAT – Peruvian foreign trade statistics:
<http://www.aduanet.gob.pe/aduanas/informae/boleindi.htm>

SUNAT - Information for Foreign Investors: <http://inversionistaextranjero.sunat.gob.pe>

Tax and Customs National Superintendence (SUNAT): <http://www.sunat.gob.pe>
(Spanish)

United Nations Office for Project Service: <http://www.unops.org> (Bilingual)

U.S. Trade Representative (USTR): <http://www.ustr.gov>

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Chapter 4: Leading Sectors for U.S. Export and Investment

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Construction Equipment

Overview

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Unit: USD millions

	2013	2014	2015 (estimated)	2016 (estimated)
Total Market Size	2,338	2,222	2,288.6	2,345.2
Total Local Production	N/A	N/A	N/A	N/A
Total Exports	111	98	100.9	103.5
Total Imports	2,449	2,320	2,389.6	2,449.6
Imports from the U.S.	520	565	582	601
Exchange Rate: 1 USD	2.80	2.85	3.20	3.30

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources: Global Trade Atlas

2014 Import Market Share (percent for U.S. and major competitors): United States 20.3; Brazil 18.2; China 14.1; Japan 10.6; Germany 5.4; South Korea 4.2.

The Peruvian construction sector has substantially upgraded itself by importing modern construction equipment like mixers, cranes, excavators, dump trucks, and other equipment, which led to a drastic reduction in construction times. This allowed the construction sector to begin work on several large mines, power generation plants, natural gas production facilities and transportation projects creating extensive growth. Modernizing the construction industry also aided the residential and office building boom, which increased overall infrastructure development.

Peru's past rapid economic growth created a large infrastructure gap, which some experts estimate surpasses USD\$80 billion. The need for roads, ports, airports, water, sewage, telecommunications, and electrical lines is apparent. The Peruvian government has ambitious plans to bridge the infrastructure gap with massive projects that will contribute to the majority of the growth within the construction sector. Planned investments include the development of regional school infrastructure (USD\$223.0 million), road projects in the Junín and Huallaga regions (USD\$953.0 million), and infrastructure development of Huallaga region (USD\$285.0 million). Business Monitor International estimates that the Peruvian construction sector will see a 2% real growth with a total industry value of USD\$12.7 billion in 2015. The construction sector accounts for 5.0% of Peru's overall GDP.

Another significant change in the construction sector is the emergence of the Peruvian government as a partner to the private sector. In May of 2008, the government passed the Public-Private Partnerships (PPPs) legislative decree, which aims at facilitating the private investment promotion process through the creation, development, improvement, operation and maintenance of public infrastructure or the provision of public services, such as the Works for Taxes law (Obras por Impuestos). Under this initiative, a private company or a consortium is able to fund and execute government-approved public projects in lieu of the taxes they would have originally paid. The Works for Taxes law is a way to leverage the efficiency of private sector, while tackling Peru's infrastructure needs.

Sub-Sector Best Prospects

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The figures below represent each product's share of Peru's 2014 total imports in this sector.

HTS Code	Description	%
842952	Mech Shovels Excavators Etc W 360 Degree Sprstruc	22.3
842951	Mech Front-End Shovel Loaders, Self-Propelled	15.4
843149	Parts And Attachments Nesoi For Derricks Etc.	9.2
847490	Parts Of Mach For Sorting Etc Earth Stone Ores Etc	6.1
847420	Crushing/Grinding Mach For Earth Stone Mnerl Subs	5.6
843049	Boring Or Sinking Mach Nesoi, Not Self-Propelled	5.4
843041	Boring Or Sinking Machinery, Nesoi, Self-Propelled	5.1

842959	Mech Shovels, Excavators And Shovel Loaders Nesoi	4.9
842911	Bulldozers And Angeldozeres, Self-Prop, Track Lay	4.7
843139	Pts For Lifting, Hndlng, Loading/Unldng Mach Nesoi	3.8

Opportunities

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Growth in the construction sector will be spurred by high demand in several areas. The need for transportation and communications infrastructure will contribute to growth of the construction sector, while the start/continuation of mining and energy projects and the continued demand for housing and office facilities will further boost the market.

Peru's housing deficit is estimated at 4 million homes and the government's plans to address this will contribute to the construction sector's growth. According to government estimates, only one third of all houses were built with a legal building permit. The Ministry of Housing, Construction and Sanitation is attempting to formalize the housing sector by creating affordable housing. According to a study released in April 2014 by the government's Fondo MiVivienda (MyHome Fund), over the next two years some 196,000 households plan to buy a home and approximately 276,000 families will improve or expand their homes. MiVivienda will promote 219,462 housing projects by offering favorable interest rates for 2016.

Peru's growing construction sector provides a wide variety of investment and business opportunities. While growth has slowed industry experts predict the sector to continue to grow around 4% per annum for the next couple of years. The need for construction equipment and materials will remain in demand because of ongoing and future projects.

Important projects requiring substantial capital investment include:

- Lima and Callao Metro line 2 and Av. Gambeta Branch, with an estimated investment of USD\$5.7 billion and a construction period of just over five years. (Awarded April 2014)
- Cusco's Chinchero International Airport with an estimated investment of USD\$ 658.0 million and the possibility of further expenditures on expansion. (Awarded April 2014)
- Southern Gas Pipeline, with an estimated investment of USD\$4.0 billion. (Awarded July 2014)

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Association for the Promotion of National Infrastructure - AFIN: <http://www.afin.org.pe> (Spanish)

Business Monitor International - Industry Trend Analysis - Ambitious Infrastructure Agenda To Fall Short

Fondo MiVivienda (MyHome Fund): <http://www.mivivienda.com.pe/> (Spanish)

Global Trade Atlas: <http://www.gtis.com/gta/>

Peruvian Chamber of Construction – CAPECO: <http://www.capeco.org/> (Spanish)

Private Investment Promotion Agency – ProInversión: <http://www.proinversion.gob.pe/> (bilingual)

ProInversión Project Presentation - Projects portfolio 2014-2015 (April 2014, in English): http://www.proinversion.gob.pe/RepositorioAPS/1/2/JER/PROJECT_PRESENTATION/pt%20de%20proyectos%20ingles_pptx%20.pdf

Ministry of Transportation and Communications: <http://www.mtc.gob.pe/> (Spanish)

National Institute of Statistics and Informatics – INEI: <http://www.inei.gob.pe/> (Spanish)

Electronic Commerce

Overview

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Even though e-commerce transactions in Peru are still low, the growth in the last two years is meaningful. The number of credit card transactions in virtual stores grew from 2.2 million in 2012 to 4.1 million in 2014, representing an 89% increase in two years. Simultaneously, the dollar amount traded has increased 179%, growing from USD\$ 668.0 million in 2012 to USD\$ 1.868 billion in 2014.

By the end of 2014, the number of Internet users in Peru was estimated at 12,584,000 with a market penetration rate of 38%. This figure is still well below countries like Panama, Chile, Argentina, Mexico, Brazil, and Colombia, all of which exceed 50% market penetration. Furthermore, access to financing barely reached 30% (in other words, 30% of the population has at least one bank account), which is below the regional average of 50%.

However, internet access is expected to grow in the future through the deployment of cellular phones and broadband networks. In 2014, the mobile market expanded to 31.9 million lines, representing a high national density of 107% (more lines than population). In addition, the project of the “Red Dorsal de Fibra Optica” (Fiber optic network) is currently in execution. This project aims to reduce the cost of Internet access and is scheduled to begin operations in mid-2016.

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Peruvian users spend 18.2 hours per month on the Internet, the second highest average in Latin America and surpassed only by Argentina. The vast majority of Internet users are men between the ages of 15-24 who account for 56% of total internet users. A Peruvian newspaper, El Comercio, reported that 19 million Peruvians will be able to access the Internet in 2019. Regarding the Business to Consumer (B2C) market, Peruvian consumers account for 7% of total online purchases and 2% (USD\$ 1.250 billion) of the total Latin American market of online purchases. This is largely explained

by the low penetration rates, lack of confidence in online security, lack of financial means, and lack of education.

Out of Peru's 200 top private companies only 72% conducted electronic transactions through their own website or through a third party. On the regulatory side, SUNAT (Peru's tax authority) uses electronic means to exercise the detailed control of tax collection. Therefore, SUNAT has issued a regulation to establish the electronic invoice, "norma de la Factura Electronica" (Resolution No. 188-2010-SUNAT). However, in Peru there is no comprehensive state policy to promote the widespread growth of ICT including e-commerce, as in other countries.

In the case of B2B, businesses are beginning to use their own custom email domain servers instead of using an informal personal email address (like Hotmail or Gmail) to conduct business. The new trend of owning your own email domain allows Peruvian businesses to legitimize their companies and is becoming standard amongst Peruvian companies.

Since 2012, the Lima Chamber of Commerce of Lima has promoted Cyber Monday, which takes place on the Monday following the U.S. holiday "Thanksgiving." Cyber Monday usually occurs in late November or early December. Also since 2014, the Lima Chamber promotes CyberMami which was held on April 29 and 30 in 2015 right before the Peruvian mother's day holiday, which is traditionally held the second Sunday of May. Some companies, like the Saga Falabella department store, have also launched their own seasonal offers like Madrugó, which takes place when a new season arrives.

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The Lima Chamber of Commerce predicts that in 2015 there will be a 50% increase in e-commerce sales. This favorable outlook is due to the expected number of sales related to food and entertainment industries. Lima continues to be the country's main economic hub, and other cities like Cusco, Trujillo, and Chiclayo are starting to make a positive economic impact.

A 2014 survey showed that 75% of the population owned a cellphone, with 16% being smartphone users. In addition, smartphones accounted for 49% (6.7 million units) of mobile equipment sold nationwide. The growth of smartphone users allows for better access to internet, which allows users to make purchases via mobile applications. It is estimated that food products, apparel, and utility bills (home phones) are the payments most conducted via mobile applications by consumers.

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Peruvian Chamber of Electronic Commerce (CAPECE) <http://www.capece.org.pe>
(Spanish only)

Lima Chamber of Commerce (CCL) <http://www.camaralima.org.pe> (Spanish only)

Peruvian Banks Association (ASBANC)
<http://www.asbanc.pe/contenidoweb/Default.aspx?ref=8&cont=83> (Spanish only)

Food Processing & Packaging Equipment

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Unit: USD millions

	2013	2014	2015 (estimated)	2016 (estimated)
Total Market Size	359.3	438.1	451.2	462.5
Total Local Production	N/A	N/A	N/A	
Total Exports	16.6	15.8	16.3	16.7
Total Imports	375.9	453.9	467.5	479.2
Imports from the U.S.	55.4	111.9	115.3	118.2
Exchange Rate: 1 USD	2.80	2.85	3.20	3.30

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources: Global Trade Atlas

2014 Import Market Share (percent for U.S. and major competitors): United States 24.7; Germany 22.0; Italy 14.9; China 7.2; Spain 4.2; Belgium 4.2; Brazil 3.4.

The ever-growing reputation of Peru's culinary culture has brought about a marked increase in locally produced packaged and non-perishable foods. This new trend is expanding the use of native Peruvian ingredients, such as fruits, peppers and Andean cereals, which increases the attraction and marketability of products for a variety of reasons. Consumers are slowly shifting towards packaged and prepared foods because of the items' decreased risk of contamination and increased lifespan. Peru's growing middle class is now willing to pay slightly higher prices for peace of mind. Products such as cheese, oils, fats, spreads, and baked goods are benefiting from the shift in consumers' preferences.

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The figures below represent each product's share of Peru's 2014 total imports in this sector.

HTS Code	Description	%
843830	Machinery For Sugar Manufacture	44.36
842129	Filter/Purify Machine & Apparatus For Liquid Nesoi	11.98
841950	Heat Exchange Units, Industrial Type	7.96
841869	Refrigerating/Freezing Equipment, Nesoi	7.29
841989	Machine Etc For Mat'L Treatment By Temp Cont Nesoi	5.95
841940	Distilling Or Rectifying Plant	4.44
842230	Machinery For Filling, Closing Bottles, Etc	2.77
842290	Parts For Machines For Dishwashing, Packing, Etc	2.12
842240	Packing Or Wrapping Machinery, Nesoi	2.06
841981	Machinery Etc For Making Hot Drinks Cooking Heatng	1.51

Best prospects include fully integrated high technology equipment and machinery for processing and packaging purposes. This includes machinery for sugar manufacture; machinery for filling, closing, sealing, and labeling bottles, cans, bags or other containers; machinery for encapsulating bottles, jars, tubes and similar containers; machinery for aerating beverages; dairy machinery, heat exchange units; other packing or wrapping machinery. Peruvians prefer U.S. technologies for closing, sealing labeling equipment, and rigid containers

Opportunities

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EXPOALIMENTARIA PERU 2015 – International tradeshow of goods and services related to the food and beverages industry.

August 26 to 28, 2015 – Jockey Exhibitions Center, Lima

<http://www.expoalimentariaperu.com/en/>

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Global Trade Atlas: <http://www.gtis.com/gta/>

Ministry of Production (Industry & Fisheries): <http://www.produce.gob.pe> (Spanish)

National Society of Industries: <http://www.sni.org.pe/> (Spanish)

Industrial Chemicals

Overview

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Unit: USD millions

	2013	2014	2015 (estimated)	2016 (estimated)
Total Market Size	937.8	958.5	838.0	1,021.8
Total Local Production	N/A	N/A	N/A	N/A
Total Exports	424.3	408.7	434.1	328.1
Total Imports	1,362.1	1,337.2	1,272.1	1,338.1
Imports from the U.S.	368.0	359.0	308.56	316.3
Exchange Rate: 1 USD	2.80	2.85	3.20	3.30

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Source: Global Trade Atlas

2014 Import Market Share (percent for U.S. and major competitors): United States 24.6; China 20.2; South Korea 8.5; Mexico 5.4; Brazil 4.8; Germany 4.7; Chile 4.1; India 3.4.

Peru has consistently depended on industrial chemical imports, owing to an increase in public and private investment in infrastructure development. The local demand for industrial chemicals is exceeding what can be produced locally, which is limited to acetylene, sulfuric acid, nitrogen, and oxygen. Plastics in primary forms such as polyethylene, polystyrene, polypropylene are imported from abroad.

Main U.S. exports to Peru are nitrile-function compounds, mixed alkybenzenes, saturated acyclic nonocarbox acid and anhydrous, halogen, coloring matter and carbonates. Industrial chemicals are an essential part in the following industries: textiles, cosmetics, plastics, paints, paper, detergents, and pharmaceuticals.

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The figures below represent each product's share of Peru's 2014 total imports in this sector.

HTS Code	Description	%
2837	Cyanides, Cyanide Oxides And Complex Cyanides	6.33
3204	Syn Org Coloring Matter & Prep; Syn Org Brit Agent	5.76
3402	Organic Surf-Act Agents, Preps & Cleaning Preps	5.48
2926	Nitrile-Function Compounds	4.65
3817	Mixed Alkylbenzenes & Mixed Alklnaphthalenes, Nes	4.24
2835	Phosphinates, Phosphonates, Phosphates & Polyphosp	3.83
3206	Coloring Matter Nesoi; Coloring Prep Nesoi, Etc.	3.66
3506	Prepared Glues & Adhesives Nesoi; Glue Retail Pack	3.64
2915	Sat Acyclic Nonocarbox Acid & Anhyd, Halogen Etc	3.52
2905	Acyclic Alcohols & Halogenat, Sulfonatd Etc Derivs	3.48

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Peru's decade-long strong economic performance in the construction and mining sectors continues to increase demand for a variety of industrial chemicals. U.S. exporters would be smart to identify local representatives that can help them seize the opportunities of the increased demand.

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Global Trade Atlas: <http://www.gtis.com/gta/>

Manufacturer's Society – Chemical Industry Committee:
<http://comitedelaindustriaquimica-sni.com/> (Spanish)

National Institute of Statistics and Informatics – INEI: <http://www.inei.gob.pe/> (Spanish)

Private Investment Promotion Agency – ProInversión: <http://www.proinversion.gob.pe/> (bilingual)

Medical Equipment

Overview

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Unit: USD millions

	2013	2014	2015 (estimated)	2016 (estimated)
Total Market Size	330.1	312.1	321.5	329.5
Total Local Production	N/A	N/A	N/A	N/A
Total Exports	9.7	10.8	11.1	11.4
Total Imports	339.8	322.9	332.6	340.9
Imports from the U.S.	76.8	69.0	71.1	72.9
Exchange Rate: 1 USD	2.80	2.76	3.20	3.30

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources: Global Trade Atlas

2015 Import Market Share (percent for U.S. and major competitors): United States 21.4; China 17.8 Germany 13.5; Japan 7.2; South Korea 4.7; Brazil 3.5.

The Peruvian healthcare sector is composed of public sector entities such as Seguro Integral de Salud (government health insurance), Ministry of Health, EsSalud (social security), and military hospitals. The private healthcare sector is primarily composed of civil society organizations and insurance companies known as Entidades Prestadoras de Salud (EPS) that have expanded their services to include the administration of private clinics and emergency centers in order to reduce their operating costs. A recent study shows that approximately 67% of the population has some type of health insurance, and Peruvians are becoming more conscious of their healthcare and the costs associated with maintaining it.

Peru is the eighth most populous country in the region with an average life expectancy of 75 years. According to the World Bank, Peru's annual health care expenditures in 2013 were 5.1% of the GDP, which points towards a promising future for the Peruvian healthcare sector. In July 2014, President Humala announced a USD\$2.6 billion investment plan over the next two years (2015-2016) to build and improve a variety of infrastructure projects, including upgrading and equipping several hospitals and healthcare centers with new equipment. Another initiative is the Works for Taxes law (Obras por Impuestos), which allows a private company or a consortium to fund and execute government approved public projects in lieu of the taxes they would have originally owed. The Works for Taxes law is a way to tackle Peru's infrastructure development with the quicker and more efficient response time that the private sector can offer.

The purchasing of medical equipment and devices is regulated under the Ministry of Health through the Direccion General de Medicamentos, Drogas e Insumos (DIGEMID). Under current regulations, the importation of preowned medical equipment is limited to individual physicians for their own personal use.

To become a medical equipment supplier, Peruvian law requires the local representative to register with the Peruvian Sanitary Registry, which is the list of government approved medical equipment and devices suppliers.

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The figures below represent each product's share of Peru's 2014 total imports in this sector.

HTS Code	Description	%
901890	Instrument and appliances for medical, surgical, dental	22.42
901839	Needles, caterers and others	8.42
902139	Artificial Joints, parts and accessories	7.34
901850	Other ophthalmic instruments and appliances, parts	6.6
902214	Apparatus base on X-ray, medical, surgical, veterinary	5.23
901819	Electro-diagnostic apparatus and parts.	4.55
902131	Other artificial joints and parts and accessories thereof	4.27
300510	Adhesive dressings and other articles having adhesive	3.77
902110	Orthopedic or fracture appliances, parts and accessories	3.44
901920	Ozone, oxygen, therapy, respiration apparatus and parts	3.42

Best prospects include diagnostic imaging equipment as the country invests in its radiology infrastructure. Other prospects are emergency room equipment and products, orthopedics, patient aids, and dental products.

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Peru's rising middle class and growth in disposable income is fueling the demand for improved healthcare services in and around Lima. Peruvians are spending more money on quality elderly care and treatment for cancer, cardiovascular diseases, and diabetes. Approximately 6.5% (2 million) of Peru's total population are 65 years old or older.

The government's forward approach on prioritizing and enhancing the country's healthcare system will yield opportunities for foreign medical equipment and device suppliers. The government announced it would invest in the health sector with plans including the construction of ten hospitals, 200 healthcare centers, blood banks, and a telemedicine system.

Peru's local healthcare-related manufacturing is limited to consumables, basic electro diagnostics and hospital furniture, which explains Peru's low export volumes. Regional governments and private companies look towards foreign medical equipment and device suppliers to fulfill the demand. This market trend creates vast opportunities for U.S. businesses that specialize in state of the art equipment such as computed tomography (CT) scanners, robotic radiosurgery system, and gamma knives.

Key Industry Events

Tecnosalud 2015 – International tradeshow of goods and services related to the healthcare sector

September 9-11, 2015, Jockey Exhibition Center, Lima

<http://www.tecnosalud.com.pe>

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BMI-

https://bmo.bmiresearch.com/article/view?article=1054839&iso=PE&active_pillar=Daily%20Views

The Report – Peru 2015 by the Oxford Business Group

ProInversion - www.proinversion.gob.pe

DIGEMID - www.minsa.digemid.gob.pe

Mining Industry Equipment

Overview

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Unit: USD millions

	2013	2014	2015 (estimated)	2016 (estimated)
Total Market Size	3,029.9	2,621.5	1,911.0	1,958.8
Total Local Production	N/A	N/A	N/A	N/A
Total Exports	172.7	192.6	215.7	221.1
Total Imports	3,202.6	2,814.1	2,126.7	2179.9
Imports from the U.S.	1,053.6	867.2	862.0	883.6
Exchange Rate: 1 USD	2.80	2.85	3.20	3.30

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources: Global Trade Atlas

2014 Import Market Share (percent for U.S. and major competitors): United States 30.8; Brazil 11.4; Germany 10.9; China 10.8; Japan 5.0; Mexico 4.5; United Kingdom 2.8; Chile 2.5.

The mining industry has always been an essential part of the history and development of Peru and continues to play an important role in the Peruvian economy. The mining sector accounts for 52% of total exports making it Peru's top export sector. Much of this growth is driven by 54 Greenfield and expansion projects with a total investment value of USD\$45.0 billion, accounting for most of the country's private investment.

In recent years, the mining industry has had to overcome many challenges, such as the negative press associated with increased illegal gold mining operations destroying the Amazon, causing the industry to become unfavorable in the public eye. As a result, regions like Piura, Cajamarca, Arequipa, Cuzco, Moquegua, and Puno experienced social conflicts and mass demonstrations. In some cases, protestors were motivated by legitimate fears of environmental degradation while others were motivated by false

information. However, progress has been made to create peace amongst the local people by both the public and private sectors investing in community development and relations. The Peruvian government has been working to expand major anti-poverty initiatives bringing social programs to isolated poor communities that overlap mineral-rich land.

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The figures below represent each product's share of Peru's 2014 total imports in this sector.

HTS Code	Description	%
847490	Parts Of Mach For Sorting Etc Earth Stone Ores Etc	12.0
842952	Mech Shovels Excavators Etc W 360 Degree Sprstruc	11.3
870423	Truck, Diesel Eng, Gvw > 20 Metric Tons	7.8
870410	Dumpers Designed For Off-Highway Use	5.4
842951	Mech Front-End Shovel Loaders, Self-Propelled	5.4
843149	Parts And Attachments Nesoi For Derricks Etc.	4.0
392690	Articles Of Plastics, Nesoi	3.8
841480	Air/Gas Pumps, Compressors And Fans Etc, Nesoi	3.7
842959	Mech Shovels, Excavators And Shovel Loaders Nesoi	3.0
843041	Boring Or Sinking Machinery, Nesoi, Self-Propelled	2.9
842911	Bulldozers And Angeldozers, Self-Prop, Track Lay	2.8

When selling mining equipment to Peru it is important to offer post-sale services. Mining companies require assembly, maintenance, parts, and operational training.

Peru is ranked amongst the world's top producers of silver, copper, tin, and zinc thanks to the country's abundance in natural resources and a steady flow of private investments. Currently, 15% of the territory is designated to mining concessions with less than 2% under mining exploration or production. As of 2014, copper (42.4%) and gold (33.9%) represent the most profitable of the mining exports.

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Peru is an attractive destination for mining investments due to its large mineral and metal reserves with major undiscovered deposits. The nation's legal framework is designed to attract private investment due to the availability of cadastral and geological information and the country's economic stability, which explains the presence of investors from the U.S., Canada, UK, Australia, Mexico, Brazil, and China. Investments in the sector have grown exponentially since 1992, reaching a record high of USD\$9.7 billion in 2013.

Local officials predict Peru's mining sector will attract USD\$43.9 billion in investments starting in 2014, a trend that will continue for the next five to ten years. The breakdown of the estimated expenditures include: expansion (USD\$8.8 billion), Environmental

Impact Assessments (USD\$21.0 billion) evaluation and construction (USD\$2.1 billion), and exploration (USD\$24.1 billion).

Key Industry Events

Peruvian Mining Convention and Trade Show: Perumin, September 21-25, 2015, Arequipa. Held every two years, this is the most important industry event in Peru.
<http://www.convencionminera.com/perumin32/>

U.S. Pavilion organizer: Kallman Worldwide, Inc.:
<http://www.kallman.com/exhibitor-zone/forms.php?tradeshowID=182>

MINPRO - V Meeting of Miners and Suppliers, November 25-26, 2015, Lima

Grupo DIGAMMA - Rumbo Minero

<http://minproperu.com/index.html>

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Global Trade Atlas: <http://www.gtis.com/gta/>

Ministry of Energy and Mines: <http://www.minem.gob.pe/> (limited English content)

Ministry of the Environment: <http://www.minam.gob.pe> (Spanish)

Ministry of Production: <http://www.www.produce.gob.pe/> (Spanish)

National Institute of Statistics and Informatics – INEI: <http://www.inei.gob.pe> / (Spanish)

National Mining, Petroleum, and Energy Society: <http://www.snmpe.org.pe/> (Spanish)

Private Investment Promotion Agency – ProInversión: <http://www.proinversion.gob.pe/> (Bilingual)

Environmental Assessment and Control Agency – OEFA: <http://www.oefa.gob.pe> (Spanish)

Energy and Mining Regulatory Agency - Osinergmin: <http://www.osinergmin.gob.pe> (Spanish)

Plastic Resins

Overview

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Unit: USD millions

	2013	2014	2015 (estimated)	2016 (estimated)
Total Market Size	1,423.5	1,454.5	1,380.0	1,414.5
Total Local Production	N/A	N/A	N/A	N/A
Total Exports	312.5	372.6	352.1	360.9

Total Imports	1,736.2	1,827.2	1,732.1	1775.40
Imports from the U.S.	486.3	466.2	451.2	462.5
Exchange Rate: 1 USD	2.80	2.85	3.20	3.30

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Source: Global Trade Atlas

2014 Import Market Share (percent for U.S. and major competitors): United States 25.52; China 12.6; South Korea 9.9; Brazil 8.9; Saudi Arabia 8.5; Colombia 6.1; Taiwan 5.8; Mexico 3.8.

Peru does not have a domestic petrochemical industry; therefore, it relies on imported resins to support the recent surge in domestic manufacturers of pipes, bags, bottles, home and office articles, flexible packaging, containers, and toys. Plastic production has grown 5% in recent years. The industry's continued success is dependent on a steady stream of imported resins from foreign suppliers. The agro-export, food and beverages, textile, leather products, footwear, and chemical sectors rely on imported resins to continue to increase production and meet the local demand for finished plastic products.

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The figures below represent each product's share of Peru's 2014 total imports in this sector.

HTS Code	Description	%
3901	Polymers Of Ethylene, In Primary Forms	26.1
3902	Polymers Of Propylene Or Other Olefins, Prim Forms	22.9
3907	Polyethers, Expoxides & Polyesters, Primary Forms	13.7
3904	Polymers Of Vinyl Chloride Etc., In Primary Forms	9.5
3920	Plates, Sheets, Film Etc No Ad, Non-Cel Etc, Plast	5.9
3906	Acrylic Polymers In Primary Forms	4.5
3921	Self-Adhesive Plates, Sheets, Film Etc Of Plastics	3.8
3903	Polymers Of Styrene, In Primary Forms	3.6
3919	Polymers Of Vinyl Acetate & Oth Vinyl Polym, Pr Fm	3.6
3909	Amino-Resins, Phenolics & Polyurethanes, Prim Form	1.9

The main sources of consumption and investments of plastic materials are from the following industries: packaging, beverages (bottles and containers), construction, food, home and office operations. Local demand continues to be attractive since consumption and investments continue to grow at promising rates.

Opportunities

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The U.S. is the main supplier of PVC resins for Peru, which are a key element in the production of PVC pipes. The demand for PVC resins is driven by the increase in use of PVC pipes in the local construction industry.

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Global Trade Atlas: <http://www.gtis.com/gta/>

Manufacturer's Society – SNI; "Institute of Economic and Social Studies" Sector Report 2014:

http://www.sni.org.pe/wp-content/uploads/2014/03/RE_Industria_Plasticos_Feb2014.pdf
(Spanish)

National Institute of Statistics and Informatics – INEI: <http://www.inei.gob.pe/> (Spanish)

Security & Safety Equipment

Overview

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Unit: USD millions

	2013	2014	2015 (estimated)	2016 (estimated)
Total Market Size	269.7	281.5	296.0	303.4
Total Local Production	N/A	N/A	N/A	N/A
Total Exports	32.0	30.6	28.1	28.8
Total Imports	299.7	312.1	324.1	332.2
Imports from the U.S.	68.1	70.4	67.4	69.1
Exchange Rate: 1 USD	2.80	2.85	3.20	3.30

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources: Global Trade Atlas

2014 Import Market Share (percent for U.S. and major competitors): China 36.8; United States 22.6; Germany 4.3; Mexico 4.0; Brazil Taiwan 3.8; Spain 3.2; Italy 2.4.

Demand for residential, industrial and office security equipment remains strong in Peru. Public opinion polls in Lima and other large Peruvian cities consistently find that inhabitants have a high sense of insecurity, with many people having been a victim of robberies or home break-ins.

Companies (headquarters and operation sites), government agencies, and households continuously invest in a wide range of security equipment designed to prevent break-ins and to aid security guards. Such instruments include surveillance cameras, alarms, lights, mesh netting, and barbed wire.

Pistols and revolvers are the most common self-defense weapons used in Peru. The Ministry of Interior's National Superintendence of Control of Security Services and Weapons, Ammunition and Explosives for Civilian Use (SUCAMEC) are in charge of regulating and enforcing applicable legislation, including issuing licenses to carry weapons.

In February 1997, the National Society of Mining, Petroleum and Energy (SNMPE) created an organization called [SARCC](#). The objective of this organization is to support and coordinate security activities among its corporate members in the mining and energy sectors. SARCC provides emergency training resources and assist with emergency situations that threaten the safety of their corporate member's employees who are working in remote areas by providing services such as search and rescue operations, medical evacuation, etc.

Sub-Sector Best Prospects

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The figures below represent each product's share of Peru's 2014 total imports in this sector.

HTS Code	Description	%
392690	Articles Of Plastics, Nesoi	34.5
630790	Made-Up Textile Articles, Nesoi	6.6
902000	Breathing Appliances & Gas Masks Nesoi; Parts Etc	5.7
830140	Locks Except Motor Vehicle Or Furniture, Base Metl	5.1
853110	Burglar Or Fire Alarms And Similar Apparatus	3.3
842489	Mechanical Appliance For Projecting Liquids Nesoi	3.2
853190	Parts Of Electric Sound Or Visual Signaling Aprts	2.8
842410	Fire Extinguishers, Whether Or Not Charged	2.2
650610	Safety (Incl Sports) Hdgr,Whether/Not Lined/Trimmed	2.2
730830	Drs, Wndws A Frms A Thrshlds Fr Drs, Iron Or Steel	3.6

Peruvian companies and organizations are beginning to develop strategies and procedures to protect critical information in the event of natural disaster or cyberattacks. Peruvian companies invest a large percentage of their budgets in physical security services and technologies, yet little is spent in cybersecurity.

Opportunities

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Companies and homeowners are demanding security equipment making the security and safety equipment sector in Peru very promising for U.S. exporters. Companies and private citizens continuously seek preventative equipment such as alarms, surveillance cameras, and lights. Steady growth in residential and corporate construction indicates that these products will continue to be in high demand.

Seguritec Peru – International trade show
 May 26-28, 2016
<http://www.thaiscorp.com/seguritec>

Web Resources

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Global Trade Atlas: <http://www.gtis.com/gta/>

Ministry of the Interior: <http://www.mininter.gob.pe/>

National Security Association: <http://sociedadnacionaldeseguridad.org/>

Agricultural Sectors

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Product Statistics & Data (PS&D) Code: Hard Wheat (1000 MT—*not US\$*)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
Total Market Size	1,927	2,038	1,879
Total Local Production	230	233	240
Total Exports	0	0	0
Total Imports	1,697	1,805	1,879
Total Imports from U.S.	246	648	351

Comments: Peru produces about 240,000 metric tons (MT) of soft wheat annually, which is used locally for traditional foods, and is not sold into processing channels. Most wheat is processed into flour for bread and pasta. The U.S. market share in 2014 was 19 percent. Other important suppliers are Argentina and Canada. Wheat imports into Peru are duty-free. An 18% value-added tax remains in place.

Product Statistics & Data (PS&D) Code: Cotton (1000 MT)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
Total Market Size	85	90	94
Total Local Production	38	32	35
Total Exports	2	0	1
Total Imports	49	58	60
Total Imports from U.S.	48	57	57

Comments: Peruvian textile and apparel exports are undergoing a severe crisis due to competition from other origins such as Vietnam. Exports are expected at US\$2 billion in 2015. The U.S.-Peru Trade Promotion Agreement (PTPA) grants duty-free access to Peruvian textiles.

Product Statistics & Data (PS&D) Code: Yellow Corn (1000 MT)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
Total Market Size	3,163	3,386	3,558
Total Local Production	1,324	1,365	1,225
Total Exports	0	0	0
Total Imports	1, 839	2,021	2,333
Total Imports from U.S.	1	220	1,699

Comments: Peru imports corn from Argentina and the United States. Corn from all origins is imported into Peru duty-free. However, due to the PTPA, Peru cannot assess the price band levy within our tariff-rate-quota (TRQ) U.S. corn. Yellow corn in Peru is used mainly for poultry production. At about 42 kilograms per capita, the consumption

rate of poultry is one of the highest in the region. Another good export prospect is Dried Distillers Grain.

Product Statistics & Data (PS&D) Code: Soybean Meal (1000 MT)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
Total Market Size	1,055	1,022	1,100
Total Local Production	0	0	0
Total Exports	0	0	0
Total Imports	1,055	1,022	1,100
Total Imports from U.S.	80	37	12

Comments: Peru imports soybean meal primarily for poultry feed. Bolivia was the leading soybean meal exporter to Peru in calendar year (CY) 2014 with a 68% market share. Soybean meal from all origins enters Peru duty-free.

Dairy Products

Whey (MT)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
Total Market Size	8,566	9,418	9,063
Total Local Production	0	0	0
Total Exports	0	0	0
Total Imports	8,566	9,418	9,063
Total Imports from U.S.	2,013	3,822	1,727

Comments: Total whey imports into Peru slightly decreased (3.8 percent) in 2014, mainly driven by price advantage of substitute products. Imports from the United States decreased 55 percent compared to 2013 due to better prices from other competitors as Chile and Poland. The U.S. imports market share dropped to second position accounting for 19 percent of total imports in 2014.

Cheese (MT)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
Total Market Size	30,446	33,085	35,898
Total Local Production	26,790	28,613	31,516
Total Exports	38	50	12
Total Imports	3,694	4,522	4,394
Total Imports from U.S.	2,130	2,375	2,416

Comments: In 2014, imports from the United States accounted for 55 percent of the market. Argentina and Netherlands account for 24 and 5 percent, respectively, of Peru's cheese imports. The food processing and food service industries are two main destinations for this product. The PTPA provides a TRQ of 2,500 MT with a 12 percent increase per year. Currently the quota is 4,935 MT.

Beef and Offal (MT)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
Total Market Size	248,717	250,872	253,208

Total Local Production	229,785	231,299	235,450
Total Exports	74	47	260
Total Imports	19,006	19,620	18,018
Total Imports from U.S.	5,609	8,082	5,541

Comments: Peru's beef and offal market size slightly increased 1 percent in 2014 with respect to previous year. An increment of local production supported the market growth. Nevertheless, U.S. beef and offal imports posted a 31 percent decrease during the same period. Higher prices forced importers to reduce orders, especially on the offal side. The U.S. Meat Export Federation has been actively involved in promotional activities within the region. Peru's stellar economic performance in years has been instrumental in driving consumer preferences towards high-quality products.

Pet Food (MT)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
Total Market Size	40,336	44,722	49,310
Total Local Production	31,284	33,493	35,500
Total Exports	5,672	5,268	2,434
Total Imports	14,724	16,497	16,244
Total Imports from U.S.	2,972	3,260	3,008

Comments: An emerging middle-class, growing incomes and increasing urbanization all drive growth of Peruvian household pet owners. Four companies dominate the pet food sector, leading the category in order of appearance: RintiSA, Nestlé, Molitalia and Mars. Veterinary clinics and pet shops are important channels for premium, therapeutic and wet products that register interesting growing rates. In 2014, Argentina (51%), United States (22%) and Colombia (15%) dominated Peru's imported pet food market.

Forest Products (US\$ Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
Total Exports	160	154	165
Total Imports	193	238	264
Total Imports from U.S.	24	17	20

Comments: Mining projects slowing down and construction sector keeping its performance are driving the forest product market sustained growth. Peruvian imports are focused on coniferous - softwoods and engineered woods for furniture and structural purposes. We foresee an opportunity for poles, softwood lumber, OSB and engineered wood. In 2014, Chile (45%), Ecuador (39%), China (11%) and United States (8%) dominated Peru's imported forest products market.

Biofuel (Ethanol) (Liters-Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
Total Market Size	223.7	217.5	165.4
Total Local Production	235	240	245
Total Exports	126	148	143

Total Imports	114.7	125.5	63.4
Total Imports from U.S.	114.7	113.0	57.1

Comments: Ethanol production for calendar year (CY) 2016 is forecast at 160 million liters, a 33% reduction from our CY 2015 estimate. This sharp decrease is attributable to the decommissioning of the Maple plant. We forecast domestic ethanol consumption at 172 million liters in CY 2016, up 7 million liters compared to our 2015 estimate. Peru is currently mandating a 7.8% ethanol blend rate with gasoline. We foresee Peruvian CY 2016 ethanol exports at about 69 million liters, a significant reduction from the 156 million liters estimated for 2015, up by 5 million liters or over 3% compared to our CY 2015 estimate of 160 million liters. Ethanol imports in 2016 are forecast at 80 million liters.

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Import Tariffs

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The entering into force of the Peru Trade Promotion Agreement eliminated duties on 80% of qualifying capital goods since February 1, 2009. The remaining dutiable items have a phase out schedule from 6 to 17 years. Peru imposes no duties on 56% of the items in its tariff schedule (4,224 codes covering some agricultural and intermediate goods, capital goods not produced locally, drip irrigation systems, some vehicles, books, some information technology items, cement, liquefied petroleum gas, some fuels, energy saving bulbs, and bank notes); 6% duties on 34% of the items (2,538 codes mainly regarding consumer goods and some intermediate goods); and 11% duties on 10% of the items (792 codes including rice, sugar, vegetables, dairy products, beef and beef products, chocolate, textiles, apparel, footwear, and other agricultural products). The non-weighted average tariff is 3.2% (including surcharge), down from over 60% in the mid-1990s.

Most imports (93% of codes) are also subject to an 18% value added tax (VAT), as are domestically produced goods. In addition, an excise tax (ISC) is applied to certain products such as tobacco and alcoholic beverages. There are no quantitative import restrictions.

Trade Barriers

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In March 1991, Peru introduced an import surcharge on a number of basic agricultural commodities; rice, corn, sugar and dairy products are still subject to potential surcharges. The government argues that the surcharges are necessary to offset exporting countries' subsidies. The surcharges were calculated on a weekly basis, according to prevailing international prices for each commodity. The government however began reducing the surcharges in increments in April 1994. In July 2001 this system was replaced by a "price band system" similar to that of the Andean Community. Thanks to the PTPA, U.S. agricultural goods are no longer subject to this price band

system. Due to decreasing international prices, the surcharge on agricultural imports to Peru under the price band system is currently in effect for non U.S. exporters. This situation benefits U.S.-origin agricultural exports, providing American exporters with an advantage over international competitors in the Peruvian market.

The Peruvian tax and customs agency, Superintendencia Nacional de Administracion Tributaria (SUNAT), implemented in recent years new systems for collecting taxes (VAT and income) in advance as a means to assure tax collection throughout the distribution channel and to increase revenues. This system may not cause much trouble to some sectors but others are being hurt because their margins are smaller than the advanced payments.

Import Requirements and Documentation

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For imports, Customs (SUNAT) requires a Customs Merchandise Declaration (DAM – in Spanish), a commercial invoice, an airway bill or bill of lading, a packing list, and an insurance letter. If the product is imported from other Andean Community members (Colombia, Ecuador and Bolivia), a certificate of origin is required to qualify for tariff preferences. Several imports are subject to antidumping and countervailing duties. The list of products and countries is available at www.aladi.org. A certificate of origin is required for these products coming from other countries to avoid these duties. U.S. firms have experienced delays clearing products through Customs as a result of this requirement.

A food sanitary registry is required for processed food products (issued by DIGESA's Food and Environmental Health Bureau or a Sanitary Certificate for animal, plants, or their by-products issued by SENASA).

Goods can be brought into the country and kept in a bonded warehouse without paying import duties for up to twelve months. During that period the importer can pay the duties on the goods kept in the warehouse and clear customs, or re-export them. This can be done for the entire shipment or it can be broken down according to the importer's needs.

Sanitary and Phytosanitary Regulations are drafted, implemented and enforced by SENASA. U.S. exporters are encouraged to request from SENASA an updated list of SPS requirements through the importer before shipping products to Peru.

For food and beverages, the importer must submit a sworn application to DIGESA accompanied by a Certificate of Free Trade and Use issued by the health authority of the country of origin, the future label, and the registration receipt. If the certificate is not available, the importer should present a document issued by the Peruvian Consulate in the country of origin. The sworn application includes the contact information of the importer's company and the manufacturer, taxpayer's identification (RUC), the list of products requested and for each product its content, the results of physical-chemical and microbiological analysis, lot code system, expiration date, packaging material, and storage conditions.

For imports of pharmaceuticals, cosmetics, biological and bio-chemical preparations as well as medical equipment and devices, a prior registration from the Direccion General de Medicamentos y Drogas-DIGEMID of the Ministry of Health is required. This sanitary

registry must be obtained before exporting the products to Peru. This procedure could take between six months to one year and must be performed by the local distributor or representative registered with DIGEMID. Imported products will appear under the name of the local registered company who fulfill the registration process as the representative of the U.S. company. Sanitary registrations must be renewed every five years. For more information contact: DIGEMID www.digemid.minsa.gob.pe

Business travelers who bring along a rather big quantity of samples; brochures; gifts (pens, desk weights, etc.), or similar articles, should be aware that SUNAT may deem those goods as merchandise and thus require the traveler to pay import duties upon entry or otherwise to re-export the goods.

For exports, a Customs Merchandise Declaration (DAM), a commercial invoice and an airway bill or bill of lading are required. Export licenses are required for cultural relics and antiques. In addition, end-user certificates are required for the export or re-export of items on the international munitions list, the international chemical/biological warfare (CBW) list and the missile technology control regime (MTCR) list. Such licenses cover a marginal portion of total Peruvian exports—less than 1%.

U.S. Export Controls

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The U.S. government controls the export of weapons, ammunition, high technology machinery and equipment (e.g., certain high performance computers, precision industrial machinery, latest generation night vision equipment, polygraphs, etc.) and some chemicals (e.g., sodium cyanide).

A list that consolidates eleven export screening lists of the Departments of Commerce, State and the Treasury into a single search as an aid to industry in conducting electronic screens of potential parties to regulated transactions is available here: http://export.gov/ecr/eg_main_023148.asp.

Temporary Entry

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Some goods can be admitted into Peru temporarily for re-export within a year with a bond that guarantees the duties and taxes. The list with the 23 types of goods, Annex 1 to Resolucion Ministerial 287-98-EF/10 y modificatorias, is available at <http://www.sunat.gob.pe/>. Other documentation requirements are the same as those listed above.

Labeling and Marking Requirements

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Before reaching the point of sale, imported packaged foods must carry a separate adhesive label with a Spanish translation, including the importer/distributor's contact information and RUC (taxpayer number). Law 28405 (November 30, 2004) requires labeling for value-added products other than foods. If imported products do not comply with these requirements for customs clearance, importers are allowed to properly label them in private warehouses.

For food products, labeling requirements are relatively simple. Products normally retain their original labels, and the name and (RUC) of the manufacturer, importer, or distributor must be added to the packaging. The Ministry of Health, through its DIGESA bureau, is in charge of issuing the sanitary registration numbers for food products. The Consumer Protection Office of Peru's Consumer Defense Agency, INDECOPI is responsible for food and beverage labeling and advertising.

Food label contents must include the name of the product and country of manufacture. For perishable products, the following information must be included: expiration date, conservation instructions and warnings, ingredients, and net content of the product (by weight or volume). The label must also include information on dangerous ingredients. It is mandatory to include the name, address in Peru of the manufacturer, importer or distributor as well as the taxpayer number (RUC), sanitary registration number obtained from DIGESA, risk warning, and emergency treatment, when applicable. Perishable products must have the information clearly and visibly in Spanish.

On March 7, 2011, INDECOPI published a draft regulation to Article 37 of the Consumer Protection and Defense Code – Law 29571 (approved by Congress on September 2, 2010). The regulation entered into force through a Supreme Decree later that year and details the procedures and requirements for implementing mandatory labeling for genetically modified (GM) products.

Food packaging must be made of harmless material, free of substances that could affect food safety. Likewise, packages must be manufactured so as to preserve the product's sanitary quality and composition throughout its useful life according to the Ministry of Health's sanitary standards. Packaging with recycled paper, cardboard, or plastic is forbidden.

Materials and food additives for food and beverage manufacturing must meet the health quality requirements established in the sanitary standards issued by DIGESA. The use of food additives not included in the list of additives permitted by the *Codex alimentarius* is forbidden. Flavorings accepted by the U.S. Food and Drug Administration (FDA) and the Flavor and Extractive Manufacturing Association (FEMA) are permissible.

Prohibited and Restricted Imports

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The list of prohibited/restricted items from importation can be found on the following website: <http://www.sunat.gob.pe/orientacionaduanera/mercanciasrestringidas> includes flour potassium bromate, mercuric oxide, carbon tetrachloride, among other chemical products. Used tires, clothing and shoes are also prohibited. Only donations of used clothing and shoes are exempt from the prohibition. Donations provided to the private sector must obtain an authorization from the "Agencia Peruana de Cooperación Internacional", APCI (<http://www.apci.gob.pe>) before they arrive to Peru while donations to the public sector will require an authorization from the Peruvian Council of Ministers. Failure to meet these requirements may result in the shipper's or consignee's being assessed duties, fines, warehousing or other expenses before the donated goods can clear customs. Other products that are prohibited for import are some insecticides and fireworks. Toxic waste is also restricted. Imports of used cars older than five years and used buses and trucks older than two years old are prohibited, as are used tires.

U.S. imports of live cattle face technical barriers to trade; in 2013 the United States was declared at negligible risk for Bovine spongiform encephalopathy (BSE) by the OIE (World Organization for Animal Health). The Peruvian agency, SENASA, established strict regulations regarding BSE and other diseases. However, a deal was announced in April 2015 that SENASA approved the USDA Veterinary Health Certificate for the import of U.S. live cattle. This export certificate should be officially enacted in July of 2015.

Customs Regulations and Contact Information

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Imports with an FOB value in 2014 higher than about US\$ 4,070 (11,400 Nuevos Soles at the 2.80 exchange rate to the dollar, of three so-called tax reference units, Unidad Impositiva Tributaria-UIT) pay 89.30 Nuevos Soles fee (2.35% of one UIT) for the “valuation service”. For 2014 one UIT is 3,800 Nuevos Soles (approx. US\$1,360). In practice, Customs applies a US\$34 flat valuation fee. Items imported under the U.S.-Peru Trade Promotion Act – PTPA, are exempt from this fee.

As stated above in the “Import Requirements and Documentation” section, Customs’ priority is revenue generation rather than trade facilitation. Despite having signed the WTO customs valuation procedure, Peruvian customs uses a referential price verification system (Sistema de Verificación de Precios, SIVEP). Peru’s custom agency Superintendencia Nacional de Administración Tributaria(SUNAT), has a data base for price consultation of goods from each country, and from different suppliers. This allows for viewing and comparing declared values in commercial invoices and to make adjustments to identical or similar merchandise’s prices that are less expensive than the average file.

SUNAT does accept discounts, as long as it appears on the bill and is unincorporated from the normal sales value, but the reason for the discount should be indicated to see if it is acceptable.

SUNAT often request that the importer provide a Manufacturer’s Price List. This document must be certified by Peru consulate in the country of purchase. This price list should not be addressed to the importer, but just with general information. This is very important in order to be accepted by SUNAT.

This system has prompted several complaints from local importers that SUNAT is assessing values above the real ones. One U.S. exporter has complained that SUNAT does not accept its invoices, valuing instead imports using price lists that do not consider distributor discounts. For SUNAT to accept the invoice value, it must be accompanied by a price list, and the discount must be described and detailed in the invoice. Payment terms must also be detailed. The SUNAT chapter of the US-PTPA addresses the referential pricing issue and is consistent with Peru’s WTO obligations.

Contact Information for Peruvian Customs:
Superintendencia Nacional de Administración Tributaria
Av. Garcilaso de la Vega 1472, Lima, Peru
(511) 315-0730
Website: <http://www.sunat.gob.pe/>

Mr. Victor Martin Ramos, National Intendant of Tax Compliance (Intendente Nacional de Cumplimiento Tributario); vramos@sunat.gob.pe

Mr. Luis Enrique Narro, National Intendant of Taxpayer Service (Intendente Nacional de Servicios al Contribuyente); lnarro@sunat.gob.pe

Ms. Maria Ysabel Frassinetti, National Intendant of Customs Procedures (Intendente Nacional Tecnica Aduanera); mfrassinetti@sunat.gob.pe

Standards

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Overview

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INDECOPI, the Defense of Competition and the Protection of Intellectual Property Agency (<http://www.indecopi.gob.pe/>) is the Peruvian standards development organization. Its Commission of Technical Regulations (CTR), created in 1992, addresses standards matters. The Commission has three functions:

- Approve technical standards and metrology regulations.
- Accreditation of the public or private institutions that may provide conformity assessments.
- Defense of free trade under World Trade Organization Technical Barriers to Trade (TBT) Agreement.

Standards Organizations

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The following is a list of the committees and directories inside the CTR working with standards issues:

- Committee for Testing Methodology
- Committee for Water Meters Testing
- Committee for Testing Laboratories
- Committee for Product Certifying Organizations
- Committee for Metrology Services
- Committee for Quality Management Accreditation
- Committee for International Standards Norms

NIST Notify U.S. Service

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries. Notify U.S. is a free, web-based e-mail subscription service that offers

an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at <http://www.nist.gov/notifyus/>.

Conformity Assessment

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The following firms are certified by CTR to provide Conformity Assessment services:

- INASA- Phone: (511) 616-5200, <http://www.inassagroup.com.pe/>
- SGS del Perú: (511) 517-1900, <http://www.pe.sgs.com/>
- BSI Inspectorate Perú: (511) 613-8080, <http://www.inspectorate.com/peru/>
- EQUAS S.A.: (511) 349-4050, <http://equas.com.pe/>
- SG Nortek: (metrology services) (511) 572-2630, sgnortek@terra.com.pe

Product Certification

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Products coming from the U.S. will not have problems entering Peru if importers receive information in advance regarding the products' composition and/or ingredients. The Peruvian standards body's (CTR) regulatory framework is similar to that of the U.S. It is common to hold seminars sponsored by ANSI, ASTM, NEMA and others to encourage conformity with global standards.

Accreditation

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There are accreditation bodies for different industries.

<http://www.digesa.sld.pe/>

The laboratories that can provide assistance to U.S exporters can be found at:

[http://www.indecopi.gob.pe/repositorioaps/0/0/jer/acre01/Direct_Organ_Eva_Conf/LabDeEnsayo/RelacionLab\(165\).pdf](http://www.indecopi.gob.pe/repositorioaps/0/0/jer/acre01/Direct_Organ_Eva_Conf/LabDeEnsayo/RelacionLab(165).pdf)

Publication of Technical Regulations

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The office responsible for publishing standards and notifying private and public organizations is the National Information Service (SNI-CRT) under CTR. This office is also responsible for notifying the WTO-TBT Committee about changes related to standards issues in Peru. It is under that scheme that the U.S. and other countries may comment on modifications and propose new standards.

Labeling and Marking

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In November 2004 Peru issued a new regulation on labeling and marking (Ley del Rotulado - Law 28405). This new law establishes that products exported to Peru should have a label with the following information:

- name of product
- country of origin
- address of exporter, importer, or distributor
- expiration date
- conservation method
- weight in metric system
- risks, if any, to use

International quality marks should be visible and easy to identify.

Contacts

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The contact information at INDECOPI and CTR in Lima is:

(511) 224-7800 ext. 1261, fax (511) 224-7800 ext.1296.

The points of contact regarding standards issues at the U.S. Foreign Commercial Service in the Embassy Lima are:

Ricardo J. Peláez, Commercial Counselor

Gustavo Romero, Commercial Specialist

Phone: (511) 618-2442.

Trade Agreements

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Peruvians and Americans benefit from the PTPA, which entered into force on February 1, 2009.

Peru has been a member of the Andean Community (and its predecessor, the Andean Pact) since 1969. The Andean Community is currently comprised of Peru, Ecuador, Colombia, and Bolivia. In January 2002, the member countries of the Andean Community agreed to establish an Andean free trade zone, a common external tariff (CET), and a customs harmonization policy by January 2004. However, Andean Community members have not implemented these measures.

Peru is a member of the WTO and became a full member of the Asia-Pacific Economic Cooperation (APEC) forum in November 1998. Peru also has free trade agreements with the United States, Canada, Chile, the European Union, China, the European Free Trade Association (which includes Iceland, Liechtenstein, Norway and Switzerland), Honduras, Japan, Mexico, Panama, Singapore, South Korea, and Thailand. It has Framework Agreements with MERCOSUR countries (Argentina, Brazil, Uruguay, and Paraguay), the Andean Community of Nations (Bolivia, Ecuador, and Colombia), and a partial preferential agreement with Cuba. Agreements have been signed and are awaiting implementation with Costa Rica, Guatemala, and Venezuela.

Peru is participating in the negotiations of the Trans-Pacific Partnership (TPP), which aims to create a regional free trade agreement involving Australia, Brunei Darussalam, Chile, Canada, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the United States, and Vietnam. The Peruvian government also is finalizing free trade agreements with El Salvador and negotiating free trade agreements with Turkey and India. Peru is a founding member of the Pacific Alliance, a new regional economic block with Mexico, Colombia, and Chile. It seeks the integration of the member countries and accounts for more than one third of Latin America's GDP.

Peru is currently the 32nd largest export market for U.S. goods. U.S. exports to Peru amounted to US\$10.07 billion in 2014.

<http://www.ustr.gov/trade-agreements/free-trade-agreements/peru-tpa/>

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Openness to Foreign Investment

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The GOP seeks to attract investment -- both foreign and domestic -- in nearly all sectors of the economy. Several high level Peruvian officials, including President Ollanta Humala, the Minister of Economy and Finance, and the Central Bank President, attended global business conferences and toured several countries in 2014 in an effort to attract foreign investment. Some of these tours were organized and sponsored by “inPeru,” a private industry organization (<http://inperu.pe>). Peruvians and Americans benefit from the United States-Peru Trade Promotion Agreement (PTPA) which entered into force on February 1, 2009. Since entry into force, total trade (exports and imports) between Peru and the United States expanded significantly from USD 9.1 billion to USD 16.1 billion. The PTPA establishes a secure, predictable legal framework for U.S. investors operating in Peru. The PTPA protects all forms of investment. U.S. investors enjoy in almost all circumstances the right to establish, acquire and operate investments in Peru on an equal footing with local investors.

Peru aspires to membership into the Organization for Economic Cooperation and Development (OECD). On February 5, 2015 the GOP announced the start of an 18-month study to identify economic, social, and political “bottle necks” that could hamper Peru’s OECD membership aspirations. The government noted that the study would act as a “roadmap” for Peru’s goal to achieve membership by 2021 and highlighted education as an example of a key area that Peru must improve. According to the OECD, Peru dedicates only 2.8% of GDP towards education compared to the OECD average of

5.6% of GDP. As a result, Peruvian 15 year olds achieve education results equivalent to 12 year olds in OECD member countries. The result of this lack of investment in education is a chronic shortage of skilled labor in Peru.

The 1993 Constitution grants national treatment for foreign investors and permits foreign investment in almost all economic sectors. Under the Constitution, foreign investors have the same rights as national investors to benefit from any investment incentives, such as tax exemptions. In addition to the 1993 Constitution, Peru has several laws governing foreign direct investment (FDI) including the Foreign Investment Promotion Law (Legislative Decree (DL) 662 of September 1991) and the Framework Law for Private Investment Growth (DL 757 of November 1991). Other important laws include the Private Investment in State-Owned Enterprises Promotion Law (DL 674), the Private Investment in Public Services Infrastructure Promotion Law (DL 758), and specific laws related to agriculture, fisheries and aquaculture, forestry, mining, oil and gas, and electricity. Article 6 of Supreme Decree No. 162-92-EF (the implementing regulations of DLs 662 and 757) authorizes private investors to enter all industries except investments in natural protected areas and manufacturing of weapons.

The GOP has passed several laws and related implementing regulations aimed at encouraging more private investment, such as two important decrees in 2008. The first was a legislative decree containing the Law on Public-Private Partnerships (PPPs). The second decree presents a priority list of projects for PPPs. Congress passed a law to reform regulations that would make PPPs less bureaucratic and more transparent, thus more attractive to foreign companies, in March 2014. Among these public-private partnerships are major infrastructure projects of national importance and upgrades to existing projects: Salaverry maritime port project, Quillabamba thermal power plant (Cusco region), liquid petroleum gas (LPG) transport system (from Pisco to Callao), lines three and four of the Lima and Callao Metro system, water supply to Lima and related headwater works, distribution system of natural gas via pipeline networks (Apurimac, Ayacucho, Huancavelica, Junin, Cusco, Puno, and Ucayali regions), rural broadband installation (optical fiber transportation networks and access networks), and connections to three existing 220 kV power transmission lines. Project opportunities are available on ProInversion's Project Portfolio page, available at: <http://www.proyectosapp.pe/modulos/JER/PlantillaProyectoEstadoSector.aspx?are=1&prf=2&jer=5892&sec=30>.

Although all Peruvian administrations since the 1990s have vowed to support private investment and abide by Peruvian laws, the GOP occasionally has passed measures that some observers have regarded as contravening legal principles. For example, the Garcia Administration in 2011 rescinded a Canadian company's rights to operate a silver mining project in Puno after violent protests opposing the project. The Canadian company delivered to the Peruvian Minister of Economy and Finance a Notice of Intent to submit a claim to arbitration under the terms of the Canada-Peru Free Trade Agreement in February 2014. Furthermore, President Ollanta Humala signed into law a 10-year moratorium on the entry into Peru of live genetically-modified organisms (GMOs) to be used for cultivation in December 2011. Peru also has implemented two inconsistent sets of rules for importing pesticides, one for "regular" importers, which is extremely restrictive and requires importers to file a full dossier with technical information, and another for farmers, which is rather loose and only requires a written affidavit.

The GOP created the Private Investment Promotion Agency, ProInversion, in 2002, based on an existing similar agency. ProInversion has completed both privatizations and concessions of state-owned enterprises and natural resource-based industries. Major recent concession areas include ports, power generation facilities, electrical transmission lines, oil and gas distribution, and telecommunications. In July 2014 the Peruvian Congress passed legislation to reform the public-private concessions process and requires more oversight by the Ministry of Economy and Finance. The Ministry of Economy and Finance is working on the implementing regulations, and expects a final draft before the end of 2015.

ProInversion also aims to attract investment in the following sectors: agricultural, construction, ground transportation, energy and mining, finance, health technologies, telecommunications, and travel. Information can be found on ProInversion's website: <http://www.proyectosapp.pe/modulos/JER/PlantillaProyectoEstadoSector.aspx?are=0&prf=2&jer=5351&sec=22>.

The Constitution (Article 6 under Supreme Decree No. 162-92-EF) authorizes foreign investors to carry out any economic activity provided investors comply with all constitutional precepts, laws and treaties. Exceptions exist, including exclusion on foreign investment activities in natural protected reserves and manufacturing of war weapons, pursuant to Article 6 of Legislative Decree No. 757. While long-term concessions are granted, the law states Peruvians must maintain majority ownership in certain strategic sectors: media; air, land and maritime transportation infrastructure; and private security surveillance services.

Prior approval is required in the banking (for regulatory reasons, and also applies to domestic investment) and defense-related sectors. Foreigners are also legally prohibited from owning a majority interest in radio and television stations in Peru; nevertheless, foreigners have in practice owned controlling interests in such companies. Under the Constitution, foreign interests cannot "acquire or possess under any title, mines, lands, forests, waters, or fuel or energy sources" within 50 kilometers of Peru's international borders. However, foreigners can obtain concessions and rights within the restricted areas with the authorization of a supreme resolution approved by the Cabinet and the Joint Command of the Armed Forces.

The GOP initiated an extensive, but not yet complete, privatization program in 1991 in which foreign investors were encouraged to participate. Since 2000, the GOP has promoted multi-year concessions as a means of attracting investment in major projects. In 2000, the government granted a 30-year concession to a private group (Lima Airport Partners) to operate the Lima airport. In 2006, the government granted a 30-year concession to Dubai Ports to build and operate a new container terminal in the Port of Callao. The terminal's first phase became operational in May 2010. In 2006, the Swiss-Spanish-Peruvian consortium Swissport received a 25-year concession to manage nine of Peru's northern airports. In 2011, the GOP awarded the Argentine-Peruvian consortium Aeropuertos Andinos a 25-year concession to manage six of Peru's southern airports. Also in 2011, the government granted a 30-year concession to a Danish-Peruvian consortium led by the Danish-based A.P. Moller-Maersk Group to operate and modernize the multipurpose northern terminal at the Port of Callao. On June 30, 2014 the GOP awarded a multi-billion USD concession for the Southern Gas Pipeline to a consortium led by Brazilian company Odebrecht. The GOP continues to award multi-

year concessions for various energy, natural gas, hydro-energy and irrigation, telecommunications, ports, sanitation, roads, and tourism projects.

The concessions process is challenging for U.S. and other international companies interested in bidding on projects. ProInversion, the government agency responsible for drawing up and competing PPP concession projects, has come under considerable criticism for its bidding process, deadlines, and ambitious timetables. As a result, U.S. and other international companies have shown limited interest in Peruvian PPP projects.

The GOP does not screen, review, or approve foreign direct investment outside of those sectors that require a governmental waiver (see Limits on Foreign Control).

The Institute for the Protection of Intellectual Property, Consumer Protection, and Competition (INDECOPI) is the GOP agency responsible for reviewing competition-related concerns of a domestic nature.

Peru has made significant strides in various areas measured in The World Bank’s “Doing Business” reports, including reformed procedures on starting a business, securing construction permits, registering property, and closing a business. Although Peru’s efforts to reform business start-up procedures made significant advances according to the 2011 report, Peru declined by three places in the World Bank’s business start-up ranking from 60th in 2013 to 63rd in 2014. At the same time, Peru lowered the average amount of time it takes to start a business from 41 days (in 2010) to 25 days (in 2014). Although the 2013 report noted Peru’s efforts to strengthen investor protections through a new law regulating the approval of related-party transactions and making it easier to sue directors when such transactions are prejudicial, the 2014 does not show any relevant legal modifications for Peru.

Table 1: Well-Regarded International Indices and Rankings

Measure	Year	Rank or value	Website Address
Transparency International Corruption Perceptions Index	2014	85 of 175	http://cpi.transparency.org/cpi2013/results/
Heritage Foundation Index of Economic Freedom	2014	47 of 178	http://www.heritage.org/index/ab out
World Bank Ease of Doing Business Rank	2014	42 of 189	http://doingbusiness.org/rankings
Global Innovation Index	2014	73 of 143	http://www.globalinnovationinde x.org/content.aspx?page=gii- full-report-2013#pdfopener
World Bank GNI per capita	2013	USD 6,270	http://data.worldbank.org/countr y/peru

Peru received USD 35.6 million from the Millennium Challenge Corporation for threshold funding in 2008 for health and anti-corruption programs. In 2009 Peru reached upper-middle income country status and is officially ineligible for further Millennium Challenge Corporation assistance.

Conversion and Transfer Policies

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There are no reported difficulties in obtaining foreign exchange. Under Article 64 of the 1993 Constitution, the GOP guarantees the freedom to hold and dispose of foreign currency. The GOP has eliminated all restrictions on remittances of profits, dividends, royalties, and capital, although foreign investors are advised to register their investments with ProInversion to ensure these guarantees. Exporters and importers are not required to channel foreign exchange transactions through the Central Reserve Bank of Peru (BCR) and can conduct transactions freely on the open market. Anyone may open and maintain foreign currency accounts in Peruvian commercial banks. U.S. firms have reported no problems or delays in transferring funds or remitting capital, earnings, loan repayments or lease payments since Peru's economic reforms of the early 1990s. Under the PTPA, portfolio managers in the United States are able to provide portfolio management services to both mutual funds and pension funds in Peru, including funds that manage Peru's privatized social security accounts.

The 1993 Constitution guarantees free convertibility of currency. However, limited capital controls still exist as private pension fund managers (AFPs) are constrained by how much of their portfolio can be invested in foreign securities. The maximum limit is set by law (currently 50% since July 2011), but the BCR sets the operating limit AFPs can invest abroad. Over the years, the BCR has gradually increased the operating limit, which reached 40% in July 2014. Several additional increases were made between October 2014 and January 2015, bringing the current operating limit up to 42 percent.

The BCR is an independent institution, free to manage monetary policy to maintain financial stability. The BCR's primary goal is to maintain price stability, via inflation targeting. Inflation at year-end in Peru reached 3.9% in 2007, 6.7% in 2008, 0.3% in 2009, 2.1% in 2010, 4.7% in 2011, 2.7% in 2012, 2.8% in 2013, and 3.2% in 2014.

The GOP has implemented policies to de-dollarize the economy, but in the last few years market forces have been more effective in reducing dollarization as the Peruvian Nuevo Sol had trended (until 2014) to appreciate vis-à-vis the U.S. dollar. U.S. dollars account for a decreasing share of banking system transactions, according to the Peruvian Banking Superintendence (SBS). In 2001, U.S. dollars accounted for 82% of loans and 73% of deposits. As of February 2015, U.S. dollars accounted for 42.6% of loans.

The foreign exchange market operates freely, for the most part. To quell "extreme variations" of the exchange rate, the BCR intervenes through purchases and sales in the open market without imposing controls on exchange rates or transactions. In the last few years, the BCR has consistently purchased U.S. dollars to mitigate the risk that spillover from expansionary U.S. monetary policy might result in over-valuation of the Peruvian Nuevo Sol relative to the U.S. dollar. In 2014, ahead of an announced tapering of expansionary U.S. monetary policy, the BCR has sold dollars to manage the

depreciation of the Peruvian Nuevo Sol ahead of U.S. economic recovery and tightening of credit conditions.

Peru is neither a major regional financial center nor an offshore financial center. Currently, businesses involved in the transfer of funds only need prior authorization by the Peruvian Banking Authority (SBS) while cash couriers need a signed agreement with the Ministry of Transportation and Communication. The GOP's Financial Intelligence Unit (FIU) is an independent agency that monitors and investigates financial institutions and cash transfers (physical and electronic) for money laundering and other financial crimes.

Peru's cash-based and heavily-dollarized economy, large informal sector (estimated to be 70% of GDP), and deficient regulatory supervision of designated non-financial businesses and professions (DNFBPs), such as informal money exchanges and wire transfer services, make the economy vulnerable to money laundering and other financial crimes. The informal remittance businesses remain unsupervised and vulnerable to money laundering, including travel agencies and small wire transfer businesses. Peru would benefit from expanded supervision and regulation of financial institutions and DNFBPs. Progress was made in monitoring and regulating notaries, pawn shops, and exchange houses. Peru is a member of the Financial Action Task Force on Money Laundering in South America (GAFILAT).

A U.S. company complained to the Embassy that their pension plans, issued in the United States and registered under the Texas Commissioner, have been excluded by the SBS from being used by their clients to demonstrate provisional coverage within the funds transfer abroad procedure, despite the company having certified compliance with the coverage requirements. This is notwithstanding the AFPs (pension funds) accepting private voluntary plans from other countries.

Expropriation and Compensation

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According to the Peruvian Constitution, the GOP can only expropriate private property on public interest grounds such as public works projects or for national security. An expropriation requires the Congress to pass a specific act. The Government of Peru has expressed its intention to comply with international standards concerning expropriations. On January 12, 2012, Congress approved legislation to expropriate a number of homes and other real estate adjacent to the Lima Airport for an airport expansion project. Compensation for expropriations is based on fair market value. Notably, concessionaires have complained that the government has been extremely slow in implementing expropriations, which have caused delays to their investment commitments.

Dispute Settlement

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The PTPA includes a chapter on dispute settlement, which applies to implementation of the Agreement's core obligations, including labor and environment provisions. Dispute panel procedures set high standards of openness and transparency through the following measures: open public hearings, public release of legal submissions by parties, enlisting special labor or environment expertise for disputes in these areas, and

opportunities for interested third parties to submit views. The Agreement emphasizes compliance through consultation and trade-enhancing remedies. The Agreement also encourages arbitration and other alternative dispute resolution measures for disputes between private parties.

Peru is a party to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the New York Convention of 1958) and to the International Center for the Settlement of Investment Disputes (the Washington Convention of 1965). Disputes between foreign investors and the GOP regarding pre-existing contracts must still enter national courts, unless otherwise permitted, such as through provisions found in the PTPA. In addition, investors who enter into a juridical stability agreement may submit disputes with the government to national or international arbitration if stipulated in the agreement. Several private organizations -- including the American Chamber of Commerce, the Lima Chamber of Commerce, and Universidad Catolica -- operate private arbitration centers. The quality of such centers varies, however, and investors should choose arbitration venues carefully.

Peru has a creditor rights hierarchy similar to that established under U.S. bankruptcy law, and monetary judgments are usually made in the currency stipulated in the contract. However, administrative bankruptcy procedures under INDECOPI (the Antitrust, Unfair Competition, Intellectual Property Protection, Consumer Protection, Dumping, Standards and Elimination of Bureaucratic Barriers Agency) have proven to be slow and subject to judicial intervention. Compounding this difficulty are occasional laws passed to protect specific debtors from action by creditors that would force them into bankruptcy or liquidation.

The 1993 Constitution permits international arbitration of disputes between foreign investors and the government or state-controlled firms. Previously, the Government of Peru appealed arbitration cases to the judiciary, where they were typically delayed until the international companies conceded the cases. To reinforce Peruvian law, the Supreme Court ruled that effective July 2005, all arbitration findings and awards are final and not subject to appeal.

The Constitution permits international arbitration of disputes between foreign investors and the government or state-controlled firms. Although Peruvian law stipulates the GOP must accept binding arbitration, parastatal companies and government ministries disregarded unfavorable judgments several times over the past three years. Previously, the Government of Peru turned these arbitration cases over to the judiciary, where they were bureaucratically delayed until the companies conceded the cases. Peru's Supreme Court ruled that effective July 2005 all arbitration findings and awards are final and not subject to appeal.

Peru is a party to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the New York Convention of 1958), and to the International Center for the Settlement of Investment Disputes (the Washington Convention of 1965). Disputes between foreign investors and the GOP regarding pre-existing contracts must still enter national courts. However, investors who conclude a juridical stability agreement for additional investments may submit disputes with the government to national or international arbitration if stipulated in the agreement. Several private organizations -- including the Universidad Catolica, the Lima Chamber of Commerce and the American

Chamber of Commerce -- operate private arbitration centers. The quality of these centers varies, and investors should choose arbitration venues carefully.

Dispute settlement remains problematic in Peru; although in 2004 the GOP took steps to improve the dispute settlement process by establishing commercial courts to rule on investment disputes, including two courts of appeal. Prior to the existence of the commercial courts, it took an average of two years to resolve a commercial case through the civil court system. With their specialized judges, these courts have reduced the amount of time to resolve a case to just two months. The appeals level resolves most of these cases.

The criminal and civil courts of first instance and appeal are heard at the provincial level. The Supreme Court is located in Lima. In principle, Peruvian law recognizes secured interests in property, both movable and immovable. With the exception of the commercial courts, the judicial system is extremely slow to hear cases and to issue decisions. A large backlog of cases further complicates decision-making. Court rulings and the degree of enforcement have been difficult to predict. The competence of individual judges varies, and allegations of corruption, political interference, and outside interference in the judicial system are common. Frequent use of appellate processes as a delay tactic leads to the belief among foreign investors that contracts can be difficult to enforce in Peru. The 1997 Law of Conciliation (DL 26872) requires disputants in many types of civil and commercial matters to consider conciliation before a judge can accept a dispute for litigation. Private parties often resort to arbitration to resolve business disputes, avoiding involvement in judicial processes.

Peru has a creditor rights hierarchy similar to that established under U.S. bankruptcy law, and monetary judgments are usually made in the currency stipulated in the contract. However, administrative bankruptcy procedures under INDECOPI (the National Institute for the Defense of Free Competition and the Protection of Intellectual Property) have proven to be slow and subject to judicial intervention. Compounding this difficulty are occasional laws passed to protect specific debtors from action by creditors that would force them into bankruptcy or liquidation.

The 1993 Constitution permits international arbitration of disputes between foreign investors and the government or state-controlled firms. Previously, the Government of Peru appealed arbitration cases to the judiciary, where they were typically delayed until the international companies conceded the cases. To reinforce Peruvian law, the Supreme Court ruled that effective July 2005, all arbitration findings and awards are final and not subject to appeal.

Performance Requirements and Incentives

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The PTPA has resulted in benefits to U.S. enterprises seeking to invest in Peru. Under the PTPA, Peru has made concessions beyond its commitments to the WTO and has dismantled significant investment barriers, such as measures that required U.S. firms to hire nationals rather than U.S. professionals, and measures requiring the purchase of local goods.

Peru offers both foreign and national investors legal and tax stability agreements to stimulate private investment. These agreements guarantee that the statutes on income

taxes, remittances, export promotion regimes (such as drawbacks, or refunds of duties), administrative procedures, and labor hiring regimes in effect at the time of the investment contract will remain unchanged for that investment for 10 years. To qualify, an investment must exceed USD 10 million in the mining and hydrocarbons sectors or USD 5 million within two years in other sectors. An agreement to acquire more than 50% of a company's shares in the privatization process may also qualify an investor for a legal or tax stability agreement, provided that the added investment will expand the installed capacity of the company or enhance its technological development.

Promoting science, innovation, and technology and improving Peru's education system remain priorities for the Humala Administration. Peru ranked last out of 65 surveyed countries in the OECD's 2013 Program for International Student Assessment (PISA). The OECD noted the high inequity of quality between urban and rural schools and low levels of Peruvian students meeting PISA standards in mathematics, science, and reading. The Humala Administration increased spending on education for 2015, including USD 1 billion to build and renovate schools and USD 450 million to hire more teachers. In 2014, the GOP launched an ambitious national plan to promote innovation, science, and technology jobs.

There are no performance requirements that apply exclusively to foreign investors. Peruvian civil law applies to legal stability agreements, which means the GOP cannot unilaterally alter agreements. Notwithstanding these protections, investors should be aware that government officials have delivered negative remarks to the press regarding companies exercising their contractual rights and obligations.

Laws specific to investment in the petroleum and mining sectors provide assurances to investors in those sectors. However, a history of tightening of benefits has occurred in these industries. In 2000, the government modified the General Mining Law, reducing some benefits to investors in that sector. Among the changes were reductions in the term concessionaires are granted to achieve the minimum annual production, increases in fees for holding non-productive concessions, increases in fines for not achieving minimum production within the allotted time, reductions in the maximum allowable annual accelerated depreciation, and revocation of the income tax exemption for reinvested profits.

After a growing number of local communities demanded a share of mining profits from operations in their areas, the incoming Garcia Administration and mining companies agreed in 2006 to a "voluntary contribution" system whereby companies agreed to provide funding to the government (in addition to the regular corporate income tax) for community infrastructure projects. This voluntary contribution averted adoption of exacting taxes. The agreement allowed mining companies to control where their contributions were invested and did not apply if the prices of metals or minerals drop below certain levels. As the voluntary contribution agreement was to expire at the end of 2011 during a period of windfall profits for extractive industries, the incoming Humala Administration and mining companies agreed in August 2011 to replace it with a new tax regime on mining profits called the "gravamen minero." It produced tax revenues (including the royalty tax) of USD 1.54 billion in 2014; with declining metals prices the contribution in 2014 was USD 1.15 billion.

With regard to licensing arrangements, private parties may freely negotiate contractual conditions related to licensing arrangements and other aspects of technology transfer,

needing no prior governmental authorization. Registration of a technology transfer agreement with INDECOPI is required for a payment of royalties to be counted against taxes.

Current law limits foreign employees to 20% of the total number of employees in a local company (whether owned by foreign or national interests). The combined salaries of foreign employees are limited to no more than 30% of the total company payroll. However, DL 689 from November 1991 provides a variety of exceptions to these limits. For example, a foreigner is not counted against a company's total if he or she holds an immigrant visa, has a certain amount invested in the company (currently about USD 4,000), or is a national of a country that has a reciprocal labor or dual nationality agreement with Peru. The United States and Peru tolerate dual nationality, but do not have a formal agreement. Furthermore, the law exempts foreign banks, and international transportation companies from these hiring limits, as well as all firms located in free trade zones. Companies may apply for exemption from the limitations for managerial or technical personnel.

The GOP does not maintain any measures that are inconsistent with Trade-Related Investment Measure (TRIM) requirements, according to a WTO Committee on Trade-Related Investment Measure notification dated August 19, 2010.

Although there are no discriminatory or onerous visa, residence, or work permit requirements that inhibit foreign investors' mobility, the application and approval process can be cumbersome and lengthy.

Peru adopted the Personal Data Protection Law (N° 29733) in July 2011 and went into effect on March 22, 2013. The Law is available here in English:
[http://web.ita.doc.gov/ITI/itiHome.nsf/1dd3c7c4faeeff0585256ccb00657bab/112a1a2f4d01989c85257a78004dd2ec/\\$FILE/Peru%20Data%20Protection%20Law%20July%2028_EN.pdf](http://web.ita.doc.gov/ITI/itiHome.nsf/1dd3c7c4faeeff0585256ccb00657bab/112a1a2f4d01989c85257a78004dd2ec/$FILE/Peru%20Data%20Protection%20Law%20July%2028_EN.pdf)

The implementing regulations are available in Spanish here:
http://spij.minjus.gob.pe/normas/textos/220313T.pdf_2.

A data controller who processes personal data must notify the National Authority for Personal Data Protection (ANPDP for its Spanish acronym), which keeps a public register of data processors and the type of data they collect. Personal data is defined by the Law as any information on an individual which identifies or makes him/her identifiable through means that may be reasonably used. Sensitive personal data means any of the following: biometric data, data concerning the racial and ethnic origin; political, religion, philosophical or moral opinions or convictions, personal habits, union membership and information related to health or sexual life. Unless otherwise exempted by statute, data controllers are generally required to obtain the consent of data subjects for the processing of their personal data. Consent must be prior, informed, expressed, and unequivocal. In the case of sensitive personal data, consent must also be given in writing, which may be done digitally. Even without the consent of the subject, sensitive data may be processed when authorized by law, provided that it is in the public interest.

Data controllers may process personal data without consent:

- when the personal data are compiled or transferred for public entities in control of the personal data and in the performance of its duties;
- when personal data is accessible to the public or is intended to be accessible to the public;
- to comply with other laws related to financial solvency and credit;
- in the case of a law for the promotion of competition in regulated markets under certain circumstances;
- when necessary to perform a contract to which the data subject is a party;
- for personal data related to health, under certain circumstances;
- when processing is carried out by non-profit organizations with political, religious or union purposes, under certain circumstances; or
- in an anonymization or disassociation procedure.

A data controller may transfer personal data to places outside of Peru only if the recipients have adequate protection measures. The ANPDP supervises compliance with this requirement. That provision does not apply in the following cases:

- when the data subject has given his/her prior, informed, express and unequivocal consent;
- agreements under international treaties to which Peru is a party;
- international judicial cooperation;
- international cooperation between intelligence agencies for the fight against terrorism, illegal drug trafficking, money laundering, corruption, human trafficking and other forms of organized crime;
- when necessary to implement a contract to which the data subject is a party;
- to comply with laws concerning the transfer of bank or stock exchanges; or
- when the transfer is for the prevention, diagnosis or medical or surgical treatment of the data subject; or when necessary to carry out epidemiological or similar studies (provided that adequate disassociation procedures are applied).

Data controllers must adopt technical, organization and legal measures to guarantee the security of personal data and avoid their alteration, loss, unauthorized processing or access. Peru's law does not require any notifications to any data subject or any other entity upon a breach. Peru does not mandate special regulations be enacted for the processing of personal data of minors. The ANPDP is responsible for enforcement and can issue the following administrative sanctions/fines based upon whether the violation is mild, serious or very serious. The law provides a "Principle for availability of recourse for the data subject" stating that any data subject must have the administrative and/or jurisdictional channel necessary to claim and enforce his rights when they are violated by the processing of his personal data.

Right to Private Ownership and Establishment

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Peruvian law generally grants foreign and domestic entities the right to establish and own business enterprises and to engage in most forms of remunerative activity. Subject to the restrictions listed earlier in this document, both foreign and domestic entities may invest in any legal economic activity -- including foreign direct investment, portfolio investment, and in real estate. Private entities may generally freely establish, acquire, and dispose of interests in business enterprises. In the case of some privatized

companies deemed important by the government, the privatization agency ProInversion has included a so-called "golden share" clause in the sales contract, which allows the government to veto a potential future purchaser of the privatized assets.

Protection of Property Rights

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The GOP recognizes and enforces secured interests in property, both movable and immovable. The GOP is working on improving the registry of those rights, which will further enable the government's enforcement capabilities.

Peru's legal framework provides for easy registration of trademarks, and inventors have been able to patent their inventions since 1994. Peru's 1996 Industrial Property Rights Law provides an effective term of protection for patents and prohibits devices that decode encrypted satellite signals, along with other improvements. Peruvian law does not provide pipeline protection for patents or protection from parallel imports. Peru's Copyright Law is generally consistent with the TRIPS Agreement.

While the legal framework for protection of intellectual property (IP) in Peru has improved over the past decade, including the law enacted in 2011 to criminalize the sale of counterfeit medicines, enforcement mechanisms remain weak. However, Peru has remained on USTR's Section 301 "Watch List" since 1992 because of continued high piracy rates, inadequate enforcement of IP laws, and weak or unenforced penalties for IP violators.

Under the PTPA, Peruvian law should treat U.S. companies at least as well as Peruvian companies in all IP categories. The PTPA provides for improved IP protection on a broad range of intellectual property rights. Such improvements include protections for digital products such as U.S. software, music, text, and video; protection for U.S. patents, trademarks and pharmaceutical and agrochemical test data; legal penalties to deter piracy; and an electronic system to register and maintain trademarks.

Despite PTPA implementation and recent legal code amendments creating stricter penalties for some types of IP theft, the judicial branch has failed to impose sentences that adequately deter future IP theft. Prosecutors do not pursue piracy cases through the entire process to final judgment. Furthermore, the Peruvian public lacks motivation to change perceptions regarding IP theft. The public continues to purchase pirated software, CDs, DVDs, pharmaceutical products, and books from vendors in public. The purchases continue openly since most Peruvians realize their government will not prosecute this theft.

Some GOP institutions, sometimes with the support of the U.S. Embassy in Lima, sponsor public awareness campaigns to raise awareness about the damage that IP theft causes the Peruvian economy and Peruvians consumers. Peruvian newspapers complain about piracy, including pirated versions of Peru's Nobel Laureate Mario Vargas Llosa's books. While the GOP occasionally has carried out raids against small-time vendors of pirated goods, piracy remains a significant problem for legitimate owners of copyrights in Peru.

The International Intellectual Property Alliance (IIPA) estimates that the piracy level in Peru for recorded music is at 98% and 100% for video content and books. The Business

Software Alliance estimates that software piracy level is at 65%, costing the industry USD 60 million in 2014.

The U.S. pharmaceutical industry advises that the GOP fails to provide data exclusivity protection for all pharmaceutical products and does not provide patent linkage or “second use” medical patents. The pharmaceutical industry also advises that the GOP does not offer any extension of the patent term for pharmaceutical products to compensate for processing delays at the patent office. There has also been at least one instance of GOP initiatives creating a backdoor for domestic companies to avoid complying with IP laws. This backdoor can be seen in the pharmaceutical sector in the registration of biosimilar products of biologics, drugs made from organic material that infringe upon patented U.S. biological products.

The GOP agency charged with promoting and defending intellectual property rights is the Antitrust, Unfair Competition, Intellectual Property Protection, Consumer Protection, Dumping, Standards and Elimination of Bureaucratic Barriers Agency (INDECOPI, www.indecopi.gob.pe), established in 1992. Peru belongs to the World Trade Organization (WTO) and the World Intellectual Property Organization (WIPO). It is also a signatory to the Paris Convention on Industrial Property, Geneva Convention for the Protection of Sound Recordings, Bern Convention for the Protection of Literary and Artistic Works, Brussels Convention on the Distribution of Satellite Signals, Phonograms Convention, Satellites Convention, Universal Copyright Convention, the World Copyright Treaty, and the World Performances and Phonographs Treaty and the Film Register Treaty. In December 1994, the Peruvian Congress ratified the World Trade Organization's Agreement on Trade-Related Aspects of Intellectual Property (TRIPs).

Pursuant to the terms of the PTPA, Peru has ratified or acceded to the following agreements: the Convention Relating to the Distribution of Program-Carrying Signals Transmitted by Satellite; the Budapest Treaty on the International Recognition of the Deposit of Microorganisms for the Purposes of Patent Procedure; the WIPO Copyright Treaty; the WIPO Performances and Phonograms Treaty; the Patent Cooperation Treaty; the Trademark Law Treaty; and, the International Convention for the Protection of New Varieties of Plants (UPOV Convention). Although Peru has ratified or acceded to several of the above agreements as part of its implementation of the PTPA, it has not yet fulfilled its PTPA commitments by ratifying or acceding to the following agreements: the Patent Law Treaty; the Hague Agreement Concerning the International Registration of Industrial Designs; and, the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks.

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The American Chamber of Commerce in Peru can be contacted via this link:
<http://www.amcham.org.pe/contactenos/escribanos.php>.

Regulatory transparency and independence have become central issues for foreign investors in Peru. Although many of the central government regulators related to foreign investment have relatively transparent and predictable procedures, delays and the lack of predictability in the rulings of these institutions, have been impediments to doing business in Peru.

The Securities Market Superintendence (SMV) maintains the company registry and supervises the securities market. ProInversion handles privatization and most concessions. INDECOPI handles competition policy, bankruptcy, and intellectual property matters. The Superintendence of Banking and Insurance (SBS) regulates banks, insurance companies, and private pension funds, including determination of whether potential market entrants qualify to operate in Peru.

When the GOP privatized state-owned monopolies in the areas of telecommunications, energy, and the hydrocarbons sector in the late 1990s, it also established regulatory institutions to oversee the new private sectors – among them OSIPTEL for telecom, and OSINERGMIN for energy, mining and hydrocarbons – the GOP created the Environmental Enforcement Organism (OEFA) in 2008 which is progressively taking over the environmental enforcement functions previously held by OSINERGMIN and other agencies.

In 2010, OSIPTEL established a “glide path” plan to continuously lower the mobile termination rates for all carriers by October 2013. This created a more favorable and competitive environment for the smaller carriers. In July 2014, OSIPTEL introduced number portability—which allows consumers to keep their mobile phone number despite changing service providers—and cut interconnection fees by 68% to spur competition and facilitate new entrants into the market. OSIPTEL also lowered costs for rural operators to facilitate mobile penetration. Since these changes, over 200,000 Peruvian consumers have switched providers.

U.S. and other non-Peruvian firms and investors have complained about the reinterpretation of rules and the imposition of disproportionate fines coupled with usurious interest charges on unpaid taxes or fines by the Peruvian tax agency, SUNAT. U.S. firms and other investors allege SUNAT's capricious behavior and reinterpretation of tax laws are often contrary to the spirit of the law and intent of government policies, thereby complicating and making normal business operations costlier. This situation may be at least partly explained by the fact that the remuneration of SUNAT employees is partially determined by the theoretical tax liability they assess in audits. The U.S. Embassy continues to hear that this perverse incentive leads to overzealous tax collection practices.

Businesses point out that SUNAT's retroactive reinterpretation of regulations and laws, levying of disproportionate fines, usurious interest rates on the alleged assessments and below market interest rates on payable tax rebates, lengthy resolution processes, and initiation of full company audits when companies request a refund or legal revaluation of assets for depreciation purposes, create additional investment and trade barriers. In one case, a U.S. firm requested, by clerical mistake, an improper drawback of USD 1,345,

only to face SUNAT fines of USD 645,000. Although the case was resolved, legislation now allows for an independent tax tribunal to serve as a check on alleged abuses by SUNAT. However, when SUNAT exercises its right of appeal against unfavorable tax tribunal rulings, the disputed assessments and liabilities on companies' balance sheets are prolonged. As a balance to this tendency, a tax ombudsman must approve SUNAT's request to appeal adverse tax tribunal decisions. At times, the ombudsman has also acted to end unwarranted litigation of disputed assessments. For example, in 2005, a U.S. company won long-standing tax cases against SUNAT as a result of these improvements. Nevertheless, the U.S. Embassy has heard of cases of companies deciding to pay long-disputed assessments in order to eliminate liabilities from their books. A conspicuous case was that of a Canadian bank, which in late-February 2014 decided to pay under protest approximately USD 170 million in tax liabilities, most of it accumulated interest. In recent years a number of companies have opened international arbitration cases against the GOP.

Businesses also complain about high health insurance and pension tax rates and a number of labor laws. Businesses state these tax and labor policies increase labor costs and hinder investment capital flows. The lack of a U.S.-Peru treaty on double taxation is also a disincentive to foreign investment.

Efficient Capital Markets and Portfolio Investment

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Credit is allocated on market terms and the banking industry in Peru is generally considered competitive in offering services to business customers. Private pension funds have keenly competed in recent years with financial companies for bonds issued locally by companies and the GOP. These entities compete because the supply of local securities is insufficient given the small size of the market. Under the PTPA, U.S. financial service suppliers have full rights to establish subsidiaries or branches for banks and insurance companies.

The private sector has access to a variety of credit instruments. In 2013, firms placed USD 1.75 billion on the local bond market, 3.7% below the year earlier. Mutual funds managed USD 5.9 billion in December 2013, a large 16.3% decrease from the December 2012 level. Private pension funds managed a total of USD 36.2 billion in December 2013. (Full 2014 Statistics are not yet available.)

The Securities Market Superintendence (SMV) is the GOP entity charged with regulating the securities and commodities markets. Following the IMF's recommendations, the GOP passed a law reforming the SMV's predecessor, CONASEV (the National Commission for the Supervision of Companies, Securities and Exchanges). SMV's mandate includes controlling securities market participants, maintaining a transparent and orderly market, setting accounting standards, and publishing financial information about covered companies. SMV requires stock issuers to report events that may affect the stock, the company, or any public offerings. This requirement promotes market transparency, and aims to prevent fraud. Trading on insider information is a crime, with some reported prosecutions in past years. One case at the end of 2010 involved three (government-owned health care provider) ESSALUD employees, a stock brokerage firm and an employee of the stock brokerage firm. CONASEV fined these individuals and the stock brokerage firm, and their cases are moving through the Peruvian court system. SMV must vet all firms listed on the Lima Stock Exchange (Bolsa de Valores de Lima) or

the Public Registry of Securities. SMV also maintains the Public Registry of Securities and Stock Brokers. SMV is studying ways to improve the regulatory system to encourage and facilitate portfolio investment.

The banking system is considered generally sound, thanks to lessons learned during the 1997-1998 Asian crisis, and continues to revamp operations, increase capitalization, and reduce costs. Under the SBS's conservative criteria, non-performing loans rose in the last two years, to 2.14% of total loans as of December 2013, yet down from a high of 11% in early 2001. Able bank supervision and strong GDP growth over the last decade through 2014 also helped banks weather the 2008-2009 global financial crisis with little trouble.

Economic opening since the 1990s, coupled with competition, has led to banking sector consolidation. Seventeen commercial banks comprise the system, with assets accounting for 89.9% of Peru's financial system. Three banks account for 72.5% of local loans and deposits among commercial banks. Of USD 108.9 billion in total banking assets at the end of December 2014, assets of the three largest commercial banks amounted to USD 62.6 billion. As of December 2013, foreigners had significant shares in thirteen banks, of which they were majority owners of eleven (including one of the country's largest ones) and operator of one of the largest commercial banks. Notably, two of the four banks that are majority-owned by residents account for 45.1% of commercial banks' assets.

Peru's financial system has 12 specialized institutions ("financieras"), 33 thriving micro-lenders and savings banks (although several large banks also lend to small enterprises), two leasing institutions, two state-owned banks, and one state-owned development bank. In 2014, the Economist Intelligence Unit again ranked Peru number one worldwide on microfinance business environment for the sixth consecutive year because of its sophisticated legal and regulatory framework and competitive microfinance sector. Nevertheless, Peru's over 150 savings and loan cooperatives operate in an environment almost devoid of government oversight.

Peruvian law and regulations do not authorize or encourage private firms to adopt articles of incorporation or association to limit or restrict foreign participation. There are no private or public sector efforts to restrict foreign participation in industry standards-setting organizations. However, larger private firms often use "cross-shareholding" and "stable shareholder" arrangements to restrict investment by outsiders -- not necessarily foreigners -- in their firms. As close families or associates generally control ownership of Peruvian corporations, hostile takeovers are practically non-existent. In the past few years, several companies from the region, China, North America, and Europe have actively been buying local companies in power transmission, retail trade, fishmeal production, and other industries.

Competition from State Owned Enterprises

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Several electricity, water and sewage, bank, and oil companies remain state-owned and state-operated. The most notable area of SOE activity pertains to the petroleum sector, where the state-owned petroleum company PetroPeru is an oil refiner and operator of an underutilized oil pipeline. Congress passed several laws since which purport to strengthen PetroPeru and free it from bureaucratic controls, so that it can enter into all

stages of the petroleum and petrochemical sectors, especially upstream. In 2008, PetroPeru took center stage in a corruption scandal related to oil and gas concessions. The scandal led to the resignation of the Minister of Energy and Mines and the PetroPeru President and forced the GOP to implement a number of changes in PetroPeru's management. Over the last two decades, PetroPeru has experienced significant attrition in managerial and technical expertise. This, coupled with its limited financial resources, cast into doubt the company's ability to implement its long-held plans to expand and upgrade its aging Talara refinery – which continues to produce dirty gasoline and diesel fuel, a situation the government permits by not enforcing regulatory standards. Limited resources and expertise also downplay expectations following repeated announcements from its leadership regarding entrance to upstream, and participation in a proposed gas pipeline and petrochemical complex in southern Peru. PetroPeru's planned return to oil production through participation in tenders of oil producing blocks that the GOP was set to auction, with a requirement to partner with PetroPeru, remains uncertain. Limited or no interest shown by oil companies in these auctions and in several exploration blocs' pending auctions, coupled with changes at the Ministry of Energy and Mines, have left those plans undefined.

Significant SOEs have audited accounts that are made public. In addition, the accounts are monitored by a board of directors. The majority of the country's SOEs is corporately managed by FONAFE and is listed on FONAFE's website along with their audited accounts

(<http://www.fonafe.gob.pe/portal/empresas?accion=transparenciaNew&m=6&ContenidoId=32>). Petroperu, which is managed independently from FONAFE, publishes a report that includes the audited financial statements of the company, such as those of comprehensive income, changes in equity, and cash flows, as well as a summary of significant accounting policies and other explanatory notes included in Petroperu's financial statements. The report is produced annually and is publicly available on Petroperu's website (<http://www.petroperu.com.pe/transparencia/ley27806.asp>).

Corporate Social Responsibility

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Peruvian businesses participate in Corporate Social Responsibility (CSR) programs, primarily on a voluntary basis. For the energy and mining sector, certain regulations do exist to promote social responsibility. Supreme Decree No. 042-2003-EM promotes social responsibility within the mining sector, encouraging local employment opportunities, support to communities' projects, development activities, and purchase of local goods and services. The decree requires mining companies to publish an annual report on sustainable development activities. The Ministry of Energy and Mines has prepared a guidebook for community relations, as well as public information on social measures related to the mining and energy sectors. In February 2011, INDECOPI adopted the Peruvian Technical Regulation of Social Responsibility ISO 26000 that serves as a voluntary guide to CSR activities.

On February 15, 2012, Peru was listed as a compliant country under the Extractive Industries Transparency Initiative (EITI), as the GOP and extractive industries openly publish all company payments and government revenues from oil, gas, and mining. Peru is the only EITI-compliant country in Latin America.

Peru continues to be recognized for its 2013-2017 National Strategy to Combat Forced Labor. Its plan emphasizes the state's role to protect and promote labor rights. Simultaneously, it strives to build capacity and empower vulnerable groups to transform their environment and enforce their rights. The plan addresses both medium and long-term multi-sector plans to eliminate or reduce conditions that enable forced labor. Despite these efforts, the government did not effectively enforce labor laws in all cases. The exploitation of child labor, particularly in informal sectors; forced labor; and employers engaging in antiunion practices remain significant problems.

Political Violence

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Although political violence against investors is rare, protests, sometimes violent, have taken place in or near communities with extractive industry operations. Environmental concerns were often the cited pretext. Protestors often object to the fact that environmental impact assessments are reviewed by the Ministry of Energy and Mines, rather than the Ministry of Environment, when in fact, the Ministry of Environment along with other national agencies do participate in assessment reviews. In many cases, protestors sought public services not provided by the government. Ideological opposition to foreign mining firms, not opposition to mining itself, often leads to protest in communities incited by NGOs. In some cases, organizers from outside the local community are brought in to foment protests against the companies. Groups blocked roads and an airport in 2014 to protest extractive industry operations; hydroelectric projects; restrictions on informal gold mining, gas exports, and the Government's coca eradication policies. In several of these protests, police and civilians were injured or killed. As of May 2015, the Ombudsperson's Office reported 629 conflicts in Peru in 2015; 67% of these conflicts involve socio-economic concerns, usually linked to extractive industries.

Politically motivated movements at times have opposed large extractive projects. In some cases, these movements have been successful in delaying large investments, as occurred in the USD 4.8 billion Conga mine project in Cajamarca in August 2012. In other cases, protests have stopped such investments entirely.

The National Office of Dialogue and Sustainability is actively engaged in mitigating social conflict connected to the extractive industry in Peru. This office addresses conflict in a broader community development context, rather than only responding to social conflicts after they have already erupted. To this end, the government is providing more education, infrastructure, and health care services in areas where extractive industry projects are planned or under development, which will increase government presence and reduce potential for conflict in those (historically underserved and often remote) areas. Peru's Prior Consultation Law was signed in 2011, and its implementing regulations were approved in 2012. The law requires the GOP to consult with indigenous communities before enacting any legislation, administrative measures, or development projects that could affect communities' rights of territorial demarcation. There have been several successful prior consultation processes related to the extractive industry, but the law remains controversial. Critics believe it creates burdensome processes and results in delays. The industry association Peruvian Society of Hydrocarbons alleges that work on 30 oil exploration blocks is paralyzed due to lengthy permit processing. The National Society of Mining, Electricity and Petroleum (SNMPE) and the government have become involved in assisting local governments to access the extractive industry "canon" (tax

revenue-sharing scheme with funding for public works projects) as a way to both stimulate local development and prevent conflicts. Although these efforts have been effective in some mining regions, in others, conflicts have continued or expanded.

Violence remains a concern in coca-growing regions. The government reported that through October 2014, the Shining Path conducted 18 terrorist acts, resulting in the death of two soldiers and two civilians, as well as injuries to six soldiers, seven civilians, and one police officer in the Apurimac, Ene, and Mantaro River Valleys (VRAEM) emergency zone, which includes parts of Ayacucho, Cusco, Huancavelica, Huanuco, and Junin regions. A separate emergency zone in the Upper Huallaga Valley (UHV) includes parts of San Martin and Ucayali regions. There were reports that the Shining Path abducted children to work for the terrorist organization during the year. The Humala government continues the longstanding practice of authorizing separate 60-day states of emergency in two areas where the Shining Path operates – the Apurimac, Ene, and Mantaro River Valleys (VRAEM) and the Upper Huallaga Valley. On September 11, 2014 the GOP declared a new emergency zone in the Loreto region due to drug trafficking activity. The state of emergency authorization suspends some civil liberties and gives the security forces additional authority to maintain public order.

There is little government presence in the remote coca-growing zones of the VRAEM and Upper Huallaga Valley, although significant ramp-up of government presence and programs is underway. The U.S. Embassy in Lima restricts visits by official personnel to these areas because of the threat of violence by narcotics traffickers and columns of the Shining Path. Information about insecure areas and recommended personal security practices can be found at <http://www.osac.gov> or <http://travel.state.gov>.

Corruption

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Corruption, including bribery, raises the costs and risks of doing business. Corruption has a corrosive impact on both market opportunities overseas for U.S. companies and the broader business climate. It also deters international investment, stifles economic growth and development, distorts prices, and undermines the rule of law.

It is important for U.S. companies, irrespective of their size, to assess the business climate in the relevant market in which they will be operating or investing, and to have an effective compliance program or measures to prevent and detect corruption, including foreign bribery. U.S. individuals and firms operating or investing in foreign markets should take the time to become familiar with the relevant anticorruption laws of both the foreign country and the United States in order to properly comply with them, and where appropriate, they should seek the advice of legal counsel.

The U.S. Government seeks to level the global playing field for U.S. businesses by encouraging other countries to take steps to criminalize their own companies' acts of corruption, including bribery of foreign public officials, by requiring them to uphold their obligations under relevant international conventions. A U. S. firm that believes a competitor is seeking to use bribery of a foreign public official in international business, for example to secure a contract, should bring this to the attention of appropriate U.S. agencies, as noted below.

U.S. Foreign Corrupt Practices Act: In 1977, the United States enacted the Foreign Corrupt Practices Act (FCPA), which generally makes it unlawful for U.S. persons and businesses (domestic concerns), and U.S. and foreign public companies listed on stock exchanges in the United States or which must file periodic reports with the Securities and Exchange Commission (issuers), to offer, promise or make a corrupt payment or anything of value to foreign officials to obtain or retain business. The FCPA also applies to foreign firms and persons who take any act in furtherance of such a corrupt payment while in the United States. In addition to the anti-bribery provisions, the FCPA contains accounting provisions applicable to public companies. The accounting provisions require issuers to make and keep accurate books and records and to devise and maintain an adequate system of internal accounting controls. The accounting provisions also prohibit individuals and businesses from knowingly falsifying books or records or knowingly circumventing or failing to implement a system of internal controls. In order to provide more information and guidance on the statute, the Department of Justice and the Securities and Exchange Commission published *A Resource Guide to the U.S. Foreign Corrupt Practices Act*, available in PDF at: <http://www.justice.gov/criminal/fraud/fcpa/guidance/>. For more detailed information on the FCPA generally, see the Department of Justice FCPA website at: <http://www.justice.gov/criminal/fraud/fcpa/>.

Other Instruments: It is U.S. Government policy to promote good governance, including host country implementation and enforcement of anti-corruption laws and policies pursuant to their obligations under international agreements. Since enactment of the FCPA, the United States has been instrumental to the expansion of the international framework to fight corruption. Several significant components of this framework are the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (negotiated under the auspices of the OECD), the United Nations Convention against Corruption (UN Convention), the Inter-American Convention against Corruption (OAS Convention), the Council of Europe Criminal and Civil Law Conventions, and a growing list of U.S. free trade agreements. This country is party to [add instrument to which this country is party].

OECD Antibribery Convention: The Antibribery Convention entered into force in February 1999. As of January 2015, there are 41 parties to the Convention, including the United States (see <http://www.oecd.org/corruption/oecdantibriberyconvention.htm>). Major exporters China and India are not parties, although the U.S. Government strongly endorses their eventual accession to the Antibribery Convention. The Antibribery Convention obligates the Parties to criminalize bribery of foreign public officials in international business transactions, which the United States has done under U.S. FCPA. Peru is not party to this convention.

UN Convention: The UN Convention entered into force on December 14, 2005, and there are 174 parties to it as of March 2015 (see <http://www.unodc.org/unodc/en/treaties/CAC/signatories.html>). The UN Convention requires countries to establish criminal and other offences to cover a wide range of acts of corruption, from basic forms of corruption such as bribery and solicitation, embezzlement, and trading in influence to the concealment and laundering of the proceeds of corruption. The Convention contains transnational business bribery provisions that are functionally similar to those in the OECD Antibribery Convention and contains provisions on private sector auditing and books and records requirements. Other provisions address matters such as prevention, international cooperation, and

asset recovery. Peru signed this convention on December 10, 2003, and ratified the convention on November 16, 2004.

OAS Convention: In 1996, the Member States of the Organization of American States (OAS) adopted the first international anticorruption legal instrument, the Inter-American Convention against Corruption (OAS Convention), which entered into force in March 1997. The OAS Convention, among other things, establishes a set of preventive measures against corruption, provides for the criminalization of certain acts of corruption, including transnational bribery and illicit enrichment, and contains a series of provisions to strengthen the cooperation between its States Parties in areas such as mutual legal assistance and technical cooperation. As of January 2015, the OAS Convention has 34 parties (see <http://www.oas.org/juridico/english/Sigs/b-58.html>) and the follow-up mechanism created in 2001 (MESICIC) has 31 members (see http://www.oas.org/juridico/english/mesicic_intro_en.htm). Peru signed this convention on March 23, 1996, and ratified the convention April 4, 1997.

Council of Europe Criminal Law and Civil Law Conventions on Corruption: Many European countries are parties to either the Council of Europe (CoE) Criminal Law Convention on Corruption, the Civil Law Convention on Corruption, or both. The Criminal Law Convention requires criminalization of a wide range of national and transnational conduct, including bribery, money-laundering, and accounting offenses. It also incorporates provisions on liability of legal persons and witness protection. The Civil Law Convention includes provisions on whistleblower protection, compensation for damage relating to corrupt acts, and nullification of a contract providing for or influenced by corruption, inter alia. The Group of States against Corruption (GRECO) was established in 1999 by the CoE to monitor compliance with these and related anti-corruption standards. Currently, GRECO comprises 49 member States (48 European countries and the United States). See http://www.coe.int/t/dghl/monitoring/greco/general/about_en.asp. As of January 2015, the Criminal Law Convention has 44 parties and the Civil Law Convention has 35 (see <http://conventions.coe.int/Treaty/Commun/QueVoulezVous.asp?CL=ENG&NT=173>; <http://conventions.coe.int/Treaty/Commun/QueVoulezVous.asp?CL=ENG&NT=174>). Peru is not party to this convention.

Free Trade Agreements: While it is U.S. Government policy to include anticorruption provisions in free trade agreements (FTAs) that it negotiates with its trading partners, the anticorruption provisions have evolved over time. The most recent FTAs negotiated now require trading partners to criminalize “active bribery” of public officials (offering bribes to any public official must be made a criminal offense, both domestically and transnationally) as well as domestic “passive bribery” (solicitation of a bribe by a domestic official). All U.S. FTAs may be found at the U.S. Trade Representative Website: <http://www.ustr.gov/trade-agreements/free-trade-agreements>. Peru has a free trade agreement (FTA) in place with the United States, the United States-Peru Trade Promotion Agreement (PTPA), which came into force on February 1, 2009.

Local Laws: U.S. firms should familiarize themselves with local anticorruption laws, and, where appropriate, seek legal counsel. While the U.S. Department of Commerce cannot provide legal advice on local laws, the Department’s U.S. and Foreign Commercial Service can provide assistance with navigating the host country’s legal system and obtaining a list of local legal counsel.

Assistance for U.S. Businesses: The U.S. Department of Commerce offers several services to aid U.S. businesses seeking to address business-related corruption issues. For example, the U.S. and Foreign Commercial Service can provide services that may assist U.S. companies in conducting their due diligence as part of the company's overarching compliance program when choosing business partners or agents overseas. The U.S. and Foreign Commercial Service can be reached directly through its offices in every major U.S. and foreign city, or through its website at www.trade.gov/cs.

The United States provides commercial advocacy on behalf of exporters of U.S. goods and services bidding on public sector contracts with foreign governments and government agencies. An applicant for advocacy must complete a questionnaire concerning its background, the relevant contract, and the requested U.S. Government assistance. The applicant must also certify that it is in compliance with applicable U.S. law, that it and its affiliates have not and will not engage in bribery of foreign public officials in connection with the foreign project, and that it and its affiliates maintain and enforce a policy that prohibits bribery of foreign public officials. Problems, including alleged corruption by foreign governments or competitors, encountered by U.S. companies in seeking such foreign business opportunities can be brought to the attention of appropriate U.S. government officials, including local embassy personnel, and reported through the Department of Commerce Trade Compliance Center "Report a Trade Barrier" Website at tcc.export.gov/Report_a_Barrier/index.asp. Potential violations of the FCPA can be reported to the Department of Justice via email to FCPA.Fraud@usdoj.gov.

Guidance on the U.S. FCPA: The Department of Justice's (DOJ) FCPA Opinion Procedure enables U.S. firms and individuals and issuers to request a statement of the Justice Department's present enforcement intentions under the anti-bribery provisions of the FCPA regarding actual, prospective business conduct. The details of the opinion procedure are available on DOJ's Fraud Section Website at www.justice.gov/criminal/fraud/fcpa and general information is contained in Chapter 9 of the publication *A Resource Guide to the U.S. Foreign Corrupt Practices Act*, at <http://www.justice.gov/criminal/fraud/fcpa/guidance/>. Although the Department of Commerce has no enforcement role with respect to the FCPA, it supplies general information to U.S. exporters who have questions about the FCPA and about international developments concerning the FCPA. For further information, see the Office of the General Counsel, U.S. Department of Commerce, website, at <http://www.commerce.gov/os/ogc/transparency-and-anti-bribery-initiatives>. More general information on the FCPA is available at the websites listed below.

Exporters and investors should be aware that generally all countries prohibit the bribery of their public officials, and prohibit their officials from soliciting bribes under domestic laws. Most countries are required to criminalize such bribery and other acts of corruption by virtue of being parties to various international conventions discussed above.

Public sector corruption, including bribery of public officials, remains a challenge for U.S. firms operating in Peru. It is illegal in Peru for a public official or employee to accept any type of outside remuneration for the performance of his or her official duties. Peru has ratified both the UN Convention Against Corruption and the Organization of American States Inter-American Convention Against Corruption. Peru is not a member of the Organization of Economic Cooperation and Development (OECD). It has not signed the

OECD Convention on Combating Bribery, although it has participated as an observer in the Working Group. The Contraloría General is the responsible government agency for combating corruption.

U.S. firms have reported problems directly resulting from corruption, usually in government procurement processes and in the judicial sector, with defense and police procurement generally considered among the most problematic. This is in spite of PTPA's stipulations and of Peru's Government Procurement Law (Legislative Decree No. 1017, DL 1017, one of several laws passed with the specific intention to implement PTPA). Transparency International ranked Peru 85th out of 177 countries in its 2014 Corruption Perceptions Index, down from 83rd in 2013. While anti-corruption efforts have been a stated priority of both the Garcia and Humala governments, in practice most resources to date have been directed at investigating extensive corruption during the Fujimori era (1990-2000). Former Presidents Garcia and Toledo and several sitting members of Congress are also under investigation for corrupt practices. The Peruvian armed forces and national police continue to prefer to execute government-to-government procurements (i.e., purchases by a GOP agency from a foreign government agency or government-owned company). In July 2012, the Government Procurement Supervisory Agency ruled that government-to-government procurements do not fall under the government procurement law (DL 1017). An article in the 2013 Budget Law also specified that procurements by the GOP from another state are not under the scope of DL 1017. Since then, there have been a number of local media reports of overvalued prices in several government-to-government purchases, of goods or services for the police or the armed forces. Cases include purchases of a satellite, planes, helicopters, and technical assistance training. Overvaluation has apparently occurred even in the case of open tenders, as in the notorious recent case of the purchase of 591 binoculars by the Interior Ministry for the National Police in December 2013. *El Comercio*, Peru's paper-of-record, published a report in January 2014 alleging the Interior Ministry bought 591 binoculars at a price more than ten times the market rate. In early-March 2014, local media reported that the Public Prosecutor's Office will investigate a technical assistance-training procurement made in 2009 by the Armed Forces Joint Command. This probe comes after the Comptroller General found irregularities and circumstantial evidence of collusion, embezzlement and other crimes.

Anti-Corruption Resources

Some useful resources for individuals and companies regarding combating corruption in global markets include the following:

- Information about the U.S. Foreign Corrupt Practices Act (FCPA), including *A Resource Guide to the U.S. Foreign Corrupt Practices Act*, translations of the statute into numerous languages, documents from FCPA related prosecutions and resolutions, and press release/1 are available at the U.S. Department of Justice's Website at: <http://www.justice.gov/criminal/fraud/fcpa> and <http://www.justice.gov/criminal/fraud/fcpa/guidance/>
- The U.S. Securities and Exchange Commission FCPA Unit also maintains an FCPA website, at: <https://www.sec.gov/spotlight/fcpa.shtml>. The website, which is updated regularly, provides general information about the FCPA, links to all SEC enforcement actions involving the FCPA, and contains other useful information.

- General information about anticorruption and transparency initiatives, relevant convention/1 and the FCPA, is available at the Department of Commerce Office of the General Counsel website: <http://www.commerce.gov/os/ogc/transparency-and-anti-bribery-initiatives>
- The Trade Compliance Center hosts a website with anti-bribery resources, at <http://tcc.export.gov/Bribery>. This website contains an online form through which U.S. companies can report allegations of foreign bribery by foreign competitors in international business transactions
- Additional country information related to corruption can be found in the U.S. State Department's annual *Human Rights Report* available at <http://www.state.gov/g/drl/rls/hrrpt/>.
- Information about the OECD Antibribery Convention including links to national implementing legislation and country monitoring reports is available at: <http://www.oecd.org/corruption/oecdantibriberyconvention.ht/1> See also Antibribery Recommendation <http://www.oecd.org/daf/anti-bribery/oecdantibriberyrecommendation2009.htm> and Good Practice Guidance Annex for companies: <http://www.oecd.org/daf/anti-bribery/44884389.pdf>.
- GRECO monitoring reports can be found at: http://www.coe.int/t/dghl/monitoring/greco/evaluations/index_en.asp
- MESICIC monitoring reports can be found at: http://www.oas.org/juridico/english/mesicic_intro_en.htm
- The Asia Pacific Economic Cooperation (APEC) Leaders have also recognized the problem of corruption and APEC Member Economies have developed anticorruption and ethics resources in several working groups, including the Small and Medium Enterprises Working Group, at <http://businessethics.apec.org/>, and the APEC Anti-Corruption and Transparency Working Group, at <http://www.apec.org/Groups/SOM-Steering-Committee-on-Economic-and-Technical-Cooperation/Working-Groups/Anti-Corruption-and-Transparency.aspx>. For more information on APEC generally, <http://www.apec.org/>.

There are many other publicly available anticorruption resources which may be useful, some of which are listed below without prejudice to other sources of information that have not been included. (The listing of resources below does not necessarily constitute U.S. Government endorsement of their findings.)

- Transparency International (TI) publishes an annual Corruption Perceptions Index (CPI). The CPI measures the perceived level of public-sector corruption in approximately 180 countries and territories around the world. The CPI is available at: <http://www.transparency.org/research/cpi/overview>. TI also publishes an annual *Global Corruption Report* which provides a systematic evaluation of the state of corruption around the world. It includes an in-depth analysis of a focal theme, a series of country reports that document major corruption related events and developments from all continents, and an overview of the latest research findings on anti-corruption diagnostics and tools. See <http://www.transparency.org/research/gcr>.

- The World Bank Institute's Worldwide Governance Indicators (WGI) project reports aggregate and individual governance indicators for 215 economies over the period 1996-2013, for six dimensions of governance (Voice and Accountability, Political Stability and Absence of Violence, Government Effectiveness, Regulatory Quality, Rule of Law, and Control of Corruption). See <http://info.worldbank.org>. World Bank Business Environment and Enterprise Performance Surveys may also be of interest and are available at: <http://data.worldbank.org/data-catalog/BEEPS>. See also the World Bank Group *Doing Business* reports, a series of annual reports measuring regulations affecting business activity, available at: <http://www.doingbusiness.org/>
- The World Economic Forum publishes every two years the *Global Enabling Trade Report*, which assesses the quality of institutions, policies and services facilitating the free flow of goods over borders and to their destinations. At the core of the report, the Enabling Trade Index benchmarks the performance of 138 economies in four areas: market access; border administration; transport and communications infrastructure; and regulatory and business environment. See <http://www.weforum.org/reports/global-enabling-trade-report-2014>.
- Global Integrity, a nonprofit organization, publishes its annual *Global Integrity Report*, which typically assesses anti-corruption and good governance mechanisms in diverse countries. (The 2012 and 2013 reports covered a small number of countries as the organization focused on re-launching a modernized methodology in mid-2014.) For more information on the report, see <https://www.globalintegrity.org/global-report/what-is-gi-report/>.

Bilateral Investment Agreements

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The PTPA eliminated the need for a bilateral investment agreement between the United States and Peru. Peru also has free trade agreements with Canada, Chile, China, Colombia, Costa Rica, the European Free Trade Association (which includes Iceland, Liechtenstein, Norway and Switzerland), Honduras, Japan, Mexico, Panama, Singapore, South Korea, and Thailand. It has Framework Agreements with MERCOSUR countries (Argentina, Brazil, Paraguay, Uruguay, and Venezuela). It has a partial preferential agreement with Cuba. More agreements have been signed and are awaiting full implementation, including with Guatemala, and the Pacific Alliance (with Mexico, Colombia, and Chile).

Peru has bilateral investment agreements in force with Argentina, Bolivia, Canada, Chile, China, Colombia, Costa Rica, Czech Republic, Denmark, Ecuador, El Salvador, Finland, Italy, Korea, Netherlands, Norway, Paraguay, Portugal, Romania, Spain, Sweden, Switzerland, Thailand, United Kingdom, Venezuela, and the European Union.

OPIC and Other Investment Insurance Programs

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The Overseas Private Investment Corporation (OPIC), an independent U.S. Government agency, offers medium-to-long-term financing and political risk insurance. From 2010 thru 2014, OPIC supported solar power plants, consumer lending, operation and

expansion of retail stores, microfinance, installation/operation of stereotactic radiosurgery equipment, consulting services, export services, import-export logistical services, and portfolio expansion of SME, micro-credit and consumer loans, in the form of commitments totaling more than USD 21 million.

Because of the free convertibility of currency, the U.S. Embassy purchases Peruvian currency for expenses on an as-needed basis at the market exchange rate. The USD averaged PEN 2.84/USD in 2014, up from 2.75 per dollar in 2013. Peru is a member of the Multilateral Investment Guarantee Agency.

It is unlikely that the GOP would either devalue or revalue the Nuevo Sol. The foreign exchange market mostly operates freely. However, the Peruvian BCR intervenes in the foreign exchange market to prevent significant exchange rate variations – at times day after day. To many observers, this regime has succeeded in avoiding traumatic foreign exchange adjustments to the economy.

Labor

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Labor is abundant, although several large investment projects in recent years led to localized shortages of highly skilled workers in some fields. While the legal framework to uphold international labor standards is well-defined, the GOP did not effectively enforce the law in all cases. Mining sector contacts praise the technical knowledge and professional dedication of Peruvian engineering graduates. Since the 1960s, the number of jobs created by the Peruvian economy was consistently below the number of new entrants to the labor market. The situation meant underemployment or seeking work in the informal economy. According to the National Bureau for Statistics (INEI), 74.3% of the labor force is informal: http://www.nytimes.com/aponline/2015/03/18/us/politics/ap-It-oas-secretary-general.html?_r=0.

The statutory monthly minimum wage is PEN 750/month (approximately USD 242). INEI estimated the poverty line to be PEN 292/month (USD 92) per person, although it varied by region due to different living costs. The Ministry of Labor (MOL) enforces the minimum wage only in the formal sector. Many workers in the unregulated informal sector, most of them self-employed, make less than the minimum wage. Wages are sometimes higher than U.S. wages in the mining sector for management positions and consulting services. Workers in Peru are paid by the month, not by the year. Some workers, like formal miners, are highly paid and also (per statute) receive a share of company profits up to a maximum total annual amount of 18 times their base monthly salary. Current labor law provides for a 48-hour work week and one day of rest, and requires companies to pay overtime for more than eight hours of work per day and additional compensation for work at night. Noncompliance with the law is a punishable infraction. There is no prohibition on excessive compulsory overtime.

A 2008 law reduced severance pay and bonuses by 50%, and paid annual vacation to 15 days for small business workers. Workers readily sacrifice these and other benefits in exchange for regular employment. Another 2008 law gave micro-enterprise workers social security and pensions.

Peruvian labor law requires that employees provide advance notice to the MOL before holding a strike, with the new legislation not being as permissive as before. According to

the MOL, 95 strikes took place in the private sector in 2014, just 1.1% above 2013, but person-hours lost almost doubled, for a total of 3.153 million work hours. Unions in what the government determines are “essential public services” are permitted to call a strike but must provide 10 working days’ notice, receive the approval of the MOL, be approved by a simple majority of workers, and provide a sufficient number of workers during a strike to maintain operations, as jointly determined by the union and labor authorities on an annual basis. As of September 2014, the MOL registered 53 total strikes, 48 of which were declared illegal. According to labor leaders permission to strike was difficult to obtain, in part because the MOL feared harming the economy. The MOL justified its decisions by citing failure of unions to fulfill the legal requirements necessary to strike.

On January 15, 2010, Congress adopted a new labor procedure law (No. 29497) to improve the efficiency of resolving labor disputes. The law requires that labor conflicts be resolved in less than six months, allows unions or their representatives to appear in court on behalf of workers, requires proceedings to be conducted orally and video-recorded, and relieves the employee from the burden of proving an employer-employee relationship. On November 5, 2012, the Lima Judicial District began implementing the labor procedure law. At year’s end, it was in effect in at least 25 of the 31 judicial districts in Peru.

In July 2014 President Humala signed labor reforms to the Occupational Safety and Health (OSH) Law and inspection law. These changes allow employers to outsource the management of health and safety to third-party service providers. Employers are now responsible for conducting one health exam every two years, rather than every year, which labor NGOs and unions were concerned leaves short-term contracted workers exposed to industrial illness. These reforms narrow the justification for a criminal penalty to only those cases where employers have “deliberately” violated safety and health laws and where labor authorities have previously notified employers who have chosen not to adopt measures in response to a repeated infraction. Labor experts and NGOs expressed concern about what they considered an unreasonably high threshold for holding employers accountable for workplace injuries and for not maintaining health and safety standards. The law reduces the sentence for employers found guilty of health and safety violations from four-to-eight years’ to one-to-four years’ imprisonment. In the case of a serious or fatal accident where a worker is found to be solely responsible for noncompliance with OSH rules, the employer is exempted from responsibility.

Six percent of the labor force in the private sector was organized in 2014, with unionization highest in electricity, water, construction, and mining (from 39% to 22%) and generally low in the rest of economy. Unemployment in Lima officially stood at 6.9%% during the first quarter of 2014. A 2012 GOP survey showed that 41.1% of Lima's labor force was underemployed in the same period (versus 58.3% in the same period of 2011). The average nominal monthly salary increased 8.0% year-on-year in the fourth quarter of 2013, INEI reported. The ILO’s Global Wage Report 2012/2013 released in December 2012 stated that average real wages in Peru grew at over 3% per annum between 2004 and 2011.

Labor laws have become more inflexible in the last ten years, making labor relatively more expensive. A law passed in 2008 created more restrictions on outsourcing and subcontracting, made the contracting company more responsible for the actions of its subcontracted company, and created a national registry of contracting companies. The PTPA requires Peru to respect the ILO-defined core labor rights of its workers. In

January 2010, the GOP and U.S. Government established the bilateral Labor Affairs Council as mandated in Article 17.5 of the PTPA.

According to labor leaders, the current labor law has weakened unions in part because companies create competing unions that are seen as more favorable to management. Workers in probation status or on short-term contracts are not eligible for union membership. Bargaining agreements are considered contractual agreements, valid only for the life of the contract. Productivity provisions must be included in any collective bargaining agreement. The amount of time union officials may devote to union work is limited to 30 days per year. Unless there is a pre-existing labor contract covering an occupation or industry as a whole, unions must negotiate with each company individually. The government did not effectively enforce the law in all cases. Penalties for violations of freedom of association and collective bargaining exist, but were rarely enforced. Workers faced prolonged judicial processes and lack of enforcement following trade union activity-related dismissals. For instance, NGOs reported that emblematic cases of labor arbitration dating from 2013 remained in limbo, with the implementation of arbitrators' decisions delayed by ongoing judicial appeals processes.

In practice, workers faced some challenges in exercising their rights of freedom of association and collective bargaining. Unions were generally independent of government and political parties. Employers continued to dismiss workers for exercising the right to strike. Dismissal of striking workers and delays in reinstatement of these workers, in both legal and illegal strikes, was the main tactic used by employers to dissuade workers from going on strike. Labor leaders and the ILO argue that current labor laws erode labor protections and encourage outsourcing in ways that undercut union activity.

Either unions or management can request binding arbitration in contract negotiations. Strikes can be called only after approval by a majority of all workers (union and non-union), voting by secret ballot, and only in defense of labor rights. Unions in essential public services, as determined by the government, must provide a sufficient number of workers during a strike to maintain operations.

The GOP created in April 2014 the National Labor Superintendence (SUNAFIL, for its Spanish acronym) and opened nine regional offices to represent the labor inspectorate nationally.

All labor in the (very small) export processing zones (EPZs) is subcontracted. With the exception of enjoying greater flexibility in hiring temporary labor, there are no special laws or exemptions from regular labor laws in EPZs.

Foreign employees may not comprise more than 20% of the total number of employees of a local company (whether owned by foreign or Peruvian persons) or more than 30% of the total company payroll. However, under the PTPA, Peru has agreed not to apply most of its nationality-based hiring requirements to U.S. professionals and specialty personnel. Peru also has bilateral agreements with Spain and Argentina, for example, so that Spaniards and Argentines working in Peru do not count as foreigners and vice versa.

Peruvian law currently covers two types of trade zones: export, transformation, industry, trade and services zones (CETICOS), and a free trade zone (ZOFRATACNA) in Tacna. The rules and tax benefits applying to these zones are the same for foreign and national investors. These zones have failed to attract any sizeable investment, and their importance for Peru's economy is negligible.

CETICOS exist at Ilo, Matarani and Paita. One CETICO is authorized in Loreto department, but is not operational. There is concern that the GOP does not have the proper WTO waivers to validate the CETICOS export requirement. The U.S. automotive industry has expressed a specific concern that U.S. brands are unable to compete with used Japanese vehicles that enter the Peruvian market duty-free through the CETICOS. The Ministry of Transportation and Communications banned the importation of right-hand drive vehicles in 2013, citing environmental and safety concerns. Imports of used cars more than five years old and used buses and trucks more than two years old are prohibited.

Foreign Direct Investment Statistics

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The stock of foreign direct investment in Peru stood at USD 79.7 billion in December 2014 according to the BCR, up from USD 71.9 billion at the end of 2013. According to the most recent data from the BCR, the largest investors in Peru are the United States, Canada, Spain, and Chile. By industry, the main investment destinations are mining (29%), services (24%), oil and gas (17%), manufacturing (10%), finance (13%), and energy (6%).

U.S. foreign direct investment in Peru amounted to USD 10.9 billion in 2012, a 21.4% increase from 2011, according to the U.S. Department of Commerce Bureau of Economic Analysis. Of that sum, USD 4.1 billion was invested in mining, USD 1 billion in manufacturing, and USD 319 million in wholesale trade.

Major foreign direct investments included China Minmetals Corp., Hunt Oil (U.S.), Newmont Mining Corporation (U.S.), BHP Billiton (Australia), Cencosud Internacional Limitada (Chile), Endesa Latinoamericana (Spain), Freeport-McMoRan (U.S.), Golds Fields Corona (South Africa), SN Power Peru (Norway), Compania Minera Latino-Americana (Chile), Sempra Energy (U.S.), Citibank (U.S.), Southern Peru Copper (Mexico), Pluspetrol (Argentina), Scotiabank (Canada), Telefonica (Spain), Repsol (Spain), Gerdau (Brazil), Anglo American (United Kingdom), Invercale (Chile), Asa Iberoamerica (Spain), Fraport AG Frankfurt Airport Services Worldwide (Germany), Aeropuertos Andinos del Peru (Argentina), Odebrecht (Brazil), and the Falabella Group (Chile). When completed, China Minmetal (formerly Glencore-Xstrata)'s USD 5.2 billion Las Bambas copper mine project in Apurimac will rank as Peru's largest foreign direct investment. The multi-year Hunt Oil-led investment is part of a consortium that invested USD 3.8 billion to develop a natural gas liquefaction plant, maritime terminal, and pipeline in southern Peru.

Peru's direct investment abroad amounts to USD 3.9 billion, according to the CIA. Peruvian investment in Chile, Brazil, the United States, and Bolivia comprised the vast majority of Peru's direct investment abroad.

Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy

	Host Country Statistical source*		USG or international statistical source		USG or international Source of data (Source of Data: BEA; IMF; Eurostat; UNCTAD, Other)
Economic Data	Year	Amount	Year	Amount	
Host Country Gross Domestic Product (GDP) (Millions U.S. Dollars)	2014 2013 2012 2011 2010	No data 193,214 199,608 176,727 153,710	2014 2013 2012 2011 2010	No data 202,350 203,790 181,011 157,609	http://www.worldbank.org/en/country
Foreign Direct Investment	Host Country Statistical source*		USG or international statistical source		USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other
U.S. FDI in partner country (Millions U.S. Dollars, stock positions)	2014 2013 2012 2011 2010	No data No data No data No data 9,199	2014 2013 2012 2011 2010	No data 10,061 10,918 8,993 7,196	(BEA)_click selections to reach. <ul style="list-style-type: none"> • Bureau of Economic Analysis • Balance of Payments and Direct Investment Position Data • U.S. Direct Investment Position Abroad on a Historical-Cost Basis • By Country only (all countries) (Millions of Dollars)
Host country's FDI in the United States (Millions U.S. Dollars, stock positions)		No national data available	2014 2013 2012 2011 2010	No data 100 121 238 182	(BEA)_click selections to reach <ul style="list-style-type: none"> • Balance of Payments and Direct Investment Position Data • Foreign Direct Investment Position in the United States on a Historical-Cost Basis • By Country only (all countries) (Millions of Dollars)
Total inbound stock of FDI as %	Year 2014 2013 2012	Amount No data No data No data	Year 2014 2013 2012	Amount No data 0.356 0.310	United Nations Conference on Trade and Development

host GDP (<i>calculate</i>)	2011 2010	No data 0.253	2011 2010	0.273 0.246	
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* Peruvian (host country) statistical sources:

http://www.mef.gob.pe/index.php?option=com_content&view=article&id=1116&Itemid=100233&lang=es

<http://elibrary-data.imf.org/DataReport.aspx?c=11666795&d=33061&e=171392>

<http://www.bea.gov/international/di1usdbal.htm>

Table 3: Sources and Destination of FDI

Peru, 2013

(The chart does not reflect committed investment yet to be executed, for example China Minmetals' Las Bambas project.)

Direct Investment from/in Counterpart Economy Data					
From Top Five Sources/To Top Five Destinations (US Dollars, Millions)					
Inward Direct Investment			Outward Direct Investment		
Total Inward	38,841	100%	Total Outward	1,239	100%
United States	9,199	24%	Chile	367	30%
Canada	4,710	12%	United States	267	22%
Spain	3,700	10%	Panama	212	17%
Panama	2,803	7%	Jamaica	194	16%
Cayman Islands	2,590	7%	Bolivia	116	9

"0" reflects amounts rounded to +/- USD 500,000.

Source: International Monetary Fund, <http://cds.imf.org/>

N/A

Contact Point at Post

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How Do I Get Paid (Methods of Payment)

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According to Banco de Crédito del Perú, Peru's largest bank, 60% of payments for exports to Peru are via open accounts. Open account use has increased dramatically as Peru's economy has strengthened since 1990. Documentary collections are the second most common payment method, involving over 20% of total transactions. Letters of credit account for about 16% of transactions (down from close to 100% before 1990). Traders use other payment methods, including factoring, banker's acceptances, and cash in advance. Banks are the usual collectors for exports to Peru. Most credit cards are widely accepted with American Express, MasterCard, Visa and Diners Club being the most preferred.

The leading credit-rating agency in Peru is Dun & Bradstreet S.A.C. (www.dnbperu.com.pe dnb@dnbperu.com.pe), followed by Coface Peru (www.coface.com.pe; coface.peru@coface.com.pe) and Informa Peru (www.informadelperu.com/english/index.html; clientes@informadelperu.com)

There are two credit-reporting agencies in Peru, Infocorp/Equifax (www.infocorp.com.pe; info@infocorp.com.pe), and CERTICOM (www.certicom.com.pe; certicom@certicom.com.pe).

The Securities and Exchange Supervisory Agency (SMV, www.smv.gob.pe) lists the following four risk-rating agencies:

- Apoyo & Asociados Internacionales S.A.C. Clasificadora de Riesgo (www.aai.com.pe)
- Clasificadora de Riesgo Pacific Credit Rating SAC (www.ratingspcr.com)
- Class & Asociados S.A. Clasificadora de Riesgo (www.classrating.com)
- Equilibrium Clasificadora de Riesgo S.A. (www.equilibrium.com.pe).

How Does the Banking System Operate

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Peru's adherence to sound fiscal and monetary policies helped the country withstand the 2008-2009 global financial crisis, China's economic slowdown, and the ongoing situation in Europe. Peru's current economic situation is a far cry from that in the mid-to-late-1990s when its banks were heavily dependent on foreign credit lines (59% of the banks' credit sources in the first half of 1998 came from foreign credit lines). Before the 1990s

Peru suffered from chronic balance of payments and fiscal deficits, and from extremely low foreign reserves.

As of December 2014, Peru had over US\$62.31 billion of net foreign reserves. Most banks' funding comes from domestic deposits. The local branches of foreign banks are strong. Private pension funds control large and growing assets. The financial system enjoys a low delinquency ratio. Additionally, the Ministry of Economy and Finance saved close to US\$6 billion from fiscal surpluses in the 2006-2008 period. The Peruvian government used part of these savings to address the effects of the global financial crisis in 2008-2009 when Peru had a US\$2.4 billion fiscal deficit. From 2009 to 2013, Peru again ran a fiscal surplus because of domestic demand, high commodity prices, exports, and foreign investment.

Trade financing is available to the Peruvian purchasers of U.S. goods and services through their local banks. The Export-Import Bank of the United States (Ex-Im Bank) offers loans and loan guarantees to U.S. exporters of goods and services and foreign purchasers. The Ex-Im Bank also provides credit insurance to U.S. businesses against non-payment by foreign buyers in the case of political or commercial risk. The Overseas Private Investment Corporation (OPIC), an independent U.S. government agency, offers medium- to long-term financing and political risk insurance.

Peru's financial system consists of 17 commercial banks, 33 municipal and rural savings banks and microfinance institutions, twelve specialized institutions ("financieras"), two leasing institutions, and four government-owned entities: the Central Bank (Banco Central de Reserva del Peru, or BCRP), the government's financial agent (Banco de la Nacion), development banks, the Corporación Financiera de Desarrollo (COFIDE) and Agrarian Bank. These institutions, along with five private pension fund administrators, 14 insurance companies, and 20 miscellaneous companies, are regulated by the Superintendencia de Bancos, Seguros, and Pension Funds Administrators, (Superintendencia de Banca y Seguros, SBS). SBS policy generally follows regulatory guidelines set by the Switzerland-based Bank for International Settlements (BIS). For example, regulators must audit bank financial statements in compliance with internationally accepted auditing standards. In cases not covered by BIS guidelines, regulators use standards set by the International Financial Reporting Standards (IFRS). In addition, SBS regulations require that at least two independent credit rating agencies, accredited by the SBS, conduct periodic compulsory assessments for all deposit-taking institutions. However, another 150 savings and loan corporations operate in an environment almost devoid of government oversight.

Financial institutions allocate credit on market terms. Observers consider the banking industry in Peru as competitive in serving customers. Private pension funds have competed in recent years for both private and public bonds issued locally by companies and the Peruvian government. These entities compete actively because the supply of domestic securities is insufficient given the small size of the local market. Foreign investors can obtain credit and float bonds on the local market. Several of them have done so in the last few years while terms remain more competitive than terms of usual international centers. Under the U.S.-Peru Trade Promotion Agreement (PTPA), U.S. financial service suppliers have full rights to establish subsidiaries or branches for banks and insurance companies.

The private sector has access to a variety of credit instruments. In 2014, primary issuance of bonds reached \$1.17 billion, 33% below the previous year. Mutual funds managed US\$6.29 billion in December 2014, a 6.5% increase from the December 2013 level. By December 2014, private pension funds managed a total of US\$38.1 billion.

The banking system is considered generally sound, thanks to lessons learned during the 1997-1998 Asian Crisis. Since then, the SBS has progressively revamped operations, increased capitalization, and reduced costs. Using conservative criteria, SBS assessed that 2.4% of total loans were non-performing as of December 2014, down from a high of 11% in early 2001.

Customer deposits carry insurance financed by commercial bank contributions to an insurance fund (www.fsd.org.pe). The amount changes quarterly on the basis of the wholesale price index. For the December 2011-February 2012 period, the insurance fund insures accounts up to US\$33,930. Peruvian law empowers the BCR to act as a "lender of last resort" in the case of a run on any commercial bank only up to the limit of the bank's net worth, since the SBS has set liquidity requirements on deposits and other short-term liabilities at relatively high levels. Banks must also meet liquidity requirements on all short-term liabilities, including amounts due to banks outside of Peru. Should the need arise (in cases of currency stress), the Central Bank has immediate access to US\$662 million in credits from the Latin American Reserves Fund (Fondo Latinoamericano de Reservas, or FLAR), for up to one month or US\$828 million for up to three years. The Central Bank can also access other credits for longer terms. U.S. Treasury instruments back FLAR's assets.

Foreign-Exchange Controls

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The Peruvian government eliminated foreign-exchange controls in 1990. The BCR, however, has kept a tight lid on the amount that local private pension funds (AFP) can invest in foreign securities. In July 2011 a law increased this limit to 50%, but the BCR only raised the "operative" limit to 32% at the end of 2012. In recent years AFPs have protested this limit on grounds that the local securities market is still small and unable to absorb the increasing funds the AFPs manage. The BCR has signaled its readiness to increase the ceiling in response to these concerns. Companies and individuals are free to maintain and operate accounts in domestic and foreign currencies at local or foreign banks.

U.S. Banks and Local Correspondent Banks

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Citibank is the only U.S. bank operating in Peru. In May 2015, Citibank sold its consumer retail division to Scotiabank and remains in Peru strictly working on commercial matters. Most U.S. companies select a correspondent bank by soliciting a recommendation from their U.S. bank. Most Peruvian banks have correspondent banking relationships with a U.S. bank or banks. As of June 2011, the commercial banks in Peru that had correspondent banking relationships with U.S. banks include (in alphabetical order):

Banco BBVA-Continental (<http://www.bbvabancocontinental.com>)
Banco de Comercio (<http://www.bancomercio.com>)

Banco de Crédito del Perú (<http://www.viabcp.com>)
Banco Financiero del Peru (<http://www.financiero.com.pe>)
Banco Interamericano de Finanzas (<http://www.bif.com.pe>)
Banco Santander (<http://www.santander.com.pe>)
Citibank (<http://www.citibank.com/peru>)
HSBC Bank Peru (<http://www.hsbc.com.pe>)
Interbank (<http://www.interbank.com.pe>)
Scotiabank Peru (<http://www.scotiabank.com.pe>)

Project Financing

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Since the market reforms of the early 1990s, the private sector has carried out all major projects, though sometimes in a Public-Private Partnership with the government. Foreign companies have undertaken large projects with financing obtained in their countries of registration, from multilateral development banks, and/or from local lenders. In recent years, due to the Central Bank limit on the amount that Peruvian pension funds can invest abroad, there has been intense local competition for lending, interest rates have fallen below those in New York and London for creditworthy companies, and local banks have increased their sophistication. The number of projects totally or partly financed locally has grown since 1999. The three major banks involved in this area are Banco de Crédito del Peru, Banco BBVA-Continental, and Citibank. Some projects, such as the Camisea natural gas pipeline, have been partly financed by multilateral development banks, including the IDB, World Bank, and Andean Finance Corporation (CAF). Some projects have been structured with simultaneous or subsequent financing from the local capital market (e.g., corporate bonds). The U.S. Ex-Im Bank is an active market participant. There are 12 active Ex-Im Bank lenders/brokers operating in Peru. The U.S. Commercial Service Lima office offers a list of these companies.

Web Resources

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Trade Finance Guide: A Quick Reference for U.S. Exporters, published by the International Trade Administration's Industry & Analysis team:
<http://www.export.gov/tradefinanceguide/index.asp>

Export-Import Bank of the United States: <http://www.exim.gov>

Country Limitation Schedule: http://www.exim.gov/tools/country/country_limits.html

OPIC: <http://www.opic.gov>

Trade and Development Agency: <http://www.tda.gov/>

SBA's Office of International Trade: <http://www.sba.gov/oit/>

USDA Commodity Credit Corporation: <http://www.fsa.usda.gov/cc/default.htm>

U.S. Agency for International Development: <http://www.usaid.gov>

Inter-American Development Bank: <http://www.iadb.org>

The World Bank Group: <http://www.worldbank.org>

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Business Customs

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In Peru business dress is conservative, meaning suits and ties for men and dresses or suits for women are the norm. It is customary to exchange business cards at the outset of a meeting.

Business travelers to Peru seeking appointments with U.S. Embassy Lima officials should contact the Commercial Service in advance. The Commercial Service can be reached by telephone at (511) 618-2442 or 434-3040; by fax at (511) 434-3041, by email at: Office.Lima@trade.gov, or see the website at <http://export.gov/peru/>.

Travel Advisory

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International business travelers increasingly find a sufficient number of rooms in local hotels, several built in recent years. General travel information, including travel warnings and alerts, can be found at U.S. Department of State's webpage at <http://travel.state.gov/>.

The Department of State issues Country Specific Information for all foreign countries, including Peru, with information including the location of the U.S. embassy or consulate, immigration requirements, health conditions, minor political disturbances, unusual currency and entry regulations, crime and security information, and drug penalties. Peru's Country Specific Information can be found at <http://travel.state.gov/content/passports/english/country/peru.html/>.

The U.S. Embassy in Lima also maintains a website with a wealth of information for U.S. business travelers at <http://lima.usembassy.gov/>.

The Department of State recommends that all U.S. citizens traveling overseas enroll their trip with the Smart Traveler Enrollment Program. Travelers may register their stay in Peru online at <http://travel.state.gov/content/passports/english/go/step.html/>.

Visa Requirements

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A valid U.S. passport is required to enter Peru. Tourists staying less than 90 days do not require a visa. It is recommended that business travelers to Peru enter as tourists provided they are not reimbursed for their services while in Peru. However, if any compensation is earned and paid while in Peru, a business visa is required and an income tax declaration must be processed before departing Peru. This process takes approximately three days.

Travelers needing a business visa should contact the Peruvian Consulate General Office in Washington, D.C located at 1625 Massachusetts Avenue, N.W., 6th Floor, Washington, D.C. 20036; telephone number: (202) 462-1081; website: <http://www.embassyofperu.org/>. There are also Peruvian consulates in Atlanta, Boston, Chicago, Dallas, Denver, Hartford, Houston, Los Angeles, Miami, New York, Paterson, and San Francisco.

U.S. Companies that require travel of foreign businesspersons to the United States should be advised that security evaluations are handled via an interagency process. Visa applicants should go to the following links.

State Department Visa Website: <http://travel.state.gov/visa/>

U.S. Embassy Lima Non-Immigrant and Immigrant Visas Section:
<http://lima.usembassy.gov/visas.html>

Telecommunications

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The telecommunications industry in Peru has been steadily modernized following the privatization of the national telephone company, which was bought by Telefónica de España (<http://www.telefonica.com.pe>) in 1994. Wireless internet access is available at many restaurants and cafes, as well as internet cafes. Telefónica has 55% of the mobile market and 81% of the landline market. Some companies and individuals have complained about Telefónica's customer service and slow installation rate. Competitors in the mobile market include Claro (<http://www.claro.com.pe>) and Chilean-owned Entel, which acquired Nextel in April 2013. A new competitor that entered the market in 2014 is Viettel, a Vietnamese mobile operator. However, customers may use their U.S. providers while in Peru, since most U.S. providers offer international roaming services.

For travelers to Peru, a smartphone will function if it has GSM/GPRS service. For long distance calling there are a variety of pre-paid calling services. Long distance Direct Access through credit card numbers for AT&T, Sprint, and MCI WorldCom is also available. International calls can be made through Voice over Internet Protocol (VoIP) services such as Skype or Google Talk. Major U.S. long distance calling cards can be used at major hotels.

Transportation

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Airlines

There are eighteen international passenger airlines and six companies serving routes within Peru. Currently five U.S. airline companies offer 98 non-stop flights between the U.S. and Peru. American Airlines offers fourteen weekly flights Lima-Miami and seven weekly flights Lima-Dallas; Delta Airlines provides seven weekly flights Lima-Atlanta; United Airlines services seven weekly flights Lima-Newark and seven Lima-Houston. The low fare companies, Spirit Airlines and Jet Blue, provide seven weekly flights each Lima-Ft. Lauderdale. In addition, Avianca offers seven weekly flights to Miami while LAN Airlines services fourteen weekly non-stop flights from Lima to Miami, seven to New York, and fourteen to Los Angeles. Ninety-five percent of the international flights arrive at "Jorge Chavez International Airport" in Lima. Most of these airline companies also provide cargo transportation services.

Domestic flights between Lima and larger cities in Peru are provided by LAN Peru, Avianca, L.C. Peru, Star Peru, Peruvian Airlines, and ATSA (charter service.) Cusco is the second busiest commercial airport within Peru with more than twenty daily flights from Lima. Other international companies serving Peru and serving other countries are: Aerolineas Argentinas, Aeromexico, Air Canada, Air Europa, Air France, Copa Airlines, Iberia, KLM, LAN Airlines, Sky Airlines, Avianca, and TAM providing passenger and cargo services through the "Jorge Chavez International Airport" run by Lima Airport Partners (LAP).

Railways

The railway system in Peru is not well-developed and is limited to 1,928.8 kilometers formed by:

- Ferrocarril del Centro of 489.6 Km. Given in concession to Ferrovias Central Andina and operated by Ferrocarril Central Andino (FCCA). FCCA offers cargo services of minerals Huancayo-La Oroya-Callao and Cerro de Pasco-La Oroya-Callao and seasonal passenger services Lima-Huancayo.
- Ferrocarril Huancayo-Huancavelica of 128.7 Km. Run by the Ministry of Transport and Communications providing cargo and passenger services.
- Ferrocarril del Sur of 989.7 Km. Given in concession to Ferrocarril Transandino, operates Matarani-Arequipa-Puno, Juliaca-Cusco, Cusco-Machu Picchu, and Pacha-Urubamba. PeruRail and Inca Rai/1 provide passenger roundtrip services from Cusco or the Sacred Valley to Machu Picchu in Aguas Calientes. PeruRail also offers passenger services between Cusco and Puno.
- Ferrocarril Tacna-Arica of 60 Km. Run and operated by the Regional Government of Tacna providing cargo and passenger services.
- Ferrocarril Toquepala-Ilo of 217.7 Km. Operated by the private mining company, Southern Peru Copper Corp. carries concentrates from the copper mines of Toquepala and Cuajone to the Ilo smelter, and the Ilo refinery to the port of Ilo.
- Ferrocarril Caripa-Condorcoha of 13.6 Km. Operated by the private cement company, Cemento Andino.
- Ferrocarril Santa-Clara-Cajamarquilla of 7.3 Km. Operated by the Brazilian company Votorantim Metais carries concentrates from the Cajamarquilla zinc plant.

Supreme Decree No. 059-2010-MTC approved Lima's basic metro system, the electric system of massive transportation of Lima and Callao, which includes 5 lines. Line 1,

already in operation, consists of two routes. The first one with a length of 22.2 Km., connecting Villa El Salvador with Estación Grau in Cercado de Lima (downtown Lima), and the second route recently inaugurated with 12.40 Km. long with ten stations, connecting Cercado de Lima to El Agustino and San Juan de Lurigancho.

The second Lima Metro line of 35 Km running east to west from Ate to Callao was recently awarded to the consortia Nuevo Metro de Lima formed by COSAPI (Peru), and European companies Impregilo, Iridium, Vialia, Ansaldo Breda and Ansaldo STS. Dragados, FCC and Iridium. This USD\$5.6 billion investment will start its operation in June, 2014 and should be concluded in June 2019. It will have 35 stations and will travel underground through nine districts in Lima and three in Callao. Additionally a branch of 8 Km. will be built from Gambetta and Faucett avenues towards the Lima's Jorge Chavez International Airport.

Ground transportation

Public bus and mini-bus ("combi") ground urban and inter-city transportation is not recommended due to a high incidence of traffic accidents in Peru and, in the case of inter-city transportation, due to the high rate of highway bus robberies. Taxis are not metered, so fares must be negotiated before getting into the cab, with the caveat that few taxi drivers speak English. Taxis are plentiful and provide an inexpensive way to get around Lima and in major cities; however it is recommended to arrange these services with the hotels or call a radio taxi company. Non-contracted taxi services should only be used when other options are unavailable given numerous safety concerns related to the security and legitimacy of Peruvian taxi travel. Furthermore, given the increasingly congested traffic conditions and security concerns, it is advisable that business travelers contract hourly taxi service or hire cars with drivers instead of renting a vehicle. Tips are not expected on short rides. If you lease a car with a driver, a tip is common.

Airport Taxis

Transportation to and from the airport by radio taxi or taxi service is approximately US\$25. The traveler can make transportation arrangements with the hotel before arrival or use one of the taxi services at the Lima International airport. The two taxi services that are considered safe and reliable are: MITSUI and CMV. These taxi services counters can be located in the baggage and customs area of the airport. The service counter is located on the left side before exiting the terminal glass doors. The domestic wing has similar taxi services.

Language

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Business is conducted in Spanish. Although a large number of executives in the Peruvian business community speak English, promotional literature should be translated into Spanish. Quechua and Aymara are spoken in the Andean highlands. High-tech companies like Microsoft and Claro promote their products in the traditional languages.

Peruvian medical facilities do not generally meet U.S. standards, although some private clinics do. If visitors take certain precautions about food and drink, the level of risk is manageable. Cholera, dengue, chikungunya and other infectious diseases such as hepatitis A, B and C are present in Peru. Travelers in Peru should always consume bottled beverages instead of potentially contaminated water. Avoid ice cubes. Fish, shellfish, and vegetables should not be eaten unless well cooked, and all food should be eaten while still hot. Peeled fruits are generally safe. Travelers to the jungle areas of Peru should have up-to-date yellow fever vaccinations and malaria prophylaxis. There are several clinics in the Lima area which have U.S.-trained personnel and up-to-date medical equipment. Since U.S. medical insurance is not always valid outside the United States, supplemental insurance is useful, especially to provide coverage for medical evacuation.

Local Time, Business Hours, and Holidays

Lima is situated directly south of New York and is in the Eastern Standard time zone (UTC minus 5), but Peru does not follow daylight savings time. Dates are written starting with the day of the month, followed by the month and finishing with the year.

Business hours in Peru are generally from 9:00 a.m. to 6:00 p.m. Breakfast meetings are becoming more common, and business lunches are normally scheduled between the hours of 1:00 to 3:30 p.m. Some shops and businesses operate from 10:00 a.m. to 1:00 p.m. and from 4:00 p.m. to 8:00 p.m., although continuous operation is increasingly common. Business offices, excluding banks, are closed on Saturdays. In the provinces, business hours are usually from 9:00 a.m. to 1:00 p.m. and from 4:00 p.m. to 7:00 p.m. "Peruvian time" refers to the fact that it is acceptable to arrive a half an hour late for social functions. However, punctuality is generally expected for business visitors for social and business functions.

Upcoming Peruvian official holidays are:

Saints Peter and Paul	June 29, 2015
Independence Day	July 28-29, 2015
Saint Rose of Lima	August 30, 2015
Battle of Angamos	October 8, 2015
All Saints' Day	November 1, 2015
Immaculate Conception	December 8, 2015
Christmas Day	December 25, 2015
New Year's Day	January 1, 2016
Holy Thursday	March 24, 2016
Good Friday	March 26, 2016
Labor Day	May 1, 2016

The U.S. Embassy is closed on these holidays and the following U.S. holidays:

Independence Day	July 3, 2015
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Labor Day	September 7, 2015
Columbus Day	October 12, 2015
Veterans Day	November 11, 2015
Thanksgiving	November 26, 2015
Martin Luther King Day	January 18, 2016
President's Day	February 15, 2016
Memorial Day	May 30, 2016

Temporary Entry of Materials and Personal Belongings

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Goods for registered trade fairs may temporarily enter Peru by paying a bond, but without paying duties, and following the normal documentation requirements mentioned in Chapter 5, Section "Import Requirements and Documentation." In addition to normal passenger baggage, a cellular phone (and its accessories) and a laptop are allowed without paying duties.

To access Peruvian customs information in English, refer to:
<http://www.sunat.gob.pe/customsinformation/index.html>

Customs Guide for Travelers:
<http://www.sunat.gob.pe/customsinformation/passengerinformation/index.html>

Customs Baggage Declaration Form, with the list of items that travelers can bring duty-free: <http://www.sunat.gob.pe/orientacionaduanera/viajeros/formatos/DDJJ-Ingles.pdf>

Web Resources

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U.S. Department of State's Travel Website: <http://travel.state.gov/>

U.S. Department of State's Country Specific Information for Peru:
<http://travel.state.gov/content/passports/english/country/peru.html>

U.S. Department of State's Consular Information Sheet for Peru:
<http://travel.state.gov/content/passports/english/country/peru.html>

U.S. Embassy in Lima: <http://lima.usembassy.gov/>

U.S. Department of State's Smart Traveler Enrollment Program (STEP):
<http://travel.state.gov/content/passports/english/go/step.html/>

Embassy of Peru in Washington D.C.: <http://www.embassyofperu.org/>

U.S. Embassy in Lima, Lost and Stolen Passports:
<http://lima.usembassy.gov/lostpass.html/>

U.S. Department of State, Visas: <http://travel.state.gov/content/visas/english.html>

U.S. Embassy in Lima, Visas: <http://lima.usembassy.gov/visas.html/>

Peruvian Customs Information in English:
<http://www.sunat.gob.pe/customsinformation/index.html>

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Chapter 9: Contacts, Market Research and Trade Events

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- [Trade Events](#)

Contacts

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U.S. Government

U.S. Department of Commerce (U.S. Embassy Lima, Peru)
U.S. Commercial Service Lima
3230 Lima Place
Washington, DC 20521
Ricardo J. Peláez, Commercial Counselor
Rachel Kreissl, Commercial Officer
Cesar Jochamowitz, Senior Commercial Specialist
Flora Muroi, Commercial Specialist
Gustavo Romero, Commercial Specialist
Jorge Prado, Commercial Specialist
Tel.: (511) 618-2442, 434-3040 Fax: (511) 434-3041
E-mail: Office.lima@trade.gov
Website: <http://export.gov/peru/>

Trade Information Center in Washington: 1-800-USA-TRADE
www.ita.doc.gov/td/tic/

U.S. Department of Commerce (Washington, D.C.)
14th & Constitution Avenue, N.W. Room Nr. C-300
Washington, D.C. 20230
Matthew Gaisford, Peru Desk Officer
Email: matthew.gaisford@trade.gov
Tel.: (202) 482-0052 Fax: (202) 482-1972
Website: <http://www.commerce.gov/>

U.S. Department of State (U.S. Embassy Lima, Peru)
Unit 3230
DPO AA 34031 - USA
Ambassador Brian A. Nichols
Mark Cullinane, Economic Counselor
Ernest Abisellan, Deputy Economic Counselor
Benjamin Yates, Economic Officer
Esteban Sandoval, Economic Specialist
Tel.: (511) 618-2410
Website: <http://lima.usembassy.gov/econ.html>

U.S. Department of State (Washington, D.C.)
2201 C Street N.W., Room 4915.
Washington, D.C. 20520
Shane Hough, Peru Desk Officer
Tel.: (202) 647-4177
Email: houghms@state.gov
Website: <http://www.state.gov>

U.S. Department of Agriculture/ Foreign Agricultural Service (FAS)
(U.S. Embassy Lima, Peru)
Unit 3230, Box 381
DPO AA 34031
Tel: (511) 618-2491, 434-3042 • Fax: (511) 434-3043
Casey Bean, Regional Agricultural Counselor
Mariano J. Beillard, Regional Agricultural Attaché
Gaspar Nolte, Senior Agricultural Specialist
Alvaro Loza, Agricultural Marketing Specialist
Email: Aglima@fas.usda.gov
Websites: <http://www.usda.gov> and <http://www.fas.usda.gov>

Animal and Plant Health Inspection Service (APHIS)
Tel.: (511) 434-4202 Fax: (511) 434-0958
George “Andy” Ball, Senior Attaché for Chile, Ecuador, and Peru (resident in Lima)
Gladys Solano, APHIS Program Specialist
Email: gladys.solano@aphis.usda.gov
Tel: (511) 434-4202 • Fax: (511) 434-0958
Website: <http://www.aphis.usda.gov>

U.S. Department of Agriculture
1401 Independence Avenue, S.W. - MS 1071
Washington, D.C. 20250
Lisa Anderson, Western Hemisphere Area Director, Office of Foreign Service Operations
Email: lisa.anderson@fas.usda.gov
Tel: (202) 720-3221 • Fax: (202) 720-5183
Website: <http://www.usda.gov> and <http://www.fas.usda.gov>

U.S. Department of Agriculture/ Foreign Agricultural Service
Trade Assistance and Promotion Office
Tel: (202) 720-7420
Fax: (703) 875-4009

Export-Import Bank of the United States (Ex-Im Bank)
811 Vermont Avenue, N.W.
Washington D.C. 20571
Tel.: Toll Free (800) 565-EXIM (3946), Business Development (202) 565-3900
Fax: (202) 565-3931
Email: info@exim.gov
Website: <http://www.exim.gov>
Xiomara Creque, Acting Regional Director-Americas
Email: Xiomara.creque@exim.gov
Tel.: (202) 565-3477 Fax: (202) 565-3931

Overseas Private Investment Corporation (OPIC)
1100 New York Avenue, N.W.
Washington, D.C. 20527
Tel.: InfoLine: (202) 336-8799 Fax: (202) 408-8959
Email: info@opic.gov
Website: <http://www.opic.gov/>

U.S. Trade and Development Agency (TDA)
1000 Wilson Boulevard, Suite 1600
Arlington, VA 22209-3901
Tel.: (703) 875-4357 Fax: (703) 875-4009
Email: lac@ustda.gov
Website: <http://www.tda.gov>
Isabel Sepulveda, Country Manager, Latin America and the Caribbean

Government of Peru

Presidencia del Consejo de Ministros
(Presidency of the Council of Ministers)
Jr. Carabaya cdra 1, Lima
Lima – 1, Peru
Tel.: (511) 219-7000, 219-7012 Fax: (511) 219-7015
Website: <http://www.pcm.gob.pe>
Pedro Cateriano, President of the Council of Ministers

Ministry of Agriculture and Irrigation
Av. La Universidad 200, La Molina
Lima 12, Peru
Tel.: (511) 613-5800 Fax: (511) 432-0990, 431-0109
Website: <http://www.minag.gob.pe>
Juan Manuel Benites, Minister of Agriculture

Ministry of Agriculture/ Servicio Nacional de Sanidad Agraria (SENASA)
(Equivalent to APHIS)
Av. La Molina 1915, La Molina
Lima – 12, Peru
Tel.: (511) 313-3300, ext. 1800/1801 • Fax: (511) 313-3315
Website: <http://www.senasa.gob.pe>
Jorge Barrenechea, Director General

Ministerio de Comercio Exterior y Turismo
(Ministry of Foreign Trade and Tourism)
Calle Uno Oeste s/n Piso 17, Urb. Corpac, San Isidro
Lima 27, Peru
Tel.: (511) 513-6100 Fax: (511) 224-3362
Website: <http://www.mincetur.gob.pe>
Magali Silva, Minister

Ministerio de Economía y Finanzas
(Ministry of Economy and Finance)

Jr. Junin 319, Piso 4
Lima 1, Peru
Tel.: (511) 311-5930 Fax: (511) 311-9906
Website: <http://www.mef.gob.pe>
Alonso Segura, Minister

Ministerio de Energia y Minas
(Ministry of Energy and Mines)
Av. Las Artes 260
San Borja
Lima 41, Peru
Tel.: (511) 411-1100 Fax: (511) 224-4441
Website: <http://www.minem.gob.pe>
Rosa Maria Ortiz, Minister

Ministerio del Ambiente
(Ministry of the Environment)
Av. Javier Prado Oeste 1140, San Isidro
Lima 27, Peru
Tel.: (511) 611-6000
Fax: (511) 611-6000 Anx 1634
Website: <http://www.minam.gob.pe>
Manuel Pulgar-Vidal, Minister

Ministerio de la Producción
(Ministry of Production)
Calle Uno Oeste s/n, Piso 7
Urb. Corpac, San Isidro
Lima 27, Peru
Tel.: (511) 616-2222 Fax: (511) 616-2200 x705
Website: <http://www.produce.gob.pe>
Piero Ghezzi Solis, Minister

Ministerio del Interior
(Ministry of the Interior)
Plaza 30 de Agosto s/n - Piso 4, San Isidro
Lima 27, Peru
Tel.: (511) 225-0202 Fax: 224-2405
Website: <http://www.mininter.gob.pe>
Jose Luis Perez, Minister

Ministerio de Relaciones Exteriores
(Ministry of Foreign Affairs)
Palacio Torre Tagle, Ucayali 363
Lima 1, Peru
Tel.: (511) 623-2402 Fax: (511) 623-2410
Website: <http://www.rree.gob.pe>
Ana María Sánchez, Minister

Ministerio de Salud
(Ministry of Health)

Av. Salaverry Cdra. 8, Piso 4
Lima 1, Peru
Tel.: (511) 315-6649 Fax: (511) 431-0093
Website: <http://www.minsa.gob.pe>
Aníbal Velásquez, Minister

Dirección General de Salud Ambiental (DIGESA)
Las Amapolas 350, Urb. San Eugenio, Lince
Lima 14, Peru
Tel.: (511) 442-8353 Fax: (511) 422-6404
Website: <http://www.digesa.sld.pe>
Monica Saavedra, Director General

Ministerio de Transportes y Comunicaciones
(Ministry of Transport and Communications)
Calle Zorritos 1301
Lima 1, Peru
Tel.: (511) 615-7603 Fax: (511) 615-7578
Website: <http://www.mtc.gob.pe>
José Gallardo Ku, Minister

Ministerio de Vivienda, Construcción y Saneamiento
(Ministry of Housing, Construction and Sanitation)
Av. Paseo de la Republica 3661, San Isidro
Lima – 27, Peru
Tel.: (511) 211-7930, 211-7934 Fax: (511) 441-7761
Website: <http://www.vivienda.gob.pe>
Milton Von Hesse, Minister

ProInversión
(Private Investment Promotion Agency)
Av. Paseo de la Republica 3661, Piso 9
Lima – 27, Peru
Tel.: (511) 612-1200 Fax: (511) 221-2941, 221-2942
Website: <http://www.proinversion.gob.pe/english>
Carlos Herrera, Executive Director

Instituto Nacional de Defensa de la Competencia y de la Protección de la Propiedad
Intelectual (INDECOPI)
(National Institute for the Defense of Competition and Protection of Intellectual Property)
La Prosa 138, San Borja
Lima – 41, Peru
Tel.: (511) 224-7800 / (511) 224 7777
Fax: (511) 224-0347 / (511) 224 7800 ext. 1715, Atención al Ciudadano
Website: <http://www.indecopi.gob.pe>
Hebert Tassano, President

Dirección General de Innovación, Transferencia Tecnológica y Servicios Empresariales
Calle Uno Oeste 060, Urb. Corpac, San Isidro
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Website: <http://www.crecemype.pe>
Alejandro Bernaola, Officer-in-Charge

Organismo Supervisor de la Inversión en Energía y Minería – OSINERGMIN
(Supervising Agency for Investment in Energy and Mining)
Bernardo Monteagudo 222, Magdalena
Lima – 17, Peru
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E-mail: osinerg@osinerg.gob.pe
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Organismo Supervisor de la Inversión en Infraestructura de Transporte de Uso Público – OSITRAN
(Supervising Agency for Investment in Public Use Transport Infrastructure)
Av. Republica de Panama 3659, San Isidro
Lima – 27, Peru
Tel.: (511) 440-5115 Fax: (511) 421-4739
E-mail: info@ositran.gob.pe
Website: <http://www.ositran.gob.pe>
Patricia Benavente, President

Organismo Supervisor de la Inversión Privada en Telecomunicaciones – OSIPTEL
(Supervising Agency for Private Investment in Telecommunications)
La Prosa 136 , San Borja
Lima – 41, Peru
Tel.: (511) 225-1313, 225-2145 Fax: (511) 475-1816
Website: <http://www.osiptel.gob.pe>
Ruiz Gonzalo, President

Superintendencia Nacional de Servicios de Saneamiento - SUNASS
(National Superintendence of Sanitation Services)
Av. Bernardo Monteagudo 210 – 216 Magdalena del Mar
Lima – 17, Peru
Tel.: (511) 614-3180 Fax: (511) 614-3140
Website: <http://www.sunass.gob.pe>
Fernando Momiy Hada, President

Private Sector Associations

American Chamber of Commerce of Peru (AmCham)
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Lima – 27, Peru
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E-mail: amcham@amcham.org.pe
Website: <http://www.amcham.org.pe>
Federico Cuneo, President
Aldo Defilippi, Executive Director

Confederación Nacional de Instituciones Empresariales (CONFIEP)
(Confederation of Private Enterprise Institutions)

Av. Victor Andres Belaunde 147, Edificio Real 3, Piso 4 San Isidro
Lima – 27, Peru
Tel.: (511) 415-2555 Fax: (511) 415-2566
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Gabriel Amaro, General Manager

Sociedad Nacional de Industrias (SNI)
(National Society of Industries)
Los Laureles 365, San Isidro
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Tel.: (511) 616-4444 Fax: (511) 442-2573 / (511) 442-2570 / (511) 616-4433
E-mail: sni@sni.org.pe
Website: <http://www.sni.org.pe>
Andreas von Wedemeyer, President

Sociedad Nacional de Minería, Petróleo y Energía
(National Mining, Petroleum and Energy Society)
Francisco Graña 671, Magdalena del Mar
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E-mail: postmaster@snmpe.org.pe
Website: <http://www.snmpe.org.pe>
Eva Arias, President
Caterina Podesta, General Manager

Asociación de Exportadores (ADEX)
(Exporters' Association)
Av. Javier Prado Este 2875 San Borja
Lima – 41, Peru
Tel.: (511) 618-3333, 346-2530 Fax: (511) 346-1879
Email: postmaster@adexperu.org.pe, cid@adexperu.org.pe
Website: <http://www.adexperu.org.pe>
Eduardo Amorrortu, President

Cámara de Comercio de Lima
(Lima Chamber of Commerce)
Gregorio Escobedo 398 Jesus Maria
Lima – 11, Peru
Tel.: (511) 463-3434, 261-4400 Fax: (511) 463-9864
E-mail: webmaster@camaralima.org.pe
Website: <http://www.camaralima.org.pe>
Jorge von Wedemeyer Knigge, President
José Rosas Bernedo, General Manager

Cámara de Comercio de Arequipa
(Arequipa Chamber of Commerce)
Quesada 102-104, Yanahuara
Arequipa, Peru
Tel: (5154) 380-505

E-mail: ccia@camara-arequipa.org.pe
Website: <http://www.camara-arequipa.org.pe>
Diego Muñoz-Najar, President

Cámara de Comercio y Producción de Lambayeque
(Lambayeque Chamber of Commerce)
Av. Balta 504-506
Chiclayo, Peru
Tel: (51-74) 23-8081, Fax: (51-74) 23-3040
E-mail: camara@cclam.org.pe
Website: <http://www.cclam.org.pe>
Otto Zoeger Navarro, President

Cámara Peruana de la Construcción (CAPECO)
(Chamber of Engineering and Construction Firms)
Víctor Andrés Belaúnde 147, Edificio Real 3, Of. 402,
San Isidro, Lima 27, Peru
Tel.: (511) 230-2700 / Fax: (511) 441-7028
E-mail: gerencia@capeco.org
Website: <http://www.capeco.org>
Carlos Vegas Quintana, General Manager

Asociación de Bancos
(Association of Banks)
Calle 41 #975, Urb. Corpac San Isidro
Lima – 27, Peru
Tel.: Direct: (511) 612-3303 / Switchboard: (511) 612-3333
Fax: (511) 612-3300
Email: estudioeconomicos@asbanc.com.pe
Website: <http://www.asbanc.com.pe>
Oscar Rivera, President
Julio Figueroa, General Manager

Asociación de Industriales Lácteos
(Dairy Product Producers Association)
Sociedad Nacional de Industrias
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Market Research

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To view market research reports produced by the U.S. Commercial Service please go to the following website: <http://www.export.gov/mrktresearch/index.asp> and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, and is free.

Trade Events

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Please click on the link below for information on upcoming trade events.

<http://www.export.gov/tradeevents/index.asp>

<http://export.gov/peru/tradeevents/perutradeevents/index.asp>

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Chapter 10: Guide to Our Services

SelectUSA:

SelectUSA was created by President Obama in June 2011, through Executive Order 13577, as the U.S. government-wide program to promote and facilitate business investment into the United States, including foreign direct investment (FDI) and reshoring.

The program is housed within the Commerce Department and coordinates investment-related resources across more than 20 federal agencies through the Interagency Investment Working Group (IIWG).

SelectUSA provides services to two types of clients: investors and U.S. economic development organizations at the state and local level. Services include:

Information Assistance:

- SelectUSA provides information to investors on the benefits of establishing operations in the United States, as well as the information needed to move investments forward. Investors can access facts, data and local contacts for the U.S. market.
- SelectUSA also works closely with state, local and regional economic developers to provide counseling on strategy, best practices, and on-the-ground intelligence from the Foreign Commercial Service network across more than 70 foreign markets.

Ombudsman Services: SelectUSA coordinates federal agencies to address investor concerns relating to a wide range of federal regulatory issues – helping them to navigate an unfamiliar system.

Investment Advocacy: U.S. state and local governments often find themselves competing with a foreign location for a project. SelectUSA can coordinate with senior U.S. government officials to advocate to the investor to bring those jobs to the United States.

Promotional Platform: SelectUSA brings the power of the “USA” brand to high-profile events, such as the upcoming 2015 Investment Summit, to attract investors to learn about our nation’s investment opportunities. SelectUSA organizes international Road Shows and missions to trade fairs, while also offering tailored on-the-ground assistance in more than 70 markets.

Note: SelectUSA exercises strict geographic neutrality, and represents the entire United States. The program does not promote one U.S. location over another.

For more information on SelectUSA and services provided for investors and economic development organizations, please click on the following link:

<http://selectusa.commerce.gov/>

National Export Initiative:

The President's National Export Initiative/NEXT marshals Federal agencies to provide customer service-driven services and actionable information resources that ensure American businesses are able to capitalize on expanded opportunities to sell their goods and services abroad.

The U.S. Commercial Service offers customized solutions to help U.S. exporters, particularly small and medium sized businesses, successfully expand exports to new markets. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers
- Gain access to the full range of U.S. government trade promotion agencies and their services, including export training and potential trade financing sources

To learn more about the Federal Government's trade promotion resources for new and experienced exporters, please click on the following link: www.export.gov

For more information on the services the U.S. Commercial Service offers to U.S. exporters, please click on the following link

<http://export.gov/peru/servicesforu.s.companies/index.asp>

U.S. exporters seeking general export information/assistance or country-specific commercial information can also contact **(800) USA-TRADE**.

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.

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