



U.S.  
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SERVICE  
United States of America  
Department of Commerce

# U.S. Country Commercial Guides



2017

Peru

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## **Doing Business in Peru**

### **Market Overview**

Peru continues leading Latin America as one of the fastest growing economies in the region, with an average annual growth rate of 5.7% per year between 2005 and 2016. Peru's economy grew 3.9% in 2016 and is forecast to grow 2.7% in 2017. The government's counter-cyclical stimulus spending, consumption, and private investment are the driving forces of this growth. The mining sector and agricultural exports continue to drive the economy, offsetting the losses from the collapse of the Southern Gas Pipeline project and the impact of the Odebrecht scandal on private sector-led investment. The central government has initiated plans for Public Private Partnership infrastructure projects and announced an updated catalog of 61 projects valued at over USD 14 billion. As the economy has grown, poverty in Peru has steadily decreased, falling by more than half from 56% in 2005 to 20.7% in 2016, according to the Peruvian Information and Statistics Agency (INEI). 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 those policies, including the administration of President Pedro Pablo Kuczynski, which began its five-year term in July 2016. President Kuczynski campaigned on dislodging stalled infrastructure projects and bringing potable water and sanitation to 100% of Peruvians by 2021. President Kuczynski is a former World Bank official who is committed to private sector-led growth and macroeconomic stability. He is married to an American and is very pro-U.S.

Peru's currency, the "Sol" (PEN), has been among the least volatile of all Latin American currencies in the past few years. Since the mid-1990's, the PEN's exchange rate with the USD has fluctuated between 1.25 and 3.55 per USD. The PEN closed at 3.28/USD on May 26. The PEN appreciated 2.41% against the USD since January 1, 2017 having appreciated 2.06% over the past 12 months.

In its Doing Business 2017 publication, the World Bank ranked Peru 54th among 190 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. For the complete report please see [Doing Business](#)

### **Market Challenges**

The U.S. Embassy in Lima receives regular complaints from U.S. firms of Peru's cumbersome and inefficient government procurement processes. We continue to work with the Government of Peru to encourage government contracting procedures according to international standards. One persistent challenge is the reluctance of some government officials to make final contracting decisions for fear of legal liabilities and oversight investigations. U.S. exporters are strongly encouraged to apply for support from the [U.S. Department of Commerce's Advocacy Center](#) so that the U.S. Commercial Service office at Embassy Lima can support your efforts via Government to Government communication channels.

Dispute settlement generally remains problematic in Peru, and therefore it is recommended to include an arbitration clause in commercial agreements. 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, certain PTPA obligations remain unimplemented and the judicial branch still has yet to vigorously pursue investigations, convictions, and stiff penalties for IP violations. In response, the U.S. Embassy in Peru established a regional IP attaché office in 2016 to support U.S. exporters facing issues and to provide capacity building for the Peruvian Government.

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**

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

- Commercial Fishing Equipment
- Construction Equipment
- Education
- Food Processing & Packaging Equipment
- Medical Equipment
- Mining Industry Equipment
- Safety & Security Equipment
- Water Resources

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

- Beef & Offal
- Biofuels (Ethanol)
- Cotton
- Dairy Products
- Forest Products
- Hard Wheat
- Pet Food
- Soybean Meal
- Yellow Corn

### **Market Entry Strategy**

U.S. companies often find it convenient to appoint a local representative 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 their local U.S. Commercial Service (U.S. Department of Commerce) Export Assistance Center (EAC) prior to travel for a briefing on how the organization assists U.S. businesses and in turn, the EAC can put businesses in touch with the Commercial Service 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 [export](#).

The Foreign Agricultural Service, FAS, and the U.S. Department of State Economic Section, ECON, can also provide briefings on the economic, financial, and investment climate in [Peru](#).

### **Contact for More Information on General U.S. -Peru Contacts**

U.S. Department of Commerce ([U.S. Embassy Lima, Peru](#))

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## **Political Environment**

### **Political Environment**

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

Current bilateral programs include efforts to combat transnational organized crime in all its forms (for example, the production and export of illegal narcotics), to promote inclusive poverty reduction and to strengthen the rule of law within Peru. The United States supports multiple Peruvian institutions to these ends, such as the Peruvian National Police (PNP) and the Customs and Taxation Agency (SUNAT).

In 2016, President Pedro Pablo Kuczynski began his five-year term on a platform of improving Peru's economy, decreasing crime, and combating corruption. While Peru has experienced impressive economic growth rates and low inflation, challenges remain. For example, despite a dramatic drop in poverty levels, approximately one-quarter of Peruvians remain impoverished. In addition to widespread corruption, illegally mined gold, illegally logged timber, and narcotics trafficking persist. The Kuczynski government is cognizant of and is making efforts to address these challenges.

For more background information on the political and economic environment of the country, please see the [U.S. Department of State Background Notes](#).

## **Selling U.S. Products & Services**

### **Using an Agent to Sell U.S. Products and Services**

Peruvian law does not require the use of local distributors for private sector commercial sales. However, when selling to the government, it is recommended that U.S. companies contract and register a local agent. (See "[Selling to the Government](#)"). Exporters to Peru often find it advantageous to have a local representative to remain well-informed of the latest opportunities and developments within the company's area of interest.

The Commercial Service in Lima recommends companies 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 most States (including Alaska and Hawaii) and in major cities throughout the U.S. Services include the Initial Market Check (IMC), which provides a general assessment of the viability of products in the Peruvian market, 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, contact the [U.S. Export Assistance Center](#) serving your area, or visit [Export](#).

### **Contact for More Information on Using an Agent to Sell U.S. Products and Services**

U.S. Department of Commerce ([U.S. Embassy Lima, Peru](#))

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3230 Lima Place

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U.S. Department of Commerce

1401 Constitution Ave NW

Washington, DC 20230

### **Establishing an Office**

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, intellectual property 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 below under "Local Professional Services".

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). There are two main types of business organizations that can be used for these purposes: branch offices and incorporated subsidiaries. Real estate may be acquired by any foreign entity without the need to establish a local office. It is only necessary to vest a local individual with sufficient powers to conduct and close the sale.

Office spaces suitable for international companies have substantially increased in the last ten years within several districts of Lima. Rental prices for newly built offices have increased due to numerous the establishment of foreign companies operations in Peru. With quality housing built in Lima's residential areas, as well as in cities outside of the capital, foreign managerial staff can easily relocate to Peru.

Industrial space is scarce within and around Lima's boundaries. As a result, new operations have established bases in areas south and east of Lima.

## **Franchising**

The franchise sector in Peru includes approximately 434 companies, primarily concentrated in food services. 216 companies are foreign owned (of which 81 are U.S. companies), and 218 are Peruvian. Experts report that the franchising sector has experienced rapid growth over the last 10 years and is presently growing approximately 20% per year.

President Kuczynski has approved several legislative decrees beginning in 2017 to promote private investment in the country. His administration presents a favorable environment for prospective investors seeking investment opportunities now and in the future.

Although franchises in Peru are subject to general commercial law, general antitrust law, and Decisions 486, 608, and 291 of the [Andean Community](#), there is no specific legislation governing franchising. According to Articles 162 through 164 of Decision 486, a written license agreement must be registered with the [Peruvian Government's Patents and Trademarks Office \(INDECOPI\)](#). Prospective franchisers must be aware of a 30% income tax on royalties, 18% value added tax (IGV) (paid by the local company), and import tariffs dependent on the type of good. Countries that have signed double taxation agreements with Peru maintain separate regulations for royalties and withholding income tax (the U.S. not included).

Every year Lima hosts two important franchising events:

1. Name: [Feria Internacional de Franquicias](#)

Organized by: Peruvian Chamber of Franchises

Dates: 4<sup>th</sup> and 5<sup>th</sup> of October 2017

2. Name: [Expo&Rueda de Negocios Internacional de Franquicias](#)

Organized by: Organized by the Lima Chamber of Commerce

Dates: 15<sup>th</sup> and 16<sup>th</sup> of June

The U.S. Commercial Service in Lima organizes a biannual “Franchise Day”. Franchise Day includes a Single Company Promotion allowing 4-5 U.S. franchise companies showcase their brands and international experience directly with Peruvian investors. Please contact the FCS Office in Lima for additional details.

In addition to food services, promising sectors include:

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

### **Direct Marketing**

Direct marketing is well established in Peru’s service sector, particularly among financial institutions and seminar organizers. Direct marketing often includes hiring personnel or contracting a company for telemarketing and mailing campaigns. Databases for direct marketing are kept private by their owners, and are therefore not readily available. Nevertheless, commercial information can be obtained through Peru’s Chamber of Commerce and trade associations.

Catalog sales for consumer goods in Peru remain low due to consumer preference for in-store purchasing, guaranteeing product quality and warranty. 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**

Peruvian law allows for joint ventures and licensing agreements with a legally established local partner accountable for all legal matters. In particular, the textile manufacturing industry has attracted significant licensing and joint venture activity.

### **Selling to the Government**

Many governments finance public works projects through borrowing from Multilateral Development Banks. Please refer to “Project Financing” Section in “Trade and Project Financing” for more information.

When selling to the Peruvian government, interested suppliers must participate in a tender process, in which registration with the [National Registry of Suppliers \(Registro Nacional de Proveedores, or RNP\)](#) is necessary. The RNP includes the following categories: suppliers of goods, services, goods and services, construction firms and construction consultants.

When registering, companies must follow several steps: ([OSCE](#), in Spanish only), including a fee of approximately USD 80 for non-domiciled foreign suppliers of goods and/or services, or approximately USD 150 for non-domiciled foreign consultants. Companies must appoint local legal representation registered with the Peruvian Public Registry, and are required to provide proof of incorporation demonstrating the company's legal status, duly apostilled. The documents need to be translated into Spanish by an official Peruvian interpreter.

Peruvian law allows 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 depending on product, client, and competition.

Government agencies must announce tender notices for all major purchases in their official publications, and at times, in the main local newspapers. Peru is not a signatory to the World Trade Organization (WTO) Agreement on Government Procurement; however, the U.S.-Peru Trade Promotion Agreement (PTPA) includes a chapter on Government Procurement (“Contratación Pública” in Spanish).

In spite of the PTPA's stipulations, selling to government agencies remains problematic. In 2007, the Peruvian Government passed the Government Procurement Law (Legislative Decree No. 1017 (LD 1017)). This law regulates public tenders for major purchases of goods, supplies, and works by government agencies. However, the Armed Forces and National Police have continuously favored government-to-government procurements (i.e., purchases by a Peruvian government agency from a foreign government entity or government-owned company) in lieu of open tenders. In July 2012, the Government Procurement Supervisory Agency (OSCE) stated that government-to-government procurement does not fall under the jurisdiction of Peru's Government Procurement Law. This ruling is further substantiated in an article within the 2013 Budget Law. These legal precedents have allowed the Ministries of Defense and Interior to lobby further legislation regarding procurement contracts.

The OSCE justified their reasoning (see Web Resources below) stating that government-to-government contracts differ in nature from administrative contracts (contracts between the government and private entities). The OSCE argued that the government entity, exercising administrative function and protecting the public interest, can unilaterally modify contracts. This ruling contradicts Article 62 of Peru's 1993 Constitution, which establishes “contractual terms may not be modified by laws or any other provision whatsoever.” Furthermore, although the parties are sovereign states, OSCE acknowledged that government-to-government procurement is subject to each contracting government's public law, as well as the rules of international law and international trade.

In the last few years, local media has criticized overvalued prices regarding several government-to-government purchases of goods by the National Police and the Armed Forces. Cases include purchases of satellites, planes, and helicopters.

### **Distribution & Sales Channels**

Peru's population is highly centralized, with 30% of all inhabitants living in the capital city of Lima. Fifty percent of GDP is generated in and around Lima, with the national government serving as a key buyer. As a result, a large portion of sales activities of U.S. firms occur in Lima. Sales opportunities exist and are growing in other major cities such as Arequipa, Chiclayo, and Trujillo, and representatives in Lima typically have sales agents in these areas. This could be relevant for a U.S. company's overall marketing strategy. Sending letters via express delivery can take up to two weeks, or longer for packages due to lengthy administrative procedures by Peruvian customs.

Appointment of a local representative is the most common method of distribution in Peru. This practice is recommended for U.S. companies pursuing business opportunities in order to maintain a sustainable market.

The Government of Peru has begun an initiative to decentralize 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 further complicate the fulfillment of sales, especially in municipalities or provinces where government agencies lack experience in project implementation, financing, and procurement.

An alternative approach to distribution is establishing a local subsidiary or branch office. Companies with a complicated product or service pursue this method to improve promotion and after-sales service of products. In general, commercial and industrial spaces are relatively costly in Lima and several other main cities.

### **Express Delivery**

Consumers are often unsatisfied with parcel delivery through Peru's postal system. Courier companies are capitalizing on this opportunity to promote their services, including express delivery. However, express delivery can take several weeks due to lengthy administrative procedures by Peruvian customs.

A number of companies service the Peruvian market including:

- [DHL](#)
- [FedEx Express](#)
- [UPS Courier Service](#)
- [Skynet Worldwide Express](#)
- [TNT-Courier](#)
- [Servientrega](#)

- [Peru Courie](#)

The U.S.-Peru Trade Promotion Agreement (PTPA) explicitly addresses express delivery services. An excerpt from the Agreement is included below as reference, but for more details and guidance covering the benefits of the Agreement, please contact the U.S. Foreign Commercial Service at the Embassy in Lima. Points of contact are included below:

**Val Huston**, Commercial Counselor  
**Matthew Poole**, Commercial Attaché  
**Jorge Prado**, Commercial Specialist  
Phone: (511) 618-2442

### **Selling Factors & Techniques**

A key selling factor in the Peruvian market is product pricing. Products from Asian economies, such as China, Taiwan, and South Korea often outsell more expensive European or North American consumer products in the consumer electronics, appliances and automobile industries. Additionally, counterfeit and pirated goods prove problematic. With investment in sales promotion, intellectual property enforcement, and post-sales service infrastructure U.S. goods can ensure competitiveness.

In the capital goods market, including advanced electronics and construction machinery, equipment performance and efficiency are critical. Consumers often prefer more expensive U.S. or European products, due to their higher levels of quality, durability, technology, customer support, and regional service.

Many larger representatives own regional offices in cities outside of Lima. This portion of Peru is under-populated and under-developed, and it does not offer an attractive market for technical equipment. Certain exceptions exist, including large-scale mining operations located along Peru's Andes mountain range and petroleum operations in the Amazon jungle.

Payment for major purchases is generally made on a net 30-day basis. It is advisable to request up-front payment or work on a confirmed, irrevocable letter of credit basis when entering a new market or dealing with new customers. Over the counter purchases are made 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.](#) to enhance the credit terms offered to Peruvian buyers.

## **eCommerce**

The number of people with internet access is increasing by 10% every year, creating opportunities for eCommerce companies.

ECommerce in Peru is promising. Although it is still a new market, eCommerce growth has a positive projection, due to rapidly increasing internet access and the presence of strong, reliable platforms.

Currently, only 14.1% of the population in Peru has internet access at home, though mobile penetration is higher at 20.2% of the population. In the Lima metropolitan area, 53.1% of homes have internet access, while the rest of urban areas only have 24.4% access and rural areas only have 1.9% access. This is a key obstacle for eCommerce in Peru.

Peru has among the lowest internet access rates in the region. Potential for growth exists due to Peru's strong base and economic performance. With a large, young population (55% under the age of 30) and a high internet usage rate among young people (77% of individuals aged 18-25), future outlook is promising. Twenty-two percent of internet users have made a purchase online, with consumers specifically preferring to buy accessories and applications (38%), technology (30%) and clothing and footwear (30%) on the internet.

Several e-marketplaces are taking advantage of these opportunities in Peru, with the most important businesses as follows:

- [Mercado Libre](#): Online platform in Latin America and Portugal for buying and selling a wide range of items. It has two types of accounts: free and paid-for.
- [OLX](#): Classified ad platform present in 114 countries, especially in emerging markets, which puts buyers in contact with sellers.
- [Linio](#): A platform where many different suppliers sell a wide range of products. Available in Mexico, Chile, Argentina, Peru, Ecuador, Colombia, Venezuela and Panamá.
- [Falabella](#): Department store with a presence in Chile, Argentina, Peru, Colombia, Uruguay, and Brazil. Belongs to the SACI Falabella group and their main business areas are clothing, accessories, and homeware retail.
- [Ripley](#): Chilean chain of department stores, with presence in Chile, Colombia and Peru. Its main businesses are clothing, accessories, and homeware retail.
- [Platanitos](#): A group that sells fashion, especially footwear and accessories, by Platanitos Boutique and other brands. Available in Peru.
- [Wong](#): Peru's largest supermarket chain. This website allows for the ordering via the internet from local and foreign-based consumers for local delivery.
- [Rosatel](#): Rosatel allows online orders of flowers and gift baskets

Despite the opportunities that the Peruvian market offers, companies must take into account challenges in the medium term which are: developing superior logistics to reduce shipping

times and enable order tracking, educating internet users in electronic banking and the use of eCommerce portals, and generating trust in order to avoid both a reluctance to provide bank details and a fear of receiving a product that is defective or different from what is advertised.

There have been interesting advances in the use of the internet in several Peruvian government institutions, including the tax collection agency, [SUNAT](#), the public registry, [SUNARP](#), and the Peruvian state-owned bank, [Banco de la Nación](#) (which handles the Treasury accounts). Additionally, the National Elections Bureau, [ONPE](#), is testing electronic voting and improving internet usage.

The Peruvian government has established a special task force, E-Gob Peru. It is managed by the [National Office of E-Government and Information Technology \(ONGEI\)](#) under the President of the Council of Ministers. This office is continuously developing Gov2Citizens solutions for tax payments, and providing [information](#) on customs and foreign trade, as well as Gov2Gov transactions to reduce expenses within different agencies. Operational services include a citizens' ID's service [portal](#) and business-[assistance services](#) for small and medium-size companies. Additionally, the Peruvian government is implementing an Electronic Procurement System ([SEACE: Sistema Electrónico de Adquisiciones y Contrataciones del Estado](#)) with a goal of improving transparency and efficiency government purchasing.

Although there is no Public Key Infrastructure (PKI) in Peru, digital signatures are widely used for tax declarations (more than one million users). Transactions are made through electronic funds transfers, 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](#)) is working to implement a PKI under the E-Gob Peru Project, inspired by the U.S. PKI model.

Development of the legal framework is 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 processed 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 & Advertising**

In 2016, Peruvian advertising increased 2% from the previous year, to USD 725 million from USD 711. Advertising expenditures increased every year since 2004 (excluding 2009 when investment stagnated). This growth followed a 4.7% drop in advertising in 2015 caused by the economic slowdown that year. In 2016, television advertisements remain the largest expenditure (USD 368 million). Internet advertising totaled USD 86 million (11.9% of all advertising expenditures, an increase from 10.8% in 2015). Radio and newspaper ad spending totaled approximately USD 83 million and USD 81 million, respectively.

Lima has 25 daily newspapers, and locally-oriented newspapers are available in most provincial capitals. *El Comercio* is the most influential and among the oldest publications, with 176 years of continuous release. Additionally, the El Comercio Group owns three major dailies,

*Peru.21, Gestión and Trome.* Other major dailies include *Correo, La República, La Razón, La Primera, Expreso, Ojo,* and *El Popular.* *El Peruano,* founded in 1825, is the government's newspaper of record, and publishes all legislation passed, as well as reporting news. *Caretas,* a weekly magazine founded in 1950, is also one of Lima's most influential news publications.

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

In May 2017, the Ministry of Transportation and Communications (MTC) reported that there are 1,519 television stations and 4,841 radio stations in Peru. In Peru, the most television stations are in Lima (129), followed by Puno (133), Cusco (123) and Junín (102). Regarding radio stations, Cajamarca is the leader (408), followed by Ancash (374), Lima (342) and Piura (317).

Radio has 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 of Lima for transmitting information about local issues and events.

Peru's radio stations broadcast on AM, FM, and short wave frequencies. Many of these stations are small storefront operations serving relatively limited audiences, with several broadcasting in indigenous languages. Radio's most influential source of news and information is "Radio Programas del Peru" (RPP). RPP is the national network, with transmitters and correspondents in most Peruvian cities. It leads most AM and FM ratings in most major cities, including Lima and boasts an influential listening audience and a TV station for simulcast.

Television permeates the urban environment in Peru and has become increasingly available to rural audiences. As in the United States, television is often the primary source of news.

The key Peruvian television providers are the six major Lima-based networks, along with government-owned TV Perú, which is 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. Additionally, there are numerous smaller, independent stations that serve particular cities and regions.

Cable television also dominates the Peruvian market. A report by the "Alianza contra la Piratería de Televisión Paga" concluded that 36% of households used cable television as of 2016. The report adds that 52% of more than 3 million cable TV connections in Peru are pirated. Canal N, a 24-hour cable news channel owned by El Comercio is highly influential.

The main cable service companies are Spain's Telefónica del Perú, offering "Movistar TV" with 30% market share, Mexico's America Móvil Group, offering "Claro" with 8% market share, and the U.S. DirecTV Group, with 7% market share. Their packages feature programming from the U.S. as well as other Latin American, European, Asian and African countries. The remaining

cable companies are smaller firms who offer their services in concentrated areas surrounding Lima or in other provinces throughout Peru.

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

A National Institute of Statistics (INEI) poll reported by government-owned wire service Andina on September 28, 2016 reported that 62.1% of urban Peruvians use the Internet every day. INEI's poll added that Peru has an internet penetration rate of 50.2% in Lima and 28.6% in the remaining regions of Peru. An IPSOS Peru poll published in Gestión on September 14, 2016 reported that Facebook is the most preferred social media outlet for 69% of urban Peruvians, followed by YouTube with 50% and Google+ at 46%. A CCR 2016 study published in Gestión on September 15, 2016 found differing statistics regarding social media, where the most popular outlets for internet users in Lima are Facebook (95%), YouTube (81%), Google+ (75%) and Twitter (32%). Blogging is not popular enough to be a source of independent income, and as a result, most bloggers are affiliated journalists or academics. Although large scale political movements have not been coordinated via social media in Peru, social media has still played a role in mobilizing public opinion on political issues. The U.S. Embassy in Lima Facebook page has over 305,000 followers and the Twitter account has over 46,000 followers, including many of Peru's leading opinion makers.

## **Pricing**

Peru is generally an open market with minimal trade restrictions. The imports-weighted average tariff is 1.0% and the simple average is 2.2%. Distributor mark-ups vary 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. Some exceptions include enterprises established in industrial free zones and special treatment zones, and companies with 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 a few specific goods such as cigarettes, beer, wine and liquors pay an excise tax, in accordance with the lists and rates mentioned 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. However, the 30% excise tax applied to used cars remains. Imports from countries with which Peru has bilateral or regional agreements are covered by separate, preferential tariff schedules.

## **Sales Service/Customer Support**

Peruvians consider service and support a critical factor in making a final purchasing decision, especially for products requiring periodic services. Therefore, it is important for the product to be sold through a reliable distributor to guarantee quality assurance. For example, two of the perceived advantages that Asian-manufactured automobiles enjoy in Peru in comparison to their U.S. counterparts are servicing and availability. A similar advantage is found with mining equipment, where U.S. after-sales service has a superior reputation in comparison to third-country competitors.

## **Protecting Intellectual Property**

In 2016, Peru made significant progress in IPR protections. The National Institute of the Defense of Free Competition and the Protection of Intellectual Property (INDECOPI), established in 1992, is the GOP agency charged with promoting and defending intellectual property rights. However, IPR enforcement also involves other GOP agencies and offices: INDECOPI, the Public Ministry (Fiscalia), the Peruvian National Police (PNP), the Tax and Customs Authority (SUNAT), the Ministry of Production (PRODUCE), the Judiciary and the Ministry of Health's (MINSA) Directorate General for Medicines (DIGEMID). In August 2016, Peru launched special criminal IP courts. These judges have been specially trained in IP, and all criminal cases involving IPR will be handled by these courts.

In addition to being a member of the World Trade Organization (WTO) and the World Intellectual Property Organization (WIPO), Peru ratified the Trade-Related Aspects of Intellectual Property (TRIPs) Agreement in December 1994. Peru is also a signatory of the Paris Convention on Industrial Property, the Geneva Convention for the Protection of Sound Recordings, the Berne Convention for the Protection of Literary and Artistic Works, the Brussels Convention on the Distribution of Satellite Signals, the Universal Copyright Convention, 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). Peru has yet to ratify or accede 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.

INDECOPI continues to be the most engaged GOP agency and is a reliable partner for the USG, the private sector, and civil society. While Peru continues to promote IPR and raise public awareness, enforcement remains weak where counterfeit and pirated products are widely available in Peru.

Although customs officials maintain the authority to seize counterfeit goods and a process is in place for rights holders to be notified of an inspection for seized goods, implementation remains inconsistent. The GOP does not have a single database which can be used to track seized counterfeit goods. Moreover, the various Peruvian agencies and ministries do not share information, resulting in conflicting data. This information is not available to the public.

GOP and private sector conversationalists note the increasing sophistication of piracy groups, which are utilizing tools on the internet to expand their business. Notorious markets are increasingly adept at using social media where many markets and vendors use Facebook to promote their latest sales and availability of new merchandise. This trend has extended to the online distribution and sales of counterfeit medicine.

The GOP published high-standard biological regulations on February 27, 2016 and biosimilar regulations on March 1, 2016. Due to the reference of WHO guidelines and other high-standard sanitation guidelines (such as those published by the Federal Drug Administration), these regulations appear to be compliant with international norms. Companies that already had biosimilar registrations were given a 5-year transition period to gradually provide clinical data per WHO guidelines. The decree also enabled pending applications to take advantage of the same status as previous registrants, meaning they would not need to demonstrate safety or efficacy through clinical data in order to enter the market.

### **IP Resources**

In any foreign market, companies should consider several general principles for effective management of their intellectual property. For background on these principles, please visit our pages about [Protecting Intellectual Property](#) and also [Corruption](#).

The U.S. Department of Commerce has positioned IP attachés in key markets around the world. The Regional IP attaché who covers Peru is: Ann Chaitovitz, [ann.chaitovitz@trade.gov](mailto:ann.chaitovitz@trade.gov).

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 U.S. and other countries -- call the STOP! Hotline: 1-866-999-HALT or visit [STOPfakes](#). 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.

For information about registering trademarks and patents in Peru, contact [INDECOPI](#) at: +(511) 224 7777.

For more information about registering for copyright protection in the United States, contact the [U.S. Copyright Office](#) at: 1-202-707-5959.

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](#).

For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit [STOP fakes](#). 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 SME’s.

### **Contact for More Information on Intellectual Property**

U.S. Department of Commerce ([U.S. Embassy Lima, Peru](#))

U.S. Commercial Service Lima

3230 Lima Place

Washington, DC 20521

Tel.: (511) 618-2442

E-mail: [Office.lima@trade.gov](mailto:Office.lima@trade.gov)

#### **Staff:**

- Ann Chaitovitz, Regional Intellectual Property Attaché
- Silvia Solis, Intellectual Property Legal Specialist

[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](mailto:matthew.gaisford@trade.gov)

Tel.: (202) 482-0057

### **Due Diligence**

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**

#### **Private Banks**

[Banco Azteca](#)  
[Banco Cencosud](#)  
[Banco de Comercio](#)  
[Banco de Crédito](#)  
[Banco Falabella](#)  
[Banco Financiero](#)  
[Banco GNB Peru](#)  
[Banco Interamericano de Finanzas](#)  
[Banco Internacional del Peru – Interbank](#)  
[Banco Ripley](#)  
[Banco Santander](#)  
[BBVA Banco Continental](#)  
[Deutsche Bank](#)  
[Mibanco](#)  
[Scotiabank](#)

#### **Accounting/Business Consultants**

[Apoyo S.A.](#): economic studies, business consulting, market research, opinion surveys, multi-customer studies, strategic communication (Bilingual)

[ConsultAndes](#): executive advisory, business development, public relations, community relations and public responsibility, crisis management, corporate communications, security (Bilingual)

[DBM](#): outplacement consultant and career transition services

[ERM](#): environmental consulting services

[Ernst & Young](#): accounting, auditing and tax advisory

[KPMG Caipo y Asociados](#): auditing, tax and financial advisory

[LB&C Logistics Business & Consulting](#): supply chain security, international trade, legal services

[Macroconsult](#): economic studies, business consulting, market research, infrastructure, regulation and competition, investment banking. (Bilingual)

[Malaga – Webb & Asociados](#): business restructuring, continuous improvement, corporate finance

[Organizacion Cuanto](#): economic studies, social studies, polls, market research

[Pricewaterhouse Coopers SCRL](#): auditing, accounting, tax and legal services

#### **Credit Rating Agencies**

[Coface Peru](#)

[Dun & Bradstreet S.A.C.](#)

[Informa Peru S.A.](#)

#### **Credit Reporting Agencies**

[Experian Peru](#)

[Infocorp/Equifax](#)

[Sentinel](#)  
[Xchange Peru](#)

### **Executive Search**

[Amrop Hever](#)  
[Boyden International](#)  
[Korn/Ferry International](#)  
[Tasa Worldwide](#)

### **Law Firms**

[Barreda Moller](#) (Bilingual)  
[Barrios, Fuentes, Urquiaga Abogados](#) (Bilingual)  
[Estudio Aurelio Garcia Sayan Abogados](#) (Bilingual)  
[Estudio Ehecopar](#) (Bilingual)  
[Estudio Ferrero Abogados](#)  
[Estudio Grau Abogados](#) (Bilingual)  
[Estudio Olaechea](#) (Bilingual)  
[Muniz, Ramirez, Perez-Taiman & Luna Victoria Abogados](#) (Bilingual)  
[Payet, Rey, Cauvi Abogados](#) (Bilingual)  
[Rey & de los Rios Abogados](#) (Bilingual)

*An additional list of local law firms can be found on the U.S. Embassy Lima's website under the section titled "[Legal Information](#)"*

### **Logistics**

[Maersk Sealand](#): ocean carrier (Multilingual)  
[Neptunia S.A.](#) (Bilingual)  
[Ransa, logistics operator](#) (Spanish)  
[Scharff Logistica Integrada S.A.](#) (Bilingual)

### **Moving**

[Atlas International Service S.A.](#) (Bilingual)  
[Express Transports S.A.](#) (Bilingual)  
[Security International Moving S.A.C.](#): national and international moving: (Bilingual)

### **Risk-Rating Agencies**

[Apoyo & Asociados Internacionales S.A.C. Clasificadora de Riesgo](#)  
[Clasificadora de Riesgo Pacific Credit Rating S.A.C.](#)  
[Class & Asociados S.A. Clasificadora de Riesgo](#)  
[Equilibrium Clasificadora de Riesgo S.A.](#)

### **Telecommunications**

[Claro](#) (Telmex Perú S.A.): telecommunications services  
[Movistar](#) (Telefonica S.A.): telecommunications services  
[Entel](#) (Entel S.A.): telecommunications services

[Bitel](#) (Bitel S.A.): telecommunications services

### **Limitations on Selling U.S. Products and Services**

Peru is open to trade and there are few limitations on selling U.S. products and services. The main limitations are the bureaucratic processes needed to set up a business or operate in Peru. For example, 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 Peru).

For more information on selling U.S. products and services in Peru, please contact the U.S. Foreign Commercial Service at the Embassy in Lima, Peru. Points of contact are included below:

Val Huston, Commercial Counselor  
Matthew Poole, Commercial Attaché  
Phone: (511) 618-2442

### **Web Resources**

Antitrust, Unfair Competition Intellectual Property Protection, Consumer Protection, Dumping, Standards and Elimination of Bureaucratic Barriers -Agency ([INDECOPI](#)): (Bilingual)

[Central Bank](#): (Bilingual reports and statistics)

[Government Procurement Supervisory Agency](#): (Spanish)

[InPERU](#) is a non-profit organization set up by Peru's main business organizations to promote foreign investments to Peru.(English)

[Ministry of Energy and Mines](#): (Spanish with limited bilingual content)

[Ministry of Foreign Affairs](#)

[National Interconnected System Operation](#) (Comité de Operación Económica del Sistema Interconectado Nacional, COES-SINAC). (Spanish)

[OSCE's opinion on "government to government" procurement](#) (Spanish)

[Peru Export and Tourism Promotion Board, PromPeru](#) (Spanish)

[Peru Travel, Peru Travel Information and Vacations Guide](#)

[Private Investment Promotion Agency – ProInversión](#) (Bilingual)

[Public Registry \(SUNARP\)](#) (Spanish)

[Securities and Exchange Supervisory Agency \(SMV\)](#) (Spanish)

[SUNAT – Peruvian foreign trade statistics](#)

[Tax and Customs National Superintendence \(SUNAT\)](#) (Spanish)

[United Nations Office for Project Service](#) (Bilingual)

[U.S. Trade Representative \(USTR\)](#)

## Leading Sectors for U.S. Exports & Investments Agricultural Sector

### Leading Sub-Sectors

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

	2014	2015	2016	2017 (Estimated)
Total Local Production	240	225	215	220
Total Exports	0	0	0	0
Total Imports	1,879	1,883	1,772	1,900
Imports from the U.S.	351	415	385	600
<b><u>Total Market Size</u></b>	2,119	2,108	1,987	2,120
Exchange Rates	2.84	3.18	3.37	3.50

*(Total Market Size = (Total Local Production + Imports) - Exports)*

Peru produces approximately 220,000 metric tons (MT) of soft wheat annually, 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 2016 was 22%. 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)

	2014	2015	2016	2017 (Estimated)
Total Local Production	35	32	30	30
Total Exports	1	1	0	1
Total Imports	60	55	37	50
Imports from the U.S.	57	55	37	50
<b><u>Total Market Size</u></b>	94	86	66	79
Exchange Rates	2.84	3.18	3.37	3.50

Peruvian textile and apparel exports are undergoing a severe crisis due to competition from other countries such as Vietnam. Value of exports is expected to reach USD 1.8 billion in 2017. 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)

	2014	2015	2016	2017 (Estimated)
Total Local Production	1,225	1,650	1,300	1,100
Total Exports	0	0	0	0
Total Imports	2,333	2,684	3,040	3,300
Imports from the U.S.	1,699	2,130	2,857	3,000
<b><u>Total Market Size</u></b>	3,558	4,334	4,340	4,400
Exchange Rates	2.84	3.18	3.37	3.50

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 the U.S.'s tariff-rate-quota (TRQ) for 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)

	2014	2015	2016	2017 (Estimated)
Total Local Production	1,225	1,650	1,300	1,100
Total Exports	0	0	0	0
Total Imports	2,333	2,684	3,040	3,300
Imports from the U.S.	1,699	2,130	2,857	3,000
<b><u>Total Market Size</u></b>	3,558	4,334	4,340	4,400
Exchange Rates	2.84	3.18	3.37	3.50

Peru imports soybean meal primarily for poultry feed. Bolivia was the leading soybean meal exporter to Peru in calendar year (CY) 2016 with a 53% market share. Soybean meal from all origins enters Peru duty-free.

Product Statistics & Data (PS&D) Code: **Whey (MT)**

	2014	2015	2016	2017 (Estimated)
Total Local Production	0	0	0	
Total Exports	0	0	0	
Total Imports	9,063	9,612	<b>9,259</b>	<b>9,300</b>
Imports from the U.S.	1,727	2,317	<b>1,751</b>	<b>1,900</b>
<b><u>Total Market Size</u></b>	9,063	9,612	<b>9,259</b>	<b>9,300</b>
Exchange Rates	2.84	3.18	<b>3.37</b>	<b>3.50</b>

Total whey imports into Peru reported a decreased of 4% in 2016, mainly driven by factors as of a local stationary market and better prices in other markets. Imports from the United States experienced a downturn and fell 24% in 2016 compared with 2015 due to higher prices than other competitor nations such as Chile. The U.S. imports market share remained in second position accounting for 19% of total imports while Chile accounted for 57% in 2016. The whey market continues a variable trend over the last three years, mainly price-driven. Local sources report a similar performance of the sector throughout 2017 due to uncertainties in animal feed growth.

Product Statistics & Data (PS&D) Code: **Cheese (MT)**

	2014	2015	2016	2017 (Estimated)
Total Local Production	28,145	27,950	28,150	28,000
Total Exports	12	85	164	100
Total Imports	4,394	4,858	5,343	5,700
Imports from the U.S.	2,416	2,576	2,950	3,100
<b><u>Total Market Size</u></b>	32,527	32,723	33,329	33,600
Exchange Rates	2.84	3.18	3.37	3.50

In 2016, imports from the United States accounted for 55% of the market. Argentina and New Zealand account for 19 and 5%, respectively, of Peru's cheese imports. The food processing and food service industries are two main destinations for cheese products. The consolidation of franchises as well as new players in the market is pushing up cheese imports that totaled 5,343 MT in 2016. The PTPA provides a TRQ of 2,500 MT with a 12% increase per year. Currently the quota is 6,190 MT.

Product Statistics & Data (PS&D) Code: **Beef and Offal (MT)**

	2014	2015	2016	2017 (Estimated)
Total Local Production	235,450	235,929	235,730	236,000
Total Exports	260	328	300	300
Total Imports	17,336	18,513	17,839	18,500
Imports from the U.S.	5,590	5,105	4,608	5,000
<b><u>Total Market Size</u></b>	253,208	254,248	253,269	254,200
Exchange Rates	2.84	3.18	3.37	3.50

Peru's beef and offal market size sector decreased almost 4% in 2016 with respect to the previous year. U.S. offal exports dropped almost 10% due to stiff competition from Argentina and Brazil. Higher prices forced importers to reduce orders from U.S. suppliers. In the case of frozen beef, U.S. exports rebounded in 30% reaching 500 MT in 2016 with respect last year. The U.S. Meat Export Federation has been actively involved in promotional activities within the region. Peru's stellar economic performance over the last 15 years has been instrumental in driving consumer preferences towards high-quality products. Almost 80% of U.S. beef exports go through the food service channel which represents 6% of GDP. U.S. beef and offal exports have experienced a recovery during the first three months of the year.

Product Statistics & Data (PS&D) Code: **Pet Food (MT)**

	2014	2015	2016	2017 (Estimated)
Total Local Production	35,500	37,275	38,634	41,000
Total Exports	2,434	2,059	2,704	3,000
Total Imports	16,244	18,550	21,958	23,500
Imports from the U.S.	3,008	4,289	4,503	4,700
<b><u>Total Market Size</u></b>	49,310	53,766	57,888	61,500
Exchange Rates	2.84	3.18	3.37	

The pet food market offers strong growth possibilities since only 25% of Peruvian dogs and cats are fed with adequate pet food. Four companies dominate the domestic pet food market, in the following order of largest to smallest market share: RintiSA, Nestlé, Molitalia and Mars. Eighty percent of total imports were of dog food and 20% of cat food. Ninety-eight percent consisted of bagged food (pellets) and 2% were canned. Sales at veterinary clinics and pet

shops are important channels for premium, therapeutic, and wet products. In 2016, Argentina (22%), United States (31%), Brazil (31%) and Colombia (22%) dominated Peru's imported pet food market. For 2017, pet food retail sales are expected to keep growing over the forecast period supported by strong growth of imported premium and domestic mid-priced pet food; and reach 70,000 MT in 2020.

Product Statistics & Data (PS&D) Code: **Forest Products** (USD Millions)

	2014	2015	2016	2017 (Estimated)
Total Exports	165	146	125	130
Total Imports	264	245	247	260
Imports from the U.S.	20	14	20	18

The consumption of wood products has increased in recent years. Peruvian imports are focused on wafer board, particle board, fiberboard, and sawn softwood. We foresee an opportunity for softwood lumber, OSB, plywood and other engineered wood for structural/construction purposes. In 2016, Chile (36%), Ecuador (14%), China (11%), Brazil (10%) and United States (8%) dominated Peru's imported forest products market. Significant changes are expected in 2017 with reconstruction efforts led by the government in the aftermath of flooding and mudslides in the early part of the year. It is expected that the construction sector will increase its growth by the second quarter of the year.

Product Statistics & Data (PS&D) Code: **Biofuel (Ethanol)** (Liters-Millions)

	2014	2015	2016	2017 (Estimated)
Total Local Production	245	160	160	170
Total Exports	102	94	113	110
Total Imports	63	112	160	160
Imports from the U.S.	54	99	148	150
<b><u>Total Market Size</u></b>	206	178	207	220

Ethanol production for calendar year (CY) 2017 is forecast at 170 million liters. We forecast ethanol imports at 160 million liters in CY 2017. Peru is currently mandating a 7.8% ethanol blend rate with gasoline.

**Contact Information**

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

Los Laureles 365 San Isidro  
Lima 27 - Peru  
Tel.: (511) 442-1218  
E-mail: [correo@perulactea.com](mailto:correo@perulactea.com)  
Rolando Piskulich, President

[Asociación Peruana de Porcicultores](#)  
(Pork Producers Association)  
Pomalca 351 Urb. Centro Comercial Monterrico, Surco  
Lima - 33, Peru  
Tel.: (511) 436-3729, 436-4168  
E-mail: [info@asoporci.org.pe](mailto:info@asoporci.org.pe)  
Guillermo Vidal, President  
Ana Maria Trelles, General Manager

[Asociación Peruana de Avicultura](#)  
(Poultry Producers Association)  
Av. Esmeralda 255 Chacarilla del Estanque, San Borja  
Lima - 33, Peru  
Tel.: (511) 372-1540  
E-mail: [apacomunicaciones@apa.org.pe](mailto:apacomunicaciones@apa.org.pe)  
Apolonio Suarez, President  
Mario Berrocal, General Manager

Asociacion de Ganaderos Lecheros del Peru (AGALEP)  
(Dairy Producers Association)  
Mateo Pumacahua No. 877, Oficina 306 Jesus Maria  
Lima - 11, Peru  
Tel: (511) 423-4642 / (501) 431-0549  
E-mail: [agalep@infonegocio.net.pe](mailto:agalep@infonegocio.net.pe)  
Hector Guevara, Manager

Comité de Molinos de Trigo  
(Wheat Millers Committee)  
Los Laureles 365 San Isidro  
Lima - 27, Peru  
Tel.: (511) 616 4444, ext. 131 and (511) 442-2460  
E-mail: [adaly@sni.org.pe](mailto:adaly@sni.org.pe)  
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## Commercial Fishing Equipment Overview

	2014	2015	2016	2017 (Estimated)
Total Local Production	N/A	N/A	N/A	N/A
Total Exports	60.9	30.2	31.3	32.1
Total Imports	413.7	433.1	428.5	439.2
Imports from the U.S.	72.6	51.6	52.7	54.0
<b><u>Total Market Size</u></b>	474.6	463.3	459.8	471.3
Exchange Rates	2.84	3.18	3.37	3.50

*Unit: USD millions*

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

*Data Sources: Global Trade Atlas*

2016 Import Market Share (% for U.S. and major competitors): China 83.3; Mexico 56.6 United States 52.7; Brazil 29.1; Colombia 27.7.

Peru's fishing industry is an excellent example of how Peru's natural resources and FTA's produce a comparative advantage. The country's coastal waters are an ideal location for anchovy fishing due to its cold temperatures. Commercial fishing activity began in the 1950's, but the problem of overfishing in combination with El Niño weather events created instability in the latter half of the 20<sup>th</sup> century. Due to private sector innovation, Peru is projected to become one of the world's largest providers of fish for human consumption by 2021.

Peru is a traditional fishing country. The Ministry of Production issues quotas for each fishing season to prevent overfishing and to maintain a steady supply in an inherently volatile industry. Peru's main fishing products are anchovies, mackerel, dolphin fish, hake and squid, although in recent years smaller and more specialized catch operations have emerged, focusing on supplying specific niche species to specialty markets.

The National Institute of Statistics and Informatics - INEI - recently published the national fishing production statistics in 2016, which showed a decline of 10.9% compared to 2015. The sector experienced steady expansion beginning July 2016 through December 2016, culminating in a 40.52% growth rate by December. According to the Central Reserve Bank of Peru (BCRP), the presence of juveniles during this season would ensure adequate biomass by 2017. Coupled with normal ocean conditions, this should lead to a normalization of growth of the fishing industry in 2017 and 2018. The BCRP revised the growth projections for these years to 34.7% and 5.7%, respectively.

While this growth includes gains in the domestic market, the majority derives from the export market. Peru's fish exports accounted for USD 579 million in the first half of 2016, due to a deep network of FTA's and improved port and transportation infrastructure. China is the fishing industry's primary export destination, primarily due to anchovies utilized for fishmeal.

The Ministry of Production – PRODUCE – is committed to the reactivation of the fishing industry. At the beginning of 2017, an exclusive corridor was created for small-scale fishing between miles 5 and 10, allowing the reactivation of industrial fishing. Furthermore, a series of measures have been implemented for artisanal fishing, such as the construction and modernization of fishing piers, the simplification of bureaucratic procedures, and the promotion of benefits such as Obligatory Insurance of the Artisanal Fisherman (SOPA).

### Leading Sub-Sectors

The figures below represent each product's share of Peru's 2016 total imports in this sector.

HTS Code	Description	% Change 16/15
841370	Centrifugal Pumps, Nesoi	32.51
731815	Threaded Screws And Bolts Nesoi Of Iron Or Steel	- 18.37
842890	Lifting, Handling, Loading & Unloading Machy Nesoi	41.92
731210	Stranded Wire, Rope Etc, No Elect Insul, Ir Or St	- 12.17
848350	Flywheels And Pulleys, Including Pulley Blocks	- 29.65
840810	Marine Compress-Ignin Combustion Piston Engine Etc	85.16
840991	Spark-Ignition Int Combustion Piston Eng Pts Nesoi	- 3.10
843880	Ind Prep, Manuf Food, Drink Exc Ext, Prep Anim, Veg Ol	- 44.64
761699	Articles Of Aluminum, N.E.S.O.I.	- 46.59
902580	Hydrometers & Sim Fl Inst, Hygrometers, Etc, Nesoi	26.99
841320	Hand Pumps, Exc Pumps Fitted With Measuring Devices	62.85
841850	Refrigerating/Freezing Display Counters Etc	- 53.15

### Opportunities

The fishing industry has sought to supply value added products instead of simply raw material. The industry has recently experienced a surge in fishing processing centers. Medium size companies have added new facilities to process tuna, allowing it to meet increasing demand from European markets and minimize the adverse effects of El Niño. There are also significant investments in frozen processing plants and fishmeal plants.

Austral Group is carrying out a plan to upgrade its fleet to 100% refrigeration. This will increase the efficiency, decrease fuel usage and improve conservation of raw materials.

**Key Industry Events**

[Expo Pesca](#) – Showcases products like hatcheries, fish farming, fishing equipment, processing methods such as fish skinning and scaling, fish feed, diagnostic services, etc. in the Meat, Poultry & Seafood industry.

November 8-10, 2017, Jockey Exhibitions Center, Lima

**Web Resources**

[Ministerio de la Producción](#)

Calle Uno Oeste N° 060 - Urbanización Córpac

Lima 27, Perú

[Global Trade Atlas](#)

[National Institute of Statistics and Informatics – INEI](#) (Spanish)

[The Businessyear 2017](#)

## Construction Equipment Overview

	2014	2015	2016	2017 (Estimated)
Total Local Production	N/A	N/A	N/A	N/A
Total Exports	98	100.9	103.5	107.9
Total Imports	2,320	2,389.6	2,449.6	2,556.3
Imports from the U.S.	479.2	487.4	507	541.9
<b><u>Total Market Size</u></b>	2,222	2,288.6	2,345.2	2,448.4
Exchange Rates	2.85	3.20	3.30	3.50

*Unit: USD millions*

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

*Data Sources: Global Trade Atlas*

2016 Import Market Share (% for U.S. and major competitors): United States 20.6; China 15.1; Brazil 14.9; Japan 9.8; Germany 5.7; South Korea 3.3.

President Kuczynski's push for increased public infrastructure is a point of advantage for the construction industry. Traditionally, the mining sector has been the country's driving force behind large-scale construction projects. However, falling commodity prices have led to project delays and postponements, which has dampened the mining sector's potential for new construction. Peru's administration is planning to spend USD 15 billion on public works projects to bring water and sanitation services to rural provinces. The success in securing foreign investment for these projects will determine the construction sector's prospects over the next few years.

The construction industry recovered and grew 1.96% in 2016 after contracting 5.9% in 2015, the lowest rates since the 2008 financial crisis. The Peruvian government's emphasis on streamlining regulation on large projects is cause for optimism going forward, and indeed, a recent Peruvian Chamber of Construction (CAPECO) industry survey found that over one-third expected public and private infrastructure to be the sector with the largest growth in 2017.

Peru's rapid economic growth made evident the existence of a large infrastructure gap. According to a study by Universidad del Pacifico released in late 2015, Peru would need to invest close to USD 160 billion, involving annual investment of 8.3% of GDP for nine consecutive years in order to cover its infrastructure needs by 2025. In almost every area of the country there is pent-up demand for both public and private infrastructure in a broad range of areas, such as roads, telecommunications, ports, airports, water and sewage, health and education, and energy. The growth underway is attributable to massive projects.

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. A few days later, the government enacted the Works for Taxes law (Obras por Impuestos). In accordance with this law, a private company may finance and implement public projects chosen by regional and local governments, and then deduct the investment amount from its income tax.

Peru was recently at the mercy of the coastal “El Niño”, a phenomenon characterized by heavy rains, landslides and floods. The phenomenon destroyed infrastructure and crops, and left many citizens homeless. The Peruvian government created the Authority for Reconstruction with Changes (Autoridad para la Reconstrucción con Cambios - RCC) agency that will lead and implement a comprehensive plan to refurbish, replace, rebuild, and construct quality public infrastructure in affected areas. This reconstruction process is estimated to cost USD 6.4 billion during the next three years.

### Leading Sub-Sectors

The figures below represent each product’s share of Peru’s 2016 total imports in this sector.

HTS Code	Description	%
842952	Mech Shovels Excavators Etc W 360 Degree Sprstruc	20.2
842951	Mech Front-End Shovel Loaders, Self-Propelled	16.1
843149	Parts And Attachments Nesoi For Derricks Etc.	10.9
847490	Parts Of Mach For Sorting Etc Earth Stone Ores Etc	6.1
847420	Crushing/Grinding Mach For Earth Stone Mnerl Subs	5.9
843049	Boring Or Sinking Mach Nesoi, Not Self-Propelled	5.0
843041	Boring Or Sinking Machinery, Nesoi, Self-Propelled	4.8
842959	Mech Shovels, Excavators And Shovel Loaders Nesoi	4.4
842911	Bulldozers And Angeldozer, Self-Prop, Track Lay	4.3
843139	Pts For Lifting, Hndlng, Loading/Unldng Mach Nesoi	3.7

### Opportunities

Peru’s administration has announced that it wants to increase private investment in infrastructure from the current 4.5% of GDP to 6% by 2021. With this increased funding comes a host of new opportunities for the Peruvian construction industry.

Construction companies imported modern construction equipment such as mixers, cranes, excavators, dump trucks and other equipment, which led to drastically reduced construction times. Growth in the construction sector in 2017 will be spurred by a high demand in several areas.

The Authority for Reconstruction with Changes is scheduled to initiate projects on the rehabilitation of over 540 bridges, 6,000 kilometers of national roads, 30,900 kilometers of

rural roads and 45,000 kilometers of irrigation canals affected by the floods and mudslides during the early months of 2017.

A reform package for the health sector, introduced in late 2013 by the previous government, was launched to include rehabilitation, construction, and equipment of 206 primary care centers, construction of 170 provincial hospitals, construction of 23 regional hospitals and construction of 13 national hospitals.

To address the infrastructure gap for the education sector, the government has plans to build high performance schools and execute projects associated with the 2019 Pan American games.

The unremitting housing deficit throughout the country is expected to support construction activity. The Ministry of Housing, Construction and Sanitation (MVCS) estimates that the total housing deficit in Peru is around 2 million homes. In addition to construction of 500,000 new homes, the country needs to renovate another 1.5 million to close the gap. All public housing programs are overseen by the MVCS.

Peru's thriving construction sector provides a wide variety of investment opportunities. The ProInversión website, shown below, provides detailed information on many projects both large and small. There are several important projects requiring substantial capital investment and suppliers of products and services.

These include:

- The Lima and Callao Metro–line 2 and Av. Gambeta Branch, worth about USD 5.7 billion. PPP contract signed by ProInversión in April 2014 with a construction period of just over five years. There are three more Lima Metro lines in different stages of planning and execution.
- The Integrated System of Gas Transportation of Southern Peru, ex - Southern Gas Pipeline, is expected to be awarded in Q3 of 2018. The pipeline is one of the biggest pipelines in South America and will transport gas from the Camisea gas fields in the southern Andes to the coast. The project's completion date is delayed until 2018 since Brazilian firm Odebrecht ran into legal and financial troubles in Brazil and Peru.
- Lima's Jorge Chavez International Airport is undergoing a USD 1.2 billion expansion aimed at building a second runway, a new terminal and aircraft slots. Ayacucho, Arequipa and Tacna will also see expansion of terminals and runways.
- A series of new water sanitation projects that have already attracted financing interest from international institutions such as the World Bank and the Inter-American Development Bank.

### **Key Industry Events**

[EXCON 2017](#) – International tradeshow of goods and services related to the construction sector  
October 10–14, 2017, Jockey Exhibitions Center, Lima

## **Web Resources**

[Association for the Promotion of National Infrastructure - AFIN](#) (Spanish)

[Fondo MiVivienda \(MyHome Fund\)](#) (Spanish)

[Global Trade Atlas](#)

[Ministry of Transportation and Communications](#) (Spanish)

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[National Institute of Statistics and Informatics— INEI](#) (Spanish)

[Obras Por Impuestos](#)

[Peruvian Chamber of Construction— CAPECO](#) (Spanish)

[Private Investment Promotion Agency— ProInversión](#) (bilingual)

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(Chamber of Engineering and Construction Firms)

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Francisco Osorez Sanchez, President

## Education Overview

	2014/15	2015/16	2016/17 (Estimated)	2017/18 (Estimated)
Total number of Peruvian Students Studying in the U.S.	2,763	3,256	3,581	3,940
	2015	2016	2017 (Estimated)	2018 (Estimated)
Total Number of U.S. Student Visas Issued to Peruvian Students	1,924	1,750	1,925	2,177
Exchange Rate: 1 USD	2.85	3.20	3.35	3.50

Data Sources:

1) IIE Open doors 2016 Report

2) State Department 2016 Non-immigrant Statistics

In recent years, the Ministry of Education – MINEDU – has undertaken a series of actions to improve access to education, as well as student performance. According to The Educational Quality Statistic (MINEDU), the number of enrollments increased across the board by 2.3% in 2016 in comparison to 2015. Also primary education reading comprehension went from 16% in 2007 to 50% in 2015, and mathematics scores increased from 7% in 2007 to 27% in 2015.

Although the management of MINEDU has made significant progress in student performance, they need to fill educational gaps. For example, despite an increase in the education budget of 35% between 2006 and 2016 (3% to 4% of GDP), spending and investment remains low compared to the 5.5% spending average of the countries that belong to the Organization for Economic Cooperation and Development (OECD).

In Peru, the disparity in performance between students in the urban and rural areas is high. For example, among 2nd grade primary school students, only 55.1% in the urban areas have satisfactory reading test scores, but in rural areas, that figure drops to 18.5%. In mathematics exams, satisfactory test scores are 29.1% in urban areas, while in rural areas scores are only satisfactory among 12.3% of students.

“Brain Drain” is a major consequence of the deficiencies within the Peruvian education sector. Many financially stable Peruvians take advantage of better educational opportunities and employment prospects abroad, in Europe or in the U.S. when given the opportunity.

There are three persistent deficiencies that plague the Peruvian educational system: high educational costs, the lack of proximity for students living outside of Lima and poorly qualified teachers. Some institutions like Pontific Catholic University (PUCP) are trying to solve the issue of geographical access by building remote campuses in 10 of Peru’s largest metropolitan areas. Innova is another private education provider who is trying to close the cost gap by providing high-quality secondary education for Peru’s rising middle class. Almost 80% of Peru’s private

schools are small and poorly managed. Innova constructs an average of six buildings a year and is aiming to operate 100 schools by end of 2017.

In 2016, Peru had 142 universities, 31 of which are public and the remaining, private. Of the 142 universities, more than 50 are based in Lima. In January 2015, a new higher education authority, the National Superintendence of University Higher Education - SUNEDU, replaced the National Assembly of Rectors (ANR) under a new higher education law. SUNEDU has assumed a regulatory role over all universities, both public and private. In addition, SUNEDU is responsible for authorizing the establishment of new universities and is expected to stop the establishment of low-quality universities by supervising the quality of educational standards.

Overall, the education sector in Peru is headed in a positive direction despite its many structural defaults (i.e. high costs, inadequate curricula, poorly qualified teachers, low access outside the country's capital, and a vast proliferation of unregulated and poorly managed for-profit private universities).

### **Leading Sub-Sectors**

An opportunity exists within the growing private sector educational market. There is untapped potential for innovative education providers that seek to cut the cost of higher education, to expand geographical reach within Peru, to incorporate new methodology and technology and to coordinate globally through research and exchange programs.

### **Opportunities**

Many of Peru's educational institutions are working to incorporate cutting edge technology and methods into their curriculum.

With over 1 million university students and an ever-growing middle class that is eager to invest in quality education, the market for low-cost, high-quality education in Peru has never been more relevant.

### *Coastal El Niño*

In the first months of 2017, Peru experienced ten times the usual rainfall, destroying and in many cases, irreparably damaging, much of Peru's educational infrastructure. MINEDU has projected the need to invest USD 300 Million to rebuild destroyed schools, especially in the northern region of Peru where the effects of flooding and mudslides were the most severe.

### **Web Resources**

[Peruvian Ministry of Education](#)

Calle Del Comercio 193, San Borja - Lima, Perú

(511) 615-5800

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## Food Processing and Packaging Equipment Overview

	2014	2015	2016	2017 (Estimated)
Total Local Production	N/A	N/A	N/A	N/A
Total Exports	15.8	11.7	16.6	17.0
Total Imports	453.9	298.4	426.1	436.8
Imports from the U.S.	111.9	51.9	44.7	42.5
<b>Total Market Size</b>	438.1	286.7	409.5	419.8
Exchange Rates	2.84	3.18	3.37	3.50

Unit: USD millions

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

Data Source: Global Trade Atlas

2016 Import Market Share (% for U.S. and major competitors): Italy 19.6; South Korea 16.3; China 11.7; United States 10.5; Germany 6.0; Spain 5.0; Brazil 4.0; France 3.2.

Peru's food processing industry is one of the national economy's most dynamic sectors, representing over 4% of the country's GDP and over 30% of its industrial GDP. The most important subsectors are the meat, fisheries, dairy, beverage, agroindustry, grains, cereals, and seeds industries. After an economic slowdown in 2015, 2016 showed a reactivation of the industry, projecting growth in 2017.

The growing reputation of Peru's culinary culture has marked an increase in non-perishable foods produced and packaged locally. This new trend is expanding the use of native Peruvian ingredients, such as fruits, peppers and Andean cereals, increasing the attraction and marketability of products. Consumers are slowly shifting towards packaged and prepared foods as there is a decreased risk of contamination and an increase of product lifespan. Peru's growing middle class is now willing to pay slightly higher prices for a guarantee of quality products. Products such as cheese, oils, fats, spreads, and baked goods are also benefiting from this shift in consumers' preferences.

### Leading Sub-Sectors

The figures below represent each product's share of Peru's 2016 total imports in this sector.

HTS Code	Description	%
841950	Heat Exchange Units, Industrial Type	20.5

841989	Machine Etc For Mat'L Treatment By Temp Cont Nesoi	18.0
842240	Packing Or Wrapping Machinery, Nesoi	8.7
842129	Filter/Purify Machine & Apparatus For Liquid Nesoi	7.3
841869	Refrigerating/Freezing Equipment, Nesoi	6.2
842230	Machinery For Filling, Closing Bottles, Etc	5.4
842290	Parts For Machines For Dishwashing, Packing, Etc	3.4
843890	Parts Of Mach Of Ch 84, Nesoi,Ind Prep Food,Drink	2.9
843830	Machinery For Sugar Manufacture	2.2
843810	Bakery Mach & Mach F Manuf Macaroni,Spaghetti,Etc	1.7
841720	Bakery Ovens, Including Biscuit Ovens, Nonelectric	1.5
843780	Mach F Milling Or Working Cereals & Veg, Exc Farm	1.4
841981	Machinery Etc For Making Hot Drinks Cooking Heatng	1.3
843420	Dairy Machinery	1.3

Best prospects also include fully integrated high technology equipment and machinery for processing and packaging purposes. This includes machinery for temperature treatment, refrigeration and 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 and heat exchange units, as well as other packing or wrapping machinery. Peruvians prefer U.S. technologies for closing, sealing, and labeling equipment and rigid containers.

### **Opportunities**

#### [EXPOALIMENTARIA PERU 2017](#)

September 27-29, 2017, Jockey Exhibitions Center, Lima

International annual trade show of food and beverages, machinery, equipment, inputs, containers and packaging, services, restaurants, and gastronomy.

### **Web Resources**

#### [Global Trade Atlas](#)

#### [Ministerio de la Producción](#) (Industry & Fisheries) (Spanish)

(Ministry of Production)

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Lima 27, Peru

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#### [Sociedad Nacional de Industrias \(SNI\)](#) (Spanish)

(Manufacturer's Society)

Los Laureles 365, San Isidro

Lima 27, Peru

Tel.: (511) 616-4444

E-mail: [contactenos@sni.org.pe](mailto:contactenos@sni.org.pe)

## Medical Equipment Overview

	2014	2015	2016	2017 (Estimated)
Total Local Production	N/A	N/A	N/A	N/A
Total Exports	10.8	11.1	11.4	11.7
Total Imports	322.9	332.6	340.9	355.6
Imports from the U.S.	69.0	71.1	72.9	79.3
<b>Total Market Size</b>	312.1	321.5	329.5	343.9
Exchange Rates	2.85	3.20	3.30	3.50

*Unit: USD millions*

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

*Data Sources: Global Trade Atlas*

2016 Import Market Share (% for U.S. and major competitors): United States 21.7; China 18.1  
Germany 12.5; Japan 7.1; South Korea 4.9; Brazil 3.6

Peru's healthcare sector has five main entities. The Ministry of Health (MINSA) is the main publicly funded healthcare provider, serving 60% of the population through a network of public hospitals and clinics. MINSA offers Seguro Integral de Salud (SIS), the main publicly funded insurance. EsSalud, the national social security program, is funded by payroll taxes and provides services to 30% of all Peruvians. The remaining 10% of the population receives services from the Armed Forces, National Police and the private sector.

Peru's administration has stated that improving the healthcare system is one of its top priorities. Services have improved as the nation has developed rapidly over the past two decades; however, disparity remains in coverage between Lima and the rural Andean and Amazonian regions of the country. Increasing access to care, training more qualified healthcare workers and improving healthcare outcomes for the poor will result in increased human capital and benefit the country both socially and economically. Peru's government is beginning to boost public spending to meet these challenges. Similarly, a growing private sector is developing new healthcare networks and raising the standards of technology and medical innovation.

Peru is the eighth most populous country in the Americas, with a population of 31 million inhabitants and an average life expectancy of 73.7 years. According to the World Bank, Peru's annual health expenditures in 2016 were 5.5% of GDP, equal to only USD 358 per capita (lower

than most other Latin American countries). In 2016, Peru’s healthcare and medical budgets exceeded USD 4.3 billion, remaining among the highest-priority sectors. In May of 2008, the government passed the Public-Private Partnerships (PPPs) legislative decree, which aims to facilitate the private investment promotion process through the creation, development, improvement, operation and maintenance of public infrastructure or the provision of public services. In recent years, the national social security agency, EsSalud, has inaugurated two PPP hospitals and will continue to bid new hospitals under this process. Also taking place in 2008, the government enacted the Works for Taxes law (Obras por Impuestos). In accordance with this law, a private company may finance and implement public projects chosen by regional and local governments, and then deduct the investment amount from its income tax.

A sanitary registry is required to sell medical equipment and devices. The Ministry of Health through the Dirección General de Medicamentos, Drogas e Insumos (DIGEMID) is the healthcare authority that regulates the importation of medical equipment and devices. It is mandatory to name a local distributor or representative since the registration will be issued to the Peruvian company. Both public and private hospitals purchase new medical equipment, and used medical equipment is only permitted for individual physicians buying it for personal use.

### Leading Sub-Sectors

The figures below represent each product’s share of Peru’s 2015 total imports in this sector.

HTS Code	Description	%
901890	Instrument and appliances for medical, surgical, dental	20.79
901839	Needles, caterers and others	10.02
902139	Artificial Joints, parts and accessories	8.13
901850	Other ophthalmic instruments and appliances, parts	5.60
902214	Apparatus base on X-ray, medical, surgical, veterinary	5.45
901819	Electro-diagnostic apparatus and parts.	4.77
902131	Other artificial joints and parts and accessories thereof	4.28
300510	Adhesive dressings and other articles having adhesive	3.73
902110	Orthopedic or fracture appliances, parts and accessories	3.22
901920	Ozone, oxygen, therapy, respiration apparatus and parts	3.06

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

### Opportunities

About 2.0 million people or 6.5% of the total population in Peru are aged 65 or older. Demands for quality elder care and treatment for cancer, cardiovascular diseases, and diabetes exist.

Additionally, the rising middle class in and around Lima has led to an increase in the urban population, creating higher expectations from healthcare providers.

In stark contrast to the public system, the private healthcare sector has been particularly dynamic, having experienced significant growth in the past five years, buoyed by rising insurance penetration rates. Private investment in the sector has recently peaked, reaching USD 400 million and adding approximately 1,100 hospital beds. The outlook for the private healthcare market is positive; however, the future of the healthcare industry is reliant on central and regional government investment. An important component of the reform package introduced by the government in late 2013 was the launch of a USD 2.7 billion program to reduce the considerable gap in healthcare. The program aims to modernize existing medical infrastructure, as well as to build new additions. The program is expected to add 7,000 new hospital beds, and includes rehabilitation, construction, and outfitting of 206 primary care centers, construction of 170 provincial hospitals, construction of 23 regional hospitals and construction of 13 national hospitals.

The government's assertive stance towards prioritizing and enhancing the country's healthcare system in conjunction with the interest of private companies to invest more in state of the art equipment such as computed tomography (CT) scanners, robotic radiosurgery systems and gamma knives, will yield opportunities for foreign medical device manufacturers. These opportunities are augmented by the country's low export profile, where local manufacturing is limited to consumables, basic electro diagnostics, and hospital furniture.

### **Key Industry Events**

[Tecnosalud 2017](#) – International tradeshow of goods and services related to the healthcare sector.

September 6–8, 2017, Jockey Exhibitions Center, Lima

### **Web Resources**

[Business Monitor International Research](#)

[Dirección General de Salud Ambiental \(DIGESA\)](#)

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[Ministry of Health](#)

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[National Institute of Statistics and Informatics— INEI](#) (Spanish)

[Obras por impuestos](#)

[ProInversion](#)

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Tel.: (511) 200-1200

Alvaro Quijandria, Executive Director

## **Mining Industry Equipment Overview**

	2014	2015	2016	2017 (Estimated)
Total Local Production	N/A	N/A	N/A	N/A
Total Exports	200.8	175.7	132.8	129.4
Total Imports	2,938.9	2,238.7	2,036.8	1,983.6
Imports from the U.S.	893.2	723.3	594.1	479.8
<b>Total Market Size</b>	2,738.1	2,063.0	1,904.0	1,854.2
Exchange Rates	2.84	3.18	3.37	3.50

*Unit: USD millions*

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

*Data Sources: Global Trade Atlas*

2016 Import Market Share (% for U.S. and major competitors): United States 29.2; China 11.4; Brazil 11.2; Germany 9.3; Japan 5.8; Italy 4.9; Sweden 3.7; Mexico 3.1; Chile 2.6; Canada 2.2.

Historically, Peru's mining industry has been an essential component of the country's economic development. The mining sector is Peru's top export sector, accounting for over 15% of GDP and 59% of total exports in 2016. 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 faced significant challenges. Public opinion of the sector continues to worsen amidst news of Amazon damage caused by increased illegal gold mining. As a result, regions including Piura, Cajamarca, Arequipa, Cuzco, Moquegua and Puno have experienced social conflicts and mass demonstrations, stopping major projects. These costly projects delays have included the Conga mine and the Yanacocha mine. Protests have been motivated by fear of environmental degradation and by false information.

There has been progress made creating 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.

### Leading Sub-Sectors

The figures below represent each product's share of Peru's 2016 total imports in this sector.

HTS Code	Description	%
870410	Dumpers Designed For Off-Highway Use	9.1
870423	Truck, Diesel Eng, Gvw > 20 Metric Tons	7.7
847490	Parts Of Mach For Sorting Etc Earth Stone Ores Etc	7.5
392690	Articles Of Plastics, Nesoi	5.4
841480	Air/Gas Pumps, Compressors And Fans Etc, Nesoi	5.3
842952	Mech Shovels Excavators Etc W 360 Degree Sprstruc	4.7
842951	Mech Front-End Shovel Loaders, Self-Propelled	4.4
843149	Parts And Attachments Nesoi For Derricks Etc.	4.2
842959	Mech Shovels, Excavators And Shovel Loaders Nesoi	2.2
870190	Tractors, Nesoi	1.9
843031	Coal Or Rock Cutters & Tunnel Mach, Self-Propelled	1.8
843143	Parts For Boring Or Sinking Machinery, Nesoi	1.8

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, zinc, lead, molybdenum and tin, thanks to the country's abundant natural resources and steady flow of private investments. Currently, 15% of Peruvian territory is designated to mining concessions, with less than 2% of Peruvian territory under mining exploration or production. As of September 2016, the Ministry of Energy and Mines estimates the portfolio of mining projects, including expansions, to be USD 45.6 billion. Sixty percent of these projects are copper projects, which will increase copper production by 30% (to over 3 million tons) by 2021.

### Opportunities

Peru is an attractive destination for mining investments, with large mineral and metal reserves, including major undiscovered deposits. A favorable legal framework, readily available cadastral and geological information and a stable economy have motivated foreign investment from the U.S., Canada, the U.K., Australia, Mexico, Brazil and China. Investments in the sector have grown exponentially since 1992, reaching a record high of USD 9.9 billion in 2013.

It is recommended that U.S. exporters of capital goods entering the Peruvian market establish a local branch office. It is also advisable to appoint local representatives and legal counsel knowledgeable of the Peruvian market, mining sector legal framework, and Spanish language. If U.S. exporters of smaller goods prefer to work with local distributors, they should clarify the expertise and track records of those companies with whom they choose to work.

## **Key Industry Events**

[Perumin, 33<sup>rd</sup> Mining Convention](#), September 18–22, 2017

Universidad Nacional de San Agustín, Arequipa

Organizer: Institute of Mining Engineers of Peru (IIMP)

[U.S. Pavilion organizer: Kallman Worldwide, Inc.](#)

[13th International Gold & Silver Symposium](#), May 29 – 31, 2018

Westin Lima Hotel

Organizer: National Mining, Oil, and Energy Society

[ExpoMina Peru 2018](#), September 2018

Jockey Exhibitions Center, Lima

Organizer: Grupo DIGAMMA

[U.S. Pavilion organizer: Kallman Worldwide, Inc.](#)

## **Web Resources**

[Energy and Mining Regulatory Agency – Osinergmin](#) (Spanish)

[Environmental Assessment and Control Agency – OEFA](#) (Spanish)

[Global Trade Atlas](#)

[Ministry of Energy and Mines](#) (limited English content)

Av. Las Artes 260

San Borja

Lima 41, Peru

Tel.: (511) 411-1100

[Ministerio del Ambiente](#) (Spanish)

(Ministry of the Environment)

Av. Javier Prado Oeste 1140, San Isidro

Lima 27, Peru

Tel.: (511) 611-6000

[Ministerio de la Producción](#) (Industry & Fisheries) (Spanish)

(Ministry of Production)

Calle Uno Oeste 60, Piso 7

Lima, Peru

Tel.: (511) 616-2222

[National Institute of Statistics and Informatics– INEI](#) (Spanish)

[Organismo Supervisor de la Inversión en Energía y Minería – OSINERGMIN](#)

(Supervising Agency for Investment in Energy and Mining)

Jr. Bernardo Monteagudo 222, Magdalena del Mar

Lima – 17, Peru

Tel.: (511) 219-3410

E-mail: [atencionalcliente@osinerg.gob.pe](mailto:atencionalcliente@osinerg.gob.pe)

[Private Investment Promotion Agency– ProInversión](#) (Bilingual)

Av. Enrique Canaval Moreyra 150, Piso 9, San Isidro

Lima, Peru

Tel.: (511) 200-1200

[Sociedad Nacional de Minería, Petróleo y Energía](#)

(National Mining, Oil, and Energy Society)

Francisco Graña 671, Magdalena del Mar

Lima - 17, Peru

Tel.: (511) 215-9250

E-mail: [postmaster@snmpe.org.pe](mailto:postmaster@snmpe.org.pe)

[Ministerio del Ambiente](#) (Spanish)

(Ministry of the Environment)

Av. Javier Prado Oeste 1140, San Isidro

Lima 27, Peru

Tel.: (511) 611-6000

## Security and Safety Equipment Overview

	2014	2015	2016	2017 (Estimated)
Total Local Production	N/A	N/A	N/A	N/A
Total Exports	30.6	28.2	29.0	29.6
Total Imports	312.1	329.4	311.1	323.8
Imports from the U.S.	70.4	70.4	73.5	75.1
<b><u>Total Market Size</u></b>	281.5	301.2	282.1	294.2
Exchange Rates	2.85	3.20	3.35	3.50

*Unit: USD millions*

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

*Data Sources: Global Trade Atlas*

2016 Import Market Share (% for U.S. and major competitors): China 37.5; United States 23.6; Mexico 4.1; Taiwan 3.6; Spain 3.3; Germany 3.3; Italy 2.4; Brazil 1.9.

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

To prevent break-ins and to aid security guards, companies (headquarters and operation sites), government agencies, and households invest in a wide range of security equipment including 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, Weapons, Ammunition, and Explosives for Civilian Use (SUCAMEC) is in charge of regulating and enforcing fire arm applicable legislation, including issuing licenses to import, transport, sell and carry weapons.

In February 1997, the National Society of Mining, Petroleum and Energy (SNMPE) created SARCC (Search and Rescue Coordination Center), with an objective of supporting and coordinating security activities among its corporate members in the mining and energy sectors. SARCC provides emergency training resources and assists with emergency situations that threaten the safety of their corporate member's employees working in remote areas by through services including search and rescue operations, medical evacuation etc.

### Leading Sub-Sectors

The figures below represent each product's share of Peru's 2016 total imports in this sector.

HTS Code	Description	%
392690	Articles Of Plastics, Nesoi	35.4
630790	Made-Up Textile Articles, Nesoi	5.7
930200	Revolvers & Pistols, Designed To Fire Live Ammo	5.3
830140	Locks Except Motor Vehicle Or Furniture, Base Metl	4.4
853190	Parts Of Electric Sound Or Visual Signaling Aprts	2.8
853110	Burglar Or Fire Alarms And Similar Apparatus	2.8
851310	Portable Electric Lamps Nesoi, Battery Or Magneto	2.6
730830	Drs, Wndws A Frms A Thrshlds Fr Drs, Iron Or Steel	2.5
853180	Electric Sound Or Visual Signaling Apparatus Nesoi	2.3
650610	Safety(Incl Sports)Hdgr, Whether/Not Lined/Trimmed	2.2
842410	Fire Extinguishers, Whether Or Not Charged	2.2

Peruvian companies and organizations are beginning to develop strategies and procedures to protect critical information in the event of natural disasters or cyberattacks. Companies invest a significant percentage of their budgets in physical security services, with a growing focus on technologies as enterprises become more aware of potential cybersecurity risks.

### Opportunities

The security and safety equipment sector in Peru is very promising for U.S. exporters due to increased product demand. Public surveys indicate most Peruvians do not feel safe in their own homes. Companies and homeowners have a growing interest in preventative equipment including alarms, surveillance cameras, and lights.

### Key Industry Events

[Seguritec Peru](#) – Seguritec is one of the leading exhibitions for Safety & Security Industry in Peru. The event is being organized by Thais Corporation S. A. C.

**May 24-16, 2018, Jockey Exhibitions Center, Lima**

**Web Resources**

[Global Trade Atlas](#)

[Ministerio del Interior](#)

(Ministry of the Interior)

Plaza 30 de Agosto s/n - Piso 4, San Isidro

Lima 27, Peru

Tel.: (511) 418-4030

[National Security Association](#)

[SARCC](#)

## **Water Resources Equipment and Services**

### **Overview**

President Kuczynski's administration has prioritized the establishment of clear environmental standards and the improvement of national water and wastewater infrastructure, in order to reach 100% portable water coverage by 2021.

Total water consumption in Peru is broken down as follows: 84% in agricultural activities, 10% in industry (less than 2% for mining) and 6% in households. Approximately 5.5 million Peruvians do not have access to potable water and 11 million do not have access to indoor plumbing or waste removal. According to the Ministry of Housing, Construction, and Sanitation, only 54% of households in urban areas have safe drinking water. For rural areas, only 1.2% of Peruvians have access to reliable sources of safe drinking water. = Peru's Wastewater Treatment Plants (Tratamiento de Aguas Residuales (PTAR)) process 62% of sewage collected by the state's water utility companies (Empresas Prestadoras de Servicios de Saneamiento (EPS)).

Peru's rainy season occurs in the first quarter of the year, from January through March, during which the majority of potable drinking water is collected. Issues arise from difficulties in collection and distribution of water resulting from insufficient reservoirs. Although 30 billion cubic meters of water are consumed in Peru, reservoirs can only hold 10% of the required value. Poor households pay the highest premiums for clean, potable water, approximately 10 times more than those of better developed areas, including Lima.

The main causes of the problems in the water and sanitation sector in Peru are:

- Water operators are poorly supported by their regional governments and many are in or near bankruptcy
- Investments in the water and sanitation sector from the central and municipal governments and the private sector are inefficient and inadequate
- Peru does not have an inappropriate legal framework to manage and support the water and sanitation sector, either at the national or local levels

In 2017, the Kuczynski administration has issued decrees to improve, reform, and manage the sector. These decrees include: The Framework Law for the Management and Provision of Sanitation Services, the creation of the Safe Water Investment Fund (FIAS), the promotion of regional and local public investment with private sector participation (mainly through Public Private Partnerships (Asociaciones Publico-Privadas (APP)), and the creation of the National System of Multi-Annual Programming and Investment Management.

As part of the APP model, the government is working to improve management of water utilities through private participation modalities including management, operation and maintenance contracts. The participation of the private sector can reduce the quantitative and qualitative gap of infrastructure, providing necessary capacity, expertise and new technologies.

The flooding and mudslides of early 2017 caused USD 3.1 billion worth of damage. President Kuczynski has appointed Mr. Pablo de la Flor, a respected professional with extensive

experience in public and private sectors, as Executive Director of the “Reconstruction National Authority”. Mr. de la Flor has apportioned a USD 6.4 billion investment at the national level over the next three years, to include infrastructure works, agriculture, housing, sanitation, and roads. The reconstruction effort will begin with the rebuilding of bridges in the northern area of Peru.

### **Opportunities**

Significant investment opportunities can be found as the Peruvian government favors international investment amidst the State’s reconstruction process. Opportunities exist in the 50 water utilities or EPS’s throughout Peru, through modalities of Public Private Partnership and Works for Taxes, both administered by the Government’s contracting agency, ProInversión.

To reach the governmental objectives and close the infrastructure gap in water and sanitation by 2021, a total investment of USD 16 billion is required. This presents an important opportunity for suppliers to gain traction in promoting new technologies, supplies, investments and services related to the water industry.

Expertise in the following areas is required:

- Companies with experience in reconstruction processes.
- Companies with experience in road drainage.
- Companies with experience in successful Asociaciones Publico Privadas (Public Private Partnerships or APP in Spanish) reconstruction processes. The World Bank is helping the Peruvian government in this regard.

### **Web Resources**

#### [Ministry of Housing, Construction and Sanitation](#)

Av. Paseo de la Republica 3661, San Isidro  
Lima – 27, Peru  
Tel.: (511) 211-7930

#### [National Water Authority - ANA](#)

Los Petirrojos 355, San Isidro  
Lima – 27, Peru  
Tel.: (511) 225 8640

#### [National Superintendence of Sanitation – SUNASS](#)

Av. Bernardo Monteagudo 210, Magdalena del Mar  
Lima – Peru  
Tel: +51 1 614 3131 / 614 3200

#### [Water Utility - SEDAPAL](#)

Autopista Ramiro Prialé N 210, El Agustino  
Lima – Peru  
Tel: +51 1 3173000 / Annex 42066

## **Customs, Regulations & Standards**

### **Trade Barriers**

In March 1991, Peru introduced an import surcharge on several agricultural commodities (rice, corn, sugar, and dairy products are still subject to potential surcharges) in order to offset exporting countries' subsidies. The commodity surcharges were calculated on a weekly basis, according to prevailing international prices, before the government began incrementally reducing the prices in April 1994. In July 2001, this system was replaced by a "price band system," similar to that of the Andean Community. However, U.S. agricultural goods are no longer subject to this price band system due to the PTPA. The surcharge on agricultural imports to Peru under the price band system is currently in effect for non U.S. exporters, in response to decreasing international prices. This situation benefits U.S.-origin agricultural exports, proving advantageous for American exporters in the Peruvian market.

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

### **Import Tariff**

The U.S.-Peru Trade Promotion Agreement (PTPA) 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 70.4% of the items in its tariff schedule (5,486 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 20.8% of the items (1,621 codes mainly regarding consumer goods and some intermediate goods); and 11% duties on 8.8% of the items (682 codes including some vegetables, some beef and beef products, chocolate, textiles, apparel, footwear, and other agricultural products). The non-weighted average tariff is 2.2% (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.

### **Import Requirements & Documentation**

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 [ALADI](#). To avoid these duties, a certificate of origin is required for products coming from other countries, causing U.S. firms to experience delays clearing products through Customs.

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 the goods. This can be done for the entire shipment, or it can be broken down according to the importer's needs.

Sanitary and Phytosanitary (SPS) 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 exports, a Customs Merchandise Declaration (DAM (a commercial invoice and an airway bill)) or a bill of lading is required. Export licenses are required for cultural relics and antiques. Additionally, 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%).

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.

### **U.S. Export Controls**

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](#).

### **Temporary Entry**

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 [SUNAT](#). Other documentation requirements are the same as those listed above.

## **Labeling/Marking Requirements**

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 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.

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.

### **Prohibited & Restricted Imports**

Imports of used cars, more than five years old, and used buses and trucks, more than two years old, are prohibited. Used medical equipment is only permitted for individual physicians buying their equipment for their own use.

### **Customs Regulations**

Peruvian Customs or La Superintendencia Nacional de Aduanas y de Administración Tributaria (SUNAT) clearance's "valuation service" must be considered for imports whose customs value (CIF) exceeds three (03) Tax Reference Units (UIT – Unidad Impositiva Tributaria). The value valid for 2017 for one UIT is 4,050 Soles or USD 1,216 considering an exchange rate of 3.33 to the dollar. SUNAT's clearance charge is 2.35% of one UIT, however in the practice, SUNAT applies a USD 34 flat valuation fee. Items imported under the U.S.-Peru Trade Promotion Agreement –PTPA, are exempt from this fee.

As stated above in the "Import Requirements and Documentation" section, SUNAT's priority is revenue generation rather than trade facilitation. Despite having signed the WTO customs valuation procedure, SUNAT uses a referential price verification system (Sistema de Verificación de Precios, SIVEP). 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 making adjustments to identical or similar merchandise prices that are less expensive than the average.

SUNAT accepts discounts, as long as any discount appears on the bill and is unincorporated from the normal sales value, but the reason for the discount should be indicated for approval.

Often, SUNAT requests that the importer provide a Manufacturer's Price List. This document must be certified by the Peruvian consulate in the country of purchase. This price list should not be addressed specifically to the importer, but rather include general information. This is very important in order to be accepted by SUNAT.

This system has resulted in several complaints from local importers claiming that SUNAT is over assessing values. A recent example involved a U.S. exporter complaint regarding rejected invoices by SUNAT. Peruvian Customs was not accepting its invoices, valuing instead imports using price lists that did 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 customs chapter of the PTPA addresses the referential pricing issue and is consistent with Peru's WTO obligations.

#### **Contact Information for Peruvian Customs:**

[Superintendencia Nacional de Administracion Tributaria](#) SUNAT

Av. Garcilaso de la Vega 1472, Lima, Peru

(511) 634-3300 Annex: 53306 / 53350

Mr. Victor Paul Shuguiyama Kobashigawa, National Intendant (Superintendente Nacional de Aduanas y de administraci3n tributaria); [vshiguiyama@sunat.gob.pe](mailto:vshiguiyama@sunat.gob.pe)

Mr. Rafael Eduardo Garcia Melgar, National Intendant of Customs (Superintendente Nacional Adjunto de Aduanas); [rgarciam@sunat.gob.pe](mailto:rgarciam@sunat.gob.pe)

#### **Standards for Trade**

##### **Overview**

[INDECOPI, the Defense of Competition and the Protection of Intellectual Property Agency](#), is the Peruvian standards development organization. Its Commission of Technical Regulations (CTR), created in 1992, addresses standards matters. The Commission has three functions:

- Approval of 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**

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 access to international markets. Register online at [Notify US](#).

## **Conformity Assessment**

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

- [INASA](#)– Phone: (511) 616-5200
- [SGS del Perú](#): (511) 517-1900
- [BSI Inspectorate Perú](#): (511) 613-8080
- [EQUAS S.A.](#): (511) 349-4050

## **Product Certification**

Products coming from the U.S. will not experience issues 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**

There are [accreditation bodies](#) for different industries.

The laboratories that can provide assistance to U.S. exporters can be found in this [PDF](#).

## **Publication of Technical Regulations**

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.

## **Contact Information**

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:

- **Val Huston**, Commercial Counselor
- **Matthew Poole**, Commercial Attaché
- **Gustavo Romero**, Commercial Specialist

Phone: (511) 618-2442

Testing, Inspection and Certification

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

[INASA](#)– Phone: (511) 616-5200

[SGS del Perú](#): (511) 517-1900

[BSI Inspectorate Perú](#): (511) 613-8080

[EQUAS S.A.](#): (511) 349-4050

SG Nortek: (metrology services) (511) 572-2630, [sgnortek@terra.com.pe](mailto:sgnortek@terra.com.pe)

## **Trade Agreements**

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. Additionally, Peru 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. Peru 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.

The Peruvian government 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. The Pacific Alliance aims to integrate the member countries, accounting for more than one third of Latin America's GDP. Peru is currently the 32<sup>nd</sup> largest export market for U.S. goods. U.S. exports to Peru amounted to USD 8 billion in 2016, down 8% (USD 1.2 billion) from 2015 but up 247% from 2005. U.S. exports to Peru are up 30% from 2008 (pre-FTA).

### **Licensing Requirements for Professional Services**

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

### **Web Resources**

[Office of the United States Trade Representative](#)

## **Investment Climate Statement**

### **Executive Summary**

Peru was among the fastest growing Latin American economies between 2004 and 2013, growing at an average rate of 6% per year. Although growth slowed in 2014 and 2015, Peru's 3.9% growth in 2016 remained higher than the -0.8% regional average. The government's counter-cyclical stimulus spending, consumption and private investment are the driving forces of this growth. Private investment totaled USD 36 billion in 2016. As the economy has grown, poverty in Peru has steadily decreased, falling from 56% in 2005 to 21.8% in 2015. President Kuczynski aims to increase private investment by streamlining administrative processes and reducing bureaucracy, while addressing corruption and social conflict.

The Government of Peru (GOP) has encouraged integration with the global economy by signing several free trade agreements, including the United States-Peru Trade Promotion Agreement (PTPA), entering into force in February 2009. In 2016, trade of goods between the United States and Peru totaled USD 14.3 billion, up from USD 9.1 billion in 2009 (the year the PTPA entered into force). From 2009 to 2016, Peruvian exports of goods to the United States increased from USD 4.2 billion to USD 6.3 billion (a 48% increase), while U.S. exports of goods to Peru increased from USD 4.9 billion to USD 8.0 billion (a 63% increase). The United States enjoys a favorable trade balance in services, with exports of services to Peru valuing USD 3.9 billion in 2015, contributing to a USD 991 million services surplus the same year.

Corruption and civil unrest regarding extractive projects continue to negatively affect Peru's investment climate. Transparency International ranked Peru 101st out of 176 countries in its 2016 Corruption Perceptions Index. In December 2016, Brazilian company Odebrecht admitted to having paid USD 29 million in bribes in Peru, leading to investigations involving high level officials of the last three Peruvian administrations, and a stoppage on major infrastructure projects. According to the Ombudsman, there were 155 active social conflicts in Peru as of February 2017, 78 involving mining projects.

Extractive industries are a key draw of foreign investment. According to Peru's Private Investment Promotion Agency (ProInversion) in 2016, 23% of foreign direct investment went to the mining sector, 20% went to the communications sector, and 17% went to the financial sector. Other destinations for investment included energy (14%) and industry (13%).

Table 1

Measure	Year	Index/Rank	Website Address
<b>TI Corruption Perceptions Index</b>	2016	101 of 176	<a href="http://transparency.org/cpi2016">transparency.org/cpi2016</a>
<b>World Bank's Doing Business Report "Ease of Doing Business"</b>	2016	54 of 190	<a href="http://doingbusiness.org/rankings">doingbusiness.org/rankings</a>
<b>Global Innovation Index</b>	2016	71 of 143	<a href="https://www.globalinnovationindex.org/gii-2016-report#">https://www.globalinnovationindex.org/gii-2016-report#</a>
<b>U.S. FDI in partner country (\$M USD, stock positions)</b>	2015	\$6.9 Billion	<a href="http://www.bea.gov/international/factsheet/">http://www.bea.gov/international/factsheet/</a>
<b>World Bank GNI per capita</b>	2015	\$6,130	<a href="http://data.worldbank.org/indicator/NY.GNP.PCAP.CD">data.worldbank.org/indicator/NY.GNP.PCAP.CD</a>

### **Openness to and Restrictions upon Foreign Investment Policies Towards Foreign Direct Investment**

The GOP seeks to attract investment —both foreign and domestic — in nearly all sectors of the economy. ProInversion prioritized USD 16 billion in public-private partnership projects in transportation infrastructure, electricity, mining, broadband expansion, gas distribution, health and sanitation and industrial parks. The agency regularly organizes international roadshow events (some in the United States) to attract investors. The Ministry of Energy and Mines aims to spur exploration and investment in the mining sector, increase oil and gas exploration and modernize the northern oil pipeline and Talara refinery. Peruvian and U.S. investors benefit from the United States-Peru Trade Promotion Agreement (PTPA), which entered into force on February 1, 2009. The PTPA established a secure, predictable legal framework for U.S. investors operating in Peru, protecting all forms of investment. U.S. investors enjoy, in almost all circumstances, the right to establish, acquire and operate investments in Peru equally as local investors.

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 investment incentives, including tax exemptions. Additionally, 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 the manufacture of weapons.

In 2002, the GOP created ProInversion 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. Project opportunities are available on ProInversion's Project Portfolio page at: [ProInversion Projects](#).

The GOP passed legislative decrees from November to December 2016 to attract and facilitate investment. These include measures to reform the public-private partnership (PPP) process. The reforms encompass structural changes at ProInversion and the inclusion of private sector members on its board, development of the investment portal ([investinperu.pe](http://investinperu.pe)) to streamline government project approval and execution processes, and decentralization of investment to 14 regional ProInversion offices. While ProInversion does not maintain an ongoing dialogue with investors, it has authority to oversee PPP investments throughout their lifecycles.

To spur project financing, the GOP loosened banking regulations to enable an entity to operate more than one tier-one financial institution in the country. A new Tourism Entrepreneurship Fund will provide grants to finance or co-finance business ventures which incorporate conservation, sustainable use and economic development in the tourism industry.

Although all Peruvian administrations since the 1990s have vowed to support private investment and abide by Peruvian laws, the GOP has occasionally passed measures that some observers regard as a violation of Peru's open investment laws. In 2011, The Garcia Administration rescinded a Canadian company's rights to operate a silver mining project in Puno after violent protests opposed the project. In February 2014, the Canadian company delivered to the Peruvian Minister of Economy and Finance a Notice of Intent to submit a claim of arbitration under the terms of the Canada-Peru Free Trade Agreement. Furthermore, the GOP 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. Additionally, Peru implemented two sets of rules for importing pesticides, one for commercial importers, which

requires importers to file a full dossier with technical information, and another for end-user farmers, which only requires a written affidavit.

### **Limits on Foreign Control and Right to Private Ownership and Establishment**

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 of foreign investment activities in natural protected reserves and manufacturing of military 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 and defense-related sectors. Although foreigners are legally prohibited from owning a majority interest in radio and television stations in Peru, in some cases, foreigners have 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 does not screen, review, or approve foreign direct investment outside of those sectors that require a governmental waiver.

### **Other Investment Policy Reviews**

In 2013, the World Trade Organization (WTO) published a Trade Policy Review on Peru. The WTO commented that foreign investors received the same legal treatment as local investors, although foreign investment on maritime services, air transport, and broadcasting is restricted. The report also noted that the Peruvian government promotes public-private partnerships to build infrastructure and spur economic growth, with tax exemptions and low-cost financing available for domestic and foreign investors alike.

Reports available at: [WTO](#) and [OECD](#).

Peru aspires to become a member of the Organization for Economic Cooperation and Development (OECD). Peru launched an OECD Country Program on December 8, 2014, comprising policy reviews and capacity building projects, and allowing Peru to participate in substantive work of OECD's specialized committees. An 18-month OECD review identified economic, social and political obstacles that could hamper Peru's OECD membership aspirations. The government noted that the study would act as a "roadmap" for Peru's goal of achieving membership by 2021. The OECD published the Initial Assessment of its Multi-Dimensional Review of Peru in October 2015, finding that in spite of economic growth, Peru "still faces structural challenges to escape the middle-income trap and consolidate its emerging middle class."

### **Business Facilitation**

The GOP does not have a regulatory system to facilitate business operations, but the Competition and Intellectual Property Protection Agency (INDECOPI) regulates the enactment of new regulations by government entities that can place burdens on business operations. INDECOPI's authority allows it to block any new business regulations and limit restrictions on businesses. Additionally, the GOP passed a new "sunset law," in 2016, requiring existing regulations by government agencies to be reviewed by 2018.

Peru permits foreign business ownership, provided that a company has at least two shareholders and it's a legal representative that is a Peruvian resident. The process takes an average of 43 days and involves 11 procedures. An entrepreneur must reserve the company name through the national registry, [SUNARP](#), and prepare a deed of incorporation through the [Portal de Servicios al Ciudadano y a las Empresas](#). The deed is then signed and filed with a Public Notary (with notary fees of up to 1% of a company's capital) before submission to the Public Registry. The company's legal representative must obtain a Certificate of Registration and tax identification number from the National Tax Authority. Finally, the company must obtain a license from the municipality of the jurisdiction in which it is located.

All foreign investments must be registered with ProInversion, an agency that helps potential investors navigate investment regulations and provides sector-specific information on the investment process.

### **Outward Investment**

The GOP promotes outward investment by Peruvian entities through the Ministry of Foreign Trade and Tourism (MINCETUR). Trade Commission Offices of Peru (OCEX's), under the supervision of Peru's export promotion agency (PromPeru), are located in numerous countries and promote the export of Peruvian goods and services and inward foreign investment. The GOP does not restrict domestic investors from investing abroad.

### **Bilateral Investment Agreement and Taxation Treaties**

The United States-Peru Trade Promotion Agreement (PTPA) includes investment provisions between the United States and Peru. Additionally, Peru 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. Peru has Framework Agreements with MERCOSUR countries (Argentina, Brazil, Paraguay, Uruguay, and Venezuela), as well as, a partial preferential agreement with Cuba. Additional agreements have been signed and await full implementation, including with Guatemala and the Pacific Alliance (Mexico, Colombia, Chile, and Costa Rica).

Peru has bilateral investment agreements in force with Argentina, Australia, Belgium-Luxembourg, Bolivia, Canada, Chile, China, Colombia, Cuba, Czech Republic, Denmark, Ecuador, El Salvador, Finland, France, Germany, Italy, Japan, Malaysia, Netherlands, Norway, Paraguay, Portugal, Romania, Spain, Sweden, Switzerland, Thailand, the United Kingdom and

Venezuela. In total, Peru is a part of 30 bilateral investment agreements.

Peru does not have a bilateral taxation treaty with the United States. Peru has signed tax treaties with the Andean Community (Bolivia, Colombia and Ecuador), Chile, Brazil, Canada, Mexico, Switzerland, South Korea and Portugal. After taking office in July 2016, President Kuczynski initiated a series of reforms, including alterations to the tax regime. Beginning on January 1, 2017, real estate income taxes for foreigners decreased from 30% to 5%, and taxes on dividends and other forms of distribution decreased from 6.8% to 5%. Corporate income taxes increased from 28% to 29.5%. A reduction on sales tax will enter into force on July 1, 2017, if accumulated sales tax collection reaches 7.2% of GDP by May 31, 2017.

## **Legal Regime**

### **Transparency of the Regulatory System**

National level regulation is most relevant to foreign investors. Draft bills and regulations are generally made available for public comment, and regulations at the national, regional and municipal levels are published in *El Peruano*, the state's official publication. Additionally, ministries generally maintain current regulations on their websites. Rule-making and regulatory authority exist through executive agencies specific to different sectors. The Supervisory Agency for Forest Resources and Wildlife (OSINFOR), the Supervisory Agency for Energy and Mining (OSINERGMIN) and the Supervisory Agency for Telecommunications can enact new regulations that affect investments in the economic sectors they manage. These agencies also are responsible for enforcing regulations (information on enforcement is published) with penalties varying by sector. Enforcement actions can be appealed through administrative processes. Although regulation is reviewed on the basis of scientific and data-driven assessments, public comments are not always received or made public.

Accounting, legal and regulatory standards are consistent with international norms. Peru's Accounting Standards Council endorses the use of IFRS standards by private entities.

### **International Regulatory Considerations**

Peru is a member of several regional economic blocs. The Andean Community issues supranational regulations (based on consensus of its members) which supersede domestic provisions. Under the Pacific Alliance, Peru looks to harmonize regulations and reduce trade barriers with other members (Chile, Colombia and Mexico).

### **Legal System and Judicial Independence**

Peru has an independent judiciary, with the executive branch not interfering with the judiciary as a matter of policy. Corruption, however, exists at all levels of government including the judiciary. Peru is in the process of transitioning to an accusatory legal system, with the new system already in place in the regions outside Lima. Regulations and enforcement actions are appealable through administrative process and the court system.

### **Laws and Regulations on Foreign Direct Investment**

Peru's legal system is available to investors. All laws relevant to foreign investment along with pertinent explanations and forms can be found on the [ProInversion](#) website.

### **Competition and Anti-Trust Laws**

INDECOPI is the GOP agency responsible for reviewing competition-related concerns of a domestic nature. In 2016, INDECOPI levied sanctions against a U.S. company and its Chilean counterpart for fixing the price of toilet paper in Peru.

### **Expropriation and Compensation**

In August 2015, Congress passed a law streamlining expropriation procedures. In January 2017, the GOP announced that it would create a body within ProInversion focused on acquiring land for infrastructure projects. The Peruvian Constitution states that the GOP can only expropriate private property on the basis of public interest, including public works projects ornational security. In order to expropriate, Congress is required to pass a legislative decree. The Government of Peru has expressed its intention to comply with international standards concerning expropriations, with compensation for expropriation based on fair market value. Concessionaires have complained that the government has been slow to implement expropriations, causing delays to their investment commitments.

Illegal expropriation of foreign investment has allegedly been present in the extractive industry, with a U.S. company claiming indirect expropriation due to regulatory standards changes. Landowners have also alleged indirect expropriation due to government inaction and corruption in 'land-grab' cases that have at times been linked to local government endorsed projects.

### **Dispute Settlement**

#### *ICSID Convention and New York Convention*

Peru is a party to the 1958 Convention on the Recognition and Enforcement of Foreign Arbitral Awards (New York Convention) and to the International Center for the Settlement of Investment Disputes (ICSID convention). 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. Additionally, 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, and investors should choose arbitration venues carefully.

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, admission of 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. Additionally, the Agreement also encourages arbitration and other alternative dispute resolution measures for disputes between private parties.

### *Investor-State Dispute Settlement*

The PTPA provides investor-state claim mechanisms. It does not require that an investor exhaust local judicial or administrative remedies before a claim may be filed. The investor may submit a claim under various arbitral mechanisms, including the ICSID Convention and ICSID Rules of Procedure, the ICSID Additional Facility Rules, the United Nations Commission on International Trade Law (UNCITRAL) Arbitration Rules, or, if the disputants agree, any other arbitration institution or rules. Peru has paid previous arbitral awards; however, a U.S. court found, in one case, that Peru altered its tax code prior to payment thus reducing interest payments.

In 2011, a claimant filed an arbitral challenge against Peru stemming from the alleged failure by the State to undertake agreed-upon environmental remediation at a mining facility. The arbitration was dismissed in 2016 on grounds of jurisdiction.

In February 2016, a U.S. investor filed a Notice of Intent to pursue international arbitration against the GOP for violation of the PTPA. The investor holds agrarian land reform bonds it argues the GOP has undervalued.

There is no recent history of extrajudicial action against foreign investors.

### *International Commercial Arbitration and Foreign Courts*

The 1993 Constitution allows disputes among foreign investors and the government or state-controlled enterprises to be submitted to international arbitration. The Supreme Court ruled in 2005 that all arbitration awards are final and are not subject to appeal.

## **Industrial Policies**

### **Investment Incentives**

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.

### **Foreign Trade Zones/Free Ports/Trade Facilitation**

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 sizeable investment.

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.

### **Performance and Data Localization Requirements**

The PTPA resulted in benefits to U.S. enterprises seeking to invest in Peru. Under the PTPA, Peru made concessions beyond its commitments to the World Trade Organization (WTO), eliminating investment barriers such as the requirement for U.S. firms to hire nationals rather than U.S. professionals, and measures requiring the purchase of local goods.

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.

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 (approximately 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 recognize 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 exemptions from the limitations for managerial or technical personnel. Sector-specific regulating bodies enforce performance requirements.

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

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.

Peru does not follow a policy in which foreign investors must use domestic content in goods or technology.

## **Data Storage**

A data controller who processes personal data must notify the National Authority for Personal Data Protection (ANPDP), 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, religious, 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 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, organizational, 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. There are no requirements for foreign IT providers to turn over source code and/or provide access to encryption.

Peru adopted the [Personal Data Protection Law](#) (N° 29733) in July 2011 and went into effect on March 22, 2013.

## **Protection of Property Rights**

### **Real Property**

The GOP recognizes and generally 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. The only regulation regarding foreign-ownership of land is the Constitution-decreed prohibition within 50 kilometers of international borders, but this prohibition can be waived. Mortgages are available in the local market.

### **Intellectual Property Rights**

Peru is listed on the Watch List under USTR's Special 301 Report.

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 a law enacted in 2011 to criminalize the sale of counterfeit medicines, enforcement remains weak. Peru published implementing regulations for biologic and biosimilar pharmaceutical products in 2016. 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.

Peruvian law provides the same protections for U.S. companies as Peruvian companies in all intellectual property rights (IPR) categories under the U.S.-Peru Trade Promotion Agreement (PTPA) and other international commitments such as the World Intellectual Property Organization (WIPO) and the World Trade Organization's (WTO) Agreement on Trade-Related Aspects of Intellectual Property (TRIPS).

Peru joined two new Patent Prosecution Highways (PPH) in 2017, the Prosur PPH and the Pacific Alliance PPH.

INDECOPI has jurisdiction over the implementation of the geographical indications. Andean decision 486, which governs Peru's IP system, provides grounds for refusing protection of a GI based on genericness, and as modified via the bilateral agreement with the U.S., protection for prior trademarks against subsequent geographical indications that are likely to cause confusion with the earlier trademark. However, the Consortium of Common Food Names notes that Peru has granted protection to terms that were considered the generic names for products in Peru and thus claims that Peru has violated WTO rules and impaired the value of the U.S. concessions flowing from the earlier PTPA.

Challenges include establishing clear conditions for U.S. exporters and enforcing intellectual property rights. Counterfeiting and piracy remain prevalent in Peru. Senior GOP officials recognize that the country will not achieve its full economic potential if IPR laws are not enforced more robustly to protect legitimate owners of trademarks, copyrights, and patents. As they become more aware of the threat of counterfeiting and piracy, Peruvian businesses are joining U.S. and foreign companies to engage the GOP on the economic costs of IPR violations; however, continued private sector engagement has yielded only modest results. The World Economic Forum ranked Peru as 67 out of 138 countries in its Global Competitiveness Index 2016-2017. While this is a significant improvement (it was ranked 119 out of 144 in 2014-2015), it is still behind fellow South American countries Colombia (61), Chile (33) and Mexico (51).

Peru is not listed in the 2016 notorious market report. However, INDECOPI continues to report that hundreds of millions of dollars-worth of pirated goods are sold with impunity in notorious markets like "Polvos Azules," "El Hueco," and "Fronteras Unidas" in Lima and border regions. Piracy is so common that specialized markets operate for different sectors. For instance, Lima's "Capon Center Mall" specializes in counterfeit medicines. In spite of this flagrant IPR violation and periodic enforcement raids, the mall remains in operation. Counterfeit medicines are sold nationally in markets and pharmacies. DIGEMID, the Ministry of Health, and the police, on August 27, 2016, seized four tons of illegal medication from 34 stands at the "El Canchon" market in Lima. Gamarra, a district in Lima, is home to large notorious markets ("Galeria Azul," "Galeria Santa Lucia," "Galeria San Miguel," "Galeria Markata," and "Galeria Senor de Chacos") that specialize in counterfeit clothing and textiles.

The International Intellectual Property Alliance (IIPA) is concerned about web piracy in Peru -- it notes that, in the last 2 years, several illegal websites launched operations from Peru, offering thousands of music tracks for users in and out of the country for both downloads and streaming. IIPA points out that the online piracy website market doubled in the past year, impacting not only Peru but other countries in the region. This trend has extended to the online distribution and sale of counterfeit medicines.

Peru has pervasive piracy in software, music, video, and TV content. The IIPA also notes that Peru is one of the largest sources of unauthorized camcords in the world. In 2015, the Business Software Alliance estimated that the piracy level for software is 65%, 10% higher than the Latin America average, with a commercial value of USD 210 million annually. Pay-TV signal piracy constitutes an estimated 35% of the market. The market is so saturated with pirated movies that there is no legitimate rental market for movies and few legitimate venues to buy legal music and movie DVDs. Pirated movies sell for only USD 1.00-1.65 per DVD while pirated books sell for less than a third of the price of licensed editions.

For the Lima region, INDECOPI reported a total of USD 286.6 million in seizures of counterfeit and pirated goods from January through September 2016 (most recent data available), from over 4,300 operations. The breakdown of operations is as follows:

- USD 88.5 million seized by SUNAT from over 3100 operations
- USD 187.9 million seized by the national police in nearly 600 operations
- USD 9.3 million seized by INDECOPI in over 600 operations.

INDECOPI reports that 35 interventions were carried out with cable operators in order to verify compliance with the copyright law. INDECOPI has developed The Manual of Inspections for Cable Operators in order to have a protocol of action and avoid procedural defects.

Contrary to the obligations of the PTPA, the GOP has yet to implement internet service provider (ISP) limited liability provisions and statutory damages for civil copyright and trademark infringement. Stakeholders are concerned that penalties are low and not deterrent.

For additional information about national laws and points of contact at local IP offices, please see [WIPO's country profiles](#).

## **Financial Sector**

### **Capital Markets and Portfolio Investment**

The GOP enables foreign portfolio investment. Neither the GOP nor its Central Bank place restrictions on international transactions.

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.

Morgan Stanley Capital International (MSCI) maintained the Emerging Market status of the Lima Stock Exchange (BVL), which was under review for reclassification to Frontier status as it included only three securities meeting the size and liquidity requirements for emerging-market equities.

The private sector has access to a variety of credit instruments. Mutual funds managed USD 7.8 billion in December 2016. Private pension funds managed a total of USD 42 billion in February 2017.

### **Money and Banking System**

The banking system is considered generally sound, thanks to lessons learned during the 1997-1998 Asian crises, and continues to revamp operations, increase capitalization, and reduce costs. Non-performing bank loans rose to 4.3% of gross loans as of September 2015, down from a high of 11% in early 2001. Capable bank supervision and strong GDP growth over the last decade also helped banks weather the 2008-2009 global financial crises with little trouble.

Economic opening since the 1990s, coupled with competition, has led to banking sector consolidation. Sixteen commercial banks comprise the system, with assets accounting for 84.6% of Peru's financial system. In 2014, three banks accounted for 73% of local loans and deposits among commercial banks. Of USD 105.1 billion in total banking assets at the end of January 2016, assets of the three largest commercial banks amounted to USD 74.36 billion.

The Central Reserve Bank of Peru (BCRP) serves as the country's central bank. The BCRP is an independent institution, free to manage monetary policy to maintain financial stability. The BCRP's primary goal is to maintain price stability, via inflation targeting. Inflation at year-end in Peru reached 3.2% in 2014, 4.4% in 2015, and 3.2% in 2016. Peru's target inflation range is 1-3%.

Under the PTPA, U.S. financial service suppliers have full rights to establish subsidiaries or branches for banks and insurance companies. As of December 2013, foreigners had significant shares in thirteen banks, of which they were majority owners of 11 (including one of the country's largest banks) 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 11 specialized institutions ("financieras"), 31 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 2015, the Economist Intelligence Unit ranked Peru number one worldwide on microfinance business environment for the eighth 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 begun actively buying local companies in power transmission, retail trade, fishmeal production, and other industries. While foreign banks are allowed to freely establish banks in the country, they are subject to the supervision of Peru's Superintendent of Banks and Securities (SBS).

### **Foreign Exchange and Remittances**

#### *Foreign Exchange*

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 BCRP 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 BCRP sets the operating limit AFPs can invest abroad. Over the years, the BCRP has gradually increased the operating limit, which reached 42% in January 2015.

A combination of GOP policies and market forces has led to gradual de-dollarization of the economy. U.S. dollars account for a decreasing share of banking system transactions, according to SBS. In 2001, U.S. dollars accounted for 82% of loans and 73% of deposits. The amount of credit issued in USD fell by 4% for commercial loans and 3% for personal loans in July 2016 compared to the same period in 2015. Dollar-denominated loans in these sectors now stand at 45% and 24% of total credit, respectively, as of October 2016. Funds associated with any form of investment can be freely converted into any world currency.

The foreign exchange market operates freely, for the most part. To quell “extreme variations” of the exchange rate, the BCRP intervenes through purchases and sales in the open market without imposing controls on exchange rates or transactions. Since 2014, the BCRP has pursued de-dollarization to reduce dollar denominated loans in the market and purchased U.S. dollars to mitigate the risk that spillover from expansionary U.S. monetary policy might result in over-valuation of the Peruvian Sol relative to the U.S. dollar. As the U.S. economic recovery begins to tighten credit conditions and stronger terms of trade support a more stable currency, this policy may shift.

#### *Remittance Policies*

Peruvian law grants foreign investors the following rights: freedom to buy shares from national investors; free remittance of earnings and dividends; free capital repatriation; unrestricted access to local credits; freedom to hire technology and to pay back royalties; freedom to hire investment insurance abroad; possibility to sign juridical stability agreements for their investments in Peru with the Peruvian State.

Article 7 of the Legislative Decree N° 662 provides that foreign investors may send, in freely convertible currencies, without a prior authorization from any national government department or decentralized public entities, Regional or Municipal Governments, after having paid all the applicable taxes, remittances of the entirety of their capital derived from investments, including the sale of shares, stocks or rights, capital reduction or partial or total liquidation of companies, the entirety of their dividends or proven net profit derived from their investments, and any considerations for the use or enjoyment of assets that are physically located in Peru, as registered with the competent national entity.

#### *Sovereign Wealth Funds*

Peru’s Ministry of Economy and Finance (MEF) manages the Fiscal Stabilization Fund. The fund had a balance of USD 7.9 billion at the end of 2015 and consists of treasury surplus, concessional fees, and privatization proceeds, with a cap of 4% of GDP. The MEF released investment guidelines for the Fiscal Stabilization Fund in December 2015. The guidelines permit investment in demand deposits, variable and fixed interest rate time deposits, and seven currencies including the USD. The Fund is not a party to the IMF International Working Group or a signatory to the Santiago Principles. The fund serves as a buffer for the GOP’s fiscal accounts in the event of adverse economic conditions. The MEF authorized USD 1.3 billion in 2013 as the country was experiencing a fiscal deficit.

## **State-Owned Enterprises**

Several electricity, water and sewage, bank, and oil companies remain state-owned and state-operated. The GOP wholly owns 36 SOE's, 34 of which are under the parastatal conglomerate FONAFE. The conglomerate had assets of approximately USD 7 billion at the end of 2015. The state oil company PetroPeru and the state health system Essalud fall outside FONAFE's supervision. The list of [SOE's under FONAFE](#).

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 oil pipeline. Congress and the executive 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. PetroPeru took center stage in a 2008 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 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. In November 2015, Peru's Congress overrode a Presidential veto, adopting a law that allowed Peru's oil and gas promotion agency, PeruPetro, to sign a contract directly with PetroPeru to operate Lot 192, Peru's largest oil concession, following a failed bidding process for the claim. Critics note the prescriptive nature of the legislation runs afoul of Peru's competition and concession laws and that PetroPeru lacks the financial and technical resources to serve as an operator. In November 2016, the GOP issued a legislative decree to reform PetroPeru, move it under FONAFE, and modernize the northern oil pipeline that as of March 2017 remains closed due to leaks. In February 2017, Congress rejected the move to FONAFE stating that the change would prevent PetroPeru from taking part in oil concessions.

Peru is not party to the Government Procurement Agreement (GPA) within the framework of the World Trade Organization.

The GOP's role as an enterprise owner is specified through several publically available laws and regulations. Ownership practices are generally consistent with OECD guidelines, although not all guideline subsections are specifically addressed. Central entity [FONAFE](#) exercises ownership of SOEs with the exception of those considered intangible under the Peruvian constitution (including public university services). FONAFE appoints an independent board of directors for each SOE using a transparent selection process. There is no notable third party analysis on SOEs' ties to the government.

## **Privatization Program**

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 World 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 2 2015, the GOP awarded Spanish construction company Sacyr a 25-year concession to maintain 875 kilometers of the Andean Longitudinal Highway. The concession for Line Three of Lima's metro, expected to be awarded in late 2016, is delayed due to corruption allegations in the Line Two project.

The concessions process is challenging for U.S. and other international companies interested in bidding on projects. ProInversion, which is responsible for drawing up and completing PPP concession projects, has come under considerable criticism over the years 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. However, the GOP hopes its investment reform agenda, including an overhaul of ProInversion, can attract higher quality investment.

### **Responsible Business Conduct**

The GOP does not have a holistic action plan or national standards for responsible business conduct (RBC). Many multinational companies already adhere to high standards for RBC. Standards for conduct on environmental, social, and governance issues are implemented through sector-specific regulation. Supreme Decree No. 042-2003-EM promotes social responsibility in 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 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.

Peru continues to implement its 2013-2017 National Strategy to Combat Forced Labor, which emphasizes the state's role to protect and promote labor rights. The plan simultaneously prioritizes building capacity and empowering 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. Child labor, particularly in

informal sectors, forced labor, and employers engaging in antiunion practices remain significant problems

In some regions, lack of capacity hinders the government's ability to effectively enforce regulations.

In February 2013, the superintendent of the Lima Stock Exchange published the Code on Good Corporate Governance for Peruvian Societies, developed in conjunction with thirteen public and private entities including the Ministry of Economy and Finance. The document outlines shareholder protections.

Several independent NGOs monitor and promote RBC, notably Peru 2021. These organizations are able to work freely.

ProInversion serves as the National Point of Contact (NCP) for the OECD Guidelines for Multinational Enterprises (MNE), to which Peru is an adherent. The NCP held a workshop to promote MNE guidelines in Arequipa in April 2014, attended by representatives from 30 companies and the regional government. The same year, the NCP was asked to facilitate an out-of-court settlement with a multinational Swiss mining company in a labor rights dispute.

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 one of two EITI-compliant countries in Latin America.

### **Corruption**

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. The law extends to family members of officials and to political parties. Regulations published in March 2017 aim to limit conflicts of interest.

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 OECD, but it signed the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions. The Contraloría General is the responsible government agency for overseeing proper procedures in public administration. In January 2017, the GOP passed legislative decrees extending the scope of civil penalties for domestic acts of bribery, including by NGOs, corporate partners, board members, and parent companies if its subsidiaries acted under authorization. Penalties include an indefinite exclusion from government contracting and substantially increased fines.

U.S. firms have reported problems resulting from corruption, usually in government procurement processes and in the judicial sector, with defense and police procurement generally considered among the most problematic 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 101th

out of 176 countries in its 2016 Corruption Perceptions Index, a setback from their rank of 88 out of 175 in 2015.

As of March 2017, six of the 25 regional governors were under preliminary investigation and three more have been convicted of corruption-related charges. Six others face allegations of corrupt activities. A study published in May of 2014 by the office of the anti-corruption solicitor reported that 92 percent of the over 1,800 district-level mayors in office between 2011 and 2014 had been investigated for criminal activity.

In December 2016, Brazilian company Odebrecht admitted in a settlement with the United States, Brazil, and Switzerland that it had paid USD 29 million in bribes in Peru between 2004 and 2015. Peru issued an arrest warrant for former President Alejandro Toledo on February 9, 2016. Prosecutors allege Toledo received USD 20 million in bribes from Odebrecht in exchange for facilitating Odebrecht's winning bid to build the Inter-Oceanic Highway.

The Peruvian armed forces and national police historically have preferred to execute government-to-government procurements (i.e., purchases by a GOP agency from a foreign government agency or government-owned company). This practice has impeded the participation of U.S. companies in GOP procurement, mainly with the Ministries of Defense and Interior. 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. Open tenders have been subject to overvaluation, as in the notorious 2013 case of the purchase of binoculars by the Interior Ministry for the National Police. *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. Local media reported in March 2014 that the Public Prosecutor's Office would investigate a technical assistance-training procurement made in 2009 by the Armed Forces Joint Command. This probe came after the Comptroller General found irregularities and circumstantial evidence of collusion, embezzlement and other crimes. The press also reported in 2014 that Peruvian Air Force officers had accepted kickbacks for illegally selling fuel on the open market. The U.S. Embassy signed a December 2015 Memorandum of Understanding with the Ministry of Interior in support of their Police Equipment Modernization Program allowing U.S. firms to compete in a series of tenders.

*Resources to Report Corruption*

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### **Political and Security Environment**

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 cause. Protestors often objected to the fact that environmental impact assessments were reviewed by the Ministry of Energy and Mines, rather than the Ministry of Environment. In January 2016, the Ministry of Environment's National Service for Environmental Assessments (SENACE) assumed responsibility for evaluating and approving environmental impact assessments and monitoring related to mining and hydrocarbons, eliminating the previous conflict of interest with the Ministry of Energy and Mines responsible for oversight. 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 allegedly incited by NGOs. In some cases, it is alleged 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 February 2017, the Human Rights Ombudsperson's Office reported 212 conflicts in Peru - 155 are considered active and 57 are dormant. Of the 155 cases, 68 percent involve socio-environmental grounds related to the extractive sector. In 83 of the active cases, there is ongoing dialogue and negotiation. The regions with most conflicts are Ancash, Apurimac, and Puno.

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 2015, protestors in Arequipa delayed Mexican-owned Southern Copper's planned USD 1.4 billion Tia Maria greenfield copper mine. In other cases, protests have stopped such investments entirely.

The National Office of Dialogue in Sustainability and the Office of Social Conflicts within the Prime Minister's office (created January 2017) are actively engaged in mitigating social conflict

connected to the extractive industry in Peru. The offices are responsible for addressing conflict in a broader community development context, rather than only responding to social conflicts after they have already erupted. To this end, using the Social Progress Fund, the government plans to provide education, infrastructure, and health care services in areas where extractive industry projects are planned or under development. The goal is to increase government presence and reduce potential for conflict in areas that are historically underserved and often remote.

Peru issued the Prior Consultation Law in 2011, approving implementing regulations 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. In 2016, the narco-terrorist organization, the Shining Path, continued to conduct a limited number of attacks in its base of operations in the Valley of the Apurimac, Ene, and Mantaro Rivers (VRAEM) emergency zone, which includes parts of Ayacucho, Cusco, Huancavelica, Huanuco, and Junin regions. It staged its most significant attack during the first round of Peru's 2016 elections, an ambush that resulted in 10 deaths. The Kuczynski government continues the longstanding practice of authorizing 60-day states of emergency in the area where the Shining Path operates – the Apurimac, Ene, and Mantaro River Valleys (VRAEM). In November 2016, the Department of State designated Victor Quispe Palomino, Jorge Quispe Palomino, and Tarcela Loya Vilchez as Specially Designated Global Terrorists (SDGTs) under Executive Order (E.O.) 13224, which imposes sanctions on foreign persons and groups determined to have committed, or pose a significant risk of committing, acts of terrorism that threaten the security of U.S. nationals or the national security, foreign policy, or economy of the United States.

There is little government presence in the remote coca-growing zones of the VRAEM, although significant ramp-up of government presence and programs is likely 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 [OSAC](#) or [U.S. Department of State](#).

## **Labor Policies and Practices**

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 government does 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), 73.2 percent of the labor force is informal.

The statutory monthly minimum wage is PEN 850/month (approximately USD 259). INEI estimated the poverty line to be PEN 315/month (USD 96) 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. Peru's 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. Micro-enterprise workers are entitled to social security and pensions.

Unemployment was 6.71 percent in 2016. Urban unemployment is most prevalent among 14-24 year olds (11.2 percent unemployment in 2015). Additionally, 95 percent of unemployed people reside in urban areas. The average nominal monthly salary increased 5.3 percent from 2014 to 2015, INEI reported. The ILO's Global Wage Report 2016/2017 stated that average real wages in Peru grew at over 0.4 percent in 2013 and 2.5 percent in 2014.

Foreign employees may not comprise more than 20 percent of the total number of employees of a local company (whether owned by foreign or Peruvian persons) or more than 30 percent 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.

Employers are not obligated to pay severance if the reason for dismissing an employee is covered by law. If the dismissal is found to be arbitrary, severance pay is required. Unemployed workers are eligible for benefits through the Compensation for Time of Service program.

Peru does not have a specific unemployment insurance program. The country does, however, have the "Compensation for Time of Service" (CTS) requirement that mandates an employer

pay one month's salary of an employee per year worked into the employee's CTS Account. When the employee stops working for the employer (willingly or not), she/he can access the CTS Account. The amount will vary according to how much the employee earned and how long she/he worked for the employer. In addition, a fired employee receives one month's salary per year worked, up to a maximum of twelve months.

Peru's Decree Law 22342 relaxed labor laws for the non-traditional exports (NTE) sector, which includes textiles and certain agricultural products. Law 27360, published in 2000, also gave such exceptions in the agricultural sector. The laws allow businesses in the NTE and agricultural sectors to employ workers indefinitely on consecutive short-term contracts, in contrast to the five-year limit on consecutive short-term contracts in place for other sectors. Peru used the exceptions to boost these industries. On March 18, 2016, the U.S. Department of Labor identified serious concerns regarding that the provision may violate the U.S.-Peru Trade Promotion Agreement by infringing on workers' freedom of association. As of March 2017, two proposed bills seek to end the exceptions, which would stop the indefinite use of short-term contracts and provide a path for contract workers to become full time employees.

Labor unions are independent of the government and employers. Approximately six percent of Peru's private sector labor force was organized in 2016, with unionization highest in electricity, water, construction, and mining (from 39 percent to 22 percent) and generally low in the rest of the economy. The labor procedure law (No.29497) requires the resolution of labor conflicts 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. The labor procedure law was in effect in 30 of Peru's 31 judicial districts in 2016.

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.

Foreign-owned extractive projects are frequently the source of social unrest (see section 11, Political and Security Environment). In May 2015, workers in Arequipa organized a 72-hour strike against Mexican company Southern Copper's planned USD 1.4 billion copper mine, resulting in dozens of injuries of protestors and police. The government negotiated a 60-day suspension with Southern Copper to address social concerns while taking legal action against protest leaders. Protestors in the Apurimac region led strikes against Chinese mining company MMG's USD 7.4 billion Las Bambas mining project in September 2015, leading to a regional state of emergency. The GOP reached an agreement with local leaders in October 2015 and the mine became operational in 2016. In March 2017, union workers at the Freeport McMoran's Cerro Verde mine initiated a strike over pay and working conditions.

The government often does not dedicate sufficient personnel and resources to labor law enforcement. It created the National Labor Superintendence (SUNAFIL) in April 2014 and opened nine regional offices to represent the labor inspectorate nationally. As of November 2015, SUNAFIL had 333 inspectors, 167 of which were located in Lima. SUNAFIL investigates cases of forced and child labor. Additional information on forced labor in Peru can be found in the [2015 Trafficking in Persons Report](#).

### **OPIC and Other Investment Insurance Programs**

The Overseas Private Investment Corporation (OPIC), an independent U.S. Government agency, offers medium-to-long-term financing and political risk insurance. There is an OPIC agreement between Peru and the United States. 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 3.38/USD in 2016. Peru is a member of the Multilateral Investment Guarantee Agency.

It is unlikely that the GOP would either devalue or revalue the Sol. The foreign exchange market mostly operates freely. However, the BCRP 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 strenuous foreign exchange adjustments to the economy.

### **Foreign Direct Investment and Foreign Portfolio Investment Statistics**

The stock of foreign direct investment in Peru stood at USD 91.5 billion in December 2016 according to the BCRP, up from USD 84.6 billion at the end of 2014. According to the most recent data from ProInversion, the largest investors in Peru are Spain, the United Kingdom, the United States, and Chile. In 2016, the main investment destinations were mining (23 percent), communications (20 percent), finance (17 percent), energy (14 percent), and manufacturing (13 percent).

U.S. foreign direct investment (stock) in Peru amounted to USD 6.9 billion in 2015, a 21.4 percent increase from 2011, according to the U.S. Department of Commerce Bureau of Economic Analysis.

Major foreign direct investments included Xstrata (Switzerland), 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).

Peru's direct investment abroad amounts to USD 2.1 billion, according to the BCRP. 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

Economic Data	Host Country Statistical source*		USG or international statistical source		USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
	Year	Amount	Year	Amount	
Host Country Gross Domestic Product (GDP) (\$M USD)	2015	\$192 billion	2015	\$189 billion	<a href="#">World Bank</a>
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 (\$M USD, stock positions)	2015	\$3.2 billion	2015	\$6.9 billion	BEA
Host country's FDI in the United States (\$M USD, stock positions)	No Data	No Data	2015	\$113 million	BEA
Total inbound stock of FDI as % host GDP	2015	1.7%	2015	3.7%	N/A

\*Host Country Data Sources: BCRPP; ProInversion.

Table 3: Sources and Destination of FDI

IMF CDIS Data is not available for Peru

Table 4: Sources of Portfolio Investment

IMF Coordinated Portfolio Investment Survey data is not available for Peru.

## Contact for More Information

Ben Yates

Economic Officer, U.S. Embassy

Av. La Encalada Cdra. 17 s/n, Monterrico, Lima 33, Peru

51-1) 618-2410

[econlima@state.gov](mailto:econlima@state.gov)

## **Trade & Project Financing**

According to Banco de Crédito del Perú, Peru's largest bank, 60% of export payments to Peru are via open accounts. Since 1990, open account usage has increased dramatically as Peru's economy has strengthened. Documentary collections are the second most common payment method, involving over 20% of total transactions. Letters of credit account for approximately 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.](#), followed by [Coface Peru](#). There are two credit-reporting agencies in Peru, [Infocorp/Equifax](#) and [CERTICOM](#). The [Securities and Exchange Supervisory Agency \(SMV\)](#) lists the following four risk-rating agencies:

[Apoyo & Asociados Internacionales S.A.C. Clasificadora de Riesgo](#)

[Clasificadora de Riesgo Pacific Credit Rating SAC](#)

[Class & Asociados S.A. Clasificadora de Riesgo](#)

[Equilibrium Clasificadora de Riesgo S.A.](#)

## **Methods of Payment**

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 low foreign reserves.

As of May 22, 2017, Peru had over USD 63.3 billion in 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 USD 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 USD 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. As of 2016 Peru maintained a fiscal budget deficit of 3.1% of GDP (USD 6.4 billion). This is largely due to growing public debt, which rose 12.9% from 2015, resulting from infrastructure and government modernization investment.

## **Banking Systems**

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 of Banks, Insurance 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 2016, primary issuance of bonds reached USD 1.9 billion, 38% over the previous year. Mutual funds managed USD 7.6 billion in December 2016, an increase of 22.2% from the December 2015 level. By April 2017, private pension funds managed a total of USD 42.3 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 3.1% of total loans were non-performing as of April 2017, down from a high of 11% in early 2001.

Customer deposits carry insurance financed by commercial bank contributions to an [insurance fund](#). The amount changes quarterly on the basis of the wholesale price index. For the March-

May 2017 period, the insurance fund insures accounts up to USD 29,300. 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 USD 656 million in credits from the Latin American Reserves Fund (Fondo Latinoamericano de Reservas, or FLAR), for up to one month or USD 1.19 billion for up to three years. The Central Bank can also access other credits for longer terms. U.S. Treasury instruments back FLAR's assets.

### **Contact for More Information on Banking Systems**

#### [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) 565-3380

Xiomara Creque, Acting Regional Director-Americas

Email: [Xiomara.creque@exim.gov](mailto:Xiomara.creque@exim.gov)

Tel.: (202) 565-3477

#### [Asociación de Bancos](#)

(Association of Banks)

Calle 41 #975, Urb. Corpac San Isidro

Lima – 27, Peru

Tel.: Direct: (511) 612-3333

Email: [estudioeconomicos@asbanc.com.pe](mailto:estudioeconomicos@asbanc.com.pe)

Oscar Rivera, President

#### [Superintendencia de Banca, Seguros y AFP \(SBS\)](#)

Banking Supervisory Office

Los Laureles 214, San Isidro

Lima- Peru

Tel: (511) 630-9000

E-mail: [sbs@sbs.gob.pe](mailto:sbs@sbs.gob.pe)

Socorro Heysen Zegarra, Superintendent

### **Foreign Exchange Controls**

The Peruvian government eliminated foreign-exchange controls in 1990. The BCR, however, has not disclosed the amount that local private pension funds (AFP) can invest in foreign securities. In July 2011, a law increased this limit to 50%. The BCR raised the "operative" limit to 42% in January 2015, up from the 32% limit imposed in 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. Companies and individuals are free to maintain and operate accounts in domestic and foreign currencies at local or foreign banks.

## **U.S. Banks & Local Correspondent Banks**

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 April 2016, the commercial banks in Peru that had correspondent banking relationships with U.S. banks include (in alphabetical order):

[Banco BBVA-Continental](#)

[Banco de Comercio](#)

[Banco de Crédito del Perú](#)

[Banco Financiero del Perú](#)

[Banco Interamericano de Finanzas](#)

[Banco Santander](#)

[Citibank](#)

[HSBC Bank Peru](#)

[Interbank](#)

[Scotiabank Peru](#)

## **Project Financing**

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.

### **Multilateral Development Banks:**

*U.S. Commercial Service Liaison Offices at the Multilateral Development Banks (Inter-American Development Bank, World Bank)*

The Commercial Service maintains Commercial Liaison Offices in each of the main Multilateral Development Banks, including the Inter-American Development Bank and the World Bank. These institutions lend billions of dollars in developing countries on projects aimed at accelerating economic growth and social development by reducing poverty and inequality, improving health and education, and advancing infrastructure development. The Commercial Liaison Offices help American businesses learn how to get involved in bank-funded projects, and advocate on behalf of American bidders. Learn more by contacting the [Commercial Liaison Offices to the Inter-American Development Bank](#) and the [World Bank](#).

## **Web Resources**

[Commercial Liaison Office to the Inter-American Development Bank](#)

[Commercial Liaison Office to the World Bank](#)

## **Financing Web Resources**

Trade Finance Guide: A Quick Reference for U.S. Exporters, published by the International Trade Administration's Industry & Analysis team

[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

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[Overseas Private Investment Corporation \(OPIC\)](#)

1100 New York Avenue, N.W.

Washington, D.C. 20527

Tel.: InfoLine: (202) 336-8799 Fax: (202) 336-7949

Email: [info@opic.gov](mailto:info@opic.gov)

[SBA's Office of International Trade](#)

[USDA Commodity Credit Corporation](#)

[U.S. Agency for International Development](#)

[Inter-American Development Bank](#)

[The World Bank Group](#)

## **Business Travel**

### **Business Customs**

In Peru, business attire is conservative. Women should wear dresses or suits and for men suits and ties are customary. Normally, business partners will 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. Contact information for the Commercial Service located in the U.S. Embassy is:

by telephone (51)(1)618-2000;

by e-mail [office.lima@trade.gov](mailto:office.lima@trade.gov);

or by [website](#).

### **Travel Advisory**

In general, travel information, including travel warnings and alerts, can be found at U.S. Department of State's [webpage](#).

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 [U.S. Department of State](#).

### **Visa Requirements**

The [U.S. Embassy in Lima](#) also maintains a website with a wealth of information for U.S. business travelers.

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](#).

### **Currency**

The Peruvian local currency is the Peruvian Sol (PEN), and the average exchange rate in the first quarter of 2017 was 3.25 PEN to 1 USD. While major retailers, hotels and some restaurants accept credit cards, smaller businesses may operate on a cash basis. Visa and MasterCard predominate where credit is accepted, but American Express is also accepted on a limited basis.

ATMs are readily accessible in urban areas. The use of traveler's checks is not common as businesses and hotels generally do not accept them, and banks will charge a commission fee to cash them.

### **Telecommunications/Electric**

Peru's telecommunications industry steadily modernized following the privatization of the national telephone company, which was bought by Telefónica de España (<http://www.telefonica.com.pe>) in 1994. The mobile phone industry provided a significant boost to internet access and population connectivity, growing rapidly in the past decade. Peru

has four main mobile service providers: Telefonica Movistar is the biggest service provider, with about 54% of the market, America Movil's Claro is second with a little less than one third of all users, and Entel Peru is third. Vietnamese Bitel entered the market in 2014 and has since gained approximately one million customers. A fifth carrier, British Virgin Mobile, entered the market in 2016, after Peru's congress passed laws requiring mobile network operators to sell/rent space to mobile virtual network providers.

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, among others, 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. Wireless internet– WiFi access is available at many public and private places.

## **Transportation**

### **Airlines**

The Jorge Chavez International Airport (LIM) in Lima serves as the gateway for international flights into Peru and as the central hub for inter-country connections. Direct flights from the United States to Peru are available from: Atlanta, Dallas, Ft. Lauderdale, Houston, Los Angeles, Miami, New York – Newark and Washington D.C. At the regional level, direct flights to Lima are available from: Bogota, Buenos Aires, Mexico City, Panama City, Quito and Santiago. Domestically, although there are daily flights between Lima and provincial cities, flights between provincial cities are extremely rare, and traveling between metropolitan areas will require a layover in Lima.

### **Airport Taxis**

Armed robberies, express kidnappings, carjacking's and petty theft occur frequently. “Smash-and-grab” style robberies are most often reported on main tourist corridors immediately following arrival at Lima's airport. The U.S. Embassy in Lima recommends the use of official airport taxi services and cautions against hailing taxis on the street. Two safe and reliable taxi services located at the Lima International Airport are: MITSUI and CMV, or visitors can make arrangements with hotels ahead of time.

### **Rail**

The Ministry of Transportation and Communications oversees the limited rail system in Peru through a system of government concessions to private corporations. In terms of metropolitan transportation, Lima is the only urban area with a basic metro system. Line 1 is in operation and runs from Villa El Salvador to Downtown Lima. Line 2, approved in 2014 and estimated to be completed by 2019, will run from the industrial district in Ate to the port district of Callao.

### **Ground Transportation**

Driving conditions in Peru differ heavily from those found in the United States and can be considerably more dangerous. Visitors are strongly encouraged to familiarize themselves with local law and driving customs before attempting to operate vehicles. Road travel at night is particularly dangerous due to poor road markings and frequent unmarked road hazards. Due

to safety concerns, inter-city bus travel can be dangerous. Armed robbers, who force passengers off buses and steal their belongings, have held up inter-city buses at night. Bus accidents resulting in multiple deaths and injuries are common. Accidents are frequently attributed to excessive speed, poor bus maintenance, poor road conditions, poorly marked hazards at night and driver fatigue.

### **Language**

Peru has three official languages: Spanish, Quechua and Aymara, but business is primarily conducted in Spanish. While some members of the Peruvian business community may speak English, marketing collateral for the Peruvian market should be translated into Spanish. Quechua and Aymara are most commonly spoken in the Andean highlands, with high-tech companies like Microsoft and Claro promote their products in these languages.

### **Health**

Medical care is generally good in Lima and adequate in major cities, but less so elsewhere in Peru. Private, urban health care facilities are often better staffed and equipped than public or rural ones. Public facilities in Cusco are generally inadequate for serious medical conditions. Visitors to popular Andean destinations, such as Cusco/Machu Picchu, Arequipa/Colca Canyon or Puno/Lake Titicaca often suffer from altitude-related illness.

The following food safety precautions may help in mitigating the risks of water and food borne illnesses: drinking purified, bottled water; avoiding ice cubes; and consuming fish, shellfish and vegetables that are thoroughly-cooked.

Cholera, Dengue, Chikungunya, Zika and other infectious diseases such as Hepatitis A, B and C are present in Peru. Travelers to the jungle areas of the country should have up-to-date yellow fever vaccinations and malaria prophylaxis. While Peru does not require a yellow fever vaccination card, it is recommended that travelers carry their vaccination card with them if they are planning on doing further regional travel around Latin America. Some countries strictly enforce this requirement. For example, Costa Rica requires all passengers flying directly from Peru to Costa Rica to have a yellow fever vaccination. Yellow fever vaccinations are generally available in the United States and can be obtained at your local health clinic.

### **Local Time, Business Hours and Holidays**

Lima is situated directly south of New York in terms of longitude, occupying the Eastern Standard time zone (UTC minus 5), despite Peru not adhering to daylight savings time. The format for writing dates is: day of the month, followed by the month, and ending with the year i.e. April 28, 2016 would be written as 28/04/2016.

Business hours in Peru are generally from 9:00 a.m. to 6:00 p.m. Breakfast meetings are becoming increasingly common, and business lunches are normally scheduled between the hours of 1:00 to 3:30 p.m. 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.

*Official Peruvian Holidays:*

New Year's Day	January	2	2017
Holy Thursday	April	13	2017
Good Friday	April	14	2017
Labor Day	May	1	2017
St. Peter and St. Paul	June	29	2017
Peruvian Independence Day	July	28	2017
Peruvian Independence Day	July	29	2017
Saint Rose of Lima	August	30	2017
Battle of Angamos	October	8	2017
All Saints Day	November	8	2017
Immaculate Conception	December	8	2017

The U.S. Embassy is closed on the Peruvian holidays mentioned above and the following U.S. holidays:

Martin Luther King Day	January	16	2017
Presidents' Day	February	20	2017
Memorial Day	May	29	2017
Independence Day	July	4	2017
Labor Day	September	4	2017
Columbus Day	October	9	2017
Veterans' Day	November	10	2017
Thanksgiving Day	November	23	2017
Christmas Day	December	25	2017

## **Temporary Entry of Materials or Personal Belongings**

The Customs Authority oversees temporary entry of items into Peru. Goods for registered trade fairs may temporarily enter Peru by paying a bond, but without paying duties. In addition, travelers may enter Peru with a cellular phone and a laptop computer so long as the items are for personal use and are not for resale.

Information regarding items that require temporary entry registration can be found on [ADUANET](#).

A customs guide for travelers can be found on [SUNAT](#).

The Peruvian Customs Baggage Declaration form is available on [SUNAT](#).

## **Travel Related Web Resources**

[U.S. Department of State's Travel Website](#)

[U.S. Department of State's Country Specific Information for Peru](#)

[U.S. Department of State's Consular Information Sheet for Peru](#)

[U.S. Embassy in Lima](#)

[U.S. Department of State's Smart Traveler Enrollment Program \(STEP\)](#)

[Embassy of Peru in Washington D.C.](#)

[U.S. Embassy in Lima, Lost and Stolen Passports](#)

[U.S. Department of State, Visas](#)

[U.S. Embassy in Lima, Visas](#)

[Peruvian Customs Information in English](#)

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