



Beyond Machu Picchu:



Doing Business in Peru



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Peru at a Glance

Diversity



- 27 million people
- 496,226 square miles
(slightly smaller than Alaska)
- Macro regions
- 90% literacy rate
- Spanish language
(Aymara and Quechua)



Why Peru?

An Economic Miracle

- **Positive economic growth**
- **Pro trade and investment policies**
- **Major projects**
- **Labor**
 - **Low cost**
 - **Highly motivated**





Why Peru?

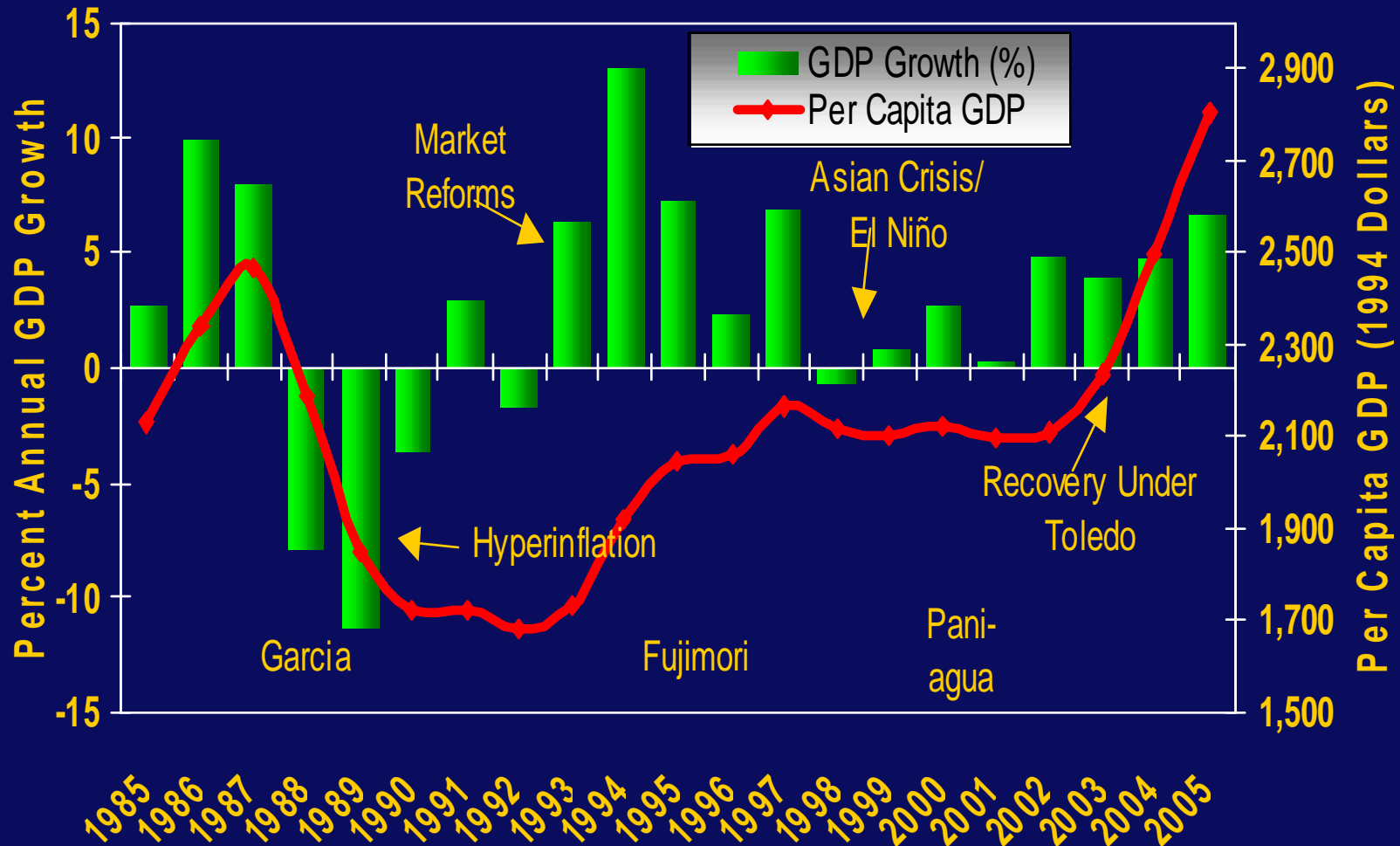
An Economic Miracle

- U.S. products preferred
- High internet usage
- Frequently travel to U.S.
- Growing population



Why Peru?

Economic Trends 1985-2005





Why Peru?

An Economic Miracle

	2000	2006	2007E
GDP (US\$ bn)	53.3	93.3	100.0
GDP per capita	2,085	3,375	3,559
Exports (US\$ bn)	7.0	23.8	24.7
Imports (US\$ bn)	(7.4)	(14.9)	(16.5)
GDP (%)	4.8%	8.0%	> 7.0%

Source: ScotiaBank / MEF / BCR



Andean Nations Comparative Chart 2006

Market Statistics	PERU	BOLIVIA	ECUADOR	COLOMBIA
GDP (US\$ bn)	93.3	10.8	40.9	138.2
GDP per capita (US\$)	3,375	1,198	3,050	2,953
Exports (US\$ bn)	23.8	4.2	12.7	24.4
Imports (US\$ bn)	(14.9)	(2.8)	(11.2)	(26.2)

Myths vs. Reality

1970s:

- Military Government
- Agrarian Reform
- Centralization



Today:

- Democratic elections
- Independent Congress
- Decentralization



Myths vs. Reality

1970's:

- Subsistence farming
- Low economic diversification
- Corruption



Today:

- Diverse, export driven economy
- Open markets
- Fiscal prudence





Myths vs. Reality

Strengths

- Prudent monetary policy
- Stable currency
- External liquidity
- Economic recovery without inflation
- Continuous economic growth (5%+) for 66 months

Myths vs. Reality

Weaknesses



- **Mediocre investment climate**
- **Large informal economy**
- **Bureaucracy/Red Tape**
- **Sluggish Judiciary**



Myths vs. Reality

Weaknesses (cont'd.)

- High dollarization (65%)
- Low lending rate (loans to GDP < 20%)
- Tax evasion (informality)
- Risk of current account deficit
- Lack of strong economic structures and stable political institutions



HEADLINES...

Government Changes

- Constitutional Republic
- Presidential and Congressional elections: 9 April 2006
- Runoff election: 4 June 2006
- Results: Alan GARCIA 52.5%
Ollanta HUMALA 47.5%
- Next: April 2011
(Regional and Mayors: Nov. 19)





HEADLINES...

US-Peru Trade Promotion Agreement Benefits for U.S. Companies

- Equal access to Peruvian market
- Clearer rules for doing business
- Lower tariffs
- Customs facilitation
- Standards
- Dispute resolution





HEADLINES...

US-PTPA: Benefits for U.S. companies



- Better business climate
 - Reduced corruption
 - Respect for contracts
 - Investment protection
- IPR protection
- Improved security
- SMEs can participate



US-PTPA

Addresses these Challenges

- Reduce informal business practices
- Improve tax collection
- Improve education
- Improve security
- Judicial reform
- Export promotion
- Reduce poverty



US-PTPA

Benefits

- Greater availability and better quality products for consumers
- Goods and services at lower prices





Andean Trade Promotion and Drug Eradication Act (ATPDEA)

What is it?

- Part of Trade Act 2002
- Renewed/expands preferential duty rates authorized by ATPA (1991)
- Bolivia, Colombia, Ecuador, Peru
- Country must be eligible
- 6,300 products approved
- Expires June 2007



ATPDEA

Goals

- Promote US exports
- Promote economic growth and export diversification
- Offer alternatives to illicit drug trade
- Forum to discuss/resolve U.S.-Peru commercial disputes



ATPDEA

Accomplishments

- Expanded Peru's legitimate trade
- Estimated 150-300,000 new jobs created
- Provided incentive/forum to address U.S. company issues



Opportunities Industrial Products



- Industrial Chemicals
- Food Processing and Packaging Equipment
- Security Equipment
- Pumps, Valves
Compressors
- Pollution Control
Equipment



Opportunities Industrial Products

- Construction Equipment
- Building Materials
- Oil and Gas Equipment
- Mining Equipment
- Plastic Materials and Resins
- A/C and Refrigeration Equipment





Opportunities Services

- Travel and Tourism
- ICT and Value Added Services
 - Broadband
 - Wimax
 - Call Centers
 - e-Commerce





On the Horizon

TRENDS IN PERU

- **FTA Negotiations with other countries**
- **Privatization/concessions**
- **De-Dollarization**
- **Remittances**



On the Horizon

Latin American TPAs

CAFTA – CA-5

Implemented in 4 countries

Colombia

Signed 11/06

Awaiting ratification

Peru

Ratified in Peru 6/06

Awaiting US vote

Panama

Concluded 12/06



Upcoming Trade Shows 2007

WASTE EXPO 2007 Equipment for management of solid waste	May 8–10, 2007	Atlanta, GA
NATIONAL RESTAURANT HOTEL- MOTEL Show – NRA Equip. & Accessories for hotels & restaurants	May 19-22,2007	Chicago, IL
GLOBALCOM 2007 Communications and Information technology	June 18-21, 2007	Chicago, IL



2007 Trade Shows

INFOCOMM INTERNATIONAL Audio and video equipment	June 19-21,2007	Anaheim, CA
CLINICAL LABORATORY Clinical laboratory equipment	July 15-19,2007	San Diego, CA
MAGIC MARKETPLACE SUMMER Articles of clothing	August 27-30, 2007	Las Vegas, NV
PACK EXPO INTERNATIONAL Packaging industry machinery	October 15-17,2007	Chicago, IL
AUTOMOTIVE AFTER MARKET IND. Automotive industry	Oct..30-Nov.2, 2007	Las Vegas, NV



On the Horizon

Peru Events - 2007

- Education USA (new!) May 2-5
- EXTEMIN 2007 – 7th edition Sept. 10-14
- FIBCA (Capital Goods Trade Show) Nov. 7-9



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The Trade Americas site provides information on the existing and proposed free trade agreements throughout the region, market research, best prospects in the region, trade event lists, industry-specific information, business service providers, useful links and key contacts.

Featured News

The United States and Peru signed the United States and Peru Trade Promotion Agreement (PTPA) on April 12, 2006. [More...](#)

Featured Trade Events

Take advantage of the forthcoming **Trade Americas Conference** scheduled to take place in Denver, CO, on May 4-5, 2006. This is a once in a lifetime opportunity to meet with market experts without expending additional resources to travel to each country. Whether you are currently doing business in the region, or if you are interested in exploring market opportunities, this conference is your chance to meet with both public and private sector trade executives. [Learn more...](#)



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Welcome to Peru!

Looking for a reliable business partner? Need information about business opportunities in Peru? The Commercial Service provides a variety of services designed to support your company's business activities in Peru.

Who Are We?

The Commercial Service is a global business unit of the U.S. Department of Commerce. We are a network of trade professionals in over 100 U.S. cities and 80 countries dedicated to helping U.S. companies find the right contacts overseas.

Who Are Our Clients?

Our principal clients are U.S. companies that are new-to-export, new-to-market, and small-and-medium size. We also provide assistance to Peruvian clients interested in importing U.S. products and services.

What is Our Mission?

Worldwide, the Commercial Service promotes U.S. goods and services exports and seeks to protect U.S. business interests, including U.S. investments. We accomplish our goals via advocacy and outreach on behalf of U.S. businesses. Our goals are:

- To keep U.S. firms informed of the risks and rewards of doing business in Peru and high potential **export opportunities** especially for **U.S.-origin manufactured goods**,
- To facilitate the Peruvian government's **compliance with trade agreements** and support the resolution of compliance issues affecting U.S. exporters,
- To continually seek **transparent business practices**





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