



PERU - The Time for Canadian Business is NOW

The business environment in Peru is one of the most open and dynamic in Latin America. Economic restructuring by the Fujimori government has resulted in the liberalization of trade, investment and foreign exchange, tax reform, a substantial decline in inflation and the elimination of subsidies. As a result, the Peruvian economy continues to outperform most of its neighbours in the region, with real growth of over 12 per cent in 1994, 7 per cent in 1995, and an expected 5-6 per cent in 1996.

The reduction of inflation, ongoing privatization and modernization, and an increase in revenues have contributed to a revitalized Peruvian economy. And, with the re-election of President Fujimori in 1995, the way is clear for at least another five years of economic stability.

After years outside the international financial community, Peru has returned to the fold. Today, the country enjoys some of the highest yields among emerging stock exchanges and will receive over

US\$1 billion in foreign loans for major projects in infrastructure, health and education.

Since 1987, a CIDA bilateral program in Peru has supported an \$80-million project in equipment sales to Peruvian state-owned companies in telecommunications, petroleum and mining equipment. A number of companies still remain eligible to purchase Canadian equipment through this project, which terminates in 1998-99.

Since 1994, the Canadian

Commercial Corporation has entered into several large transactions in Peru valued at more than \$33 million, with others under way for a total of \$50 million.

As well, the Export Development Corporation (EDC) has become an important player in Peru. In 1995, EDC finalized a US\$15-million line of credit with Banco Wiese Ltd. and concluded its first direct public-sector loan in more than a decade, a US\$16.9-million loan to Peru's Ministry of Finance.

Canada—Peru Trade & Investment

Having simplified its import regime and lifted most restrictions on international trade, Peru offers excellent opportunities for Canadian exporters. The success of Canadian companies in Peru is having a snowball effect — in addition to attracting equipment and service exporters in such sectors as mining, it has given Canadian firms in general the confidence to come and do business in Peru. In December 1995, the Canada-Peru Business Council was established in Lima, reflecting the rapidly growing trade and investment link between the two countries.

Annual two-way trade has ranged from \$193.9 million in 1992 to \$183 million in 1994, and an estimated increase to \$200 million in 1995. In the first nine months of 1995, Canadian exports to Peru jumped 73 per cent to \$93.8 million. Leading exports include agricultural products, asbestos, telecommunications equipment,

mining equipment, pharmaceutical products, and wood pulp. Imports from Peru increased from \$64 million in 1993 to \$96.3 million in 1994, with the most important being ores and concentrates of silver, lead, zinc, precious metals, coffee and cotton.

Peru now has one of the most liberal investment regimes in South America, with a large reservoir of undeveloped natural resources that offer enormous potential. Since 1993, over 20 Canadian companies to date have invested over US\$300 million in Peru. Much of Canada's investment is planned for the mining sector — Barrick Gold Corporation is considering a US\$500-million gold project and Cambior is investigating a US\$700-million copper project. In the energy sector, Ontario Hydro International Inc. is in partnership with Chilean interests in an important power distribution network.

Prospects & Opportunities

Peru's shift to a more open market economy sees opportunities for Canadian business emerging in a host of areas, particularly in mining, oil and gas, agriculture and telecommunications.

- **Mining** - Peru is becoming Latin America's mineral

investment hotspot with planned investment to 1999 surpassing US\$7 billion. Opportunities include exploration technologies, engineering and consulting services and equipment. The industry spends some US\$700 million annually in supplies and equipment.

Continued on page VIII — Peru

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