

competitors enjoy preferential treatment under ALADI and Andean pact agreements. Some foreign companies maintain permanent offices in Lima (as is the case for companies such as Caterpillar, Gould or Dresser from the U.S.A, major Japanese firms, as well as several European and Brazilian firms) and at times may have access to credit obtainable in other South American countries.

If our estimates are correct, Canadian sales account for little more than 10 percent of the Peruvian market, and we believe that this share could be increased. As an example, in 1988 Peru imported almost US\$ 790,000 of drill bits. The United States supplied almost 38 percent of the total, Canada less than 11 percent. Similarly, in 1988 Peru imported an estimated US\$495,000 worth of integral bars (steels); Canadian sales accounted for about 14 percent while Austria and Germany shared over 60 percent of sales. The same pattern is repeated for most products, with certain exceptions such as trackless equipment where Canada supplies almost one half of the market.

There are some large, essentially dormant projects in the state companies that would require international bidding. More potential however, lies in the sale to individual firms of "consumables" and small equipment, often in limited quantities. While each sale may not be impressive, the potential client base is very large and overall sales may be rewarding. The biggest markets will continue therefore to be for items such as trackless equipment, drills, steels and bits, consulting services, diamond drilling equipment, some winches, tires, and spare parts. Good potential also lies in hydraulic cylinders, specialty items, air compressors, pumps, alimaks, locomotives and other products suitable to small scale mining. Canada has not very been active in the supply of plant equipment and flotation chemicals, which represent potentially large markets.

Peruvian miners tend to keep their capital spending down by keeping equipment running longer. Canadian companies, however, have to some extent failed to capitalize on this to capture a greater portion of the replacement parts market.

In the past, local manufacturers enjoyed "closed border" protection against imports. As a result, local capability is substantial and some foreign-made products cannot easily be sold here. A cross section of local production would include conveyor systems, scales, slushers, rebuilt locomotives, most explosives and blasting caps, small generators and hydro centrals, safety equipment, railcars, cables, small flotation cells, milling balls, small mills, some drill bits (including diamond), filters, hydraulic hoses, electric motors and controls, small ventilation fans, crushers, transformers, etc.

Perhaps the best way to enter the market is via the services of a good agent. Companies are cautioned to be careful in the