

PERU

*A Guide
for Canadian Exporters*

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A Guide for Canadian Exporters

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CONTENTS

	Page
I. THE COUNTRY	4
II. DOING BUSINESS IN PERU	11
III. CUSTOMS AND OTHER REGULATORY INFORMATION	16
IV. YOUR BUSINESS VISIT	19
V. FEDERAL EXPORT ASSISTANCE	23
VI. TRANSPORTATION SERVICES TO THE REGION	29
VII. USEFUL ADDRESSES	31

I. THE COUNTRY

Area and Geography

Peru covers an area of 1 315 600 km² (506 000 square miles). To the west the country extends along the Pacific Ocean; on the north it is bound by Ecuador and Colombia, to the east by Brazil and Bolivia, and Chile is on its southern tip. Moving from west to east, there are four natural zones running roughly north and south — Costa, Sierra, Montana and Selva.

Lima, the largest city, has a population of eight million and is situated in the Costa region, a narrow coastal plain consisting of large tracts of desert and fertile valleys. The Sierra, or mountainous region, contains the Andes, which rise to more than 6 100 m (20 000 feet). The Montana is a subtropical fertile area, largely underdeveloped, lying between the Andes and the jungles of eastern Peru. The Selva is in the Amazonian jungle region of eastern Peru.

Climate

The temperature in Peru varies according to region: it is temperate on the coast, tropical in the jungle and cool in the highlands. In Lima, the average daily minimum and maximum temperatures during February, the hottest month, range between 19°C and 28°C (66°F and 83°F). During August, the coldest month, the temperature varies between 13°C and 19°C (56°F to 66°F). Rain, as it is known in Canada, never falls on the coast of Peru — the coastal precipitation is really a form of thick mist known by "Limenos" as *garua*.

History and Government

Historians are unable to pin down exactly when Peru was first inhabited; however, it is believed that the first settlers arrived about the year 10 000 B.C., either from the continent of Asia or by crossing on a natural land bridge from northeast Siberia to Alaska and proceeding south. Archaeological sources indicate that the first highly cultured Andean civilization existed around the ninth century B.C.

Inca Civilization. The Inca civilization (1400-1532) was one of the most organized and prestigious of that era. The empire extended to Colombia in the north, included present-day Bolivia and Argentina and encompassed Central Chile

to the south. Cuzco, located in the southern Montana, was the capital of this vast empire. The Incas are known for their handicrafts and mammoth architectural works: for example, Machu Picchu and Sassahuaman. They were also very knowledgeable in agriculture, astronomy, metallurgy, mining, and in the construction of roads and bridges.

Spanish Conquest. Following the discovery of the Pacific Ocean by Vasco Nuñez de Balboa in 1513, the Spanish, attracted by stories of great wealth, began the conquest of Peru. Francisco Pizarro led the Spanish forces in the conquest of the Incas. The Inca empire was rapidly subdivided by the Spanish and on January 18, 1535, the city of Lima was founded.

Colonial Period. Peru became the richest and most powerful colony of Spain in South America. Class divisions were very important during this period. The "Criollos" (Spaniards born in America) were excluded from all official positions of influence. The "Mestizos" (mixed races) occupied social positions lower than the Criollos, and the Indian population was reduced to slavery in the mines. Immense pieces of land held by the Indians were given to the Spanish aristocracy.

The resentment of the Criollos and Mestizos grew over a period of 300 years, giving birth to a revolutionary movement for independence.

Independence. In 1780, the first major revolt against Spanish rule was headed by an Indian chief, José Gabriel Condorcanqui. In 1821, Bolivar and San Martin took Lima from the Spaniards. Peruvian independence was clearly established on December 9, 1824, with the victory of Bolivar's army at Ayacucho.

Republican Era. Peru was very poorly prepared for independence. Various factions within the government struggled for power, causing political instability and wars with neighbouring countries. The most famous and progressive president of this period was Ramon Castilla, who held the presidency from the mid-1840s until the early 1860s. In 1862, Spain tried unsuccessfully to reconquer Peru. It was not until 1879 that Spain officially recognized Peru's independence.

The War of the Pacific between Chile and its neighbours, Peru and Bolivia, was fought from 1879 to 1883. Peru lost the province of Tarapacá to Chile, and Bolivia lost its passage to the sea.

Twentieth Century. Through much of this century, Peru has had a succession of civilian and military governments. In October 1968, General Velasco Alvarado assumed control in a coup d'état, deposing the democratically elected government of Fernando Belaunde Terry. The Velasco military government was in power from 1968 to 1975. During this period, the government nationalized most of the major resource-based companies of the country and launched extensive agrarian reform. The economy of the country deteriorated rapidly as a result of the economic measures adopted by the Velasco government.

In 1975, General Morales Bermudez gained control of the government, introduced more moderate economic policies and turned power over to a civilian government. Democratic elections were held in May 1980, and Fernando Belaunde Terry assumed the presidency in August 1980. The first turnover of a democratically elected government in over 40 years took place in the July 1985 elections when Alan Garcia Perez assumed the presidency.

Elections in Peru are held every five years, with the next elections scheduled to take place in 1990. The Constitution prohibits the president from serving successive terms of office.

Peru is a republic, with the central government located in Lima. The Constitution stipulates that the executive power is held by the president, assisted by two vice-presidents; the legislative power is vested in the Congress; and the judicial power is exercised by the Supreme Court, which presides in Lima.

Population

The population of Peru was estimated at 20 210 000 in 1986 and is increasing at about 2.6 per cent per year. Approximately 20 per cent of the population is of Spanish descent, 40 per cent is pure Indian and 40 per cent is of mixed race.

The largest concentration of inhabitants is in the constitutional province of Callao in the Costa region, followed by the adjacent department of Lima, which has 102 inhabitants per square kilometre. Due to the extensive migration to the cities from the rural areas, the percentage of the population living in urban centres has risen to about 67.7 per cent of the total population. Rural inhabitants are scattered over the Sierra and this segment of the population, which is esti-

mated at just under 40 per cent of the total, is generally at the lowest level of the economic scale.

Language

Spanish is the official language of Peru; however, Quechua and Aymara are also recognized as official languages in the Central and Southeast Andean regions. Spanish is generally the language of business and government although a number of business people have a good command of English.

Religion

The majority of the population is Roman Catholic, but Peru has complete freedom of religion.

Education

Primary education is obligatory and free in state schools. All schools, whether primary, secondary, national or foreign, are under the general supervision of the Ministry of Education. Large companies are required to contribute to the education of workers and their families. Under more recent legislation, employers are also obliged to organize instruction units to promote the specialized training of their work force. All these measures are rapidly lowering the previously high illiteracy rate in Peru.

There is intense competition every year for the available places in technical schools and universities, reflecting the keen interest in learning of today's Peruvian youth. There are private grammar and high schools, where English, French, German or Italian are spoken. There are two well-known private universities, La Catolica and Universidad de Lima.

Interpreter and Translation Services

Whenever possible, Spanish should be used in contacts with Peruvian government officials, although a number of business people have a good command of English. Interpretation and translation services in Lima are available through various agencies and in major hotels. The Canadian Embassy can also direct you to competent interpretation and translation services.

Principal Cities

Lima, the capital, is the commercial and political centre of the country. Together with its port, Callao, Lima has a population of eight million people. The capital dominates the economic and commercial decision-making processes of Peru to such an extent that local business people say "Lima is Peru, and Peru is Lima." Other urban centres are the following:

Cities	1988 Population (Approx.)
Trujillo	600 000
Arequipa	600 000
Chiclayo	500 000
Chimbote	300 000
Huancayo	350 000
Piura	300 000
Cuzco	300 000

Currency

As of January 1, 1986, the Peruvian sol has been replaced by the inti (I/.), at an equivalent of I/.1.00 per S/.1 000.00. The new currency is subdivided into 100 centimos (cents), equivalent to S/.10.00 each. During the transition period, both currencies will circulate until December 30, 1991, when the sol will no longer be a valid currency. In September 1988, the Central Reserve Bank unified the rates of exchange for exports and imports into one single rate, which stood at I/.700:US\$1 in January 1989. The banking system's "free rate", which is used in most service transactions, as well as for the import of capital and consumer goods that are not listed on the government's current import program, was I/.1 900:US\$1 during the same period.

All exchange operations are under the control of the Central Reserve Bank through the banking system. However, this does not preclude local residents from obtaining foreign currency to travel abroad.

International Time

Peru time is identical to Canadian Eastern Standard Time.

Business Hours

Working hours in Lima differ in summer (January through March) and winter (April through December). The workday of eight hours generally begins at the following times:

Summer	Winter
Private company offices 7:45 a.m. to 8:15 a.m.	8:00 a.m. to 9:00 a.m.
Government offices 7:30 a.m. to 8:00 a.m.	8:00 a.m. to 9:00 a.m.
Factories 6:00 a.m. to 8:00 a.m.	6:00 a.m. to 8:00 a.m.
Department and retail stores Sales personnel 9:00 a.m. to 11:00 a.m.	9:00 a.m. to 11:00 a.m.
Administrative personnel 8:00 a.m.	8:00 a.m.

In the summer, government departments and some public enterprises work five hours per day (8:00 a.m. to 1:00 p.m.).

Banking hours, Monday through Friday, from April to the end of December, are between 9:15 a.m. and 12:30 p.m. and from 4:00 p.m. to 6:00 p.m., and in January, February and March, between 8:30 a.m. and 11:30 a.m. Some banks are open on Saturdays.

Public Holidays

The following is a list of official public holidays observed in Peru:

New Year's Day — *January 1*

Holy Thursday (half day from 1:00 p.m.) — *March/April*

Good Friday — *March/April*

Labour Day — *May 1*

Saint Peter and Saint Paul — *June 29*

National Independence Days — *July 28 and 29*

Santa Rosa of Lima — *August 30*

Day of National Dignity — *October 9*

All Saints Day — *November 1*

Immaculate Conception — *December 8*

Christmas Day — *December 25*

On June 30 and December 31, banks are usually closed.

Weights and Measures

Peru uses the metric system for most weights, measures and mathematical expressions, but some Imperial and old Spanish measures are still in use.

Electricity

Electricity is generally supplied at 220 volts, 60 cycles AC. In the Arequipa area, the electricity supply is 220 volts, 50 cycles AC.

II. *DOING BUSINESS IN PERU*

General Description of the Market

The market in Peru can be described as open and highly competitive; generally, considerable market development efforts are required before results can be expected. There is a high level of government regulatory involvement, and the market is highly protected to promote local industry.

Export Development Corporation (EDC) financing has in the past been an important factor in support of Canadian exports, and export credit insurance is highly recommended for credit sales. (Please note that at time of printing, February 1989, neither export financing nor export credit insurance for Peru was available from EDC.) Companies should check with External Affairs, South America desk, or EDC Ottawa, to determine whether export financing is currently available.

Peru receives Canadian International Development Agency (CIDA) bilateral assistance. Due to a lack of export credit financing, countertrade has become a significant factor in trade with Peru.

Membership in Regional Trade Blocs

Peru is an active member of the Cartagena Agreement (Andean Common Market [ANCOM], comprising Venezuela, Colombia, Ecuador, Peru, and Bolivia). The ANCOM market, now available to local Peruvian industry, has a population of 70 million people.

Membership in International Organizations

Peru is a member of the following international organizations:

- Economic Commission for Latin America and the Caribbean (ECLAC);
- United Nations Development Programme (UNDP);
- International Bank for Reconstruction and Development (IBRD);
- International Development Association (IDA);
- International Finance Corporation (IFC);
- International Monetary Fund (IMF);

- United Nations Educational, Scientific and Cultural Organization (UNESCO);
- World Health Organization (WHO);
- Andean Group;
- Inter-American Development Bank (IDB);
- Latin American Integration Association (LAIA);
- Organization of American States (OAS) and OAS-related specialized agencies such as Pan-American Health Organization (PAHO);
- Inter-American Agriculture Co-operation Institute (IICA), etc.;
- Fondo Andino de Reservas (FAR);
- Corporación Andina de Fomento (CAF);
- International Labour Organization (ILO);
- World Food Programme (WFP);
- International Civil Aviation Organization (ICAO);
- United Nations Children's Fund (UNICEF);
- Asociación Latinoamericana de Instituciones Financieras de Desarrollo (ALIDE);
- International Potato Centre (IPC).

Merchandising and Distribution

A competent agent or distributor based in Peru is almost always essential for Canadian exporters who hope to sell in that country. Government agencies, including the electric power companies, the phone companies, the state mines and the national oil company, must, by local law, purchase through public tender and normally foreign companies can only bid on tenders through a local agent.

An agent is needed: (a) to help the Canadian supplier comply with the complex tendering regulations, and (b) to counter predictable efforts by competing bidders to prejudice the evaluation of bids. In the case of products sold to the private sector, an agent or distributor is generally required because of language, customs clearance problems, servicing requirements and the fragmentation of the market.

Only two exceptions come to mind where agents may not be necessary: (a) when there are only one or two large potential customers, and they are in the private sector (e.g. newsprint), or (b) when the potential customers purchase outside Peru (e.g. the foreign-owned companies engaged in oil exploration and production, who typically buy standard technology items in the U.S.).

The Commercial Division of the Canadian Embassy in Lima maintains contacts with several hundred agents and distributors and can assist you in locating a suitable representative.

Advertising and Promotion

The development of Peruvian advertising has progressed rapidly in recent years. The Lima area is the principal advertising centre, with about 25 per cent of the total population and a literacy rate of 78.4 per cent. There are 52 advertising agencies operating in Peru. J. Walter Thompson Peruana and McCann Erickson Corp., located in Lima, are the leading advertising firms. An agency's commission is usually 15 per cent of the gross cost of advertisements. The principal medium for advertising is the press, followed by radio and television. Other media include specialized magazines, motion picture theatres, neon signs, fairs, billboards and direct mail.

Approximately 23 commercial radio stations and a number of television stations operate from the capital and are used to advertise consumer goods. Only Lima newspapers have nation-wide circulation. One weekly publication, the *Lima Times*, is published in English.

Price Quotations

Prices should be quoted C & F Callao, in U.S. dollars. Business firms should present their quotations, catalogues, illustrations, price lists and other trade information material preferably in Spanish. Measures should be expressed in the metric system. Complete product specifications should include the price and the weight of the goods in order to assist importers in estimating the approximate freight and customs duty.

Usual Terms and Methods of Payment

Bills for collection are used in Peru; however, documentary letters of credit are more common, either on a sight or term basis. Exporters are advised to do business in Peru on the basis of an irrevocable letter of credit confirmed at a Canadian bank.

According to new regulations (Resolucion Cambiaria 006-88-EF of March 1988), a scheme has been implemented for the financing of imported capital goods. A downpayment of up to 20 per cent of the C & F value is permissible, and may be paid on sight. Payment of the balance must be made at

uniform intervals and in equal monthly, quarterly or semi-annual installments, subject to the minimum financing terms.

Value of import (f.o.b.)	Last payment may be made after
Less than US \$100 000	90 days
More than US \$100 000 and less than US \$500 000	180 days
More than US \$500 000	360 days

Banking Facilities

There are no offices of Canadian banks in Lima, but a number of local banks have working relationships with major Canadian banks (e.g. the Royal Bank with "Banco de Lima"). The following is a list of the better-known banks in Peru:

- Banco de Crédito del Peru;
- Banco Minero;
- Banco International del Peru;
- Banco Popular del Peru;
- Banco Continental;
- Banco de Lima;
- Citibank;
- Bank of America;
- Bank of Tokyo;
- Arab-Latin American Bank (Arlabank).

By May 1988, some American, European and Japanese banks had announced that they were planning to close their offices in Peru.

Transportation and Communications

For information on transportation services to the region, see Chapter VI.

Public transportation in Lima and the suburbs is gradually improving with the introduction of large buses, owned by municipalities or co-operative enterprises, privately owned minibuses and taxis. Fares, controlled by the government, are comparatively low. The major portion of the central highway, running east from Lima to the Sierra, is well-paved, as is the Pan American Highway. Roads between small population centres outside the Lima area are mostly

unpaved; the topography makes road construction expensive. Railways are operated by the government in two networks, one up the valley, east of Lima to the Sierra, and the other in the south, from Arequipa to Puno, Cuzco and Machu Picchu. (See also Chapter IV.)

Domestic air services are good and the two main airlines, the privately owned Faucett and government-owned Aeroperu, have a fleet of modern jets. Aeroperu also operates internationally, and in South America to Chile, Brazil and Argentina. There is also a private cargo airline — Aeronaves del Peru — with internal and international flights. The Peruvian Air Force also runs commercial cargo and some passenger aircraft, and helicopter flights to and in the jungle, as do a few small air taxi companies.

The telegraph, telex, telephone and radiotelephone services, run by government-owned companies, connect major population areas in Peru and allow good contact with the rest of the world. Peru is also served by a network of radio and colour television stations, the latter being able to send and receive satellite-transmitted programs. There is a general shortage of telephone lines, but the government telecommunications company, ENTELPERU, is expanding. Local newspapers and magazines are plentiful.

Local port facilities are equipped to handle containers, to unload bulk cargoes, and to handle large vessels. However, the ports are considered to have inadequate security, slow turnaround service and inefficient port clearance procedures.

Government Attitude toward Foreign Investment, Joint Ventures and Technology Transfers

The Peruvian government welcomes and needs foreign investment and technology. Profits up to 20 per cent (net of 15.4 per cent, withholding tax) of foreign investment recognized by CONITE, the government office in charge of controlling foreign investment and importation of technology, may be remitted abroad annually. However, at the present time (November 1988), profits and remittances and payments for licensing and royalties are not being approved by Peru's Central Bank, due to a shortage of foreign exchange.

Apart from some leftist groups, Peruvian labour generally welcomes foreign investment as a means to overcome underdevelopment.

III. CUSTOMS AND OTHER REGULATORY INFORMATION

Documentation

The following documents are required to import goods into Peru:

- importation licence or permit;
- bill of lading;
- commercial invoice;
- certificate of origin to obtain certain benefits for importation from other Latin American countries;
- insurance policy.

Import and Exchange Controls

There are a number of restrictions on importations into Peru. Non-essential items or goods of a type produced in Peru may not be imported. Excluded from importation are automobiles, cosmetics and most articles of clothing and liquor (but not whisky). Duties are high on almost all items, except heavy capital equipment and machinery imported for the development of priority social and economic sectors.

Goods exported to Peru could fall under the control of the Comisión de Control de Importaciones (Imports Control Commission), which is part of Peru's Foreign Trade Institute (ICE). The commission's major responsibility is to protect Peruvian industries against practices such as dumping or undervalued imports. This commission may recommend special actions to customs authorities, adjust the declared import values, establish minimum official prices, impose compensatory duties and surcharges, and, if necessary, order the reshipment of the undervalued goods. At the beginning of 1988, the ICE hired the services of SCI, a privately owned international firm, to certify that declared import prices for imports are not over- or undervalued.

Import licences must be obtained from Peru's Foreign Trade Institute (ICE), in addition to an allocation by Peru's Central Bank for the necessary foreign exchange.

Foreign exchange controls require that all foreign exchange proceeds from exports be turned over to the Central

Reserve Bank of Peru. All foreign transactions must be made through official banking channels at official rates. Illegal operations are punishable by imprisonment.

Duties and Taxes

Peru is a signatory to the General Agreement on Tariffs and Trade (GATT) and to various bilateral agreements providing for "most favoured nation" treatment on a reciprocal basis. On January 1, 1980, the government placed a new tariff schedule into effect. While based on the Customs Co-operation Council Nomenclature (CCCN) (formerly the Brussels Tariff Nomenclature [BTN]), it contains nomenclature adaptations that are designed generally to conform with the Common Import Tariff Nomenclature (NABANDINA) of the Andean Common Market (ANCOM). Peru's tariff rates are expressed in ad valorem terms as a percentage of the c.i.f. value.

Nominal ad valorem rates currently range between 15 per cent and a maximum of 60 per cent.

Industrial and agricultural inputs, together with related capital goods, including chemicals, fertilizers, metals, large farm machinery, industrial machinery, electric motors, calculators and office machinery generally carry the lower tariffs.

Most machinery and parts carry the following rates:

Mining	15 per cent
Agricultural	25-30 per cent
Textile	15-25 per cent
Metal working	35-55 per cent
Office	40 per cent
Electrical	15-60 per cent

The maximum 60 per cent rate applies to textiles, refrigerators for domestic use, passenger automobiles, and various luxury or non-essential goods.

In addition to the duty payable, goods imported into Peru are charged 10 per cent of the cost of the ocean freight, except for certain agricultural and medical products, books and coins.

Since January 1, 1982, a surtax of 15 per cent of the duty levied on imported goods is charged for all products.

A 22 per cent sales tax, assessed on the c.i.f. price plus all duties and other taxes, is applied to all products with few exceptions.

A 1 per cent tax is levied on the c.i.f. value of many products, the proceeds of which fund the promotion of non-traditional Peruvian exports.

A selective consumption tax, ranging from 10 to 40 per cent of the c.i.f. price plus duties and other taxes, is levied on luxury items. Most imports of cigarettes, gasoline and diesel oil are subject to consumption tax at rates higher than 40 per cent.

Packaging and Labelling

Local packaging and labelling requirements are generally not difficult to meet.

IV. YOUR BUSINESS VISIT

Advise and Consult the Trade Commissioner

When planning your first business visit to Peru, advise the Commercial Division of the Canadian Embassy in Lima of your trip well in advance of your arrival. Inform the embassy of the objective of your visit and include several copies of product brochures. It is very helpful if you work out the c.i.f. prices on at least part of your product range. You should also list any contacts you may already have with Peruvian business people and indicate whether you require appointments made in advance of your arrival.

Travel Documents

Canadian citizens may enter Peru on a tourist basis for 90 days with a valid passport. No visas are required, but such travellers must have proof of fully paid transportation out of Peru.

Travellers entering Peru on business must have a valid passport. A special permit is available for business travel by foreigners resident in Peru. Permit holders are allowed to leave the country and return as often as they like within a six-month period, although absence from the country may not exceed 30 days on each trip. The permit may be renewed only for a second period of six months.

A word of advice: If you are visiting Peru to appoint a sales representative, attend a seminar or a fair, and you are not going to collect any money in Peru for the work you are doing or sell any equipment, it is advisable to obtain a tourist visa. Foreigners with a business visa must present a letter to Peru's Ministry of Finance and have a local business person give faith that they do not owe any taxes to the Peruvian government. Only when you have received the authorization document will you be allowed to leave the country.

Internal Travel

Peru has a fairly well-developed road transportation network. The highway system is 52 100 km (32 559 miles) long, of which 10 per cent is paved. It connects all major cities and extends into adjoining countries. There are two primary highways: the Pan America Highway, running along the west coast from the northern to the southern border; and

the Central Highway, extending east from Lima over a 485-m (1 600-foot) pass to La Oroya and beyond. The incomplete Marginal Highway runs along the eastern border of Peru. There are also a number of penetration roads leading into the jungle area. Many other roads connect agricultural, commercial and industrial centres. Truck transportation is available from the ports of the west coast to the coastal cities and across the Andes.

Peru has approximately 2 135 km (1 335 miles) of railroads. There is no integrated railroad system in the coastal area. Most rail lines provide service between the coast and the population centres of the Sierra. ENAFER, the government enterprise responsible for the railway sector, offers passenger and freight services on the most important railroad routes.

Three airlines, Aeroperu, Faucett and Aeronaves de Peru (cargo), provide scheduled passenger and cargo service to all Peruvian cities. The international airport is located in Lima.

Hotels

Hotel accommodation in Lima meets international standards. It is advisable to reserve ahead and seek confirmation at the time of booking. Most business people stay in hotels located in Miraflores at Cesar's Hotel, Hotel Maria Angola, Hotel El Condado and Hotel El Pardo, which are close to the embassy.

Customs Regulations

A US \$10 airport tax must be paid on leaving Peru. It is against the law to remove pre-Columbian and colonial artifacts. If a replica of a ceramic or painting is purchased, be sure to carry the receipt on leaving. Customs permits two cartons of cigarettes or its equivalent, two quarts of alcoholic beverage, and gifts up to US \$200 per person.

Health and Personal Security

Community sanitation conditions are not a serious problem. Lima has many good restaurants, however, outside Lima it is best to dine at a tourist hotel and take reasonable precautions. Food prepared by street vendors is not recommended.

Although the water in Lima is treated, you are advised to use bottled water. Outside Lima, water should be boiled.

Risk of malaria exists in Peru outside Lima and its vicinity, and in the coastal area south of Lima. At high altitudes in the Andes, lack of oxygen may cause headaches, which visitors can minimize with such pills as *coramina glucosa* and coca tea (*mate de coca*), and with frequent rests during the first few days.

Smallpox vaccination is not required for entry into Peru, but yellow fever and anti-malarial medications are recommended for jungle travel. Gamma globulin is recommended against hepatitis.

Most major hotels have a doctor on call. For your information, the following clinics have a 24-hour emergency service and usually have an English-speaking staff member on duty: Clínica Anglo-Americana, Av. Salazar s/n, San Isidro, Tel: 403570; Clínica Internacional, Jr. Washington 1475, Lima, Tel: 288060; Clínica San Borja, Av. del Aire 333, San Borja, Tel: 413141.

Pickpockets and thieves, especially in downtown Lima and Cuzco, are very enterprising and are of all ages. Do not wear valuable jewellery of any kind. Keep purses and packages on your lap when resting, not on a chair or on the floor beside you.

Do not deal with any individuals calling your hotel room or approaching you in the hotel lobby or in the street, saying they represent a travel agency, guide service or specialty shop. The only thing they represent is their own interest. If your passport is stolen, contact the Canadian Embassy.

Peru has a strict and comprehensive law forbidding all possession of, use of, and dealing in drugs, including marijuana and cocaine. Violators are not deported, but are jailed and tried under Peruvian law. Foreign offenders are usually dealt with as international traffickers, with sentences ranging from 15 years to life. The entire legal process from arrest to sentencing can take nine months to two years. There is no bail system.

As of August 1987, the curfew in Lima has been lifted. However, the Lima area is under a "state of emergency" and the police and the armed forces are entitled to ask for documents from passers-by. The security forces are heavily armed; always carry your passport with you in a secured money belt.

These security measures have been established because of the significant level of urban terrorism by the Sendero Luminoso (Shining Path) and the MRTA terrorist groups.

Canadians have not been targets in the past for these groups, and to the best of our knowledge, this situation has not changed. Nevertheless, caution should be exercised.

Business Calls and Entertainment

Business travellers coming to Peru to introduce new products should give themselves ample time for their dealings with Peruvian business people. Decisions are not likely to be made on the spot, and a certain degree of patience is required.

Firms may find it useful to give their local representative significant decision-making powers to eliminate the need to clear routine decisions with the home office.

Punctuality is now becoming more important to Peruvian business people and government purchasing officers. It is best, therefore, to make an appointment in advance of the business call. Do not, however, be surprised if you are kept waiting.

In Peru you will find the most varied sources of attraction: ancient and modern cities; impressive mountain ranges and scenery of great beauty; archaeological remains of great interest; and interesting customs. There are many places of historical interest and great beauty in Peru such as: Cuzco (Inca remains and colonial monuments); Arequipa (scenery and buildings in soft volcanic stone *sillar*); extinct volcanoes (Cañon del Colca); Cajamarca (seventeenth and eighteenth century churches); Huancayo, etc.

Lima has a wide variety of restaurants with international dishes, *criollo* cooking, chinese cuisine (*chifa*), as well as German, Italian and Scandinavian restaurants. Some recommendations for places to eat are Los Condes de San Isidro, Ebony, Carlin, Costa Verde, Rosa Náutica, Los Faisanes, Pabellón del Casa.

Other places for entertainment are the Sachmo Jazz Bar, and the *penas criollas* (mostly in the district of Barranco).

Mail

Surface mail to Peru usually takes two months or more, while airmail can take two to three weeks. Most Peruvian agents and distributors use the telex, facsimile and long distance telephone. Several courier services provide delivery of documents to Canada in three days or less, for about Cdn \$250.

V. FEDERAL EXPORT ASSISTANCE

Market Advisory Services

As a service to Canadian business, the federal government maintains trade officers in 67 countries around the world. These representatives provide assistance to Canadian exporters and aid foreign buyers in locating Canadian sources of supply. In addition to providing the link between buyer and seller, the trade officer advises Canadian exporters on all phases of marketing, including identification of export opportunities, assessment of market competition, introduction to foreign business people and government officials, screening and recommending of agents, guidance on terms of payment, and assistance with tariff or access problems. Trade officers also play an active role in looking for market opportunities and encouraging promotional efforts.

An additional source of information is the group of geographic trade divisions at the Department of External Affairs in Ottawa. Each of these offices concentrates on markets in specific geographical regions, in this case South America. They are the central government link in Canada for the trade officers abroad. In the case of Peru, the trade officers in Lima are in constant contact with their counterparts in the Latin America and Caribbean Branch in Ottawa (Address: South America Trade Development Division — Latin America and Caribbean Branch, Department of External Affairs, 125 Sussex Drive, Ottawa, Ontario, Canada K1A 0G2, Tel: (613) 996-5546, Telex: 053-3745). This office can provide the following type of general information:

- market information, including economic forecasts for individual countries and information on the market for particular products;
- market access information on tariff rates, regulations, licensing, no-tariff barriers, product standards, required documents, etc.; and
- publications, including editions of this publication, *Guides for Canadian Exporters*, and country briefs on smaller markets.

The geographic trade divisions are also responsible for assisting and advising exporters on marketing their products and services, and on informing business people about export services provided by the Canadian government, and export opportunities as they arise.

As well, International Trade Centres are located across Canada to provide a full range of trade services for Canadian exporters. They are staffed by experienced trade commissioners under the direction of a senior trade commissioner from the Department of External Affairs.

Services such as export counselling and the provision of market opportunity information are combined with the ability to assist in the development of individual marketing plans. The centres also act as focal points for export awareness programs such as seminars and workshops. In addition, each centre is linked with the WIN Exports system, operated by External Affairs.

The centres are located in regional offices of Industry, Science and Technology Canada (except for the Northwest Territories and the Yukon) and are often the first point of contact for potential exporters. Future centres are to be located in Calgary, Regina, London and Quebec City.

Export Development Corporation

The Export Development Corporation (EDC) is a Canadian Crown Corporation whose purpose is to facilitate and develop Canada's export trade. (As of February 1989, export financing and export credit insurance were not available for Peru.)

The EDC provides insurance, guarantees, and export financing, which, combined with financial advice and the organization of financial packages, facilitate the sale of Canadian goods and services abroad.

The Corporation offers the following services:

a) Export Insurance and Related Guarantees

- global comprehensive insurance;
- global political insurance;
- selective political insurance;
- specific transaction insurance;
- specific transaction guarantees;
- loan pre-disbursement insurance;
- foreign investment insurance;
- performance security insurance;

- performance security guarantees;
- consortium insurance;
- surety bond insurance;
- bid security guarantees.

b) Export Financing and Related Guarantees

- loans;
- multiple disbursement agreements;
- line of credit allocations;
- note purchases;
- forfeiting;
- loan guarantees.

The EDC head office is in Ottawa, at P.O. Box 655, 151 O'Connor Street, Ottawa, Ontario, Canada K1P 5T9, Tel: (613) 598-2500, Telex: 053-4136. Regional offices are located in Montreal, Toronto, London, Calgary, Winnipeg, Vancouver and Halifax. General enquiries regarding other EDC services may be channelled through the regional offices. Export services are only handled by the Ottawa office. Enquiries about export financing for a specific geographical area should be addressed to the manager of the appropriate department in the Export Financing Group of the EDC in Ottawa.

Program for Export Market Development

On April 1, 1987, the Department of External Affairs consolidated the Program for Export Market Development (PEMD) and the Promotional Projects Program (PPP) into a single program called PEMD, a name well recognized by both the private sector and governments.

The new PEMD was designed to increase the marketing efforts of the private sector by helping them to participate in activities they would not, or could not, undertake on their own.

A summary of the types of assistance offered by the new PEMD follows.

Government-Initiated Activities — Trade Fairs and Missions. Under this PEMD activity, the government shares the cost of participating in national stands at trade exhibits outside Canada; sponsors outgoing trade missions of Canadian business people to identify market opportunities abroad; and hosts incoming missions to Canada of foreign business and government officials who can influence export sales. In the case of trade fairs, a company can be eligible for assistance for up to three participations in the

same fair event. There is no limit on mission participation. A new element in the program is the introduction of a participation fee for fairs to ensure a greater sharing by industry of costs related to government-sponsored activities.

Industry-Initiated Activities (for which government contribution continues to be repayable if sales result). Four applications per company per year.

Trade Fairs. Funding for companies wishing to participate individually in foreign trade fairs.

Visits. Actual travel costs up to 100 per cent of the return economy airfare will be paid for both incoming visits to Canada of foreign buyers and market identification trips by Canadian companies outside Canada. In the case of market identification trips to the United States, only companies with annual sales below \$10 million will be eligible for assistance.

Project Bidding. This type of assistance shares the cost of bidding on specific projects outside Canada. The projects typically involve a formal bidding procedure in competition with foreign firms for consulting services, engineering construction, the supply of Canadian goods and services, major capital projects, and a special provision for mega-projects (over \$250 million Canadian content).

Establishment of Permanent Sales Offices Abroad. Canadian exporters are assisted in undertaking sustained marketing efforts by establishing facilities in a foreign market (excluding the United States). The government will provide up to \$125 000 per project and individual companies may have up to two approvals during their lifetime.

Activities Related to the Food, Agriculture and Fish Sectors. Up to \$125 000 per project is available to cover special activities undertaken by non-profit food, agriculture or fish organizations, marketing boards and agencies for technical trials, product demonstrations, seminars and training, as well as commodity promotion. This assistance is non-refundable; two approvals per applicant per government fiscal year are permitted.

Marketing Agreement. The new PEMD offers applicants the flexibility to enter into concentrated agreements with the government to undertake marketing programs made up of a combination of activities eligible under the regular program for a period of up to two years. It is aimed at medium-sized manufacturers with some experience in exporting.

More information on the PEMD program is available from Info Export, the South America Trade Development Division or the International Trade Centres located in the regional offices of Industry, Science and Technology Canada.

Publicity

CanadExport, a bi-weekly newsletter published in English and French editions, promotes Canadian exports abroad. It features a variety of articles and reports on export opportunities, trade successes, government services to industry, international market conditions and tenders, industrial development and joint industry-government trade-promotion activities. Articles also appear regularly on fairs and missions organized abroad by the Department of External Affairs under its Fairs and Missions programs, as well as major fairs worldwide, and on multilaterally funded capital projects overseas, which offer export opportunities for Canadian suppliers of goods and services.

CanadExport is available free of charge to Canadian manufacturers from the Department of External Affairs (BTC), Lester B. Pearson Building, 125 Sussex Drive, Ottawa, Ontario K1A 0G2. Call Info Export toll free: 1-800-267-8376.

Industrial Co-operation with Developing Countries

The Canadian International Development Agency (CIDA) established in 1978 the Industrial Co-operation Program to increase the effectiveness of the agency's social and economic development programs in the Third World.

This program, together with other existing bilateral programs, assists Canadian companies in penetrating new markets in developing countries and supports them in seeking opportunities for investment, joint ventures and transfers of technology in these markets.

The Industrial Co-operation Program uses financial incentives to support Canadian private sector initiatives in long-term business co-operation arrangements and in project-definition studies in developing countries. Support is also provided for making contacts and identifying opportunities through seminars, investment missions and viable business co-operation arrangements.

Most of these arrangements are defined as co-production or production-sharing agreements; assembly operations;

licensing agreements; and various forms of equity participation.

Detailed information and application forms for the Industrial Co-operation Program are available from:

The Industrial Co-operation Division
Canadian International Development Agency
200 Promenade du Portage
Hull, Quebec
K1A 0G4
Tel: (819) 997-7901
Telex: 053-4140

Provincial Governments

Each provincial government has a department that provides guidance on business development, including trade.

VI. *TRANSPORTATION SERVICES TO THE REGION*

Sea

The Peruvian State Line operates a fortnightly service between Montreal (in summer) or Saint John, New Brunswick (in winter), and Callao, Matarani and Ilo. Space is available for general cargo, refrigerated cargo, bulk liquids and containers. Saguenay Shipping Ltd. is the general agent for the line in Canada, with offices in Montreal and Toronto.

The Chilean Line operates a regular service between Saint John and Callao, with ships sailing every three to four weeks. Ships accept breakbulk cargo and containers. Robert Reford Inc. is the general agent for the line in Montreal and Toronto.

Great Lakes Transcaribbean Line (GLTL), a Canadian shipping company, operates from the Great Lakes/Seaway ports of Sarnia, Hamilton and Valleyfield, and on occasion, from Saint John, to Callao and Matarani, on a monthly schedule. Ships accept breakbulk and container cargo. General agent for GLTL line is Protos Shipping, with offices in Montreal, Toronto, Halifax and Vancouver.

Flota Mercantil Grancolombiana S.A. intends to expand its South American service to include Peru. The service will operate on a monthly basis between Saint John and Callao, and space will be made available for breakbulk and container cargo. General agent for this line in Canada is March Shipping, which has offices in Montreal, Toronto and Saint John.

Marítima Andina offers a monthly general cargo and container service from Saint John to Callao. The line's agent is March Shipping Ltd., with offices in Montreal, Toronto, Halifax and Saint John.

Canadian Westfal-Larsen Line, a Canadian shipping company, is represented by Empire Shipping Ltd. in Vancouver. The line offers a regular service every three weeks from Vancouver to Callao and, on occasion, to Matarani. Space is available for breakbulk, bulk liquids and container cargo.

Delta Line operates a regular service every three to four weeks between Vancouver, Kitimat and Squamish, B.C., and Callao. Space is available for refrigerated, breakbulk and container cargo. Montreal Shipping in Vancouver is the general agent for the line.

Argentine Line operates a monthly service between Vancouver and Callao. Space is available for breakbulk, container, bulk liquids and refrigerated cargo. Transpacific Transportation Co. of Vancouver is the general agent for the line.

Air

Canada and Peru signed a Bilateral Air Services Agreement in 1954, which was further amended by an Exchange of Notes in 1957.

Canadian Airlines International Limited provides direct non-stop service once a week from Toronto to Lima, using wide-body aircraft.

Additional connecting services are available via New York, Miami and Los Angeles. The originating carriers are Air Canada, Canadian Airlines International Limited, Delta, Eastern, and Western. The connecting carriers include Aero Peru, Air Panamá Internacional, Compañía de Aviación Faucett, Lan Chile, Varig, Empresa Ecuatoriana de Aviación, and Avianca.

Charter services for both passengers and cargo are available on an "as required" basis.

VII. USEFUL ADDRESSES

Commercial Division
Canadian Embassy
Federico Gerdes 130
(Antes Libertad)

Miraflores
Lima 18, Peru
Cable: CANADIAN
Tel: 444-015
Telex: (Destination
code 36) 25323
(25323PE DOMCAN)

South America Trade
Development Division
South America Bureau
Department of External
Affairs
Ottawa, Ontario
K1A 0G2
Tel: (613) 996-5546
Telex: 053-3745

Trade Fairs and Missions
South America Bureau
Department of External
Affairs
Ottawa, Ontario
K1A 0G2
Tel: (613) 996-5357
Telex: 053-3745 LSTF

Canadian Council for the
Americas
1 Eva Road, Suite 410
Etobicoke, Ontario
M9C 4Z5
Tel: (416) 621-1525
Telex: 06-967505
(Redma Tor)

Embassy of Peru
170 Laurier Avenue West
Suite 1007
Ottawa, Ontario
K1P 5V5
Tel: (613) 238-1777

Consul General of Peru
2250 Guy Street
Suite 304
Montreal, Quebec
H3H 2M3
Tel: (514) 932-3692

Honorary Consul of Peru
1200 Bay Street
Suite 503
Toronto, Ontario
M5H 2X6
Tel: (416) 963-9696

Honorary Consul General
of Peru
505 Burrard Street
Suite 1770
Vancouver,
British Columbia
V7X 1M6
Tel: (604) 662-8880

Canadian International
Development Agency
200 Promenade du Portage
Hull, Quebec
K1A 0G4
Tel: (819) 997-5456
Telex: 053-4140

Export Development Corporation

Head Office

151 O'Connor Street
Ottawa, Ontario
Mailing Address:
Export Development
Corporation
P.O. Box 655
Ottawa, Ontario K1P 5T9
Tel: (613) 598-2500
Cable: EXCREDCORP
Telex: 053-4136
Fax: (613) 237-2690

British Columbia and Yukon Region

Export Development
Corporation
Suite 1030
One Bentall Centre
505 Burrard Street
Vancouver,
British Columbia
V7X 1M5
Tel: (604) 688-8658
Fax: (604) 688-3710

Prairie and Northern Region

Export Development
Corporation
Bow Valley Square III
Suite 2140
255 - 5th Avenue S.W.
Calgary, Alberta
T2P 3G6
Tel: (403) 294-0928
Fax: (403) 294-1133
Toll Free: 1-800-661-8638

Manitoba/Saskatchewan District Office

Export Development
Corporation
330 Portage Avenue
Suite 707
Winnipeg, Manitoba
R3C 0C4
Tel: (204) 942-0226
Fax: (204) 983-2187
Toll Free: 1-800-665-7871

Ontario Region

Export Development
Corporation
Suite 810
National Bank Building
P.O. Box 810
150 York Street
Toronto, Ontario
M5H 3S5
Tel: (416) 364-0135
Fax: (416) 862-1267

Ottawa District Office

151 O'Connor Street
Ottawa, Ontario
Mailing Address:
Export Development
Corporation
P.O. Box 655
Ottawa, Ontario K1P 5T9
Tel: (613) 598-2992
Cable: EXCREDCORP
Telex: 053-4136
Fax: (613) 237-2690

London District Office

Export Development
Corporation
451 Talbot Street
Suite 303
London, Ontario
N6A 5C9
Tel: (519) 645-5828
Fax: (519) 645-4483

Quebec Region

Export Development
Corporation
Suite 2724
800 Victoria Square
P.O. Box 124
Tour de la Bourse
Postal Station
Montreal, Quebec
H4Z 1C3
Tel: (514) 878-1881
Fax: (514) 878-9891

Atlantic Region

Export Development
Corporation
Toronto-Dominion Bank
Building
Suite 1003
1791 Barrington Street
Halifax, Nova Scotia
B3J 3L1
Tel: (902) 429-0426
Fax: (902) 423-0881

International Trade Centres

If you have never marketed abroad, please contact the Department of External Affairs' International Trade Centre in your province. As noted earlier, International Trade Centres are co-located with the offices of Industry, Science and Technology Canada, except for the North-west Territories and the Yukon.

Alberta

International Trade Centre
Industry, Science and
Technology Canada
Cornerpoint Building
Suite 505
10179 - 105th Street
Edmonton, Alberta
T5J 3S3
Tel: (403) 495-2944
Telex: 037-2762
Fax: (403) 495-0507

British Columbia

International Trade Centre
Industry, Science and
Technology Canada
P.O. Box 11610, Suite 900
650 West Georgia Street
Vancouver,
British Columbia
V6B 5H8
Tel: (604) 666-1437
Telex: 045-1191
Fax: (604) 666-8330

Manitoba

International Trade Centre
Industry, Science and
Technology Canada
330 Portage Avenue
Room 608
P.O. Box 981
Winnipeg, Manitoba
R3C 2V2
Tel: (204) 983-4099
Telex: 075-7624
Fax: (204) 983-2187

New Brunswick

International Trade Centre
Industry, Science and
Technology Canada
Assumption Place
770 Main Street
P.O. Box 1210
Moncton, New Brunswick
E1C 8P9
Tel: (506) 857-6440
Telex: 014-2200
Fax: (506) 857-6429
Toll Free: 1-800-332-3801

Newfoundland and Labrador

International Trade Centre
Industry, Science and
Technology Canada
90 O'Leary Avenue
P.O. Box 8950
St. John's, Newfoundland
A1B 3R9
Tel: (709) 772-5511
Telex: 016-4749
Fax: (709) 772-5093

Nova Scotia

International Trade Centre
Industry, Science and
Technology Canada
1496 Lower Water Street
P.O. Box 940, Station M
Halifax, Nova Scotia
B3J 2V9
Tel: (902) 426-6125
Telex: 019-22525
Fax: (902) 426-2624

Ontario

International Trade Centre
Industry, Science and
Technology Canada
Dominion Public Building
4th Floor, 1 Front Street
West
Toronto, Ontario
M5J 1A4
Tel: (416) 973-5052
Telex: 065-24378
Fax: (416) 973-8714

Prince Edward Island

International Trade Centre
Industry, Science and
Technology Canada
Confederation Court Mall
134 Kent Street, Suite 400
P.O. Box 1115
Charlottetown,
Prince Edward Island
C1A 7M8
Tel: (902) 566-7443
Telex: 014-44129
Fax: (902) 566-7450

Quebec

International Trade Centre
Industry, Science and
Technology Canada
Stock Exchange Tower
Suite 3800
800 Place Victoria
P.O. Box 247
Montreal, Quebec
H4Z 1E8
Tel: (514) 283-6796
Telex: 055-60768
Fax: (514) 283-3302

Saskatchewan

International Trade Centre
Industry, Science and
Technology Canada
6th Floor
105 - 21st Street East
Saskatoon,
Saskatchewan
S7K 0B3
Tel: (306) 975-4343;
(306) 975-5318
Telex: 074-2742
Fax: (306) 975-5334

Industry, Science and Technology Canada

As noted above, the offices of Industry, Science and Technology Canada are co-located with the International Trade Centres, and are also situated in the following locations.

Business Centre

Industry, Science and
Technology Canada
235 Queen Street
Ottawa, Ontario
K1A 0H5
Tel: (613) 995-5771

Northwest Territories

Industry, Science and
Technology Canada
10th Floor
Precambrian Building
P.O. Bag 6100
Yellowknife,
Northwest Territories
X1A 2R3
Tel: (403) 920-8568
Fax: (403) 873-6228
AES: (403) 920-2618

Yukon

Industry, Science and
Technology Canada
108 Lambert Street
Suite 301
Whitehorse, Yukon
Y1A 1Z2
Tel: (403) 668-4655
Fax: (403) 668-5003

Notes

Notes

1. Introduction

2. History

3. Theory

4. Practice

5. Conclusion

6. References

7. Appendix

8. Bibliography

9. Index

10. Glossary

11. Acknowledgements

12. About the Author

13. Contact Information

14. Copyright

15. Disclaimer

16. Privacy Policy

17. Terms and Conditions

18. Site Map

19. Feedback

20. Help

21. About Us

22. Privacy

23. Contact

Notes

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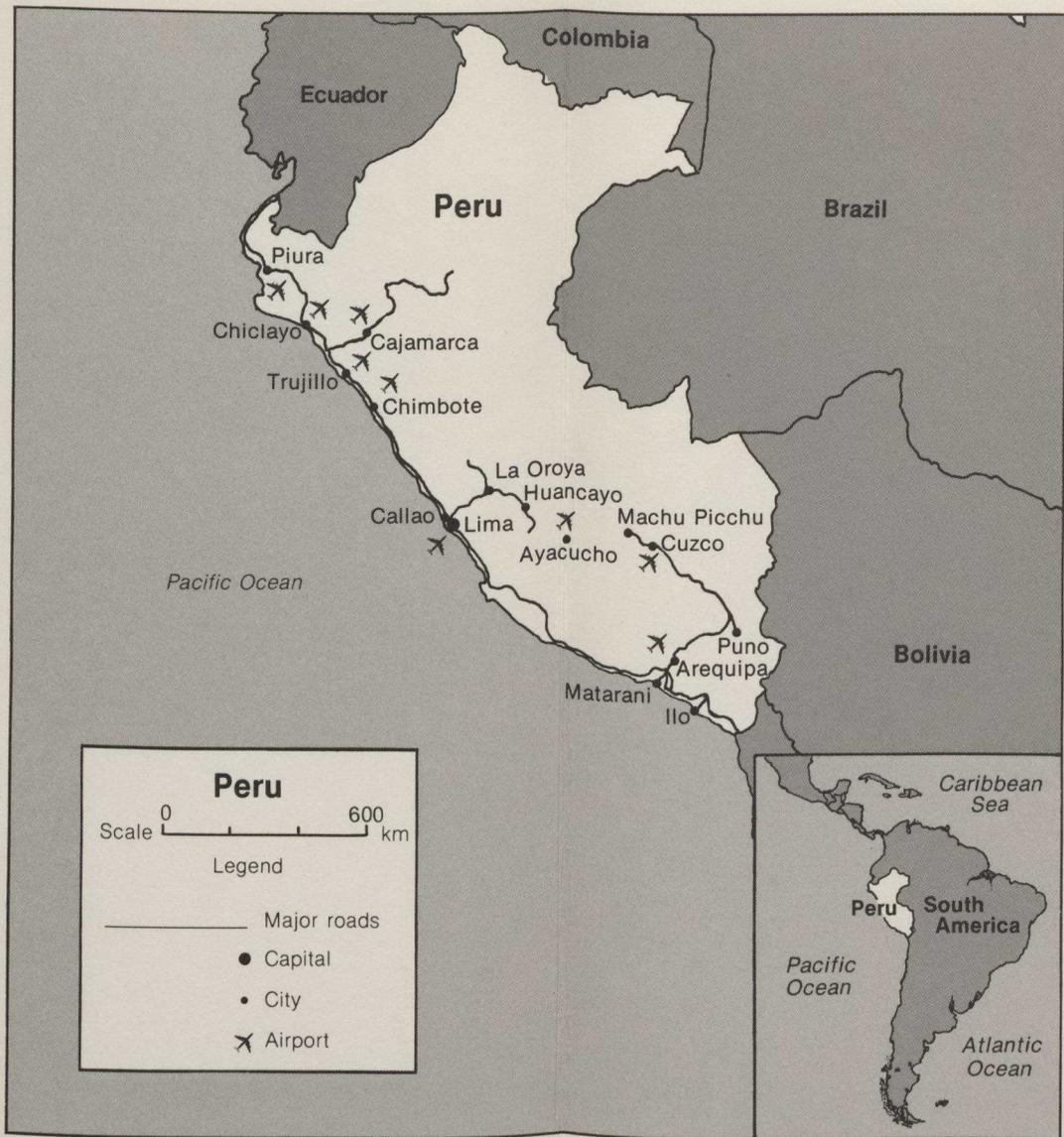
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Storage

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Canada

Affaires extérieures
Canada

Canada