

# U.S. Country Commercial Guides



## Peru 2020

# Table of Contents

<b><i>Doing Business in Peru</i></b> _____	<b>4</b>
Market Overview _____	4
Market Challenges _____	5
Market Opportunities _____	5
Market Entry Strategy _____	6
<b><i>Leading Sectors for US Exports &amp; Investments</i></b> _____	<b>7</b>
Agriculture Sector _____	7
Food Processing Equipment _____	12
Infrastructure Development _____	15
Medical Devices _____	18
Mining Equipment and Machinery _____	21
Safety and Security _____	24
Textile and Clothing _____	27
<b><i>Customs, Regulations and Standards</i></b> _____	<b>29</b>
Trade Barriers _____	29
Import Tariffs _____	29
Import Requirements and Documentation _____	29
Labeling and Marking Requirements _____	29
U.S. Export Controls _____	30
Temporary Entry _____	30
Prohibited and Restricted Imports _____	31
Customs Regulations _____	31
Standards for Trade _____	31
Publication of Technical Regulations _____	32
The U.S.-Peru Trade Promotion Agreement (PTPA) _____	32
Licensing Requirements for Professional Services _____	32
<b><i>Selling U.S. Products and Services</i></b> _____	<b>33</b>
Distribution and Sales Channels _____	33
eCommerce _____	35
Intellectual Property Rights _____	36
Selling Factors & Techniques _____	37
Trade & Project Financing _____	41
Protecting Intellectual Property _____	42

<b>Selling to the Public Sector</b>	<b>42</b>
<b><i>Business Travel</i></b>	<b>46</b>
<b><i>Investment Climate Statement</i></b>	<b>51</b>

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## Doing Business in Peru

All amounts are USD unless otherwise indicated

### Market Overview

Peru has been one of the fastest growing Latin American economies since 2002 and is known for its prudent fiscal policies. Structural reforms and sound macroeconomic policies created high growth, low inflation, and a greatly reduced poverty rates from 52.2 percent in 2005 to 20.5 percent in 2020. Peru's Gross Domestic Product (GDP) averaged six percent growth from 2002 through 2013, then slowed to 2.5 to 4 percent, and in 2019 grew by 2.2 percent, significantly higher than the estimated 0.6 percent regional average. The International Monetary Fund (IMF) and the World Bank have estimated that Peru's GDP will fall between 4.5 and 4.7 percent in 2020 due to the global COVID-19 crisis, but the World Bank forecasted a rebound with 7 percent growth in 2021. Peru's government debt as a percentage of GDP was 36.5 percent in 2020. Its budget deficit was 1.6 percent of GDP with net international reserves of \$68.3 billion. Inflation averaged 2.1 percent in 2019. Private investment comprised more than two-thirds of Peru's total investment in 2019. The dollar came close to breaking an 18-year high in August 2020, hitting 3.58 soles to the dollar, its best since 2002. The dollar has appreciated nearly 8 percent against the sol since the beginning of 2020. Peru was reported the lowest country risk in the region, according to JP Morgan and may be better placed to recover than others in the region.

Peru is well integrated in the global economy through its multiple free trade agreements, including the United States-Peru Trade Promotion Agreement (PTPA), which entered into force in February 2009. In 2019, trade of goods between the United States and Peru totaled \$15.8 billion, up from \$9.1 billion in 2009, the year the PTPA entered into force. From 2009 to 2019, Peruvian exports of goods to the United States jumped from \$4.2 billion to \$6.1 billion while U.S. exports of goods to Peru jumped from \$4.9 billion to \$9.6 billion. The United States also enjoys a favorable trade balance in services; exports of services in 2018 to Peru amounted to \$3.3 billion and contributed to a \$1.2 billion services surplus the same year, figures for 2019 not yet available. Under the PTPA, U.S. consumer and industrial goods exports to Peru are no longer subject to tariffs. The PTPA eliminated tariffs on almost 90 percent of U.S. agricultural products exports, with remaining tariffs being phased out by 2026. Most imports (93 percent of codes) are also subject to an 18 percent value added tax (VAT), as are domestically produced goods. There are no quantitative import restrictions. The PTPA also established a secure, predictable legal framework for U.S. investors operating in Peru as well as intellectual property protections.

Due to the world novel coronavirus (COVID-19) pandemic, President Martin Vizcarra declared a state of emergency and mandatory countrywide quarantine on March 15, 2020 that the GOP extended several times. In April 2020 the Peruvian government announced a four-stage revival plan designed to gradually reopen its economy with new health protocols. To offset the anticipated economic damage, the Government of Peru (GOP) announced a \$26 billion economic stimulus package to jumpstart the economy, which amounts to 12 percent of GDP. This economic package seemed well designed but has not had a significant effect to date.

Despite pioneering the region's largest stimulus package, a strict lockdown ordered by the government of Peru (GOP), shocks to global supply chains, rising unemployment, and a fall in consumer spending caused the Peruvian economy to shrink by 40 percent in April 2020 compared to the same month last year and 33 percent in May with every major sector except agriculture severely contracting. Some sectors, like hotels and restaurants, experienced a free fall drop of 84 percent. The size of Peru's informal economy, which accounts for some 70 percent of the country's labor force, and its inability to function under lockdown exacerbated the economic downturn. From June to August, economic indicators slowly improved, driven by sustained growth in the agriculture sector and an increase in production and exports in the mining sector, particularly copper. Mining stocks erased loses as gold, silver, and copper prices increased. The employment situation remains bleak, with the number of people employed in Lima dropping by 55 percent during the three months ending in June. That number roughly translates into 2.69 million fewer people working than a year ago. The unemployment rate at the end of June was 16.7 percent, up from 6.3 percent a year ago. A second wave of COVID-19 cases sweeping through Peru in August prompted the GOP to reimpose additional lockdown measures, potentially reversing the economy's positive trajectory.

## Market Challenges

Corruption continues to negatively affect Peru's investment climate. Transparency International ranked Peru 101st out of 180 countries in its 2019 Corruption Perceptions Index. In 2016, Brazilian company Odebrecht admitted it paid \$29 million in bribes in Peru, leading to investigations involving high-level officials of the last four Peruvian administrations and halting progress on major infrastructure projects, which continued through 2019. Due to fear of even the appearance of corruption or favoritism, GOP procurement officials tend to be more cautious and slower in the decision-making process for government tenders and purchases.

One of the main challenges expressed to the U.S. Embassy in Lima from the private sector is Peru's cumbersome and inefficient government procurement processes. The Embassy continues to work with the GOP to encourage government contracting procedures that are in accordance with international procurement standards. One persistent challenge is the use of a government-to-government procurement mechanism that restricts the ability of U.S. companies to directly compete in certain infrastructure tenders. Other challenges include the reluctance of some government officials to make final contracting decisions for fear of legal liabilities and oversight investigations and the tendency to base awards on lowest cost rather than value for money. Further detail can be found in the *Selling Products and Services* Section. U.S. exporters interested in pursuing public tenders in Peru 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 provide support via government-to-government communication channels.

Business owners often find it difficult to resolve disputes with the government, and therefore it is highly recommended to include an arbitration clause in commercial agreements. In 2004, the Peruvian government established commercial courts to rule on business disputes. With specialized judges, these courts reduced the amount of time to resolve a case from an average of two years to just two months. However, except for 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 unpredictable. Allegations of political corruption and outside interference in the judicial system are common, a situation analysts believe results in the judiciary system receiving low approval rates in public opinion polls. Also, frequent use of the appellate processes as a delay tactic leads to the belief among foreign investors that contracts can be difficult to enforce in Peru. Firms operating in Peru also note difficulties in securing legal solutions to commercial disputes or enforcing arbitration awards. Social conflicts adversely affect the extractives sector in Peru, which accounts for over 15 percent of Peru's GDP.

## Market Opportunities

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

- Construction Equipment
- Food Processing & Packaging Equipment
- Medical Equipment
- Mining Industry Equipment
- Safety & Security Equipment
- Textiles
- Water Resources

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

- Beef & Offal
- Biofuels (Ethanol)
- Cheese
- Cotton
- Forest Products
- Hard Wheat
- Pet Food
- Soybean Meal
- Whey
- 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, tax/fee issues and overall 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. 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/or list of relevant local attorneys and customs brokers, receive assistance in arranging appointments during a business trip to Peru, and to learn how the Advocacy Center can support efforts for competing in Peruvian government tenders. For more information on these services, please refer to [www.export.gov](http://www.export.gov). 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.

## Leading Sectors for US Exports & Investments

### Agriculture Sector

Peru produces approximately 220,000 metric tons (MT) of unmilled soft wheat annually, used locally for traditional foods such soups and purees. Most wheat is processed into flour for bread and pasta. The U.S. market share in 2019 was 22 percent. Other important suppliers are Argentina and Canada. Wheat imports into Peru are duty-free. An 18 percent value-added tax remains in place.

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

	2016	2017	2018	2019 e
Total Local Production*	225	215	240	220
Total Exports	0	0	0	0
Total Imports	1,883	1,772	2,050	2,014
Imports from the U.S.	415	385	173	454
Total Market Size	2,108	1,987	2,290	2,234
Exchange Rates	3.38	3.26	3.29	3.29

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

Peruvian cotton 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 \$1.6 billion in 2020. The United States - Peru Trade Promotion Agreement (PTPA) grants duty-free access to Peruvian textiles.

#### Product Statistics & Data (PS&D) Code: Cotton (1000 MT)

	2016	2017	2018	2019 e
Total Local Production*	32	30	32	32
Total Exports	0	0	1	1
Total Imports	37	48	52	48
Imports from the U.S.	37	48	52	48
Total Market Size	66	79	84	80

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

Peru imports corn from the U.S. and Argentina. Corn is duty free from all origins and the price band does not apply to U.S. 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. The price band does apply to Argentina giving U.S. corn an edge, however, when international prices increase, the band may drop, sometimes to zero. Yellow corn in Peru is used mainly for poultry production. At about 54 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: Yellow Corn (1000 MT)**

	2016	2017	2018	2019 e
Total Local Production*	1,650	1,300	1,210	1,300
Total Exports	0	0	0	0
Total Imports	2,684	3,040	3,520	3,969
Imports from the U.S.	2,130	2,857	3,311	1,176
Total Market Size	4,334	4,340	4,730	5,269

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

Peru imports soybean meal primarily for poultry feed. Bolivia was the leading soybean meal exporter to Peru in calendar year (CY) 2019. Soybean meal from all origins enters Peru duty-free

**Product Statistics & Data (PS&D) Code: Soybean Meal (1000 MT)**

	2016	2017	2018	2019e
Total Local Production*	2	1	1	1
Total Exports	0	0	0	0
Total Imports	1,100	1,255	1,305	1,305
Imports from the U.S.	215	250	204	161
Total Market Size	1,102	1,256	1,306	1,306

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

The U.S. is the second largest supplier of whey to Peru in terms of volume. U.S. imports market share account for 28 percent of total imports while Chile accounted for 536 percent in 2019. 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 2019 due to uncertainties in animal feed growth.

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

	2016	2017	2018	2019e
Total Local Production*	0	0	0	0
Total Exports	0	0	0	0
Total Imports	9,954	10,253	10,515	9,865
Imports from the U.S.	2,411	2,900	2,671	2,288
Total Market Size	9,954	10,253	10,515	9,856

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



The food processing and food service industries are main destinations for cheese products. The consolidation of franchises as well as new players in the market is pushing up cheese imports that totaled 7,101 MT in 2018. The PTPA provides a TRQ of 2,500 MT with a 12 percent increase per year. Currently the quota is 8,696 MT.

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

	2016	2017	2018	2019e
Total Local Production *	28,150	27,645	28,064	27,950
Total Exports	164	292	323	542
Total Imports	5,343	6,228	7,101	8,235
Imports from the U.S.	2,950	2,704	2,839	3,065
Total Market Size	33,329	33,581	34,842	35,643

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

Peru’s beef and offal market size sector has steadily increased since the implementation of the U.S-Peru Trade Agreement in 2009. Peru’s strong economic performance over the last 15 years has been instrumental in driving consumer preferences towards high-quality products. Almost 80 percent of U.S. beef exports go through the food service channel which represents 6 percent of GDP.

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

	2016	2017	2018	2019e
Total Local Production*	235,730	228,658	231,459	230,105
Total Exports	126	10	50	60
Total Imports	18,432	22,162	22,265	24,731
Imports from the U.S.	4,583	6,491	6,527	6,612
Total Market Size	254,036	250,810	253,674	254,776

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

Peru’s pet food market is mainly driven by dog food brands. However, cat food is growing in popularity with a 14 percent market share versus 85 percent of dog food. Peru has currently 41 brands of dog and cat food with 18 companies in the market. Three companies have more than 50 market share combined: Nestle SA, Rinti SA, and Molitalia. Ninety-five percent consisted of bagged food (pellets) and five percent were canned/wet products. Sales via delivery is an important channel for premium, therapeutic, and wet products.

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

	2016	2017	2018	2019
Total Local Production*	38,634	43,270	46,550	49,743
Total Exports	2,704	2,767	2,372	1,938

Total Imports	21,958	23,026	25,457	25,396
Imports from the U.S.	4,503	4,775	5,212	5,616
Total Market Size	57,888	63,529	69,635	73,201

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

### Web Resources

#### [Asociación Peruana de Porcicultores](#)

(Pork Producers Association)

Pomalca 351 Urb. Centro Comercial Monterrico, Surco

Lima – 33, Perú

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, Perú

Tel.: (511) 372-1540

E-mail: [apacomunicaciones@apa.org.pe](mailto:apacomunicaciones@apa.org.pe)

Julio Favre, President

Mario Berrocal, General Manager

#### Asociación de Ganaderos Lecheros del Peru (AGALEP)

(Dairy Producers Association)

Mateo Pumacahua No. 877, Oficina 306 Jesus Maria

Lim- 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

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Alejandro Daly, President

#### [U.S. Department of Agriculture/ Foreign Agricultural Service \(FAS\)](#)

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Trade Assistance and Promotion Office  
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## **Food Processing Equipment**

### **Overview**

Peru's food processing industry is one of the economy's most dynamic sectors, representing over 24 percent of the industrial GDP, and 2019 sales reached \$12.4 billion. The U.S. Peru Trade Promotion Agreement, has increased bilateral trade of agricultural products from \$1.46 billion in 2009 to \$3.83 billion in 2019, an increase of 162 percent. More than two-thirds of current U.S. agricultural exports enter Peru duty-free. The U.S. remains the largest agricultural product supplier to Peru, accounting for 21 percent of market share.

U.S.-origin food processing ingredient exports to Peru reached \$206 million in 2019, an increase of 60 percent from 2018, including wheat, powdered milk, almonds, preparations of animal or vegetable fats and dextrins. Its growth is directly linked to the development of the food retail and food services sectors throughout Peru. Food product manufacturers source both domestic and imported product ingredients to meet consumer demand for quality food at affordable prices. These manufacturers are successfully tailoring products to meet different segments of consumer demand.

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. According to the Ministry of Production, the food industry (pre COVID-19) registered its highest growth rate of the last six years, driven mainly by the significant growth of fishing, as well as prepared animal feed and mill products.

Food and beverage (water and non-alcoholic beverages) production was not impacted significantly with the onset of COVID-19, as operations were allowed to continue. Likewise, the government clarified that the isolation measures did not apply to personnel who carry out activities to supply foods. Thus, the work in the processing, transformation, storage, storage, distribution, and marketing centers was maintained. However, the production of certain products within the food industry has had a negative impact, particularly food served at restaurants.

There are some 3,000 companies in Peru engaged in food processing. This industry generates more than 342,000 jobs, a figure that represents 22.1 percent of the Economically Active Population (EAP) occupied in the manufacturing sector and 2.1 percent in the national occupied EAP. The Ministry of Production noted that bakeries, canned fruits and vegetables, and industrial fishing represent workforce intensive industries.

According to the Ministry of Foreign Trade, Peru is the first world exporter of blueberries, asparagus, and quinoa and the second world exporter of tangerines and scallops. The main non-traditional products that reached an export record in 2019 include grapes, blueberries, avocado, frozen squid, fresh mangoes, mandarin, and shrimps. The main export markets were the United States and Germany.

The 2019 Import Market Share (% for U.S. and major competitors): China 16.35, Germany 14.9, US 14.55, Italy 12.69, Spain 12.69, Brazil 6.37, Japan 4.08, Mexico 2.82

### **Challenges**

- Consumers prefer to buy fresh produce in traditional markets
- Supermarkets account for only 25 percent of the retail food market share in Lima and 16 percent in the provinces
- Lower priced local food brands
- Stiff competition from neighboring countries
- Domestic producers manufacture products according to local taste preferences

### **Opportunities**

Best prospects include fully integrated high technology equipment and machinery for processing and packaging purposes and U.S. food ingredients. Suppliers should focus on providing products to the following

industries: baked goods, dairy products, dried processed food, processed meat and seafood, cookies and snack bars, sauces, dressings and condiments, breakfast cereals and beer. 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 durable, high quality U.S. technologies for closing, sealing, and labeling equipment and rigid containers.

	2016	2017	2018	2019
Total Local Production	N/A	N/A	N/A	N/A
Total Exports	16.7	8.6	12.8	15.7
Total Imports	426.1	329.8	330.0	310.1
Imports from the U.S.	44.7	41.9	43.9	45.1
Total Market Size	509.4	321.2	317.4	327
Exchange Rates	3.38	3.26	3.40	3.50

Unit: USD millions

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

Data Source: Global Trade Atlas

#### Leading Sub-Sectors

HTS Code	Description	%
842129	Filter/Purify Machine & Apparatus For Liquid Nesoi	17.2
841869	Refrigerating/Freezing Equipment, Nesoi	10.5
841989	Machine Etc For Mat'L Treatment By Temp Cont Nesoi	10.4
842240	Packing Or Wrapping Machinery, Nesoi	6.3
842290	Parts For Machines For Dishwashing, Packing, Etc	6.1
843360	Mach For Clean/Sort/Grading Eggs/Fruit/Agr Produce	5.4
841950	Heat Exchange Units, Industrial Type	4.8
842230	Machinery For Filling, Closing Bottles, Etc	4.7
841981	Machinery Etc For Making Hot Drinks Cooking Heatng	4.2
844130	Mac Fr Mak Cart,Box,Case,Tube,Drum Or Cont Ex Mold	4.1
844120	Machines For Making Paper Bags Etc Or Envelopes	3.2
843890	Parts Of Mach Of Ch 84, Nesoi,Ind Prep Food,Drink	3.1

## **Key Industry Events**

### [International Production & Processing Expo IPPE](#)

January 26-28, 2021, Atlanta, Georgia

### [ExpoAlimentaria Virtual 2020](#)

Sep. 30 – Nov 15, 2020

Organized by ADEX

#### Web Resources

[Ministerio de la Producción](#)/ Ministry of Production (Spanish)

Calle Uno Oeste 60 Urb. Corpac. Lima 27

Tel.: (511) 616-2222

[Sociedad Nacional de Industrias \(SNI\)](#)/ Manufacturer's Society (Spanish)

Los Laureles 365, San Isidro. Lima 27

Tel.: (511) 616-4444

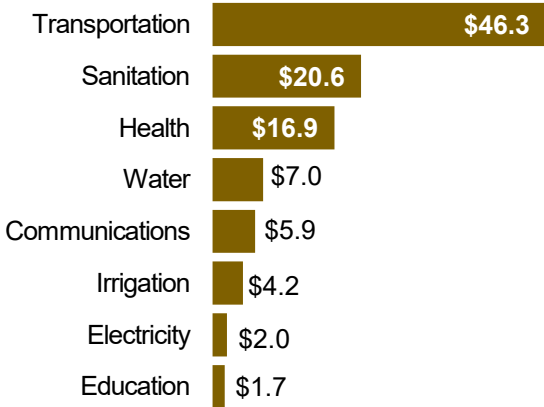
E-mail: [contactenos@sn.org.pe](mailto:contactenos@sn.org.pe)

# Infrastructure Development

## Overview

In 2019, the Peru launched a National Infrastructure Plan (PNIC), highlighting a \$104 billion need over the next 20 years to bridge Peru’s long-term infrastructure gap. The GOP has prioritized 52 infrastructure projects totaling \$28.5 billion with a goal for completion by 2025, two thirds of which are in the transportation and communications sectors. These include clearing the Amazon Waterway, building a ring road around the Lima metropolitan area, expanding Jorge Chavez International Airport, improving broadband access in the Piura region, and enhancing irrigation systems in the La Libertad region.

Long-Term Infrastructure Gap (Billions USD)



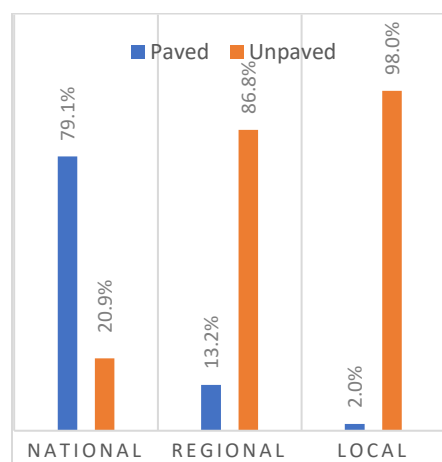
Regulatory hurdles, land access constraints, and weak government capacity slow the implementation of projects, raising questions about whether the GOP will meet its goals for 2025. Furthermore, the COVID-19 crisis has slowed, if not frozen, progress on many infrastructure projects. Even in normal times, half-finished infrastructure projects are a common sight in Peru. Given the potential for degradation of work already completed, relocation of machinery and labor, exposure to bureaucratic and legal processes, and bankruptcy of private contractors, even a temporary halt increases the chances of mid-construction abandonment.

The GOP has three tools it would like to use in the coming decade to close the infrastructure gap. Outlined in the National Competitiveness and Productivity Plan (PNCP), these are: 1. Building Information Modeling (BIM): The model takes raw data and turns it into important, actionable information, which can help deliver value during each stage of the construction process. It can predict potential outcomes of various processes during development. This foresight makes construction safer and more reliable; 2. New Engineering Contract (NEC): This model guides the process for preparing construction projects for concession or management; 3. Project Management Office (PMO). This model helps to ensure that procedures, practices, and operations are executed properly, on budget, and on time.

The different ministries and agencies within the public sector have also been looking at ways to expand the use of the Taxes for Public Works (Obras por Impuestos - OXI) mechanism for health services. Of the 402 OXI projects executed since 2009, only twelve have been for health services, including child welfare, tele-health and hospitals. Antamina has signed two OXI agreements, one in 2016 and another in 2018, with the Health Ministry for construction of hospitals. The investment promotion agency, ProInversión, has on its docket two hospitals for the Social Security Institute (EsSalud), one in Ancash and the other in Piura. The two hospitals will be built through public-private projects, requiring \$254 million in investment and a 17-month management contract. ProInversión also has two other hospitals in the works, both in Lima, but details are incomplete. Those projects are now under review, because EsSalud, as an autonomous government agency, has incurred additional costs as a result of the pandemic, while also losing revenue because workers and their employers have not contributed as forecast.

In 2018, public investment projects to close infrastructure gaps in transportation and communication totaled \$4.3 billion; 88 percent of this was invested in roads, followed by telecommunications (5 percent) and road works (3.7 percent). Meanwhile, private investment commitments in Peru’s transportation sector totaled

\$15.2 billion. Notably, investment in railroads increased by 25.8 percent from the year before with the expansion of the Lima metro, whose second line is scheduled to open in 2021.



In 2018, the latest year figures are available for, the transportation, storage, mail, and messaging sector accounted for 5.6 percent of Peru’s GDP, while the telecommunications and other information services sector accounted for 4.5 percent. These represent annual increases of five percent and six percent, respectively. In 2018, Peru had 175,053 km (108,773 mi) of national, regional, and local roads, representing an increase of 1,708 km (1,061 mi) from 2017. Peru also registered 128 airfields, 90 ports, and eight active railroad lines covering 1,940 km.

A Public-Private Partnership (PPP) allows for the participation of private investors in public infrastructure projects and/or services derived from them, either in the construction, operation and maintenance stages of a project or only in the operation and maintenance of existing infrastructure. Under Peruvian law, the types of PPPs include concession contracts, account participation, contracts for management, shared risk contracts, specialization contracts, joint ventures in addition to other contractual modalities allowed under Peruvian law.

In the PPP process, the government maintains property rights to the project infrastructure, including any new facilities built by the private investor. At the end of the contract, the property is transferred to the government. A full listing of PPP projects can be viewed at the [Peruvian Private Investment Promotion Agency’s](#) (Proinversión) website. Additionally, many governments finance public works projects through borrowing from the Multilateral Development Banks. Please refer to “*Project Financing*” Section in “*Trade and Project Financing*” for more information. According to ProInversión, the U.S. represented 3.4 percent of FDI in the transportation sector and less than one percent of FDI in the communications sector in 2019. Some relevant public-private partnership projects and sectors follow.

ProInversión Private-Public Partnership Project Portfolio (2020–2021)

Sector	Project	Est. Award Date	Est. Investment
Transportation	Construction of ring road in Lima	Q3/Q4 2021	\$2 billion
	Rehabilitation of the Longitudinal de la Sierra road	Q1/Q2 2021	\$464 million
Sanitation	Drinking water supply system for Lima	Q3 2020	\$720 million
	Water treatment plant in Huancayo, Tambo and Chilca	Q2 2021	\$90 million
Health	Construction of hospital in Piura	Q1 2021	\$144 million
	Construction of hospital in Chimbote	Q1 2021	\$110 million



Energy	Hydraulic-Mining project in El Algarrobo	Q4 2020	\$350 million
	Expanding use of natural gas in southern Peru	Q2 2021	\$100 million
Communications	Radio frequency bands AWS-3 and 2.3 GHz	Q1/Q2 2021	\$291 million
	Transmission line between Piura and Nueva Frontera	Q4 2020	\$164 million
Education	Intervention in at-risk schools in Metropolitan Lima	Q1 2021	\$227 million
	Intervention in at-risk schools in Ate and S. Juan Lurigancho	Q1 2021	\$148 million

There are 30 telecommunications companies that transmit telephone, internet, and television signals through Peru's fiber optic network, which spans 13,500 km (3,883 mi). A further 1,096 entities offer public telecommunications services, representing a seven percent increase from 2009. Cellphone subscriptions have increased by 33.1 percent in the past five years, while landline internet subscriptions have increased by 45.7 percent.

Water and waste water treatment is another relevant sub-sector. According to the National Sanitation Plan for the years 2017- 2021, Peru has the goal to achieve 100 percent of Potable Water Service in urban areas in the year 2021 and 100 percent in rural areas in 2030. The GOP finances investments in drinking water, sewerage, and wastewater treatment, through transfers (subsidies) to Regional Governments. Also, the Ministry of Housing Construction and Sanitation uses OXI as a system to attract private investment in water infrastructure as well as PPPs. The Ministry of Housing is promoting a project portfolio in drinking water, sewerage, and wastewater treatment for more than \$3 billion to benefit 20 percent of the Peruvian population. The main projects will be developed through a PPP and includes design, construction, operation, and maintenance. Under the framework of the Emergency Decree No. 011-2020, the Ministry of Housing Construction and Sanitation has diversified the mechanisms for the supply of drinking water and wastewater treatment. The Emergency Decree allows private water providers to supply surface, underground or desalinated water to the Regional Governments in benefit of the population.

### Key Industry Events

[Excon](#): hosted by the Peruvian Chamber of Construction (CAPECO).

2020 edition postponed, 2021 TBD

[Expo Agua](#): Main water expo in Peru organized by Water Competency Center

[jorge.prado@trade.gov](mailto:jorge.prado@trade.gov).

Sept. – Oct. 2020 virtual edition, 2021 TBD, Lima, Peru

### Web Resources

[Business Monitor International Research](#)

[Ministerio de Vivienda, Construcción y Saneamiento](#)

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

[Obras por Impuestos](#)

[ProInversión](#)

[CAPECO](#)

## **Medical Devices**

### **Overview**

Peru is the eighth most populous country in the Americas, with a population of 32 million inhabitants and an average life expectancy of 74 years. The government's attempt (pre-COVID-19) to develop the health sector has been reflected in its spending. Peru's 2019 budget included \$5.4 billion for the health sector, a 13.7 percent increase from the \$4.8 billion allotted in 2018. Recent developments have proven this to be gravely inadequate and the sector remains poorly resourced. Its health budget is one of the lowest in South America; the average investment in health is only 4 percent of GDP by contrast to an average of 8 percent in countries belonging to the Organization for Economic Cooperation and Development (OECD) of which Chile, Colombia and Brazil are members.

Peru's human resources for health are also low. The World Health Organization recommends 44.5 health workers per 10,000 inhabitants. Peru has 32 for every 10,000 inhabitants and most are in urban areas – namely Lima. There are only two intensive care unit beds for every 100,000 inhabitants, and 700 intensive care physicians. The deficit of specialist doctors countrywide is significant according to the Ministry of Health. Reportedly, as of June 2020, the ICU bed capacity has increased by 2,000 since the COVID-19 pandemic started.

As of this report, Peru is proportionately the most affected by COVID-19 of all Latin America and the fifth most affected in the world despite being one of the first countries in the region to implement strict measures such as closing country's borders and mandating a quarantine, restricting domestic travel and all nonessential activity. The country's vulnerability to the impact of the pandemic is evident. Peru's health system is still fragmented and segmented, which makes coordinated implementation of policies difficult.

Peru's healthcare sector has five main entities 1) The Ministry of Health (MINSA) is the main publicly funded healthcare provider, serving 60 percent of the population through a network of public hospitals and clinics. MINSA offers Seguro Integral de Salud (SIS), the main publicly funded insurance, 2) EsSalud, the national social security program, is funded by payroll taxes and provides services to 30 percent of all Peruvians. The remaining 10 percent of the population receives services from the 3) Armed Forces, 4) National Police, and 5) the private sector. The Superintendency of National Health also acts as the industry's supervisory and regulatory body. The Government of Peru stated that improving the healthcare system is one of its top priorities. Medical services have improved as the nation developed rapidly over the past two decades; however, disparity in coverage remains between Lima and the rural Andean and Amazonian regions of the country. In recent years, the national social security agency, EsSalud, has inaugurated two PPP hospitals and will continue to bid new hospitals under this process.

### **Market Entry**

Since the United States - Peru Trade Promotion Agreement (PTPA) came into force in 2009, most of the medical devices/equipment and pharmaceuticals enter Peru duty-free, provided a U.S. certificate of origin is presented to Peruvian customs. U.S. companies must register their products in Peru by partnering with a local distributor who has the ability to register through the Dirección General de Medicamentos, Drogas e Insumos (DIGEMID). Aside from obligatory registration, working with a local distributor is beneficial due to Peruvian preferences to buy locally from someone who can provide after-sales services. U.S. manufacturers should maintain close contact with end-users and provide training and demonstrations so that end-users can familiarize themselves with the equipment.

A sanitary registration 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. For medical 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, although used medical equipment is only permitted for individual physicians buying it for personal use.

To succeed in the Peruvian market, U.S. firms should offer competitive pricing. Peruvian buyers recognize the value added and prefer modern technology with strong post-sales technical and parts support. All marketing materials and product information should be provided in Spanish.

## Opportunities

Over the past few years, Peru has made some progress in improving healthcare infrastructure, expanding access to care, and modernizing public institutions, with the stated goal of universal coverage by 2021. However, the COVID-19 pandemic has laid bare the severe inadequacies and shortfalls of the Peruvian healthcare system which has been completely overwhelmed. There remains a dire need for facilities and trained personnel to improve equality of health outcomes in rural and urban areas where disparate quality of access and care is pronounced. Ernst & Young Peru estimates demand for 5,000 additional hospital beds, more with the COVID-19 pandemic. Mobile and temporary clinics, chatbots, ventilators, oxygen, specialized treatment medicines, and personal protective equipment is also needed to pave the way for a quick and comprehensive response to COVID-19 in Peru.

A growing middle class is increasingly turning to the private sector for healthcare and has higher expectations of healthcare providers. About 2 million people, 6.5 percent 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. 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 \$400 million and adding approximately 1,100 hospital beds. The government is expecting to add 7,000 new hospital beds, and rehabilitate, construct, and outfit 206 primary care centers, 170 provincial hospitals, 23 regional hospitals and 13 national hospitals.

The government's prioritization of the country's healthcare system and the interest of private companies to invest more in specialized equipment, 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.

Digitalisation and telemedicine, or telehealth, are also priorities for officials in the health sector. In February 2019 MINSA approved a new telehealth framework to promote the modernisation of health benefits through ICT. The framework aims to bring all health institutions – private and public – under standardised norms and allow health professionals to receive information remotely. As of October 2018 (later figures not available) some 250 health facilities were already connected to the telehealth network.

	2017	2018	2019	2020 Estimated
Total Local Production	N/A	N/A	N/A	N/A
Total Exports	11.7	12.2	12.5	12.8
Total Imports	355.6	371.6	380.5	388.9
Imports from the U.S.	79.3	82.7	84.7	86.5
Total Market Size	343.9	359.4	368.0	376.0
Exchange Rates	3.26	3.29	3.40	3.5

Unit: USD millions

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

Data Sources: Global Trade Atlas

### Leading Sub-Sectors

The figures below represent each product's share of Peru's 2019 total imports in this sector.

HTS Code	Description	%
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901890	Instrument and appliances for medical, surgical, dental	19.2
901839	Needles, caterers and others	10.9
902139	Artificial Joints, parts and accessories	10.1
901850	Other ophthalmic instruments and appliances, parts	7.1
902214	Apparatus base on X-ray, medical, surgical, veterinary	5.9
901819	Electro-diagnostic apparatus and parts.	5.8
902131	Other artificial joints and parts and accessories thereof	4.9
300510	Adhesive dressings and other articles having adhesive	4.2
902110	Orthopedic or fracture appliances, parts and accessories	3.1
901920	Ozone, oxygen, therapy, respiration apparatus and parts	2.3

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.

#### **Key Industry Events**

[Tecnosalud](#) 2021 – International tradeshow of goods and services related to the healthcare sector.

Place & Date: To Be Determined.

Organized by the Lima Chamber of Commerce.

#### **Web Resources**

[Business Monitor International Research](#)

Dirección General de Salud Ambiental (DIGESA)

[Ministry of Health](#)

National Institute of Statistics and Informatics— INEI (Spanish)

[Obras por Impuestos](#)

[ProInversión](#)

## Mining Equipment and Machinery

### Overview

Peru is a very diverse country due to its geography and climates. Abundant mineral resources such as copper, gold, silver and lithium are found mainly in the mountains. It is the world's second largest producer of copper and silver and Latin America's largest producer of gold. Peru's mining industry has been an essential component of the country's economic development. Substantial investment has been directed to the sector over the past 20 years. The mining industry accounts for 10 percent of Peru's gross domestic product and 60 percent of its exports which make it Peru's top export sector.

As expected, the mining sector was highly affected due to this crisis. After the GOP closed operations in March due to the COVID-19 pandemic, large-scale open-pit operations and construction projects of national interest restarted in May 2020. In August, the GOP reactivated all mining activities. According to the Institute of Mining Engineers of Peru, the sector will close this year with a loss of US \$ 5 billion.

GOP figures show approximately 200 operating mines and a number of major projects waiting to be developed. According to Energy and Mines Ministry, Peru has 48 mining projects under development (seven are in their first years of construction and the rest will start in the period 2020-2025) worth a total of \$57.7 billion in investment. Of the new mining investments expected to be developed, \$40.9 billion will be allocated to copper projects, or 71 percent of the total. The United Kingdom is the largest foreign investor in Peru, followed by China, Canada and Mexico. The project portfolio investments have 11 countries:

Country	Number of Projects and Most Relevant Projects	Approx. Investment
UK	6 projects including Quellaveco (owned by Anglo American)	US\$ 12 billion
China	5 projects including Ampliacion Toromocho (Chinalco, owned by Chalco)	US\$ 10.1 billion
Canada	11 projects	US\$ 8.4 billion
Mexico	4 projects	US\$ 7.7
US	4 projects including Ampliacion Bayovar (Miski Mayo, owned by The Mosaic Company), Quecher Main and Yanacocha Sulfuros (Yanacocha, owned by Newmont)	US\$ 7.5 billion
Peru	7 projects including Mina Justa (owned by Grupo Breca)	US\$ 4.5 billion
Australia	2 projects	US\$ 3 billion
Brasil	5 projects	US\$ 1.6
Japan, Switzerland, Corea	4 projects	US\$ 2.2 billion
TOTAL	48 Projects	US\$ 57 billion

In addition to the U.S. investments noted above, U.S.-based Freeport McMoRan has a concession for Cerro Verde, a large copper mine in the south of Peru (Arequipa), that completed a \$5.5 billion expansion in 2016.

## Opportunities

The COVID-19 pandemic and associated drop in mineral prices, as well as political instability, social conflicts and excessive bureaucracy have negatively impacted the sector in 2020. Nevertheless, Peru remains an attractive destination for mining investments, with large mineral and metal reserves, including major undiscovered deposits. Peru offers mining investors significant commercial advantages and ample freedom to import machinery, equipment, and services that they require for their mining activities at a lower cost and with less bureaucratic requirements than many other countries. Peruvian laws, regulations, and practices do not discriminate between national and foreign companies. The GOP guarantees foreign investors legal stability on income tax regulations and dividend distributions. A favorable legal framework, readily available cadastral and geological information, and a stable economy have motivated foreign investment from the United States, Canada, the U.K., Australia, Mexico, Brazil, and China.

We recommend that U.S. exporters of capital goods and potential investors entering the Peruvian market establish a local branch office or appoint a local representative 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. When selling mining equipment to Peru, it is important to offer post-sale services. Mining companies require assembly, maintenance, parts, and operational training.

2018 Import Market Share (% for U.S. and major competitors): US 28.07; China 16.03; Brazil 12.22; Germany 6.68; Japan 4.32.

	2016	2017	2018	2019
Total Local Production	n/a	n/a	n/a	n/a
Total Exports	133.1	184.2	199	196.9
Total Imports	2,169.9	2,091.5	2,295.9	2,501.1
Imports from the US	626.2	524.4	569.6	702
Total Market Size	2,036.8	1907.3	2,096.9	2,304.2
Exchange Rates	3.38	3.26	3.29	3.40

Units: \$ millions

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

Source: Global Trade Atlas

### Leading Sub-Sectors

HTS Code	Description	%
847490	Parts of Mach For Sorting Etc. Earth Stone Ores Etc.	8.3
842952	Mech Shovels Excavators Etc. W 360 Degree Sprstruc	8.0
870423	Truck, Diesel Eng, Gvw > 20 Metric Tons	6.8
842951	Mech Front-End Shovel Loaders, Self-Propelled	5.8
843149	Parts And Attachments NesoI For Derricks Etc.	5.0
840999	Spark-Ignition Reciprocating Int Com Pistn Eng Pts	4.2
842199	Filter/Purify Machine & Apparatus Parts	3.3

842959	Mech Shovels, Excavators And Shovel Loaders Nesoi	3.1
841480	Air/Gas Pumps, Compressors And Fans Etc, Nesoi	2.9
842911	Bulldozers And Angeldozers, Self-Prop, Track Lay	2.9
870410	Dumpers Designed For Off-Highway Use	2.8

### **Key Industry Events**

[MINExpo International](#), September 2021

Las Vegas, NV

[Perumin, 35<sup>th</sup> Mining Convention](#), September 2021

Cerro Juli, Arequipa

Organizer: Institute of Mining Engineers of Peru (IIMP)

[Expomina Peru 2021](#), April 2021

Jockey Exhibitions Center, Lima

Organizer: Grupo DIGAMMA

### **Web Resources**

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

(National Mining, Oil, and Energy Society)

Francisco Graña 671, Magdalena del Mar. Lima 17

Tel.: (511) 215-9250

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

Av. Las Artes 260, San Borja. Lima 41

Tel.: (511) 411-1100

[Instituto de Ingenieros de Minas del Peru - IIMP](#) (Spanish)

Calle Los Canarios155, La Molina. Lima 12

Tel: (511) 313-4160

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

(Supervising Agency for Investment in Energy and Mining)

Jr. Bernardo Monteagudo 222, Magdalena del Mar. Lima 17

Tel.: (511) 219-3410

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

## Safety and Security

### Overview

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) oversees regulating and enforcing fire arms applicable legislation, including issuing licenses to import, transport, sell, and carry weapons.

The National Police has started the modernization process with a greater preventive focus, giving special importance to working with the organized community, neighborhood councils and the private sector. It is about bringing the police institution closer to the population to establish a fluid social interaction.

The Presidency of the Council of Ministers has defined as a first step the strengthening of the National Citizen Security System (SINASEC). It is the system in charge of ensuring compliance with public policies that guide State intervention in matters of citizen security. Its strengthening will allow a higher level of intersectoral and intergovernmental articulation.

The National Council for Citizen Security (CONASEC) is the body in charge of formulating, conducting and evaluating citizen security policies. It has strategic objectives:

- Have an articulated and strengthened National Citizen Security System.
- Promote the participation of citizens, civil society, the private sector and the media.
- Strengthen the National Police of Peru as a modern institution, with effective and efficient management and with high levels of public trust.
- Implement safe public spaces as citizen meeting places.
- Improve the justice administration system to reduce crime.
- Reduce the social risk factors that promote criminal behavior.

2019 Import Market Share (% for U.S. and major competitors): China 40.2; United States 17.5; Mexico 6.0; Spain 4.5; Taiwan 4; Germany 3.0; Italy 2.5; Colombia 1.9; Brazil 1.3; Chile 1; France 0.9; Canada 0.4.

	2017	2018	2019	2020
Total Local Production	N/A	N/A	N/A	N/A
Total Exports	27.5	30.1	29.5	20
Total Imports	324.4	366.8	370.1	370.1
Imports from the US	60.9	68.4	65.4	65.4
Total Market Size	296.9	336.7	340.6	350.1
Exchange Rates	3.26	3.29	3.40	3.5

Units: \$ millions

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

Source: Global Trade Atlas



## Opportunities

The Strategic Plan for the Peruvian National Police 2020-2024 states that the GOP will spend over \$117 million in the next four years on police equipment. 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 equipment including alarms, surveillance cameras, and lights.

Given the continued increase in crime the Peruvian Government has developed a project that has become a top government national priority, PER105. The Budget is approximately \$470 million. The Ministry of Interior plan to contract the project as a government to government agreement to stand up a PMO to define the requirements for this project. The desired scope:

- A Single Emergency Number: 105
- New 7 story building to be constructed next to INDECI (National Institute of Civil Defence)
- 8,000 video surveillance cameras
- 8,000 body worn cameras
- 8 drones
- 1,990 patrol vehicles
- 517 police motorcycles
- 83 firetrucks
- 25 mobile command center vehicles

## Leading Sub-Sectors

The figures below represent each product's share of Peru's 2019 total imports in this sector.

HTS Code	Description	%
630790	Made-Up Textile Articles, Nesoi	4.6
900490	Spectacles, Etc, Corrective, Protective, Nesoi	4
902000	Breathing Appliances & Gas Masks Nesoi; Parts Etc.	2.9
830140	Locks Except Motor Vehicle Or Furniture, Base Metal	2.9
853180	Electric Sound Or Visual Signaling Apparatus Nesoi	2.6
853190	Parts Of Electric Sound Or Visual Signaling Aprts	2.3
730830	Drs, Wndws A Frms A Thrshlds Fr Drs, Iron Or Steel	2.2
851310	Portable Electric Lamps Nesoi, Battery Or Magneto	2.2
650610	Safety(Incl Sports)Hdgr, Whether/Not Lined/Trimmed	2.2
902710	Gas Or Smoke Analysis Apparatus	2.2
853110	Burglar Or Fire Alarms And Similar Apparatus	1.8
700729	Laminated Safety Glass, Not For Vehicular Use	1.8
902219	Apparatus Base On X-Ray For Oth Use,Ex Medical,Etc	1.6

853080	Electrical Signaling Or Traffic Control Eqpt,Nesoi	1.2
842410	Fire Extinguishers, Whether Or Not Charged	1
830160	Parts Of Locks, Base Metal	1
930200	Revolvers & Pistols, Designed To Fire Live Ammo	1
830110	Padlocks Of Base Metal	0.9
851230	Electrical Sound Signaling Equipment For Mtr Vhl	0.9

### **Key Industry Events**

[Seguritec Peru](#): organized by Thais Corporation S. A. C. on

May 26-28, 2021 at the Jockey Exhibition Center in Lima, Peru

[Sitdef 2021](#): the largest Safety, Security and Disaster Relief Trade Show in Peru held every second year

May 14 – 17, 2021 at San Borja Army Base in Lima, Peru (Little Pentagon)

### **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](#)

## Textile and Clothing

### Overview

The textile and clothing sector includes growing quality cotton (Pima and Tangüis), the shearing of fine fibers from vicuñas and alpacas, the treatment of natural or artificial fibers for the production of threads, the manufacturing and finishing of fabrics, and the production of clothing and other articles. The production of textiles and clothing in Peru has shown great growth in recent years and its growth in the international market may be attributed to the high quality and prestige of Peruvian fibers and the high level of integration of the sector throughout the production process. Peruvian products are some of the best-priced products in their respective categories internationally. Peru is known for its ability and adaptability of labor to support various changing scenarios.

This sector includes more than 46,000 companies, generates around 412,000 direct jobs, imports close to \$2 million and exports close to \$1.4 million. Currently, the textile and clothing sector contributes 10 percent of the country's manufacturing and represents 1.9 percent of the national GDP. However, in recent years, this sector has been seriously affected by imports of low-value products, as well as undervaluation and contraband from the informal sector which have worsened considerably due to the state of emergency by COVID-19. Textile imports come mainly from China representing 53 percent of imports, with India and the United States as second and third, respectively. Most of these textiles correspond to products such as yarns and textile fibers.

The textile sector has been significantly affected by the COVID-19 pandemic. The import of clothing doubled while national production fell to zero. Some textile companies started manufacturing medical clothing such as face masks and shoe covers and are also attempting to produce antibacterial gels and liquid soaps. The sector is counting on the reactivation of the export sector, which in the period January-May 2020 fell 43 percent compared to the same period 2019.

The 2019 Import Market Share ( % for U.S. and major competitors): China 53.4; India 11.9; United States 7.6; Bangladesh 4.1; Colombia 2.9; Brazil 2.0.

### Opportunities

Peru has a geographical location close to the United States, its main consumer market, and a country with which it has a competitive advantage through the USPTA. This allows for more agile trade, a low/no tariff rate and, therefore, low prices between both countries.

There has been an increased demand for fabrics and yarns, a high dependence on imported supplies (dyes, buttons, closures and others), equipment and machinery due to the growth of the clothing industry at a national level. The sector also anticipates increased demand of PPE for medical staff and towels and linens for hospitals in light of the COVID-19 pandemic.

	2017	2018	2019	2020 (Estimated)
Total Local Production	N/A	N/A	N/A	N/A
Total Exports	1,244.8	1,415.5	1,365.4	N/A
Total Imports	1,823.3	2,052.4	2,042.9	N/A
Imports from the U.S.	165.3	183.1	156.1	N/A
Total Market Size	578.5	636.9	677.5	N/A
Exchange Rates	3.24	3.37	3.31	3.51

Unit: USD million; Total Market Size = (Total Local Production + Imports) – Exports

Data Source: Global Trade Atlas

## Leading Sub-Sectors

The Peruvian industry of textiles and clothing sector is made up of two large sub-sectors:

1. **Yarn, fabrics, and garments:** Covers from the initial stage of cotton ginning to the production of finished fabrics and at the same time includes, spinning, weaving, and finishing dyeing activities.
2. **Clothing:** Includes all activities related to clothing manufacturing.

The figures below represent each product's share of Peru's 2019 total imports in this sector.

HTS Code	Description	%
520100	Cotton, Not Carded or Combed	26.3
520512	Cotton Yarn 85% Cotton, No Retail, Ov 14Nm Not Ov 43Nm	2.4
630790	Made-Up Textile Articles, Nesoi	1.5
540490	Synthetic Strip Width Not 5Mm	1.2
560313	Nonwovens, Of Mmf Weighing >70 G/M2 but <150 G/M2	1.0
590700	Textile Fabric, Coated, Etc., Theatrcl Scenery, Back-Cloths	1.0
540244	Elastomeric Yarn, Sgl, Untwist or Twist Lt=50 Turns/M	0.9
570320	Carpets, ETC, Nylon/& Other Polyamides, Tufted, W/N Made-Up	0.7
560393	Nonwovens, Of Mmf Weighing > 150 G/M2	0.5
591190	Textile Products Etc. For Technical Uses Nesoi	0.4
520513	Cot Yarn, 85% Cot, No Retail, Ov 43Nm Not Ov 52Nm	0.4
560122	Wadding; Other Articles of Wadding of Manmade Fib	0.3

## Key Industry Events

### [PeruModa](#)

International Trade Show offers national production of textiles, clothing, footwear, accessories, and jewelry.

October 1-30, 2020 Virtual

### [Expotextil](#)

International Trade Show of textile and clothing industry suppliers.

November 16-21, 2020 Virtual

### [Lima Fashion Week-LIFWEEK](#)

Platform that allows Peruvian designers to show their proposals to the local market and to the world.

### [MegaFip](#)

1<sup>st</sup> Virtual Mega International Fair of Peru, a fair of show organizers.

November 16-21, 2020 Virtual

## Customs, Regulations and Standards

### Trade Barriers

In July 2001, Peru implemented a "price band system," similar to that of the Andean Community. However, U.S. agricultural goods are not subject to this 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. 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 Administration 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 distort prices in some sectors, others are affected because their margins are smaller than the advanced payments. For more information and help with trade barriers please contact:

International Trade Administration

#### [Enforcement and Compliance](#)

(202) 482-0063

ECCommunications@trade.gov

### Import Tariffs

As a result of the PTPA, U.S. consumer and industrial goods exports to Peru are no longer subject to tariffs. For agricultural products, tariffs have been eliminated on almost 90 percent of U.S. exports, with remaining tariffs to be phased out by 2026. Most imports (93 percent of codes) are also subject to an 18 percent 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 and 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. 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.

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.

### Labeling and Marking Requirements

In June 2018, the Ministry of Health approved a Warning Label Manual (Supreme Decree 012-2018-SA), which established that warnings regarding packaged foods and beverages had to be on the front of a package and could not be partially or totally covered. The rules put forth in the Manual are not applicable to food ingredients. The supreme decree set June 17, 2020 as the original deadline for the use of stickers to comply. On June 12 2020, the Ministry of Health extended the use of stickers to comply with Peru's front of package nutritional warning label for processed food products through June 30, 2021.

## U.S. Export Controls

The United States imposes export controls to protect national security interests and promote foreign policy objectives related to dual-use goods through implementation of the Export Administration Regulations (EAR). The Bureau of Industry and Security (BIS) is comprised of two elements: Export Administration (EA), which is responsible for processing license applications, counselling exporters, and drafting and publishing changes to the [Export Administration Regulations](#); and Export Enforcement (EE), which is responsible for the enforcement of the EAR. BIS works closely with U.S. embassies, foreign governments, industry, and trade associations to ensure that exports from the United States are secure and comply with the EAR. BIS officials conduct site visits, known as End-Use Checks (EUCs), globally with end-users, consignees, and/or other parties to transactions involving items subject to the EAR to verify compliance.

An EUC is an on-site verification of a non-U.S. party to a transaction to determine whether the party is a reliable recipient of U.S. items. EUCs are conducted as part of BIS's licensing process, as well as its compliance program, to determine if items were exported in accordance with a valid BIS authorization or otherwise consistent with the EAR. Specifically, an EUC verifies the *bona fides* of transactions subject to the EAR, to include: confirming the legitimacy and reliability of the end use and end user; monitoring compliance with license conditions; and ensuring items are used, re-exported or transferred (in-country) in accordance with the EAR. These checks might be completed prior to the export of items pursuant to a BIS export license in the form of a Pre-License Check (PLC), or following an export from the U.S. during a Post-Shipment Verification (PSV).

BIS officials rely on EUCs to safeguard items subject to the EAR from diversion to unauthorized end uses/users. The verification of a foreign party's reliability facilitates future trade, including pursuant to BIS license reviews. If BIS is unable to verify the reliability of the company or is prevented from accomplishing an EUC, the company may receive, for example, more regulatory scrutiny during license application reviews or be designated on BIS's Unverified List or Entity List, as applicable.

BIS has developed a list of "red flags", or warning signs, and compiled "Know Your Customer" guidance intended to aid exporters in identifying possible violations of the EAR. Both of these resources are publicly available, and their dissemination to industry members is highly encouraged to help promote EAR compliance.

BIS also provides a variety of training sessions to U.S. exporters throughout the year. These sessions range from one to two-day seminars that focus on the basics of exporting to coverage of more advanced, industry specific topics. Interested parties can check [This is a best prospect industry sector for this country](#). Includes a market overview and trade data [list of upcoming seminars and webinars](#) or reference BIS provided [online training](#).

BIS and the EAR regulate transactions involving the export of "dual-use" U.S. goods, services, and technologies. For advice and regulatory requirements, exporters should consult the other U.S. Government agencies which regulate more specialized items. For example, the U.S. Department of State's Directorate of Defense Trade Controls has authority over defense articles and services, or munitions. A list of other agencies involved in export control can be found on the [BIS website](#) or in Supplement No. 3 to Part 730 of the EAR.

The EAR is available on the [BIS website](#) and on the e-CFR (Electronic Code of Federal Regulations) and is updated as needed. The [Consolidated Screening List](#) (CSL) is a list of parties for which the United States Government maintains restrictions on certain exports, reexports or transfers of items. The CSL consolidates eleven export screening lists of the Departments of Commerce, State and the Treasury into a single data feed as an aid to industry in conducting electronic screens of parties to regulated transactions. Exporters are encouraged to classify their items prior to export, as well as consult the CSL to determine if any parties to the transaction may be subject to specific license requirements.

## 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 Ministerial resolution 287-98-EF/10 and modifications, is available at [SUNAT](#). Other documentation requirements are the same as those listed above.

## Prohibited and Restricted Imports

The Peruvian agency, SENASA, established strict regulations regarding Bovine Spongiform Encephalopathy (BSE) and other diseases. However, in April 2015, SENASA approved the USDA Veterinary Health Certificate for the import of U.S. live cattle. USDA Accredited Veterinarians may issue health certificates electronically through the online Veterinary Export Health Certification System. Requirements for live animals exports to Peru can be found at the [APHIS website](#).

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

[The customs duties and other import taxes](#) for consumption that should be applied are those in force on the date of birth of the customs tax obligation, which occurs in accordance with the provisions of [article 140 of the General Customs Law](#).

Despite having signed the WTO customs valuation procedure, SUNAT uses a [referential price verification](#) system (Sistema de Verificación de Precios, SIVEP). In this system, SUNAT has a database for price consultation of goods from each country, and from different suppliers. This allows for comparison of declared values in commercial invoices and adjusting 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. 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.

In 2018, representatives from SUNAT and the U.S. Customs and Border Patrol signed an Authorized Economic Operator (AEO) trusted trader program. This streamlines the customs clearing processes for qualified entities between the two countries and is a very important step towards facilitating trade.

## Standards for Trade

In November 2004, Peru issued a regulation on labeling and marking (Ley del Rotulado- Law 28405). This law established 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

## Testing, Inspection and Certification

There are [accreditation bodies](#) for different industries. The laboratories that can provide assistance to U.S. exporters can be found in this [PDF](#) from INACAL. Products coming from the United States will not experience issues entering Peru if importers receive information in advance regarding the products' composition and/or ingredients. The following firms are certified by CTR to provide Conformity Assessment services:

- [INASA](#): (511) 616-5200
- [SGS del Perú](#): (511) 517-1900
- [BSI Inspectorate Perú](#): (511) 613-8080

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

## **Publication of Technical Regulations**

Products coming from the United States will not encounter difficulties 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

INDECOPI and CTR in Lima: (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:

- Pat Cassidy, Commercial Counselor
- Leon Skarshinski, Commercial Attaché
- Gustavo Romero, Commercial Specialist: (511) 618-2442

### Testing, Inspection and Certification

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

[INASA](#): (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)

Members of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to notify to the WTO proposed technical regulations and conformity assessment procedures that could affect trade. Notify U.S. ([www.nist.gov/notifyus](http://www.nist.gov/notifyus)) is a free, web-based e-mail registration service that captures and makes available for review and comment key information on draft regulations and conformity assessment procedures. Users receive customized e-mail alerts when new notifications are added by selected country or countries and industry sector(s) of interest and can also request full texts of regulations. This service and its associated web site are managed and operated by the USA WTO TBT Inquiry Point housed within the National Institute of Standards and Technology, part of the U.S. Department of Commerce.

## **The U.S.-Peru Trade Promotion Agreement (PTPA)**

Peru is well integrated in the global economy through its multiple free trade agreements, including the United States-Peru Trade Promotion Agreement (PTPA), which entered into force in February 2009. In 2019, trade of goods between the United States and Peru totaled \$15.8 billion, up from \$9.1 billion in 2009, the year the PTPA entered into force. From 2009 to 2019, Peruvian exports of goods to the U.S. jumped from \$4.2 billion to \$6.1 billion (a 45 percent increase) while U.S. exports of goods to Peru jumped from \$4.9 billion to \$9.6 billion (a 96 percent increase). The United States also enjoys a favorable trade balance in services; exports of services in 2019 to Peru amounted to \$3.5 billion and contributed to a \$1.3 billion services surplus the same year.

[USTR- Free Trade Agreements](#)

## **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 has attracted a great deal of licensing and joint venture activity.



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

### **Distribution and Sales Channels**

#### **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" section). 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 U.S. Export Assistance Center (USEAC), located in most states (including Alaska and Hawaii) and in major cities throughout the U.S. Services regarding 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](#).

#### **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 the establishment of numerous 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 almost 500 companies, of which 70 percent are primarily concentrated in food and beverage services. The Peruvian franchise market is evenly split between Peruvian and foreign ownership. Experts report that the franchising sector has experienced rapid growth over the last 10 years with an estimated annual growth rate of 20 percent. Shopping Malls (pre COVID-19) were the ideal locations to establish foreign franchises due to the large amount of foot traffic and shoppers. In Peru, there are 85 Shopping Malls (45 within Lima and 40 in provinces), that have surpassed \$7 billion in sales with more than 60 million monthly visitors.

Growth in the Peruvian franchising sector was attributed to the burgeoning middle class and its newfound purchasing power. Due to Peru's reputation as one of the most gastronomically advanced countries in Latin America, food and beverage services continue to be the most represented among franchises in Peru. In addition, the Peruvian market remains a highly fragmented one—more than 90 percent of retail businesses are small family-owned enterprises—which leaves vast opportunities for U.S. franchises to expand to Peru. The average Peruvian consumer still views U.S. brands as "aspirational," meaning that U.S. franchises espouse cultural

values that Peruvians relate to. Because of the strength of U.S. brand affinity, there is ample potential for growth of U.S. franchises in Peru.

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 percent income tax on royalties, 18 percent 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 income tax withholding (the U.S. not included).

The U.S. Commercial Service in Lima, in cooperation with the American Chamber of Commerce – AmCham, and Grupo Nexo Franquicia, organize every year The Franchise Summit, which is unique in the region and is an effort towards the formalization of the sector in Peru. The U.S. Commercial Service has regularly supported the Summit. The Franchise Summit introduces to the Peruvian market successful business models with excellent reputations in the United States and worldwide.

Grupo Nexo Franquicia, a top Latin America firm specializing in franchise consulting and brokerage, has joined efforts with the American Chambers of Commerce within Latin America, as well as the U.S. Commercial Service, in order to put together the first and only Franchise Certification Program of the Region. This Certification has as its main goal to develop and professionalize this sector in Latin America. For further information about The Franchise Summit and The Franchise Certification Program please contact Commercial Specialist Jorge Prado [jorge.prado@trade.gov](mailto:jorge.prado@trade.gov)

### **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 Chambers 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.

### **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, and they have implemented the advance clearance process, which has permitted the reduction of release times. The average time for the release of packages is two days, of which a significant proportion is on the day of the aircraft arrival. Also, the PTPA explicitly addresses express delivery services. A number of express delivery companies service the Peruvian market including:

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

The express shipments industry has expressed concerns over policies that appear to disproportionately penalize manifest discrepancies for low value shipments. Express delivery managers are subject to criminal penalties for discrepancies in the value of invoices of low value. Additionally, express delivery carriers are subject to the same fixed monetary penalty as containerized cargo, regardless of the differences in shipment

size or value. For more details please contact the U.S. Foreign Commercial Service at the Embassy in Lima. Points of contact are included below:

- Pat Cassidy, Commercial Counselor
- Leon Skarshinski, Commercial Attaché
- Jorge Prado, Commercial Specialist: (511) 618-2442

## **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.

## **eCommerce**

### **Overview**

In 2019, eCommerce accounted for \$4 billion in purchases, with 65 percent concentrated in Lima. ECommerce opportunities have significantly increased through the use of the internet and smartphones. Although Peru is a small market in the eCommerce industry, ranking sixth in Latin America, it has taken a significant leap in the last decade. Peru grew from 1.27 percent of the value of electronic commerce in the region in 2009 to 5 percent in 2019.

Peruvian consumers prefer to use cash for transactions, which limits the penetration of eCommerce in the country. However, according to AMI analysis, the market for eCommerce in Peru could reach \$14 billion by 2022. eCommerce transactions that are carried out from mobile devices, smartphones and tablets have been grown significantly. Of the total of eCommerce transactions, \$1.7 billion were completed through mobile devices, while \$2.3 billion were from desktops.

### **Current Market Trends**

Thousands of companies have been adversely affected by the sudden slowdown prompted by the COVID-19 pandemic. Consumers have had to adapt to new processes for purchasing products and services in order to satisfy their needs and safeguard their health. Faced with this, eCommerce has become an indispensable tool for small, medium and large companies as they have found it necessary to adopt this channel in order to leverage the recovery of their businesses.

In Peru, the number of eCommerce transactions grew by 120 percent between February and March 2020. ECommerce accounted for 12.5 percent of credit card transactions between January and March 2020, growing to 45 percent by June 2020. Likewise, the average customer ticket has increased by 48 percent, currently standing at an average \$67 per transaction.

### **Domestic eCommerce (B2C)**

Several domestic e-marketplaces are taking advantage of eCommerce opportunities in Peru. Some of the most popular sites being those that follow:

[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.

[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 Panama.

[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 ordering via internet from local and foreign-based consumers for local delivery.

[Rosatel](#): Rosatel allows online orders of flowers and gift baskets.

## B2B eCommerce

For B2B eCommerce, businesses are beginning to use their own custom email domain servers instead of using an informal personal email address (Hotmail or Gmail) to conduct business. This new trend of owning one's own email domain servers allows Peruvian businesses to legitimize their online presence.

## eCommerce Services

There have been 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 consumer generally expects different prices and offers as opposed to promotions created to deplete a stock. Consumers are starting to prefer making purchases electronically over visiting the store. At the same time, they expect variety and simplicity, as navigation can be a barrier at the time of purchase. Additionally, it is important to highlight other benefits that promote online access and electronic commerce purchases. For example, delivery companies or taxi services have managed to convey differential advantages that have quickly resulted in their growth. These changes are a reality and growth is usually exponential once technological adoption occurs. Companies should be looking at how to take advantage and strengthen this channel.

## Intellectual Property Rights

Peru is a signatory of the World Intellectual Property Organization Treaty and the 1996 Interpretation and Phonograms Treaty. The PTPA has chapter on Intellectual Property (IP) that includes aspects of IP such as brands, geographical indications (GI), Internet domain names, innovation, and technological development. It also seeks to protect the moral and economic rights of the IP owners. The aspects covered in the chapter were incorporated into national legislation through the Law No. 29316 on January 14th, 2009. However, Peru remains on the U.S. Trade Representatives section 301 "Watch List" since 1992 because of continued high piracy rates, inadequate enforcement of IP laws, and weak or unenforced penalties for IP violations.

## Online Payment and Government e-Services

The Peruvian government has established a special task force, E-Gob Peru focused on online payments. It is managed by the [Secretariate for Digital Governance \(SEGDI\)](#) 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 citizen ID 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 of government purchasing.

## Mobile eCommerce

A report from the Peruvian Chamber of eCommerce – CAPECE, shows that Peru has the lowest smartphone utilization among the main economies in Latin America, but estimates show mobile eCommerce purchases will reach 57 percent of total eCommerce purchases by 2020. The study also remarks that as of December 2019 there were 31 million smartphones in Peru, of which 77% have an Internet connection.

## Digital Marketing

Currently the main means of digital marketing in Peru are:

- E-mail marketing
- Social networking sites
- Search engine optimization (SEO)
- Publicity (banners) in search engines

In 2019, 67 percent of online shoppers reached vendor sites through social networking sites. Additionally, according to recent surveys, the main retail companies plan to develop mobile marketing strategies.

## Major Buying Holidays

Since 2012, the Lima Chamber of Commerce promotes “Cyber Monday” which takes place on the Monday after the U.S. Thanksgiving holiday. The Lima Chamber of Commerce also promotes “CyberMami” held on Peruvian Mother’s Day which is the second Sunday in May. Some companies, like Saga Falabella, a large retailer, also launch their seasonal offers like “Madrugo” which take place at the arrival of a new season. In the travel and tourism sector, tour packages and promotions with pre-determined dates occur around major Peruvian holidays such as the Christian Holy Week, Peruvian Independence Day in July, and the New Year’s Holiday.

## Selling Factors & Techniques

A key selling factor in the Peruvian market is product pricing. Products from Asian markets, such as China, Taiwan, and South Korea often outsell more expensive European or North American products in the consumer electronics, appliances, and automobile industries. Additionally, counterfeit and pirated goods are readily available. With investment in sales promotion, intellectual property enforcement, and post-sales service, 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 potential. 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.

## Trade Promotion & Advertising

In 2019, Peruvian advertising totaled \$583 million, a 6 percent decrease from the previous year. (Advertising expenditures have declined since 2015, following an overall trend of increases since 2004). In 2019, television garnered the largest share of ad revenue, totaling \$250 million, a 12 percent decrease from 2018. Internet advertising totaled \$116 million, 19.9 percent of the market share and an increase from 8 percent in 2019. Radio and newspaper ad spending totaled approximately \$72 million and \$56 million, respectively.

The El Comercio Group owns the most influential paper with the same name and five other major dailies aimed at different audiences: Perú21, business journal Gestión, popular Correo, and tabloids Trome and Ojo. Other major dailies include La República, Expreso, Diario Uno, La Razón, and El Popular. El Peruano, founded in 1825, is the government’s newspaper of record, publishing all legislation and decrees, and also reports news. Caretas, a weekly magazine founded in 1950, is also one of Lima’s most influential news publications. In July 2019, the Ministry of Transportation and Communications (MTC) reported there were 1,829 television stations and 5,667 radio stations in Peru. The highest number of television stations are in Cusco region (with 199 stations), followed by Puno (161 stations), Ancash (136) Lima (134), and Cajamarca (124).

For radio stations, Cusco region is also the leader (509 stations), followed by Cajamarca (466), Ancash (412), Lima (396), and Puno (382). 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 means for transmitting information about local issues and events in the regions outside of Lima.

The key Peruvian television providers are the six major Lima-based networks: Latina, América, Panamericana, ATV, ATV+, and Global, along with TV Perú, the state-owned network, 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. A report by TV regulatory agency Osiptel concluded that 70 percent of households used cable television as of 2019, a 10 percent increase from 2018, with most of it from pirated cable TV connections. Canal N, a 24-hour cable news channel owned by El Comercio Group, and RPP, the cable channel for one of the most widely heard radio stations, are highly influential. The main cable service companies are Spain's Telefónica del Perú, offering "Movistar TV" with 61.9 percent market share, the U.S. DirecTV Group with 18.6 percent market share, and Mexico's America Móvil Perú, offering "Claro" with 8.2 percent market share. [JP1] [LS2]

### **Pricing**

Peru is generally an open market with minimal trade restrictions. The imports-weighted average tariff is 1 percent and the simple average is 2.2 percent. Distributor mark-ups vary according to type of product, but usually ranges between 12 percent and 25 percent. All imports are subject to an 18 percent 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 Martín, 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 Appendices III and IV of Legislative Decree No. 821 (passed on April 23, 1996). In May 2018, a 10 percent excise tax for new automobiles was established. However, the 30 percent excise tax applied to used cars was reduced to 10 percent. Imports from countries with which Peru has bilateral or regional agreements are covered by separate, preferential tariff schedules.

### **Sales Service/Customer Support**

Peruvians consider customer service and support as critical factors 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.

### **Local Professional Services**

Private Banks

[Banco Azteca](#)

[Banco Cencosud](#)

[Banco de Comercio](#)

[Banco de Crédito](#)

[Banco Falabella](#)

[Banco Pichincha](#)

[Banco GNB Peru](#)

[Banco Interamericano de Finanzas](#)

[Banco Internacional del Perú – Interbank](#)

[Banco Pichincha](#)

[Banco Ripley](#)

[Banco Santander](#)

[BBVA Banco Continental](#)

[Citibank del Perú](#)

[ICBC 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

[Deloitte](#): auditing, consulting, tax, and legal 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

[Accuratio Credit Rating Agency ECR S.A.](#)

[Equilibrium](#)

[Apoyo & Asociados Internacionales](#)

[Microrate Latin America S.A.](#)

[Class & Asociados S.A.](#)

[PCR \(Pacific Credit Rating\)](#)

Credit Reporting Agencies

[Experian](#)

[Sentinel](#)

[Infocorp/Equifax](#)

[Xchange Peru](#)

Executive Search

[Amrop Hever](#)

[Korn/Ferry International](#)

[Boyden International](#)

[Tasa Worldwide](#)

Law Firms

[Barreda Moller](#) (Bilingual)

[Barrios & Fuentes Abogados](#) (Bilingual)

[Estudio Aurelio Garcia Sayan Abogados](#) (Bilingual)

[Estudio Ehecopar](#) (Bilingual)

[Estudio Ferrero Abogados](#)

[Estudio Grau Abogados](#) (Bilingual)

[Estudio Olaechea](#) (Bilingual)

[Miranda & Amado Abogados](#) (Bilingual)

[Muniz, Ramirez, Perez-Taiman & Luna Victoria 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)

[Ransa, logistics operator](#) (Bilingual)

[Neptunia S.A.](#) (Bilingual)

[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)

## Telecommunications

[Bitel](#) (Viettel Peru S.A.C.): telecom services

[Entel](#) (Entel S.A.): telecom services

[Claro](#) (Telmex Perú S.A.): telecom services

[Movistar](#) (Telefonica S.A.): telecom services

## Principal Business Associations

[American Chamber of Commerce of Peru – AmCham Peru](#)

[Exporter’s Association - ADEX](#)

[International Trade Society of Peru - ComexPeru](#)

[Lima Chamber of Commerce - CCL](#)

[National Society of Industries - SNI](#)

[National Society of Mining, Petroleum, and Energy - SNMPE](#)

[Peruvian Society of Hydrocarbons - SPH](#)

## 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).

## 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)

[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](#)

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

## **Trade & Project Financing**

### **Methods of Payment**

Before the 1990s, Peru suffered from chronic balance of payments, fiscal deficits, and low foreign reserves. For the past three decades, Peru has exercised prudent management of fiscal, monetary, and exchange policies. This enabled the country to endure declines in fiscal income without drastically adjusting spending and to have international reserves for an ordered adjustment of the exchange rate. As of June 2020, Peru had over \$73 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. In this context, the current account deficit diminished rapidly, from 4.8 percent of GDP in 2015 to 1.6 percent in 2018. This external deficit has been financed mainly with long-term capital inflows. Net international reserves remained stable, reaching 31 percent of GDP by August 2019. Public deficit was expected to reach an estimated 1.8 percent of GDP in 2021, in compliance with fiscal regulations. In this context, the gross (net) public debt to June 2019 was 25.8 percent (10.2 percent) of GDP. It continues to be one of the lowest in the region though the COVID-19 pandemic will have a severe impact.

### **Foreign Exchange Controls**

There are no reported difficulties in obtaining foreign exchange. Please refer to the "Foreign Exchange Policy" section.

### **Banking System**

Peru's privatization strategy since the 1990s, coupled with competition, has led to banking sector consolidation. Fifteen commercial banks comprise the system, with assets accounting for 89 percent of Peru's financial system.

Peru's financial system has four government-owned entities: The Central Bank (Banco Central de Reserve 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 four private pension fund administrators, 20 insurance companies, and 20 miscellaneous companies, are regulated by the Superintendencia of Banks, Insurance, and Pension Funds Administrators (Superintendencia de Banca, Seguros y AFP, 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. For further information, please see the *Money and Banking* Section.

### **U.S. Banks and Local Correspondent Banks and Multilateral Development Banks**

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

Peru works closely with the Inter-American Development Bank (IADB). Over the course of 2017-2021, the IADB's aim is to support Peru in achieving sustained growth to promote social progress, in a context of environmental sustainability. Three areas are prioritized: (1) productivity, with an emphasis on the labor

market, business climate, business development and infrastructure; (2) institutional strengthening and provision of basic services, with an emphasis on public management, health and citizen security; and (3) environmental sustainability and climate change, with an emphasis on water resources, environmental management, and agribusiness. The IADB estimates a sovereign financing demand of \$300 million annually or \$1.5 billion for the period 2017-2021.

## **Protecting Intellectual Property**

In 2019, the GOP strengthened protections for paid-TV providers and demonstrated improvements in IPR enforcement; the GOP conducted more than 2,364 operations to seize more than \$140 million in counterfeit goods in 2019. The GOP interagency advanced its inter-agency coordination, particularly on combatting counterfeit medicines. Important deficiencies remain, such as implementing the statutory damages requirement under our PTPA. Peru also needs to increase resources to continue strengthening enforcement efforts against counterfeit goods. Peru is 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, the Marrakesh VIP Treaty, and the International Convention for the Protection of New Varieties of Plants (1991 UPOV Convention). INDECOPI continues to be the most engaged GOP agency and is a reliable partner for the United States Government, the private sector, and civil society.

In any foreign market, companies should consider several general principles for effective protection of their intellectual property. For background, link to our article on [Protecting Intellectual Property](#) and [Stopfakes.gov](#) for more resources. Contact for More Information on Intellectual Property:

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

3230 Lima Place

Washington, DC 20521

Tel.: (511) 618-2442

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

Staff: Silvia Solis, Intellectual Property Legal Specialist

For more information, contact ITA's Office of Intellectual Property Rights Director, Stevan Mitchell at [Stevan.Mitchell@trade.gov](mailto:Stevan.Mitchell@trade.gov)

[U.S. Department of Commerce](#) (Washington, D.C.)

14<sup>th</sup> & Constitution Avenue, N.W. Room 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

## **Selling to the Public Sector**

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
- construction consultants

To [register](#), a company must follow several steps (in Spanish), including a fee of approximately \$80 for non-domiciled foreign suppliers of goods and/or services, or approximately \$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 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)) that 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 (G2G) 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 G2G 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. Use of G2G procurements expanded to other Peruvian entities in 2018 and 2019, including the Reconstruction Authority and Ministry of Health.

### **Project Financing**

Since the market reforms of the early 1990s, the private sector has implemented nearly all major projects, though sometimes in a PPP 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 locally-financed has grown since 1999. The three major banks involved in this area are Banco de Crédito del Perú, 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).

A wide variety of sources of project financing are available in Peru, both from U.S. and international organizations. The U.S. International Development Finance Corporation (DFC), Export-Import Bank of the United States (Ex-Im Bank), and the U.S. Trade and Development Agency (USTDA) have all been involved in private sector projects in Peru. The International Finance Corporation (IFC-World Bank Group), the Multi-Lateral Investment Guaranty Agency (MIGA), the World Bank and the Inter-American Development Bank are all active players in project finance in Peru.

#### **U.S. International Development Finance Corporation (DFC)**

The DFC is an independent agency of the U.S. Government that provides financing for private development projects. It was created by the Better Utilization of Investments Leading to Development (BUILD) Act of 2018, which consolidated the Overseas Private Investment Corporation (OPIC) and Development Credit Authority (DCA) of the United States Agency for International Development. In addition to OPIC and DCA's existing capabilities, DFC is equipped with a more than doubled investment cap of \$60 billion and new financial tools including medium- to long-term financing and political risk insurance.

Prior to establishment of the DFC, there was an OPIC agreement between Peru and the United States that, from 2010 thru 2014, 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 \$21 million. Peru is a member of the Multilateral Investment Guarantee Agency.

#### Export-Import Bank of the United States - EXIM Bank

The Export-Import Bank of the United States (EXIM Bank) offers loans and loan guarantees to U.S. exporters of goods and services and foreign purchasers. The EXIM Bank also provides credit insurance to U.S. businesses against non-payment by foreign buyers in the case of political or commercial risk, with a focus on short-term risk. Additional information on export credit insurance is as follows:

Protect U.S. exporter from catastrophic losses due to nonpayment.

- Allow U.S. exporter to pursue new markets;
- Ease the burden of credit risk management; and
- Allows for use of accounts receivable as an asset;
- Lower borrowing costs; and
- Frees up working capital and accelerates cash flow.

Length

- Short term (less than 1 year)
- Medium-term (1-7 years)

Amount

- For medium-term, less than \$25 million

Coverage

- Short-term (up to 95% for most products and up to 98% for bulk agriculture)
- Medium-term (up to 85% of contract)

In April, 2020 EXIM approved four new, time-limited emergency measures in response to the COVID-19 pandemic. The measures will temporarily expand the types of financing EXIM can provide as part of the U.S. government's efforts to address and mitigate the economic crisis in the coming months. The emergency measures will be in place for one year from May 1, 2020. EXIM currently has about \$80 billion available under its \$135 billion overall financing cap that could be deployed for these emergency measures as well as regular business. Further information may be found at: <https://www.exim.gov/coronavirus-response>.

#### Other Programs

The Growth in the Americas (América Crece) initiative is an innovative, whole-of-government approach to support economic development by catalyzing private sector investment in energy and other infrastructure projects across Latin America and the Caribbean. Peru is close to signing a Memorandum of Understanding (MOU) to boost U.S. investments in infrastructure and energy under the Growth in the Americas program. The main goals are to expand U.S. exports, improve energy and infrastructure security in Peru, and increase U.S. investment in Peru.

In 1991 the Peruvian Congress ratified the convention establishing the Multilateral Investment Guarantee Agency (MIGA) of the World Bank. Important investments, mainly of the mining and financials sectors, are covered by the MIGA.

Peru has concluded agreements for the promotion and protection of investments with more than 20 countries of Europe, Asia, and America. Negotiations to conclude these agreements with 23 more countries are underway. Peru also joined China's ambitious "Belt and Road" in June 2019.

#### 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

Fax: (202) 565-3380

Email: <http://www.exim.gov/contact>

Xiomara Creque, Acting Regional Director-Americas

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

Tel.: (202) 565-3477

U.S. International Development Finance Corporation (DFC)

1100 New York Avenue, NW

Washington, DC 20527

[info@dfc.gov](mailto:info@dfc.gov)

+1 (202) 336-8400

For the Western Hemisphere:

Jessica Bedoya Herman: [Jessica.BedoyaHermann@dfc.gov](mailto:Jessica.BedoyaHermann@dfc.gov)

Sabrina Teichman: [Sabrina.Teichman@dfc.gov](mailto:Sabrina.Teichman@dfc.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) 618-2240;

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](#). Travel information, regulations, and restrictions related to COVID-19 can be found on the Embassy'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 [State Department Consular Information Sheet for Peru](#). Passports must have a minimum of six months' validity at time of entry.

### **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](#).

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

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

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

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

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

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

[Peruvian Customs Information in English](#)

### **Currency**

The Peruvian local currency is the Peruvian Sol (PEN), and the average exchange rate in the first quarter of 2020 was 3.40 PEN to \$1, however the dollar came close to breaking an 18-year high in August 2020, hitting 3.58 soles to the dollar, its best since 2002. The dollar has appreciated nearly 8 percent against the sol since the beginning of 2020.

While major retailers, hotels and some restaurants accept credit cards, smaller businesses operate on a cash basis. Visa and MasterCard predominate where credit is accepted, but American Express is also accepted on a limited basis. Mobile payment applications (Venmo/Paypal) are yet to catch on. 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/Electronics**

Peru's telecommunications industry steadily modernized following the privatization of the national telephone company, which was bought by Telefónica de España (Telefonica) 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 percent 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.

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**

Due to the State of Emergency generated by COVID-19, regular international flights have been suspended since March 17, 2020. There are limited state-sponsored humanitarian flights operating. The GOP has not decided when to resume regular international flights.

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. Before the COVID-19 pandemic, direct flights from the United States to Peru were available from: Atlanta, Dallas, Ft. Lauderdale, Houston, Los Angeles, Miami, New York – Newark.

At the regional level, direct flights to Lima were available from: Bogota, Buenos Aires, Mexico City, Panama City, Quito, Rio, Santiago, Sao Paulo, Cartagena, Punta Cana, Cordova, Mendoza, Medellin, Cancun, San Jose, El Salvador, Guayaquil, La Paz, Santa Cruz, Asuncion.

Domestically, although there were daily flights between Lima and provincial cities, flights between provincial cities were extremely rare, and traveling between metropolitan areas will require a layover in Lima. Domestic routes have been drastically reduced in response to COVID-19.

#### **Airport Taxis**

Armed robberies, express kidnappings, carjackings, 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 as soon as one passes through Customs: MITSUI, Taxi 365 and CMV. Visitors can also 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 companies. 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 2024, will run from the industrial district in Ate to the port district of Callao.

#### **Ground Transportation**

Driving conditions in Peru differ from those found in the U.S. 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.

The Metropolitan system in Lima serves around 700,000 daily trips. The system is composed of Buses de Transporte Rápido - BRT of high capacity, exclusive corridors and stations; It has 35 intermediate stations, 1 underground central station and 2 transfer terminals. The trunk routes are integrated with the feeder routes and manage to connect the North and South of the city, linking 18 districts. The buses that circulate on the trunk road have the capacity to carry 160 passengers and have high quality standards in safety and technology including operation by natural gas.

### 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 literature for the Peruvian market should be translated into Spanish. Quechua and Aymara are most commonly spoken in the Andean highlands.

### Health

Medical care is adequate in Lima and in major cities, but of inconsistent quality elsewhere in Peru. Private, urban healthcare facilities are often better-staffed and better-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 COVID-19 pandemic has severely strained Peru's health system.

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.

### 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). Peru does not observe Daylight Saving Time. The format for writing dates is: day of the month, month, and year e.g. April 28, 2020 would be written as 28/04/2020.

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 from business visitors for social and business functions.

Official Peruvian Holidays:

New Year's Day	January	1	2020
Holy Thursday	April	18	2020
Good Friday	April	19	2020
Labor Day	May	1	2020
St. Peter and St. Paul	June	29	2020
Peruvian Independence Day	July	28	2020
Peruvian Independence Day	July	29	2020
Saint Rose of Lima	August	30	2020



Battle of Angamos	October	8	2020
All Saints Day	November	1	2020
Immaculate Conception	December	8	2020

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

Martin Luther King Day	January	21	2020
Presidents' Day	February	18	2020
Memorial Day	May	27	2020
Independence Day	July	4	2020
Labor Day	September	2	2020
Columbus Day	October	14	2020
Veterans' Day	November	11	2020
Thanksgiving Day	November	28	2020
Christmas Day	December	25	2020

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

The Customs authority SUNAT 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 as long as the items are for personal use and 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. Department of State's Smart Traveler Enrollment Program \(STEP\)](#)

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

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

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

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

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

[Peruvian Customs Information in English](#)



## **Investment Climate Statement**

The U.S. Department of State's Investment Climate Statements provide information on the business climates of more than 170 economies and are prepared by economic officers stationed in embassies and posts around the world. They analyze a variety of economies that are or could be markets for U.S. businesses.

Topics include Openness to Investment, Legal and Regulatory systems, Dispute Resolution, Intellectual Property Rights, Transparency, Performance Requirements, State-Owned Enterprises, Responsible Business Conduct, and Corruption.

These statements highlight persistent barriers to further U.S. investment. Addressing these barriers would expand high-quality, private sector-led investment in infrastructure, further women's economic empowerment, and facilitate a healthy business environment for the digital economy. To access the ICS, visit the U.S. Department of State's [Investment Climate Statement](#) website.

## **Political & Economic Environment**

For background information on the political and economic environment of the country, please click on the link to the U.S. Department of State [Countries & Areas](#) website.