

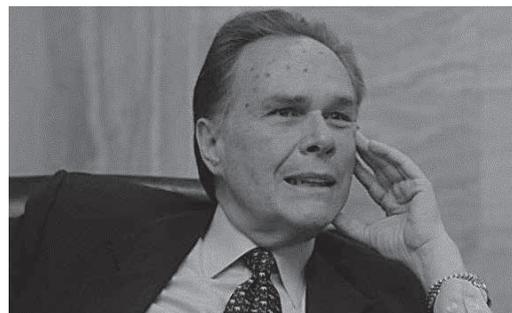


# Peru: a country of opportunities in Latin America

**Harold Forsyth**

**Ambassador of the Republic of Peru to Japan**

H.E. Mr. Harold Forsyth was appointed as Ambassador to Japan in April 2017. He has been a vice minister of Foreign Affairs and Ambassador to Peru in Colombia, Italy, United States and China. He also has been congressman (1995-2000) and founder of civil association "Transparency". He is a journalist and a diplomat.



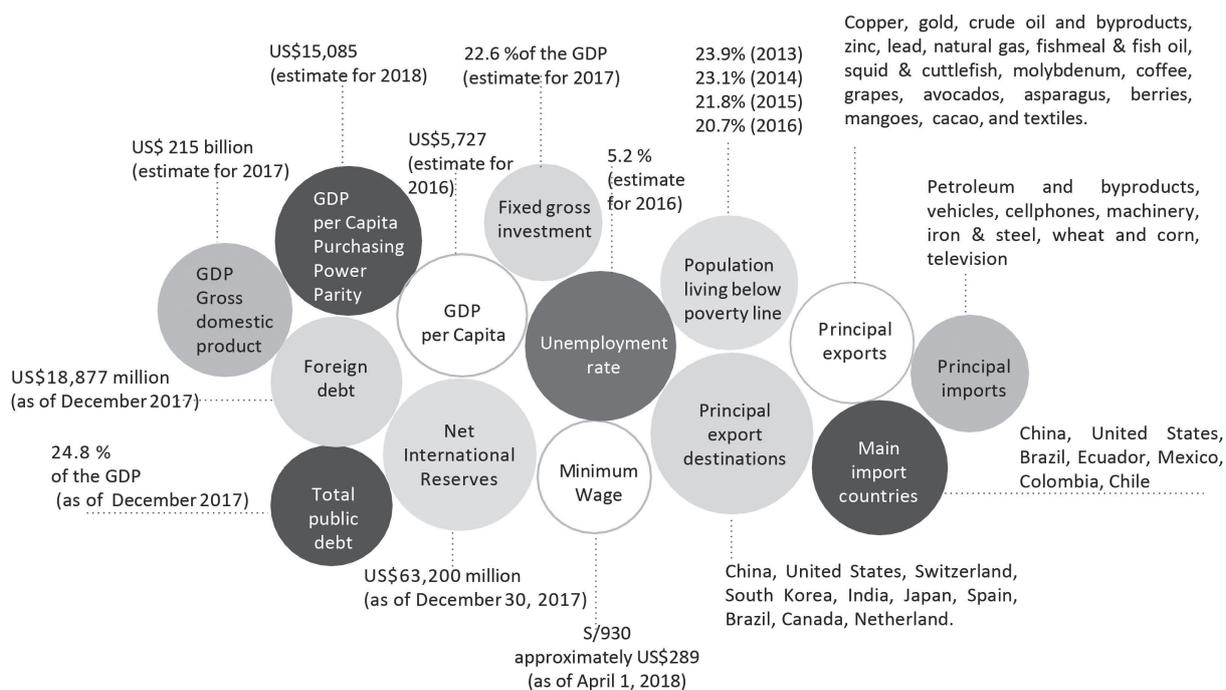
## Growing Economy

With an estimated population of 32.1 million, and rich deposits of copper, gold, silver, lead, zinc, natural gas, petroleum and urea, Peru is a very diverse country due to the climatic nature and cultural variation of its regions.

In recent years, Peru has achieved significant advances in social and development indicators as well as in macroeconomic performance, with very dynamic GDP growth rates, reduction of external debt, a stable exchange rate, inflation of 1.36% in 2017, which is even lower since 2010, and it is within the Central Bank's annual target range of 1% to 3%.

The country has had continuous economic and political stability since the early 1990's. The Peruvian economy is expected to have grown 124.6% between 2000 and 2016. This growth was largely driven by prudent macroeconomic policies, investor-friendly market policies and the government's intense trade liberalization strategies.

In 2017, Peru kept its macroeconomic strength being the only economy in the region that maintained its credit rating stable (Standard & Poor's, BBB+; Moody's, A3; Fitch, BBB+). In this way, the public and private sectors can access lower interest rates and various sources of financing to projects that close infrastructure gaps. Public investment grows for the first time in four years and



Sources: BCRP / Ministry of Economy and Finance (MEF) / Apoyo consultoría / International Labor Organization (ILO) / INEI / International Monetary Fund (IMF)

private one grows after three years. PPP (Public Private Partnerships) projects awarded in 2017 were US\$ 1.07 billion and the investment portfolio in 2018 is expected to be US\$ 4.51 billion in different areas as energy, health, natural gas, sanitation, IT, ports and railways. Recently, in last February, Michiquillay copper project was awarded, project that requires an estimated US\$ 2 billion investment.

We also had a favorable external sector in 2017, with increased external demand and high commodity prices and with recovery and strengthening of non-traditional exports. Peru's exports in 2017 were US\$ 44.2 billion, the biggest rise in America (22%) and the third in the world.

Peru is the first world producer of zinc, lead, molybdenum, fishmeal and fish oil; second in copper, fourth in tin, sixth in coffee and eighth in gold. Also we have strengthening of several agro products exports between 2011 and 2017, for example, quinoa (from 4th to 1st place), fresh avocados (from 5th to 2nd), blueberries (from 39th to 3rd), and fresh mangoes (from 5th to 3rd), among others, improved their ranking. We continue to be the first world exporter of fresh asparagus and maca; second in canned asparagus and Brazil nuts; fifth in preserved olives, sixth in fresh grapes.

## Peru – Japan Relations

This macroeconomic and commercial environment needs to be taking into account for Japanese investors who plan to invest in Peru. In addition to the traditional links between Peru and Japan, there is a political commitment of our Leaders to expand Japanese investment. The 2016 Joint Communique Abe-Kuczynski underlined the importance of development the infrastructure sector in Peru through Japanese firms.

Peru is a country that is growing, where the emerging middle class demands services and goods and the economic environment has been recovery driven by domestic demands and the gradual recovery of consumption. In that perspective and considering the retraction of Brazilian investment, the panorama seems favorable for new actors in the investment and commercial sectors in Peru.

Furthermore between our countries we had signed a Free

Trade Agreement (FTA) in force since March 1st 2012. We are also part of the Comprehensive and Progressive Agreement for Trans Pacific Partnership (CPTPP), and we are currently negotiating a Convention for the elimination of double taxation and the prevention of tax evasion and avoidance. All of these are elements in benefit of a favorable environmental investment.

## Challenges for 2018 and Beyond

Certainly there are big challenges for 2018 and beyond:

- Macroeconomic stability: consolidate and maintain it.
- Private investment: consolidate an environment of clear rules to attract investment, especially diversified investment.
- Public investment: achieving growth targets ensuring the quality of projects.
- Collection: improving revenues by promoting auditing and digitization.
- Competitiveness: continue an active strategy that promotes competitiveness.

In 2019 we will celebrate the 120th anniversary of the systematic Japanese immigration to Peru. Approximately 100,000 Nikkei are living in Peru and 48,000 Peruvians in Japan, contributing to the welfare of our nations. On the other hand, 2021 will be a milestone in Peru. My country will commemorate the Bicentennial of our Independence. Let's work together, trying with the support of Japanese investment, build a new country more inclusive, with high standards of education, health, in a democratic environment where everyone is proud to be descendent of an ancient civilization but with the eyes focused on a better future.



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