



2023: 150th Anniversary of Diplomatic Relations between Peru and Japan



Roberto SEMINARIO
Ambassador of the Republic of Peru to Japan

H.E. Roberto Seminario was appointed Ambassador to Japan in December 2021. He previously served as Permanent Representative of the Peruvian Delegation to FAO, FIDA and the PMA, as well as Ambassador to Indonesia, the Democratic Republic of Timor-Leste, the ASEAN, and Permanent Representative to the ICAO.

150 years Relationship

This year is particularly important for Peru and Japan. One hundred and fifty years ago, in August 1873, during the Meiji Period, both countries formally established diplomatic relations. Two decades later, on April 3rd, 1899, the Sakura Maru ship arrived at the Port of Callao (Peru), with 790 Japanese nationals in search of better horizons for themselves and their descendants. This marked the beginning of the intense history of immigration which is one of the special features of our nation's common journey.

During this long period, both countries have experienced significant changes. Japan has become, as a result of the efforts and unity of its people, one of the most advanced economies in the world, forging ahead in many areas of cutting-edge technology and innovation. For Peru, Japan is an important partner in the Asia-Pacific and the second most important Asian destination for Peruvian exports in 2022 (January-October). Japan is also one of the most relevant sources of investment and cooperation to Peru and both countries are partners in regional integration schemes such as APEC and the CPTPP. In addition, Japan supported Peru's bid to join the OECD, thus contributing to Peru's entering the accession process.

For its part, Peru has solid macroeconomic institutions and business-friendly policies that provide attractive opportunities for Japanese investment. It should be highlighted to potential Japanese investors that Peruvian legislation, at the Constitutional level, does not discriminate between national and foreign investors. In particular, Peru guarantees legal stability on taxation, especially regarding income and dividend regulations.

In addition, Peru has a low public debt-to-GDP ratio, significant international reserves, as well as a stringent Central Bank, which is independent and, according to the Peruvian Constitution, controls monetary policy. GDP is expected to grow 2.7 % in 2022 and even though currently there is a slowdown in domestic demand, dynamism is expected to increase supported by a higher volume of mining exports.

Mining

As the 2021 world's second-largest producer of copper and zinc as well as Latin America's second largest producer of gold, silver, molybdenum, mercury and cadmium, Peru is also an important producer of tin, lead, indium and selenium. The mining sector accounts for nearly 10% of Peru's GDP, and mineral export revenues reached USD 27.2 billion in 2021, representing 60% of Peru's total exports.

As one of the world's most important mining countries, Peru has around two hundred operative mining sites and 43 projects in different stages of development worth USD 53 billion. The mining sector is highly capital-intensive and therefore, the Peruvian government actively welcomes foreign investment. As a result, in 2021, investment in the mining sector exceeded USD 5.2 billion, surpassing the forecasted goal. Also, one important factor to note is that, due to its polymetallic endowment, Peru will play a relevant role in the global low-carbon economy as a supplier of minerals needed for electric vehicle production and environmentally friendly technologies.

Infrastructure

Another relevant sector for Japanese investment is Peru's



infrastructure. According to the National Infrastructure Plan, there is a USD 110 billion long-term gap, basically in the transportation system, sanitation, healthcare, telecommunications and electricity generation sectors. In order to fill this deficit, Peru is promoting public and private investment through various schemes, such as Public-Private Partnerships (Asociaciones Público-Privadas), Works for Taxes (Obras por Impuestos) and Government-to-Government agreements (G2G).

Public-Private Partnerships are implemented through long-term contracts. The ownership of the developed investments can be maintained, reversed, or transferred to the State, depending on the nature and scope of the project and the provisions of the respective contract of concession, operation, maintenance, or management. In the Work for Taxes modality, a private company executes projects prioritized by the national government, regional or local government entities, thus advancing the payment of their income tax.

The Agency for the Promotion of Private Investment - PROINVERSION, a specialized technical body of the Ministry of Economy and Finance, is in charge of promoting private investment through the abovementioned modalities. In its capacity as a private investment promotion agency, PROINVERSION is in charge of projects of national relevance or those that it receives at the request of the three levels of Government. The current project portfolio can be found at <https://www.investinperu.pe/>.

Agribusiness

Agribusiness is another sector of potential interest for Japanese companies. Peruvian agricultural exports reached USD \$9.2 billion in 2021. Due to its varied geography, modernization efforts introduced in recent years and business-friendly legislation, Peru has quadrupled its production land oriented to export

production. As a result, it offers the Japanese market a wide variety of fresh fruits like asparagus, mango, avocado, mandarin orange as well as organic banana, strawberry, golden berries, and blueberries. In addition, Peru is a unique source of Super Foods like quinoa, kiwicha, chía, maca, and sacha inchi as well as organic olive oil.

Textile

On the other hand, the Textile Sector in Peru contributes 0.7% of the national GDP. It comprises the manufacturing and finishing of fabrics made of Pima and Tangüis cotton, as well as fine vicuña and alpaca fibers, which have shown significant growth in recent years and command high international recognition for their superior quality. This sector is a potential niche for Japanese clients looking for suppliers of quality products and short delivery times.

Our Future

Peru and Japan, in 2023, will celebrate not only the common links that unite their peoples but also the potential possibilities of the journey ahead. In this regard, Peru is a reliable partner with an economy that offers possibilities for investment to Japanese conglomerates, as well as dynamic small and medium firms. At this moment of post-Covid recovery, new niches of investment and trade can be found in Peru and the first movers will find themselves well-positioned, with serious and committed partners in a secure cycle of growth.

Please be sure that the Embassy of Peru will welcome all inquiries and our staff will promptly arrange a meeting in which I personally will be glad to be your host.



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