

Peru: A Destination for Foreign Investment

Peru has the fastest growing economy in Latin America. Its unique and wide diversity, with a variety of micro-climates and magnificent natural resources, sets Peru apart. It has developed a solid economic and industrial background.

Thus, as of today, Peru is considered one of the world's leading emerging markets. Sixteen years of uninterrupted annual growth and well-defined legal framework defines the country as a surprising and excellent destination for investors, offering a great variety of investment possibilities.

The main factors creating new and better business opportunities for this emerging Andean country are:

- mining industry,
- infrastructure project developments,
- gastronomy, agribusiness and cultural tourism,
- middle class growth,
- solid macroeconomic fundamentals, and
- strong legal framework encouraging private investment.

Over the years, Peru has turned into one of the most attractive destinations for investment in mining. It has the winning combination that all successful investors look for worldwide based on its large deposits of mineral resources, while a very small percentage of the country's territory is being explored. Peru ranks among the worldwide top producers of copper, silver, gold, zinc, tin and lead.

Likewise, the lack of modern infrastructure facilities in the territory offers important opportunities for the development and modernization of highways, railway, port and airport infrastructure, among others. In addition, Peru is a country with high availability of hydric resources, natural gas and renewable energy, as well as hydrocarbon resources, with great investment opportunities.

Peru's southern hemisphere location has resulted in an important growth for its agribusiness industry. Its wide biodiversity and climate conditions allow the supply of off-season products to the world market. Our country is a significant worldwide player for

asparagus, coffee, cacao, bananas, grapes, quinoa, mangoes, citrus, avocados and blueberries.

Finally, as it is well known, Peru is the Land of the Inkas, with amazing archaeological monuments, biodiversity, cultures and gastronomy, offering its tourists a wide spectrum of experiences and adventures, becoming a world-class destination attracting investors.

But none of these investment opportunities will work without the appropriate framework. Peruvian constitutional and legal framework opens our economy to private investment, which is exercised in the context of a social market economy, governed by the law of supply and demand. This means that, in general terms, prices for goods and services are fixed by market, repressing any conduct that restricts it.

Peru has established several principles to entice foreign investment and provide stability and continuance to all investors. The most significant measures are:

- acknowledgment of a nondiscriminatory treatment compared to national investors,
- freedom of trade and industry,
- property rights guarantees,
- free possession of local/foreign currencies,
- use of the most favorable currency exchange rate,
- freedom to re-export any capital investment and remittance of profits after taxes,
- unlimited access to domestic credit,
- freedom to hire technology and remittance of royalties, and
- entering into legal stability agreements with the government guaranteeing legal and tax stability, including companies receiving their investments.

Another example of Peru's commitment to boost foreign investment is the existence of the Peruvian Private Investment Promotion Agency, ProInversion, the agency responsible for promoting and facilitating private investment. This agency assists investors in the prospection and establishment stages of their projects. ProInversion also implements processes to promote investment in infrastructure and public utilities projects, through publicprivate partnerships, identified by national or regional governments, or as a response to proposals made by investors.

ProInversion's portfolio contains projects that contribute to improving the connectivity and competitiveness of Peru and, at the same time, addresses the requirements for social

infrastructure. All of these measures are aimed at maintaining a favorable investment environment, which is the key growth driver of Peru.

On the international arena, Peru has worked to secure the most amicable environment, by prioritizing the development of an ideal infrastructure to increase competitiveness and to create a geographic space that can be integrated to the world. The latest is the Free Trade Agreement that has consolidated Peru's opening and economic integration toward the Asia-Pacific markets, in addition to various Bilateral Investment Agreements, Free Trade Agreements and agreements preventing double taxation.

In an effort to strengthen and consolidate Peru's image as an attractive destination for investments, it has deliberately put in place a well-defined framework giving sufficient comfort and equal treatment to investors, regardless of nationality, guaranteeing them the free possession of different currencies and the freedom to remit abroad their investments and gains without governmental approvals.

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