

Peru



KEY FACTS

- Official name:** República Peruana (Peruvian Republic)
- Head of State:** President Ollanta Moisés Humala Tasso (from 28 Jul 2011)
- Head of government:** Prime Minister Juan Jiménez Mayor (from 23 Jul 2012)
- Ruling party:** Coalition led by Gana Perú (Win Peru) (from 28 Jul 2011)
- Area:** 1,285,216 square km
- Population:** 30.47 million (2012)*
- Capital:** Lima
- Official language:** Spanish, Quechua and Aymara
- Currency:** Nuevo sol (S/) = 100 centimos
- Exchange rate:** S/2.78 per US\$ (Jul 2013)
- GDP per capita:** US\$6,530 (2012)*
- GDP real growth:** 6.28% (2012)*
- GDP:** US\$199.00 billion (2012)*
- Labour force:** 4.70 billion (2010)
- Unemployment:** 6.75% (2012)* (plus additional underemployment)
- Inflation:** 3.65% (2012)*
- Oil production:** 107,000 bpd (2012)
- Natural gas production:** 12.90 billion cum (2012)
- Balance of trade:** US\$10.00 billion (2011)
- Annual FDI:** US\$8.23 billion (2011)

* estimated figure

In its February 2013 assessment of the Peruvian economy the International Monetary Fund (IMF) noted that Peru's macro-economic performance over the past decade had been exceptional. After a period of prudent macro-economic policies, ambitious structural reforms, positive terms of trade and large foreign direct investment (FDI), Peru had emerged as one of the fastest growing and most stable economies in the region. Over the period 2002-12, the Peruvian economy almost doubled in size, gross domestic product (GDP) grew at an average annual rate of 6.33 per cent (the highest 10-year average growth in Peru's history

according to the IMF) and the annual inflation rate fell to 2.75 per cent on average (the lowest in Latin America). During the same period the public debt to GDP ratio fell by more than half to less than 20 per cent of GDP.

According to the IMF, the Peruvian economy weathered the global financial crisis of 2008-09 relatively well. The economy was only temporarily affected by the global crisis due to a well-designed contra-cyclical policy response that prevented a credit crunch, supported economic activity and sustained employment. In particular, the Banco Central de Reserva del Perú (BCRP) (central bank)

dropped its policy rate by 525 basis points to 1.25 per cent in 2009 and the ministry of finance and economy (MEF) engineered a fiscal impulse of about 1.25 per cent of GDP. The rapid policy response managed to contain the deceleration in real GDP growth to one per cent in 2009 and the economy responded to the expansionary policies growing by 8.75 per cent in 2010. As the policy stimulus was phased out during the second half of 2010 and 2011 – with BCRP raising the policy rate gradually to 4.25 per cent and MEF implementing a fiscal withdrawal of 1.75 per cent of GDP – economic growth moderated to 7 per cent in 2011. Economic growth gradually slowed toward potential in 2012 with GDP growth estimated to have moderated further to 6.3 per cent for the whole of 2012, with the output gap closing by end-2012.

Activity has been driven by investment, as the weak external environment took a toll on exports. This was driven by an acceleration of public investment, which expanded by 29.25 per cent in real terms in the first three quarters of 2012 (compensating for an unexpected fall of a similar magnitude in 2011), while private investment grew by 14.5 per cent in real terms (particularly in construction). Private consumption supported the economic expansion by growing about 6 per cent in real terms in the same period. Altogether, domestic demand expanded by 7.5 per cent

in real terms during the first three quarters of 2012, surpassing real GDP growth of 6.3 per cent. Net exports remained a drag on economic growth as annual export growth decelerated to 5.25 per cent in real terms in the first three quarters of 2012 (from around 9 per cent the year before) due to lower external demand and weak export prices, while import growth remained strong, at around 11 per cent in real terms in the same period.

Headline inflation reached 4.75 per cent by end 2011 due to supply shocks associated with higher food and fuel prices and continued above the upper limit of the inflation target band (1-3 per cent) during the first ten months of 2012 (like other emerging economies). However, inflation declined to 2.75 per cent by end-2012, as the adverse supply shocks unwound. Core inflation (excluding food and fuel items) was well within the inflation target band during 2011-12 and remained subdued, at slightly below two per cent. Inflation expectations remained well anchored at 2.5 per cent for 2013 on account of the strong inflation targeting framework. Peru's fiscal stance was tighter than envisaged in the 2012 budget. The non-financial public sector (NFPS) overall surplus was estimated to have reached over 2 per cent of GDP in 2012 (higher than the one per cent surplus included in the 2012 budget), due to higher than forecast revenues and lower budget implementation despite efforts to

accelerate public sector investment. The IMF estimated the fiscal impulse to have been negative by about 0.5 per cent of GDP in 2012 while there was a small positive output gap.

Humala shuffles

After a year in power, in mid-2012 President Ollanta Humala had felt obliged to reshuffle his cabinet, principally to address the anti-mining protests that had sprung up in the Andean province of Cajamarca. The highest profile change in the reshuffle was the dismissal of Prime Minister Oscar Valdés, replaced by Justice Minister Juan Jiménez Mayor, thought to be a better, or more conciliatory, negotiator. On assuming his new post, Mr Jiménez described the new line-up as a 'Cabinet of dialogue', adding that the administration 'did not want any more deaths.' This was a reference to the 15 civilian deaths that had occurred in the previous year. In July 2012 the Peruvian police had killed five demonstrators during protests at the Yanacocha mine in Cajamarca. The brutal treatment of protesting miners contrasted sharply with the lowering of the sentence given to former President Fujimori's head of intelligence, Vladimiro Montesinos, as well as that of the former military members of the so-called *Colina* group, following the Supreme Court's ruling that their crimes were not crimes 'against humanity'.

A family at war?

The first half of 2012 saw a growing family scandal caused by the treatment of President Humala's younger brother, Antauro, who was serving a 19 year jail sentence for a violent assault on a police station during the military uprising against President Alejandro Toledo in 2005. The scandal erupted when it emerged that the incarcerated Antauro Humala was enjoying remarkable privileges in jail. A Peruvian television channel had shown footage of the President's imprisoned brother smoking marijuana, using a mobile telephone and receiving visits from young ladies. It also transpired that the prisoner had been moved from a high security prison to an army barracks. Within hours of the television broadcast, Antauro Humala gave an apparently unauthorised interview in which he criticised his brother the President for being no more than the *guachimán*, or night watchman of the Presidential palace. He capped these remarks by announcing that his objective was to become president himself in 2016.

KEY INDICATORS		Peru				
	Unit	2008	2009	2010	2011	2012
Population	m	28.70	29.10	*29.46	*30.01	*30.47
Gross domestic product (GDP)	US\$bn	127.40	126.80	152.80	173.50	*199.00
GDP per capita	US\$	4,446	4,356	5,172	5,782	*6,530
GDP real growth	%	9.8	0.9	8.8	6.9	*6.3
Inflation	%	5.8	2.9	1.5	3.4	*3.7
Unemployment	%	8.4	8.3	7.9	7.7	*6.8
Industrial output	% change	10.1	-2.4	11.1	-	-
Agricultural output	% change	7.2	1.7	3.2	-	-
Oil output	'000 bpd	120.0	145.0	157.0	153.0	107.0
Natural gas output	bn cum	3.4	3.5	7.2	11.4	12.9
Exports (fob) (goods)	US\$m	31,529.0	26,885.0	35,565.0	46,268.5	-
Imports (fob) (goods)	US\$m	28,439.0	21,011.0	28,815.0	36,264.0	-
Balance of trade	US\$m	3,090.0	5,873.0	6,750.0	10,004.5	-
Current account	US\$m	-4,722.0	248.0	-2,315.0	-3,340.7	*-7,135.0
Total reserves minust gold	US\$m	30,271.5	32,012.6	42,647.9	44,448.1	*62,300.3
Foreign exchange	US\$m	30,262.5	30,999.8	41,652.8	43,346.1	*61,167.8
Exchange rate	per US\$	2.92	3.01	2.83	2.78	2.58

* estimated figure

On the back foot, President Humala lost no time in responding to his errant brother's remarks, claiming that he would never have given any order benefiting any prisoner and that this was a 'corrupt act' by a judiciary that he had inherited. The President added that it was well known he did not share any of the views expressed by his brother. However, the family differences did not end there. The President's elder brother, Ulises sprang to the defence of Antauro, asking 'who hasn't smoked marijuana?' Ulises said that the scandal of the television footage was a storm in a teacup and anyway represented an intrusion into his imprisoned brothers' privacy. Responding to President Ollanta Humala's statement that he had distanced himself from his brother, Antauro, Ulises Humala said that he had the impression that 'if Ollanta could change his surname, he would. If he could say that he was the neighbour's son, he would.' He went on to observe that who was running the country was not his brother, but his sister-in-law, the wife of the President, Sarah (aka 'Nadine') Heredia.

Nadine – the good wife?

Mrs Humala is 14 years younger than her husband and considered by many Peruvian politicians and analysts to be the power behind the throne. Mr Humala's charismatic wife had been constantly at his side during the presidential campaign. If Humala represents the more visible, more acceptable face of the new Peruvian administration, his wife is more than an attractive companion. In the view of many, including it seemed, the President's elder brother Ulises, it was Nadine who was running the Presidential show. In Peru's early 2012 popularity polls, Ms Heredia had run level with her husband on 59 per cent. After the Antauro scandal, however, President Ollanta had fallen behind, down to 53 per cent.

US State Department cables released by Wikileaks show former US ambassador to Peru, Peter Michael McKinley describing Nadine as the 'political brain of Humala.' Ambassador McKinley was also reported as observing that in meetings where Nadine was not present Humala appeared to be much more relaxed and able to speak freely on a number of topics. It was also reported that a number of key appointments within the administration were made at Nadine's insistence. The opposition *Fujimorista* party have not minced their words in criticising Nadine. In April 2011 Irma Monte, director of the Fuerza 2011 (Force 2011) movement weighed in:

'Definitely, Ollanta is dominated by Nadine Heredia. She is the political force in his government's plan. She is more dangerous than him and thinks radically. She comes across as problematic, looking for opportunities for insurgency and a revolution in popular thinking.' Nadine has rebutted the accusations, saying 'they have made me the advisor, even the general. But all I am is a person of confidence; naturally, I am his wife.' Nadine's background is straightforward enough; she studied communications in the University of Lima, followed by a masters degree in sociology at Lima's Catholic University of Peru. In her student days she appears to have held left-wing views. Interestingly, as is the case with her husband, in her schooldays she and her schoolmates were obliged to render homage to the Inca Empire.

Mrs Humala's left wing views may have been suppressed or put on hold following her husband's success. But reports published in 2009 suggested that she enjoyed close links with Hugo Chávez's government in Venezuela. Venezuelan internet blogs had reported in 2009 that Nadine Humala was paid US\$4,000 per month as the 'Lima correspondent' of the Caracas *Daily Journal*. For any foreign correspondent to be paid as much as US\$4,000 was surprising; all the more-so in the case of the pro-Chávez *Daily Journal* which lacked as much as a paid circulation. It also appeared that not a single article had appeared carrying the by-line of Nadine Humala or Nadine Heredia. The Venezuelan leader had, it was thought, seen Mr Humala joining the ranks of Chávez sympathisers alongside Bolivia's Evo Morales and Christina Kirchner. In the event, Mrs Humala's role model of preference was not that of Venezuela but rather of Brazil.

The unorthodox political antecedents of Ollanta Humala are also worthy of consideration. His father, Isaac Humala founded a creed called *emocacerism*, named after one Avelino Caceres a hero of Peru's war against Chile in the late nineteenth century. The slogan of the creed, or movement, was 'America for the Americans', which meant, in the usage of the day, the native Americans. Bolivia's leader, Evo Morales, has inadvertently picked up on some of the themes of Humala père.

A number of the social programmes introduced or planned by the Humala government are closely modelled on those of Brazil. In addition to the increase in the minimum wage, the government also planned to introduce a non-contributory

basic pension of some US\$90.00 per month for the elderly, a state run child-care programme and more scholarships for Peruvian students wishing to study abroad. A gradual introduction of all these programmes meant that the cost to the Peruvian exchequer in the first year would be contained at a modest US\$275 million.

Hydrocarbons

Increases in the production of natural gas and the opening of South America's first liquefied natural gas (LNG) plant have enabled Peru to become a natural gas exporter despite rising domestic consumption. Peru has the potential to be a significant producer of both natural gas and petroleum due to its untapped reserves and rising investments by international companies. Government policies aimed at attracting foreign investment should result in increased production for both export and domestic use. In addition, other policies to increase energy security by promoting energy efficiency and by using natural gas and hydropower resources for electricity generation, have been implemented.

According to the *British Petroleum Statistical Review of World Energy June 2013* Peru had 1.2 billion barrels of proven oil reserves at the end of 2012. The US government Energy Information Administration (EIA) notes that much of Peru's proven oil reserves are onshore and the majority of these onshore reserves are in the Amazon region. Eleven important new hydrocarbon discoveries have occurred in just the past few years. In 2005, Peru's first offshore oil discovery occurred in the San Pedro well in Block Z-2B, where light oil was found. The largest recent discoveries have been in the offshore Talara and onshore Marañon basins, where 1.4 billion and 970 million barrels, respectively, of recoverable oil have been discovered.

Oil companies have leased at least 41 per cent of the Peruvian Amazon for oil and gas drilling and could soon hold 70 per cent, including areas that are officially protected for the indigenous people, as more contracts are signed with foreign investors. The current exploration boom is the second to hit this region, following an initial surge of exploration in the 1970s and 1980s.

Oil production in Peru is run by foreign consortia, with the National Agency of Hydrocarbons (Perupetro) overseeing all exploration and production activities. The ministry of energy and mines also

participates in developing planning and policies for the sector. According to Perupetro, 75 per cent of Peru's crude oil output in 2011 was produced by three companies: Argentina's Pluspetrol, Brazil's Petrobras and Peru's Savia (formerly Petrotech).

Not to be confused with Perupetro, Petroperú is a state-owned company founded in 1969, which is engaged in the production, transport, refining and distribution of petroleum. Petroperú owns Peru's pipelines and other transportation systems, four of its refineries and fuel stations.

According to BP estimates, Peru produced 107,000 barrels per day (bpd) of total oil in 2012, down slightly from the 110,000bpd produced in 2011. Peru is however, a net oil importer of both crude and products as domestic petroleum consumption is increasing and reached 212,000bpd in 2012. Much of Peru's crude oil imports come from Ecuador.

While many of Peru's existing oilfields are in decline, unexplored reserves of crude oil and natural gas liquids hold the potential for increased production. According to Perupetro, only 24 per cent of Peru's crude oil currently comes from onshore fields, while almost all NGL production comes from onshore fields. *Business Monitor International's* (BMI) January 2012 forecast projects that Peru's oil production will more than double over the next five years, to 350,000bpd in 2016. Perupetro expects oil production to exceed 500,000bpd by 2021, driven by production from new discoveries.

According to BP, Peru had proven natural gas reserves of 0.4 trillion cubic metres (tcm) at the end of 2012, the fifth largest reserves in South America. Peru's main natural gas reserve is the large Camisea project in south-east Peru. Since production began in 2004, Camisea output has grown by an average of 37 per cent per year and it is expected that when site exploration is complete, Peru's proven reserves will be up by another 318 billion cubic feet (bcf).

Other new major gas fields include lot 76 in Madre de Dios and Block 58 in the Ucayali basin, both onshore. Lot 76, located in southern Peru, is being explored by Hunt Oil and some estimates suggest this field could be as large as Camisea. Block 58, located in central Peru, was discovered by Petrobras in 2010 and is believed to contain some 1.7tcf of natural gas.

Perúpetrol negotiates, signs and supervises licence agreements for the

exploration and production of hydrocarbons in Peru, in accordance with the objectives, policies and strategies of the ministry of energy and mines. The major gas companies operating in Peru include Argentina's Pluspetrol, the US's Hunt Oil, Spain's Repsol, South Korea's SK Corp, Italy's Tecpetrol and Algeria's Sonatrach. Pluspetrol operates the natural gas wells at Camisea, making it the largest hydrocarbons producer in the country.

The distribution of natural gas through pipelines within Peru is controlled by the private consortium Transportadora de Gas Peruano (TGP), made up of Tecgas, Pluspetrol, Hunt Oil, SK Corp, Sonatrach and Grana y Montero.

Peru produced 12.9bcm of gross natural gas in 2012, including some 110bcf which was reinjected for enhanced oil production and some 8bcf of which was vented and flared.

Peru's domestic consumption of natural gas has also risen sharply in recent years, from under a billion cubic metres (bcm) in 2004 to 7.5bcm in 2012, driven by government incentives, economic growth and the growing number of gas-fired electricity plants, which account for two-thirds of domestic natural gas consumption in Peru.

In 2009, unconventional gas was found in the Devonian shale beneath the Santa Rosa 1X well, which was drilled by Maple Energy in its Block 31E. Shale gas has not been previously developed in Peru and Maple Energy is continuing to evaluate the commercial opportunity at Santa Rosa.

Risk assessment

Politics	Fair
Economy	Fair
Regional stability	Poor

COUNTRY PROFILE

Historical profile

1500s The Inca empire stretched from the Pacific Ocean east to the sources of the Paraguay and Amazon rivers and from the region of modern Quito in Ecuador south to the Maule River in Chile.

1532 Francisco Pizarro of Spain led an armed expedition into the region. Weakened by a civil war over succession to the throne, the Inca Empire was easily overturned by the Spanish.

1542 The vice-royalty of Peru was established with Lima as its capital.

1569 Francisco de Toledo was appointed by the Spanish crown to administer the colony. He established a harsh, repressive system of government that ensured political stability by co-opting indigenous

people as low-level officials. The system of government lasted for almost 200 years.

1820 José de San Martín led an invasion army into Peru with the support of rebel Chilean troops in a regional war against Spanish imperial rule.

1821 Peru became independent from Spain after San Martín's forces captured Lima.

1824 Simón Bolívar (who later led Bolivia to independence) became head of state of a centralised state, which included a unicameral legislature.

1826 Bolívar left Peru, which was subsequently ruled by a series of military commanders.

1845 Ramón Castilla became president, ensuring a period of stability and economic development.

1860 Peru adopted a liberal constitution for the first time.

1864 Peru went to war with Spain over control of the guano-rich Chincha Islands. Aided by Ecuador, Bolivia and Chile, Peru defeated the Spanish.

1879–84 Peru backed Bolivia in the War of the Pacific with Chile, but Chile invaded Peru and occupied Lima.

1884 The Treaty of Ancón was signed with Chile. Peru's nitrate-rich province of Tarapacá was handed over to Chile, which also occupied the provinces of Tacna and Arica. The poor state of the nation's economy, weakened by war and the loss of resource-rich regions, undermined governments for the next 30 years.

1895 Civilian rule began, although it was tainted by corruption and economic mismanagement.

1919 President Augusto Leguía launched an *autogolpe* (self-coup), against his own government in order to abolish democratic rule and establish a dictatorship.

1924 The Alianza Popular Revolucionaria Americana (APRA) (American Revolutionary People's Alliance), the country's first mass-based political party, was formed and led by Haya de la Torre.

1930 Leguía was overthrown by a group, including the military, the ruling oligarchy and APRA. A tripartite system of government was formed between the three groups; APRA soon left the alliance to lead a series of popular uprisings. In the early 1930s, APRA was banned.

1933 Luis Miguel Sánchez Cerro, president since 1931, was assassinated. The Congress appointed General Benavides as president.

1939 Manuel Prado y Ugarteche (a moderate) was elected president; he relaxed the government's attitude to APRA.

1945 Free elections took place and José Luís Bustamante y Rivero won the presidency.

1948 General Manuel Odría, staged a *coup d'état*. His military *junta* banned the APRA.

1962 The APRA became the largest party in congress, but fell short of the one-third required to form a government. It entered into a coalition with former military leader Manuel Odría and his supporters. The military seized power and called new elections.

1963 The election of Fernando Belaúnde Terry as president marked the beginning of a brief period of genuine democracy in Peru.

1968 Belaúnde nationalised Standard Oil's Peruvian subsidiary, the International Petroleum Company (IPC). General Juan Velasco Alvarado led a palace coup that removed Belaúnde from office. The military *docenio* (12-year rule) began.

1970s The Maoist *Sendero Luminoso* (Shining Path) terrorist group was formed by Abimael Guzman.

1975 Velasco was removed from office by General Francisco Morales Bermúdez.

1978 A Constituent Assembly was elected, with leftist parties winning an unprecedented 36 per cent of the vote, although APRA won most of the seats.

1979 A new constitution was promulgated, which provided for free elections to be held every five years.

1981 Belaúnde returned to power after fresh elections enabled by the new constitution. The Peruvian economy was in a weak state, aggravated by the guerrilla group, Shining Path, which attacked rural areas and imposed its rule on villages.

Military efforts to eliminate Shining Path were ineffectual. It is estimated that over 70,000 people were killed during the insurgency led by Shining Path. Debt repayment was suspended and Peru was denied further international loans.

1985 Alan García Pérez (APRA) won the presidential election. He campaigned to remove the military and police 'old guard'.

1987 Peru faced bankruptcy; writer Mario Vargas Llosa and his New Libertad movement blocked plans to nationalise banks.

1990 Alberto Fujimori won the presidential election. Under international pressure he introduced a programme of sweeping economic reforms by removing state subsidies, privatising state-owned assets and reducing state involvement in virtually all aspects of the economy. These measures reduced inflation and increased growth.

1992 Guzman, the leader of the Shining Path, was captured. Fujimori instigated an *autogolpe*. He suspended the constitution, dismissed the National Assembly and assumed wide emergency powers, appointing ministers to a new, smaller, unicameral chamber. The economy had

begun to recover but regional disparity had increased.

1993 The constitution was reinstated with some amendments.

1995 President Fujimori was elected for a second term. Several setbacks undermined his position including the collapse of foreign direct investment due to the worldwide effects of the Asian financial crisis, and the damage to agriculture from *El Niño*.

2000 Fujimori was sworn in for a third presidential term – after much-criticised elections – without a controlling majority in the National Congress. Fraud tainted his presidency and a bribery scandal prompted him to flee to Japan, from where he resigned. Valentin Paniagua became caretaker president.

2001 Alejandro Toledo won the presidential election and his party, Perú Posible (PP), won the congressional elections.

2002 Power was devolved with the election of 25 regional presidents. The centre-left APRA, led by former president Alan García Pérez, took 12 of the 25 regional presidencies.

2003 Toledo's presidency lost its popular support. He dismissed Beatriz Merino as prime minister and appointed Carlos Ferrero Costa.

2004 President Toledo reshuffled his cabinet for the fifth time since coming to power.

2005 Prime Minister Carlos Ferrero. Pedro Pablo Kuczynski became prime minister. Former President Fujimori was arrested in Chile.

2006 Alan García Pérez (APRA) won a second (not-consecutive) presidential election. An APRA-led coalition government was formed. Abimael Guzman, (Shining Path), was retried for terrorism and sentenced to life imprisonment. An earthquake struck south of Lima, killing hundreds and demolishing many buildings along the coast near the epicentre.

2008 The entire cabinet resigned following an oil scandal, when audio tapes implicated ministers in bribe taking. President García appointed Yehude Simon Munaro, a popular left-wing regional governor, as prime minister.

2009 A free trade agreement (FTA) with the US was ratified. Negotiations for the FTA had been completed in 2006 but ratification was held up over US concerns about labour-rights and Peruvian government environmental policies regarding risks to the Amazon rain forest. Following protests and a month-long blockade of roads, rivers and fuel pipelines, which culminated in violence between indigenous Amazonians and police in which 34 people were killed, the national congress repealed land laws that had allowed logging, oil and natural gas exploration

and other developments in the Amazon rainforests. Prime Minister Yehude Simon resigned; Javier Velásquez Quesquén was appointed as prime minister.

2010 A new political party, to represent the interests of the indigenous Amazon Indians, was launched. The objectives of the Alianza para una Alternativa para la Humanidad (APHU) (Alliance for an Alternative for Humanity) is to campaign to protect both the rights of the aboriginal inhabitants and their rainforest home in the Andes Mountains and Amazon region. President García appointed José Antonio Chang as prime minister. Coca farmers overran the power plant in the regional capital, Pucallpa, for several hours, in protest at plans to destroy their coca crops. The UN estimated that cultivation of Peruvian coca rivals that of Colombia, the farmers (*cocaleros*) claim the leaves of the coca plant have been chewed by indigenous people for many centuries.

2011 In March Prime Minister José Chang resigned and Rosario Fernández was sworn in as prime minister. The conservative, Partido Nacionalista Peruano (PNP) (Peruvian Nationalist Party) formed a coalition to contest the elections, under the name Gana Perú (Peru Wins). Elections for the congress were held in April, in which the Gana Perú coalition (of two parties) won 25.27 per cent of the votes (47 seats out of 130) and Fuerza 2011 (Fuerza) (Force 2011) coalition (of two parties) won 22.96 per cent (37 seats). Ten candidates contested the presidential election held at the same time. Former army officer, Ollanta Humala Tasso (Gana Perú) won 31.7 per cent of the vote, his closest rival Keiko Fujimori Higuchi (daughter of disgraced ex-leader Alberto Fujimori) (Fuerza) 23.5 per cent. However, as no candidate won the minimum 50 per cent of votes a run-off took place in June, in which Humala won 51.49 per cent and Fujimori 48.51 per cent. Humala was sworn-in in July; he appointed Salomón Lerner (independent) as prime minister. In August, Brazilian authorities feared that a remote indigenous tribe, photographed for the first time in the Amazon in 2008, had had their land and village 'invaded and looted' by 'Peruvian drug traffickers' and many killed. Prime Minister Salomon Lerner resigned in December, following a week of street protests objecting to a huge, open-cast gold and copper mine in the northern, Cajamarca region. The violence resulted in a state of emergency as the demonstrations hindered Peru's biggest project that had attracted US\$4.8 billion alone in foreign direct investment (FDI). President Humala appointed Óscar Valdés as prime minister.

2012 Shining Path leader, Florindo Eleuterio Flores, known as Comrade Artemio, was captured in early February and brought to Lima. He had been badly wounded following a skirmish with the national army in the Alto Huallaga valley, a hotspot for rebel activity and a centre of cocaine production. In late February, the suspected new leader, Walter Diaz, was captured. On 23 July Prime Minister Valdés resigned and the president appointed Juan Jiménez as his head of government. On 13 November the US returned the last of the artefacts found by US archaeologist Hiram Bingham in Machu Picchu in 1911 and taken to the US. An agreement for the return of the artefacts had been signed in 2010. 2013 On 6 June former Shining Path leader, Florindo Flores (Comrade Artemio), was found guilty of terrorism, drug trafficking and money laundering. He was jailed for life and ordered to pay a fine of US\$183 million. Peru came the top producer of coca leaves in 2013, ousting Colombia.

Political structure

Constitution

Peru's constitution dates from 29 December 1993. The country is divided into 25 regions which each elect a president once every five years. Regions are divided into provinces, which in turn are divided into districts governed by mayors elected by direct popular vote every three years. The voting age is 18 years.

Form of state

Presidential democratic republic

The executive

Executive power is vested in the president, who is elected for a five-year term by universal adult suffrage. The president governs with the assistance of a prime minister and an appointed Council of Ministers. The prime minister is president of the Council of Ministers.

National legislature

The unicameral Congreso de la República (Congress of the Republic) has 120 members, directly elected by proportional representation, for five-year terms. Voting is compulsory for those aged 18–70.

Legal system

The judiciary consists of a 16-member Supreme Court, the ministry of justice and the nine-member Constitutional Court. By constitutional right the judiciary is entitled to at least 2 per cent of the central government budget. Members of the Supreme Court are appointed by the president. The posts are permanent, but members of the court must be aged over 50 and retire at 70.

Last elections

10 April 2011 (parliamentary); 10 April and 5 June 2011 presidential, first round and runoff)

Results: Parliamentary: Gana Perú (Peru Wins) won 25.27 per cent of the votes (47 seats out of 130), Fuerza 2011 (Fuerza) (Force 2011) 22.96 per cent (37), Alianza Electoral Perú Posible (AEPP) (Electoral Alliance for a Possible Peru) 14.83 per cent (21), Alianza por el Gran Cambio (AGC) (Alliance for a Great Change) 14.41 (12), Alianza Solidaridad Nacional (ASN) (National Solidarity Alliance) 10.21 (nine), Alianza Popular Revolucionaria Americana (Apra) (Popular American Revolutionary Party) 6.42 per cent (four); seven other political parties each won less than 2 per cent and fail to win any seats. Presidential, first round: Ollanta Humala Tasso (Gana Perú) won 31.7 per cent of the vote, Keiko Fujimori (Fuerza 2011) 23.5 per cent of the vote, Pedro Pablo Kuczynski (PPK) 18.5 per cent, Alejandro Toledo (Perú Posible) 15.6 per cent, and Luis Castañeda (Solidaridad Nacional) 9.8 per cent; five other candidates each won less than 1 per cent. Second round: Humala won 51.49 per cent, Fujimori 48.51 per cent.

Next elections

2016 (presidential and parliamentary)

Political parties

Ruling party

Coalition led by (Gana Perú) (Win Peru) (from 28 Jul 2011)

Main opposition party

Fuerza 2011 (Fuerza) (Force 2011)

Population

30.47 million (2012)*

Conditions are very poor for Peru's highland farmers, but tend to be better in most urban areas.

Last census: 21 October 2007:

27,412,640

Population density: 20 inhabitants per square km. Urban population 77 per cent (2010 Unicef).

Annual growth rate: 1.5 per cent, 1990–2010 (Unicef).

Internally Displaced Persons (IDP) 60,000 (UNHCR 2004)

Ethnic make-up

45 per cent indigenous, 37 per cent mestizo, 15 per cent white, 3 per cent black, Asian or other.

Religions

Catholic (95 per cent), others (5 per cent).

Education

Adult literacy is relatively high in Peru. The 9 per cent difference in male and female literacy reflects the gender division in education provision.

The government provides free education for children up to the age of 15. Primary

education lasts for six years, with secondary education divided into two stages of three and two years each. In rural areas, 40 per cent of the children traditionally help in the fields, with all but a few abandoning their schooling.

Literacy rate: 85 per cent adult rate; 97 per cent youth rate (15–24) (Unesco 2005).

Compulsory years: Six to 15

Enrolment rate: 123 per cent gross primary enrolment of the relevant age group (including repeaters); 73 per cent gross secondary enrolment (World Bank).

Pupils per teacher: 27 in primary schools

Health

About three million people are in the pension and health schemes administered by the state-owned Peruvian Institute of Social Security (IPSS). Salaried workers are obliged to contribute to the scheme, which provides free health care.

The health ministry budget covers health care for those outside the IPSS system. A small charge is made for treatment under this service.

HIV/Aids

HIV prevalence: 0.5 per cent aged 15–49 in 2003 (World Bank)

Life expectancy: 71 years, 2004 (WHO 2006)

Fertility rate/Maternal mortality rate: 2.5 births per woman, 2010 (Unicef)

Child (under 5 years) mortality rate (per 1,000): 18 per 1,000 live births (WHO 2012); 8 per cent of children aged under five are malnourished (World Bank).

Welfare

Peru reformed its pension system in 1993, allowing the investment of individual accounts in real assets and introducing private pension funds to replace state pensions. In addition, the system provides disability and survivors' benefits administered by insurance companies, and old-age pensions.

Employees are required to pay social security taxes equivalent to 13 per cent of their gross income into the public Oficina de Normalización Provisional (ONP) pension fund. Alternatively, employees may opt to pay 11.4 per cent of their salary into a private pension scheme. Workers are allowed to continue joining the old pay-as-you-go system, although the new system urges employers to pay more per worker into the private system than they were paying under the old system. One major challenge for the pension system in Peru is that as much as 51 per cent of the workforce is in the informal economy, covered by neither the old nor the new system.

Main cities

Lima (capital, estimated population 8.1 million in 2012), Arequipa (959,763), Trujillo (892,175), Chiclayo (540,706), Piura (407,109), Iquitos (405,511), Cusco (371,448), Chimbote (335,141), Huancayo (330,373), Sullana (326,888).

Languages spoken

English is spoken in the main tourist regions.

Official language/s

Spanish, Quechua and Aymara

Media**Press**

Dailies: Most national dailies and Sunday newspapers are published in Lima, in Spanish, including *El Comercio* (www.elcomercio.com.pe) *El Mundo*, *Expreso* (<http://www.expreso.com.pe>), *La Tribuna* (www.le-tribuna.org), *Ojo* (www.ojo.com.pe) – the largest selling newspaper, *El Peruano* (www.elperuano.com.pe) – the official State Gazette, *Horas Libre* (www.24horaslibre.com), *La República* (www.larepublica.com.pe) and *Correo* (www.correoperu.com.pe). There are also local publications for regional cities.

Weeklies: In Spanish *Caretas* (www.caretas.com.pe), *Gatopardo* (www.gatopardo.com), *Sí* (www.rcp.net.pe), *Crónica Viva* (www.cronicaviva.com.pe). In English, *Peru Finance*.

Online, in English, *Lima Post* (www.limapost.com) and *Inside America-Peru* (www.insideperu.com).

Business: In Spanish, *Business* (www.businessperu.com.pe), and *Punto de Equilibrio* (www.puntodeequilibrio.com.pe), *Gestión* (www.diariogestion.com.pe) and *Nuevo Oiga* (www.peru.com/revistas/oiga/index.asp).

Broadcasting

Radio: In Spanish, Radio Programas de Peru (RPP) (www.rpp.com.pe), Panamericana Radio (www.radiopanamericana.com), CPN Radio (www.cpnradio.com.pe), Radio Nacional (www.radionacional.com.pe) (government operated). Other regional and local radio stations, mainly commercial, broadcast in AM and FM throughout Peru.

Television: In Spanish, Panamericana Televisión (www.pantel.com.pe), Frecuencia Latina (www.frecuencialatina.com.pe), Andina de Radiodifusión (ATV) (www.atv.com.pe), América TV (www.americatv.com.pe), Uranio 15 (www.uranio15.com) and the state-owned Televisión Nacional de Perú, TVPerú (www.tvperu.gob.pe). Andina (Agencia Peruana de Noticias), Ave Alfonso Ugarte 873, Lima 1 (tel:

315-0400; email: andina@editoraperu.com.pe; internet: www.andina.com.pe).

Economy

Peru has experienced an evolution in its economic fortunes. It has become one of the fastest growing economies in the world, experiencing above average growth since 2000, due to its embrace of an open, market-oriented economy with a high level of foreign trade. The government has implemented macroeconomic policies, advocated by leading economists, such as prudent spending, debt reduction, fiscal surpluses, high international reserve accumulation and achieving investment grade status.

There are large deposits of gold, silver, copper and other metals. With these mineral resources, in great demand in 2008 when world prices were at a premium, GDP growth was at a five-year high of 9.8 per cent (double the figure of 4.0 per cent in 2003). As a result Peru has had one of the world's highest GDP growth rates of over 6 per cent since 2005 and although it plummeted to 0.9 per cent in 2009, it did not experience recession during the global economic crisis. The government increased domestic spending by 13.1 per cent (US\$28.34 billion) in its 2010 budget, which energised the economy and helped it bounced back with growth of 8.8 per cent, as world trade picked up. Growth weakened to an estimated 6.9 per cent in 2011 along with the world-wide general trend.

The service sector was the biggest component of GDP in 2010, at 57.5 per cent, with industry constituting 34.3 per cent, of which manufacturing was 16.6 per cent, and agriculture 8.3 per cent. Remittances from migrant workers (around 50 per cent of which are sent from expatriate workers in the US) amounted to US\$2.5 billion (1.6 per cent of GDP) in 2010 and were estimated to have reached US\$2.7 billion in 2011.

In November 2011, the UK-based Fitch rating agency upgraded its issuer default rating (IDR) from BBB- to BBB+ due to 'significant and sustained strengthening of the sovereign's external and fiscal balance sheet.'

In 2011, the UN Human Development Index (HDI) ranked Peru 80 (out of 187) for national development in health, education and income. In 2010, 43.2 per cent of the population experienced deprivation in at least one indicator for poverty, while 5.9 per cent lived on the equivalent of US\$1.25 per day. The poverty rate and unemployment rate (7.9 per cent in 2010) have steadily fallen as Peru has addressed articles of the Millennium Development Goals.

Proven oil reserves were 1.2 billion barrels at the end of 2011, with production of 153,000 barrels per day (bpd), however as consumption was 203,000bpd in 2011, imports are necessary to cover the shortfall. Proven natural gas reserves were 400 billion cubic metres (cum) at the end of 2011, with production of 11.4 billion cum, a rise of 65.9 per cent on the 2010 production of 7.2 billion cum. Consumption in 2011 rose by 15.2 per cent to 6.2 billion cum; the remainder was exported as liquefied natural gas to North America, Europe and Asia.

External trade

Peru is a member of the Asia-Pacific Economic Co-operation (Apec) forum and the Andean Community, which with Mercado Común del Sur (Mercosur) (Southern Common Market) formed the South American free trade area (Safta).

Principal manufacturing includes textiles, consumer goods, processed food and fish products, and cement. Mining production includes silver (Peru is the world's second-largest producer), gold (it is the world's sixth-largest producer) and copper, with zinc and lead.

Imports

Principal imports are petroleum and petroleum products, plastics, machinery, vehicles, iron and steel, wheat, foodstuffs and processed food.

Main sources: US (19.7 per cent of total in 2011), China (16.7 per cent), Brazil (6.4 per cent).

Exports

Main exports include minerals (typically 40 per cent of total), crude oil and petroleum products, and coffee, agricultural products and foodstuffs.

Main destinations: China (15.3 per cent of total in 2011), US (13.3 per cent), Switzerland (12.9 per cent).

Agriculture

The agricultural sector employs approximately 33 per cent of the population and contributes 9 per cent to GDP. Less than 3 per cent of Peru's land area is devoted to arable production and permanent crops. Subsistence farming predominates and productivity is low due to drainage and salinity problems, although productivity increased during the 1990s.

The government has given priority to farming as part of its programme to channel resources to the poorer regions and increase self-sufficiency. The highest priority sectors include rice, corn and wheat. By reviving traditional irrigation and terracing methods the government hopes to extend cultivation through the use of marginal land, while also promoting modern farming techniques.

Production has increasingly begun to focus on the winter export markets of the EU

and the US. It is along the northern coast of Peru where export crops such as oranges, mangoes, asparagus, passion fruit and limes are grown, together with cotton, rice and sugar for the domestic market. Animal husbandry (sheep, poultry and cattle) is important in southern regions.

As part of a move to encourage the development of cash crops to replace coca (the raw ingredient for cocaine), coffee production has received considerable support from the US Agency for International Development (USAID), the United Nations Development Programme (UNDP) and GTZ, the German technical co-operation agency. Nevertheless Peru's cultivation of coca rose for a sixth consecutive year in 2011, the UN Office on Drugs and Crime (UNODC) reported in September 2012. One of the world's largest suppliers of fishmeal, Peru is also a major producer of canned, frozen and salted fish.

The shrimp industry has traditionally been a source of local employment, mainly in the northern coastal departments of Tumbes and Piura. Large quantities of shrimp are exported to the US, Canada, Spain and Taiwan. The shrimp industry is investing in improving the water quality of ponds and is also importing genetically treated baby shrimps to prevent white spot virus attacks in the future, which had caused production to decline.

A little over half of the country's total landmass is covered by forests, most of which are located in the montaña region. The northern Pacific coast has areas of dry forests and savannas. The state owns all natural forests. There are significant numbers of privately-owned plantations, primarily consisting of eucalyptus. Estimates in 2002 showed that forest cover was about 65 million ha.

Peru produces a variety of woods including cedar, mahogany, dyewoods and other products, such as rubber and raw quinine from the Amazon Basin. Most production is geared towards sawn timber and panels with some quantities of bagasse pulp and solid wood products.

Industry and manufacturing

The industrial sector of the Peruvian economy makes a significant contribution of approximately 37 per cent to total GDP. About 15 per cent of the country's total workforce is employed in industry.

Manufacturing activity, centred in Lima and Callao, includes food processing, beverages, fishmeal, chemicals, petrochemicals, rubber, plastics, basic metallurgy, metal products, cement, textiles, footwear, paper products, machinery and motor vehicle assembly. Large firms dominate the sector.

Traditionally, Peruvian governments have taken an interventionist and protectionist

approach in order to support local industries and promote employment. By 2003, the Toledo administration had overseen the privatisation of all but a few of the state-owned industries not already sold by the previous Fujimori administration.

Tourism

Peru has much to offer the visitor, from those that wish to experience a city-based holiday, to beach resorts, to those who want to visit the rainforest interior. There are archaeological sites to visit and cultural tours on offer to all of the 11 sites on Unesco's World Heritage List, including the world famous Inca city of Machu Picchu, which has limited access to 2,5000 people per day, supervised by the tourist authorities.

Domestic tourism is an important market, with coastal holidays a popular pastime. Domestic spending on travel and tourism accounted for over US\$8.2 billion of tourism spending in 2011.

The number of visitors has grown steadily, from 1.9 million in 2007 to 2.3 million in 2010. The contribution of travel and tourism to the economy grew from US\$10.6 billion in 2007 to US\$14.6 billion in 2010 with an average of 9.7 per cent of GDP over the period. The industry also provides employment for 8.3 per cent of the workforce (around one million jobs). The sector has a problem with unregulated activities and amenities, with around 70 per cent of accommodation venues uncategorised and lacking a set of standards of service or provision. These problems, along with unregulated and unsafe vehicles, could affect Peru's long-term reputation if they are not addressed as a priority.

Mining

Peru's mining sector contributes approximately 15 per cent to total GDP. The country remains one of the world's largest producers of silver, copper, zinc and lead. The mining sector as a whole accounts for around 8 per cent of total employment in Peru.

Copper dominates the economy, not only as the main export earner, but also as a major source of employment. Export revenue is set to rise as new investments come on stream. Southern Peru Copper Corporation, controlled by US-based Asarco, remains the largest copper producer with an annual output of around 340,000 tonnes of fine copper content from its mining operations at Toquepala and the open pit Cuajone mine. Minera Yanacocha gold mine is the largest private gold producer in Peru, producing 40 per cent of the country's gold production. Other important minerals include tin, iron and steel. By 2002, the state's role in the sector was limited to supervising the commitments

made by companies and administering new concessions. International companies such as Asarco, Avocet Ventures, Barrick Gold, BHP, Cyprus and Arequipa Resources generate much of Peru's mineral production.

Barrick Gold's Lagunas Norte gold deposit exploration during 2002 resulted in an increase in its estimated resource from 3.5 million to 7.3 million ounces of gold. In 2004, after the President had promulgated a law to levy royalties of 1–3 per cent of sales on some mining companies, Anglo American pulled out of an auction to develop a large copper deposit. Violence directed against foreign mining interests in Peru has led the national government to attempt to clamp down on activists.

Hydrocarbons

Petroperu, founded in 1969, is the state-owned company engaged in production, transport, refining and distribution of petroleum. Perúpetro oversees all exploration and production activities, including licences.

Proven oil reserves were 1.2 billion barrels in 2011; production was 153,000 barrels per day (bpd), a decrease of -2.8 per cent on the 2010 figure of 157,000bpd. With oil consumption at nearly 203,000bpd, Peru needs to import oil, mainly from Colombia, Ecuador and Venezuela. Peru awarded 13 exploration contracts to international oil companies in 2009, valued at US\$650 million; these contracts brought the total number of exploration licences to 92.

Proven natural gas reserves were 400 billion cubic metres (cum) in 2011, with production of 11.4 billion cum (an increase of 56.9 per cent on the 7.2 billion cum in 2009). The largest gas reserves are located in Camisea in the Amazon basin. Construction of the first liquefied natural gas (LNG) plant in South America began in 2010. The US\$3.8 billion, Melchorita plant produced 5.1 billion cum of LNG in 2011, for sales worldwide. A consortium of four companies (one Peruvian and three foreign) build and operate the plant. The gas pipeline company, Transportadora de Gas del Perú, provides the gas supplied to the domestic market. Peru produces a small amount of coal, although it is almost entirely reliant on imports to meet domestic consumption levels. In a typical year, it produces 20,750 tonnes, and imports 1,230,000 tonnes, of coal.

Energy

Total installed generating capacity was 6,100MW in 2007, of which around 50 per cent is provided by hydropower and the remainder by conventional thermal power. However around 80 per cent of

electricity is derived from hydroelectric stations while thermal power plants only operated during peak periods or when lack of rain suppresses hydroelectric output. Following the partial privatisation of the energy market, begun in the 1990s, investment in gas-fired power stations has grown. Around 80 per cent of the population had access to electricity in 2007, although rural areas are typically still without electricity.

By 2008 there were 38 generation, 6 transmission and 22 distribution companies operating in Peru, all of which were created out of publicly owned entities and are overseen by government agencies responsible for national strategy, policy, environment and renewable energies. The SNMPE (Sociedad Nacional de Minería, Petróleo y Energía) (National Society for Mining, Petroleum and Energy), whose members contribute 95 per cent of all power generated, announced in 2008 that there were plans to develop a number of new power stations. These included a hydroelectric power station in El Platanal that will generate 220MW, an additional gas-turbine at the Chilca I thermoelectric power station to generate a further 193.5MW, a gas-turbine to generate 192MW at the Kallpa power station and another gas-turbine to be installed at the Edegel project to produce 164.5 MW. Together these will increase Peru's electricity generating capacity by 770MW. All gas will be supplied from the Camisea gas field.

Financial markets

Stock exchange

Bolsa de Valores de Lima (BVL) (Lima Stock Exchange)

Banking and insurance

Peru's banking and financial services sector has suffered a series of external shocks in recent years, with the Asian crisis, *El Niño* and turmoil in Brazil and Russia affecting confidence in emerging markets. Restoring confidence in Peru is widely considered to be just a matter of time, with the country's regulatory system among the most effective in the region. Moreover, the presence of foreign competition (foreign banks account for four of the country's top five banks), a tough provisioning system and a federal programme to facilitate commercial debt restructuring, meant that in 2002 the Peruvian banking sector was less affected by external crises than many in the region. Peru's banking sector includes over 25 commercial banks and a number of local savings banks, with the four largest groups accounting for over 60 per cent of the systems assets, loans and deposits.

Central bank

Banco Central de Reserva del Perú

Main financial centre

Lima

Time

GMT minus five hours

Geography

The geography of Peru, the third-largest country in South America, ranges from Andean peaks almost 7,000 metres high to tropical Amazonian rain forests and burning coastal deserts.

Peru is bordered by Ecuador and Colombia to the north, Brazil and Bolivia to the east, Chile to the south and the Pacific Ocean to the west.

Almost half the population lives in a narrow coastal strip which covers about 10 per cent of the country's total area. The coastal zone, running 3,079km from Ecuador to Chile, is a desert cut by rivers and oases which are fed by melting snow from the Andes.

The Andes cover around 30 per cent of Peru and form a plateau averaging 3,000 metres high studded with towering peaks. The highest summit is Huascaran at 6,768 metres. In the Andes there are many fertile valleys, such as those of Cuzco and Cajamarca. Lake Titicaca in the south, at an altitude of 3,815 metres, is the highest navigable lake in the world. East of the Andes, around 60 per cent of Peru's area is covered by the jungle of the Amazon basin. Ecuador claims a large section of the northern Amazonian territory. The area is flat and very low. Iquitos, the main town in the area, is about 4,000km from the mouth of the Amazon but only 106 metres above sea level.

Hemisphere

Southern

Climate

Although Peru lies between the equator and the tropic of Capricorn, only the Amazonian jungle has a typically tropical climate, with high rainfall and humidity and little seasonal change in temperatures. The effects of altitude in the Andes and the cold Humboldt current flowing up from the south moderates the climate in the central and coastal sections. Temperatures in the capital, Lima, vary only slightly throughout the year due to the cold Humboldt current. They rarely rise above 28 degrees Celsius (C) in summer or dip below 12C in winter. Although Lima is set in a coastal desert, with annual rainfall around 48mm, the sky is overcast with a thick sea mist from June to September. This can be so dense as to resemble light drizzle and requires the use of a raincoat. In the Andes, the rainy season lasts from December to March and makes some road travel hazardous. About three-quarters of Cuzco's average annual rainfall of 80cm falls in this period.

Dress codes

Peruvians dress relatively informally, especially in the summer months from January to March when many government officials and other professionals go to work in casual loose-fitting clothes. In winter, jackets and ties for men and skirts for women are more common.

Entry requirements

Passports

Required by all.

Visa

Tourist visas are not required by nationals of EU/EEA countries, the Americas, Australasia and the Pacific, Asia and South Africa, for visits of up to 90 days. Business visas, valid for 90 days, are required by nationals of all countries. Applications must include a letter of introduction from the employer or, where self-employed, the local chamber of commerce, detailing the purpose of the visit and length of stay, together with proof of adequate funds and return/onward passage.

For further information see <http://peru.embassyhomepage.com>.

Currency advice/regulations

There are no restrictions on the import and export of local currency or on the import of foreign currency, the export of which is restricted to the amount imported.

Health (for visitors)

Mandatory precautions

A yellow fever vaccination certificate is required if arriving from an infected area.

Advisable precautions

Yellow fever vaccination is recommended (essential for visits to some rural areas). Diphtheria, TB, typhoid, polio, tetanus and hepatitis A and B vaccinations are also advisable.

Malaria risk exists in some rural areas – prophylaxis is recommended.

Water precautions should be taken – it is advisable to drink only bottled water.

Hotels

In main centres hotels are classified by stars (maximum five) according to available facilities. In smaller towns, the best accommodation is often the government-run *Hoteles Turistas*. Hotel bills include a 10 per cent service charge; for stays of less than 60 days, foreign visitors are exempted from the 19 per cent government sales tax on presentation of travel documents.

Visitors arriving in Lima are well advised to inform their hotel of their arrival flight number and time. Most major hotels operate a free courtesy coach service to Jorge Chávez airport and will meet arriving guests.

Public holidays (national)

Fixed dates

1 Jan (New Year's Day), 1 May (Labour Day), 24 Jun (Inti Raymi), 29 Jun (St Peter and St Paul's Day), 28–29 Jul (Independence Day Celebrations), 30 Aug (St Rose of Lima Day), 8 Oct (Battle of Angamos Day), 1 Nov (All Saints' Day), 8 Dec (Immaculate Conception), 24–25 Dec (Christmas).

Variable dates

Maundy Thursday, Good Friday.

Working hours

Banking

Mon–Fri, Jan–Mar: 0815–1130.

Mon–Fri, Apr–Dec: 0915–1245. Some banks may open afternoons.

Business

Mon–Fri: 0900–1300 and 1430–1630.

Government

Mon–Fri: 0900–1300 and 1430–1630.

Shops

Mon–Sat: 1000–1300 and 1600–1900.

Telecommunications

Mobile/cell phones

GSM 1900 service available around the largest cities and towns.

Electricity supply

Generally 220V AC, 60 cycles. Exceptions include Arequipa (220V AC, 50 cycles) and Iquitos (110V AC, 60 cycles).

Social customs/useful tips

It is customary to shake hands on meeting and taking leave. Professional titles should be used and although most people have two family names, only the first is used. The style of business is generally relaxed and the informal *tu* form is commonly used with younger Spanish-speaking business visitors. Meetings should be arranged in advance and reconfirmed. Visiting cards are used. While Peruvians are sometimes inclined to be late for appointments, visitors are expected to be punctual. Never point the soles of your feet at anyone; it is considered highly insulting.

Security

Internal terrorist groups no longer pose a threat to security in most regions, but *Sendero Luminoso* (Shining Path) terrorists are still active in the remoter areas of central Peru Apurimac. There is a risk of armed robbery and hijacking of buses and cars on the road between Lima and Cuzco.

It is not considered safe to walk around the centre of Lima at night. There is a high level of street crime particularly in the city centre. Extreme caution should be taken on all streets, especially in pedestrian precincts. Visitors should be careful not to display valuables – especially at bus stations, railways and airports. Travellers

should never journey outside the principal cities after dark and as a general rule are advised to use air travel wherever possible.

If you are robbed, report immediately to the nearest police station and ensure you receive a certified copy of the official statement.

Getting there

Air

National airline: LAN Perú.

International airport/s: Lima, Jorge Chávez International (LIM), 16km west of city; duty-free shop, bar, restaurant, bank, post office, shops, car hire.

Airport tax: US\$30.25.

Surface

Road: There is road access and bus services from neighbouring countries. The Pan-American Highway passes through Peru, from Ecuador in the north to Chile in the south.

In January 2011 a road from Nazca on the Peruvian coast, across the Andes cordillera to Cusco and on to Inapari on the border with Brazil was officially opened by some 30 racing drivers. The road is expected to increase trade between the two countries, especially Brazilian exports to Asia. There are, however, fears for the ecology of region as the road opens up the area to miners with heavy equipment to replace the old panners. Migration too is having an effect as miners move from the Andes to the Amazon. The 2,589km road took five years to build.

Main port/s: Callao, San Martín, Matarani.

Getting about

National transport

Visitors are advised to contact the tourist police or the South American Explorers' Club in Lima for up-to-date information on travel to the interior of the country.

Air: There are regular services between Lima and all main towns, provided by several operators, including Aerocóndor Perú, LAN Perú, Star Perú and Taca Perú. There are 19 airports which receive domestic flights; another 22 airports operate charter and support services.

Due to weather conditions flights may be delayed or cancelled. It is essential to reconfirm bookings as flights are often overbooked.

Road: The Pan-American Highway, paved over most of the distance, runs north to south along the coast from the Ecuador border to the Chilean border (with a north-east arm into the Sierra, through Arequipa and on to the Bolivian frontier). The Trans-Andean Highway runs from Lima to Pucallpa, via La Oroya and Huanuco. The Central Highway connects Lima with La Oroya, Huancayo, Huancavelica, Ayacucho, Cuzco and

Puno (linking with the Pan-American Highway spur from Arequipa).

In the rainy season (Dec–Apr) landslides are frequent, causing blockages and delays.

Buses: Cheap but fairly uncomfortable services are available on the Pan-American Highway north to Ecuador, south to Chile and on the highway to Callejon de Huaylas in northern Andes. Yellow city buses and mini-buses connect Lima with Callao and the residential suburbs.

Rail: There are regular rail services between Lima and La Oroya with branches to Cerro de Pasco, Huancayo and Huancavelica. The Southern Railway of Peru operates between Arequipa and Puno (on Lake Titicaca) with one weekly connection (Wed) by steamer across the lake to Bolivia. Also regular rail connections from Puno to Cuzco. A short line runs from Tacna to Arica in Chile. Railways have separate summer and winter schedules.

City transport

Taxis: Taxis are the best means of travel in the main cities. For safety reasons, radio-controlled taxis and, in Lima, yellow registered taxis should be used rather than unlicensed or cruising taxis. The passenger should avoid taxis containing anyone other than the driver and always lock the rear doors and close the rear windows if possible.

Recognised taxi ranks (*estaciones*) are found at hotels and airports. Taxis are not metered and fares should be agreed in advance.

Car hire

Major international companies operate in Lima and other main centres. Chauffeur and self-drive cars available. International licence preferred and credit cards essential. Cost includes basic insurance cover. Traffic is congested in Lima.

BUSINESS DIRECTORY

The addresses listed below are a selection only. While World of Information makes every endeavour to check these addresses, we cannot guarantee that changes have not been made, especially to telephone numbers and area codes. We would welcome any corrections.

Telephone area codes

The international dialling code (IDD) for Peru is +51 followed by area code and subscriber's number:

Amazonas	41	Junin	64
Ayacucho	66	Lima	1
Cajamarca	76	Loreto	65
Cuzco	84	San Martín	42

Useful telephone numbers

Police: 105

Fire: 116

Ambulance: 117

Chambers of Commerce

American Chamber of Commerce of Peru, Avenida Ricardo Palma 836, Lima 18 (tel: 241-0708; fax: 241-0709; e-mail: amcham@amcham.org.pe).

British-Peruvian Chamber of Commerce, Avenida José Larco 1301, Lima 18 (tel: 617-3090; fax: 617-3095; e-mail: bpcc@bpcc.org.pe).

Lima Cámara de Comercio, Avenida Gregorio Escobedo 398, Lima 11 (tel: 463-8080; fax: 463-2837; e-mail: presidencia@camaralima.org.pe).

Trujillo Cámara de Comercio y Producción de la Libertad, Jirón Junín 454, PO Box 729m Trujillo (tel: 231-1114; fax 242-888; e-mail: camara@camaratra.org.pe).

Banking

Banco Banex, Av República de Panamá 3680, San Isidro, Lima 27 (tel: 210-0071; fax: 440-3298).

Banco do Brasil SA, Avenue Camino Real 348, Torre el Pilar Piso 9, San Isidro, Lima 27 (tel: 221-2258; fax: 442-4208).

Banco Continental, Av República de Panamá 3073, 27 Lima (tel: 421-7272; fax: 441-8922).

Banco de Comercio, Jr Lampa 560, Piso 2, Lima 1 (tel: 428-9400; fax: 426-8454).

Banco de Crédito del Perú, Av Huarochiri y Calle Centenario, 156 URB Las Ladera de Melgarejo, Lima 12 (tel: 349-0304; fax: 349-0548).

Banco de Desarrollo, Jr Camaná 700, Lima 1 (tel: 428-6360; fax: 427-7665).

Banco Exterior de Los Andes y de España, Extebandes, Av Canaval Y Moreyra 454, Lima 27 (tel: 442-2121; fax: 440-4572).

Banco Financiero Del Perú, Avenue Ricardo Palma 229, Lima 18 (tel: 241-0324; fax: 447-8766).

Banco Interamericano de Desarrollo, Paseo de la República 3245, 14th Floor, PO Box 270154, San Isidro, Lima 27 (tel: 442-3400).

Banco Interamericano de Finanzas (BIF), Ricardo Rivera Navarrete 543, Lima 27 (tel: 221-2888; fax: 221-2489).

Banco Interandino Saema, Augusto Tamayo 120, Lima 27 (tel: 471-7777; fax: 441-1404).

Banco Internacional Del Perú (Interbanc), Jr De La Unión 600, Lima 1 (tel: 427-2000; fax: 426-2630).

Banco Latino, Av Paseo de la República 3505, Lima 27 (tel: 422-1290; fax: 442-6200).

Banco del Libertador, Av P De la República 3245, San Isidro, Lima 27 (tel: 442-1661; fax: 441-4908).

Banco de Lima, Esquina Puno y Carabaya 698, Lima 1 (tel: 426-8676; fax: 426-2356).

Banco Mercantil del Peru SA, Av Rivera Navarrete 641, Lima 27 (tel: 442-1290; fax: 442-5277).

Banco de la Nación (national bank), Av Nicolas de Piérola, Lima 1 (tel: 426-2000; fax: 426-1133).

Banco del Nuevo Mundo, Av Paseo de la República 3033, 27 Lima (tel: 472-5121; fax: 440-2940).

Banco del Progreso - Probank, Av Javier Prado Este 595, 27 Lima (tel: 421-2800; fax: 441-1058).

Banco Regional del Norte (Norbank), Av Emancipación 199, Lima 1 (tel: 422-3589; fax: 442-2703).

Banco República, Jr Camaná 700, Lima 1 (tel: 444-3214; fax: 444-3774).

Banco Santander, A Tamayo 120, San Isidro, Lima 27 (tel: 221-5000; fax: 221-5001).

Banco Solventa, Av Aviación 2401, Piso 11, San Borja (tel: 225-0505; fax: 225-0505).

Banco Sudamericano SA, Av Camino Real 815, Lima 27 (tel: 221-1111; fax: 442-3392).

Banco del Sur del Perú (Bancosur), Chinchón 986, San Isidro, Lima 27 (tel: 442-1170; fax: 442-1178).

Banco del Trabajo, Av Paseo de La República 3587, San Isidro, Lima 27 (tel: 421-9000; fax: 421-2521).

Banco Wiese Ltda, Jr Cuzco 245, Lima 1 (tel: 428-6000; fax: 426-3977).

Citibank NA, Av Camino Real 456, Torre Real, Piso 5TO, Lima 27 (tel: 421-400; fax: 440-9044).

Central bank

Banco Central de Reserva del Perú, Miroquesada 441, Lima (tel: 613-2000; fax: 427-5880; e-mail: webmaster@bcrp.gob.pe).

Stock exchange

Bolsa de Valores de Lima (BVL) (Lima Stock Exchange)m www.bvl.com.pe

Travel information

South American Explorers Club, Cale Piura 135, Miraflores, Lima (tel: 445-3306; e-mail:

limaclub@saexplorers.org).

Tourist Bureau of Complaints, PO Box 1596, Lima (tel: 224-7888; e-mail: postmaster@indecopi.gob.pe).

Tourist Police (speak several languages; wear white belts over their green dress

uniforms), Lima (tel: 225-8698; fax: 476-7708); toll-free number for tourists outside Lima: 0800-42579).

Ministry of tourism

Ministry of International Trade and Tourism, Calle 1 Oeste No 50, Urbani Córpac, Edificio Mincetur, San Isidro, Lima (tel: 224-3347; fax: 224-3264; e-mail: informa@mincetur.gob.pe).

National tourist organisation offices

PromPerú, Calle 1 Oeste No 50, Urbanización Córpac, Edificio Mincetur, San Isidro, Lima (tel: 224-3131; Fax: 224-7134; e-mail: postmaster@promperu.gob.pe).

Ministries

Ministry of Agriculture, Avenida Salaverry s/n, Jesús María, Lima (tel: 433-3034; fax: 432-9098).

Ministry of Defence, Avenida Arequipa 291, Lince, Lima (tel: 435-9567; fax: 433-5150).

Ministry of Economy and Finance, Jr Junín 339, Lima (tel: 427-3930; fax: 431-7836).

Ministry of Education, Avenida San Develde 160, San Borja, Lima (tel: 436-1240; fax: 433-0230).

Ministry of Energy and Mines, Avenida Las Artes s/n, San Borja, Lima (tel: 475-0206; fax: 475-0689).

Ministry of Fisheries, Calle Uno Oeste s/n, Urbanización Corpac, San Isidro, Lima (tel: 224-3336; fax: 224-3233).

Ministry of Foreign Affairs, Palacio de Torre Tagle, Jr. Ucayali 363, Lima (tel: 427-3860; fax: 426-3266).

Ministry of Health, Avenida Salaverry Cdra 8, Jesús María, Lima (tel: 432-3535; fax: 431-3671).

Ministry of the Interior, Plaza 30 de Agosto 150, San Isidro, Lima (tel: 475-2995; fax: 441-5128).

Ministry of Justice, Scipión e Llona 350, Miraflores, Lima (tel: 441-7320; fax: 440-4407).

Ministry of Labour and Social Promotion, Avenida Salaverry 655, Jesús María, Lima (tel: 433-2512; fax: 433-8126).

Ministry of the Presidency, Avenida Paseo de la República 4297, Lima (tel: 446-5886; fax: 447-0379).

Ministry of Transport, Communications, Housing and Construction, Avenida 28 de Julio 800, Lima 1 (tel: 433-1212; fax: 433-9378).

Ministry for Women's Promotion and Human Development, Avenida Emancipación 235 o Esquina Jr Camaná 616, Lima 1 (tel: 426-4336).

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Other useful addresses

Adex (export association), Javier Prado Este No 2875, San Borja, Lima (tel: 346-2530; fax: 346-1879; e-mail: postmast@adex.org.pe).

Andean Group, Avda Paseo de la República, Casilla Postal 3237, Lima.

Asociación de Bancos del Perú (Bank Association), Av Antonio Miro Quesada 247 of 409, Lima 1 (tel: 428-8850, 427-6378, 428-5136).

British Embassy, Edif El Pacífico Washington, Piso 12, Plaza Washington, Esq Avda Arequipa, Casilla 854, Lima 100 (tel: 334-738, 839, 334-932; fax: 334-735); for genuine emergency outside hours, leave message on answerphone (tel: 433-4738, 433-4839, 433-4932).

Centromin (Empresa Minera del Centro del Perú SA), Avda Javier Prado Este 2175, San Borja, Apdo 2412, Lima 34 (tel: 365-924; fax: 358-782).

Cepri (Electroperú Privatisation), Avda Pedro Miotta s/n, Lima 29 (tel: 661-844; fax: 661-899).

Cofide (Corporación Financiera de Desarrollo), Camino Real 390, San Isidro, Lima 27 (tel: 422-550; fax: 423-384).

Conaco (Confederación Nacional de Comerciantes) (National Federation of Commerce), Avenida Abancay 210, Lima (tel: 273-528, 286-026).

Conite (National Commission for Investments and Foreign Technology), Avenida Abancay 500, Piso 6 (MEF), Lima 1.

Copri (Private Investment Promotion Committee), Comité Especial de Minería Perú SA, Bernardo Monteagudo No 222, Piso 12, Lima 17 (tel: 461-4300; fax: 462-7049).

Corpac (Corporación Peruana de Aeropuertos y Aviación Comercial), Aeropuerto Internacional Jorge Chávez, Avenida Faucett s/n, Callao (tel: 529-570).

DHL Worldwide Courier, Avenida La Marina 2469, San Miguel (tel: 525-559).

Electroperú, Centro Cívico, Paseo de la República 144, Lima 1 (tel: 310-664).

Empresa Nacional de Ferrocarriles del Perú, Ancash 207, Apdo 1379, Lima (tel: 289-440).

Enapu SA (National Port Company), Avenida Guardia Chalaca s/n, Callao (tel: 299-210).

Hierroperú (State Iron Company of Peru), Avenida Paseo de la República 3587, Lima (tel: 410-636).

International Translation Service, Avenida Arequipa 3200, San Isidro, PO Box 6046, Lima (tel: 411-396).

Lima Stock Exchange, Pasaje Acuna 191, Lima (tel: 286-280; fax: 337-650).

Mineroperú (State Mining Company of Peru), Avenida Bernardo Monteagudo Oarrantia 222, Magdalena del Mar, Lima (tel: 620-740; fax: 627-049).

Peruvian Embassy (USA), 1700 Massachusetts Avenue, NW, Washington DC

(tel: (+1-202) 833-9860; fax: (+1-202) 659-8124; e-mail: peru@peruemb.org).

PetroPerú (State Petroleum Company), Paseo de la República 3361, San Isidro, Lima 27 (tel: 411-919).

PromPerú, Comisión de Promoción del Perú (investment promotion), Edificio Mitinci, Piso 13, calle 1 Oeste S/N, Lima 27 (tel: 224-3125/3271/3279; fax: 224-3323; e-mail: perunet@promperu.gob.pe).

Skyway SA (international courier), Centro Com. Camino Real, 1103, PO Box 2552, Lima 100 (tel: 402-353, 229-225, 416-725).

Sociedad de Industrias (Society of Industries), Los Laureles 365, San Isidro, Lima 27 (tel: 408-700).

US Embassy, Avda Garcilaso de la Vega 1400, Apdo 1995, Lima 100 (tel: 338-000; fax: 316-682).

Internet sites

PromPerú, Comisión de Promoción del Perú (for general information on Peru and daily updates):

<http://www.rcp.net.pe/perunet>

ADEX, Asociación de Exportadores:

<http://www.adexperu.org.pe>