Why Peru?

Peru’s new president, Pedro Pablo Kuczynski, is a former World Bank executive and former prime minister, Minister of Finance, and Minister of Energy for Peru. Kuczynski’s administration wants to set clear environmental standards and improve the country’s water infrastructure and mining operations. This presents an important opportunity for potential suppliers to gain traction in promoting to the incoming administration—potentially for the next five years and longer—new technologies, supplies, investments and services related to the water and mining industry.

Peru is the fastest growing economy in Latin America, over the past decade, with a 6% average annual growth rate coupled with the regions lowest inflation rate (2.9%). A favorable external environment, prudent macroeconomic policies, and effective structural reforms have boosted Peru into middle-income country status and slashed poverty from 56% in 2005 to 22.7% in 2016.

Since the early 1990s, the Peruvian mining industry has seen a rapid expansion in investment and profits. Early 2016 data, recorded below, highlights a consistent growth trend in investment that slumps in 2013 due to the world wide decline in commodities pricing, with a net investment dip in 2015 of 15.2 percent.

Peru is a global frontrunner in mining exploration and production, ranking third in the world for exploration investment, and among the top five global producers of gold, zinc, lead, and silver. Since 1996, US$ 34.4 billion was invested in Peruvian mining projects of which 60% was deployed between 2011 and 2015. According to the Ministry of Energy and Mines, mining investment during the period of 2015-2020 will be around US$ 63.9 billion, 60% of which will be dedicated to copper projects and the rest to gold and iron. Of these projects in Peru, investment from China accounts for 29.2%, valued at US$ 18.9 billion, closely followed by the U.S. with 15.6% at US$ 10.1 billion, Canada (13.7%), and Peru (10.2%).

The Government of Peru (GOP) has encouraged integration with the global economy by signing 17 free trade agreements with 52 economies, including the United States-Peru Trade Promotion Agreement (PTPA), which entered into force in February 2009. The TPA eliminated barriers to U.S. services and investment in Peru, including the requirement to hire Peruvian nationals. In addition, Peru has eliminated tariffs on many products, expanding export opportunities for U.S. firms. Today, U.S. suppliers capture roughly one-fourth of all imports into Peru—more than any other country.

In 2015, trade between the United States and Peru totaled USD $14 billion, up from USD 9.1 billion in 2009 the first year of entry into force. From 2009 to 2015, Peruvian exports to the United States jumped from USD 4.2 billion to USD 5.1 billion (a 21% increase) while U.S. exports to Peru jumped from USD 4.9 billion to USD 8.8 billion (a 79% increase).

Main Mines in Peru

Southern Copper – Toquepala

SCC is one of the largest integrated copper producers in the world, producing copper, molybdenum, zinc, lead, coal and silver. All their mining, smelting and refining operations are located in Peru and Mexico and they conduct exploration activities in these countries and in Chile. Since 1996, their common shares have been listed on both the New York Stock Exchange
and the Lima Stock Exchange. Their operations in Toquepala consist of an open-pit mine and a concentrator. Southern Copper also refines copper at the ESDE plant through a leaching process. Toquepala is located in the south of Peru, around 870 km from Lima. The ESDE plant has a capacity of 56,000 tn per year of grade A copper cathodes.

**Freeport McMorran – Cerro Verde**

Cerro Verde is an open-pit copper and molybdenum mining complex located approximately 32 km southwest of Arequipa, Peru. Cerro Verde’s operation includes a 120,000 mtd concentrator and solution extraction/electrowinning (SX/EW) leaching facility. Leach copper production is derived from a 39,000 mtd crushed leach facility and a run-of-mine leach system. The leaching operation has a capacity of approximately 200 million pounds of copper per year.