



INVESTMENT OPPORTUNITIES IN PERU

Commercial Office of Peru - Miami



Why invest in Peru?

GDP growth: 8,9% annually (2007)

- Sustainable growth since 2002 and forecast above 7% annually 2008-10.
- Exports tripled in 5 years.
- Investment is increasing 20% annually.

Vast Natural Resources:

Ores, hydrocarbons, available lands having proper climates, forests, 2 500 km of coast, thousands of lakes, snowcapped mountains.

Regional Hub/ APEC 2008 Venue

- Third largest country in South America / 28 million inhabitants.
- Located in the center of the South American Pacific Coast.

Economy committed to the commercial integration process :

- Preferential access to CAN, MERCOSUR, USA and EU.
- 32 agreements on investment .

Favorable climate for investment:

- Attractive legal framework for Foreign Direct Investment, based on freedom and equality.
- First place in Latin America regarding the State receptiveness to investment (WEF).
- Second place in Latin America for protecting the Foreign Direct Investment (WB).
- **Country with Investment Grade**

Country risk below the Latin American average

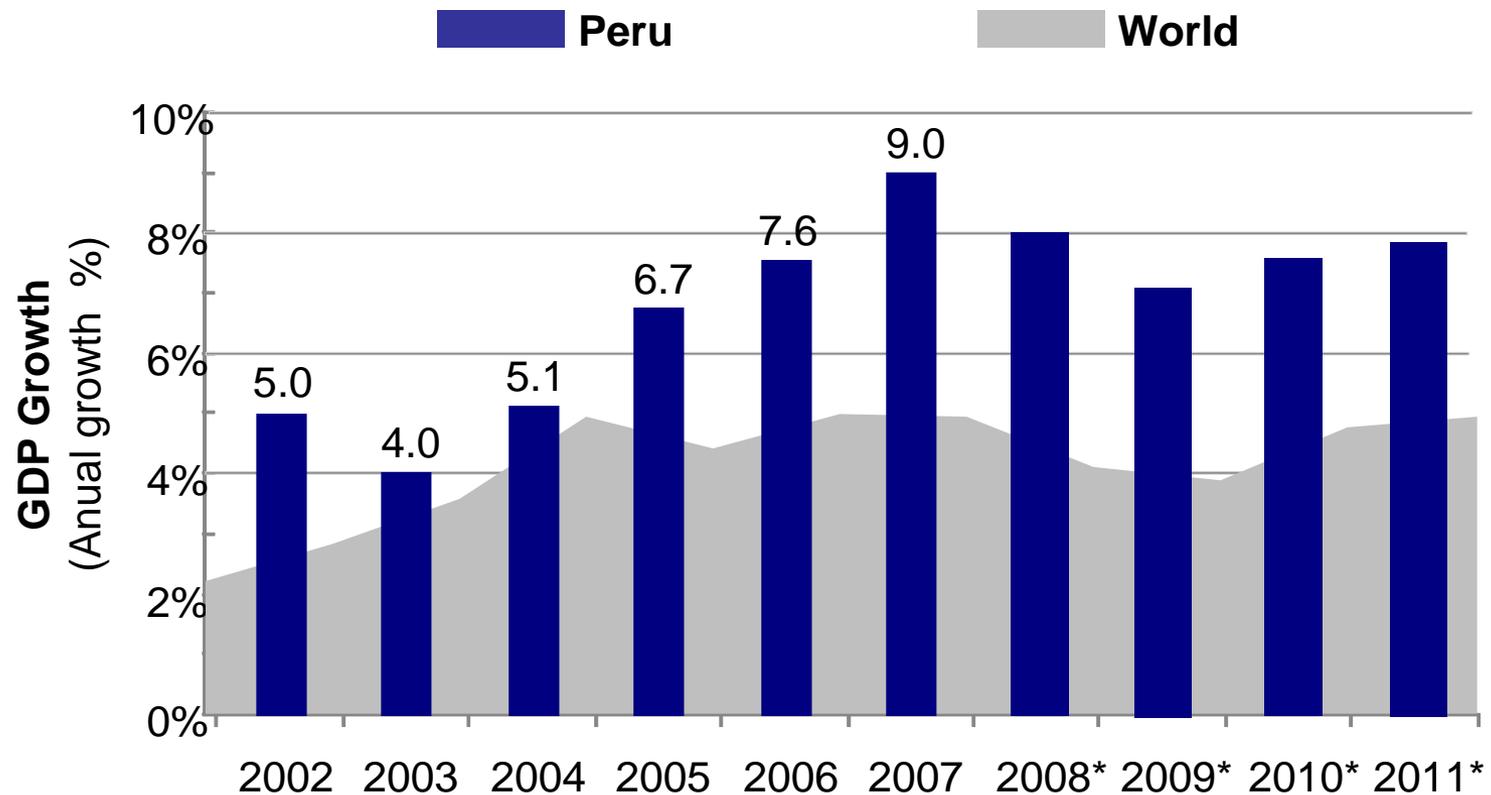
- One of the lowest inflation in Latin America and a very stable exchange rate (free).
- Domestic capital market's sound growth.
- Fiscal surplus of 2.5% (2007).

Investment plays an important role in the country's Economic Growth and signals a promising future

	2004	2005	2006	2007
GDP (%change)	5.1	6.7	7.6	8.9
Private Investment (%change)	9.1	13.9	20.1	23.2
Public Investment (%change)	5.7	12.2	13.0	19.7
CPI (%change)	3.5	1.5	1.1	3.9
Jobs in companies with 10 or more workers (% change)	2.7	4.5	7.3	8.7
Exports (% change)	40.9	35.3	36.9	16.3
Capital goods imports (% change)	19.6	29.6	35.4	41.0
Construction GDP (% change)	4.7	8.4	14.7	16.5
Tax collection (% change)	13.6	14.3	27.8	15.0

Source: Central Reserve Bank of Peru, National Institute of Statistic and Information and SUNAT

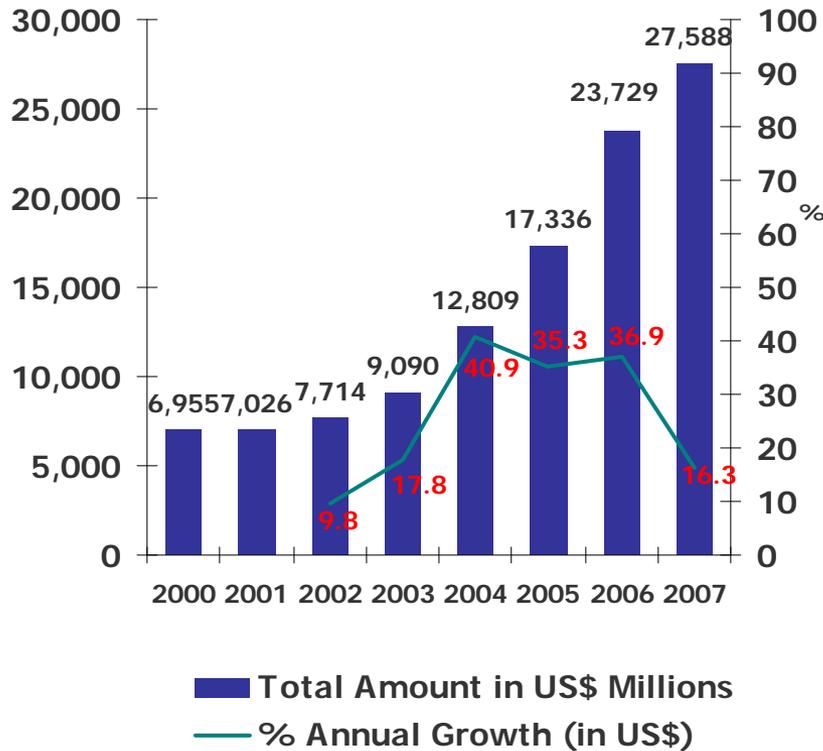
Sustained economic growth with annual forecasted average rate greater than 7% for 2006 – 2010



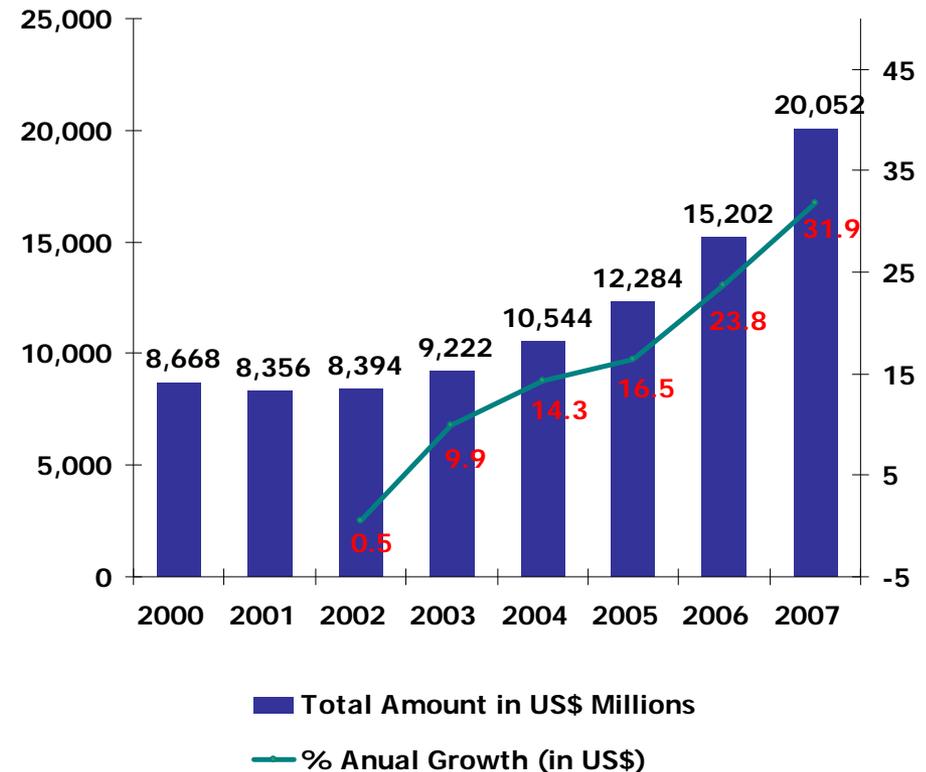
Source: International Monetary Fund and the Central Reserve Bank of Peru.

(*) Estimated figures

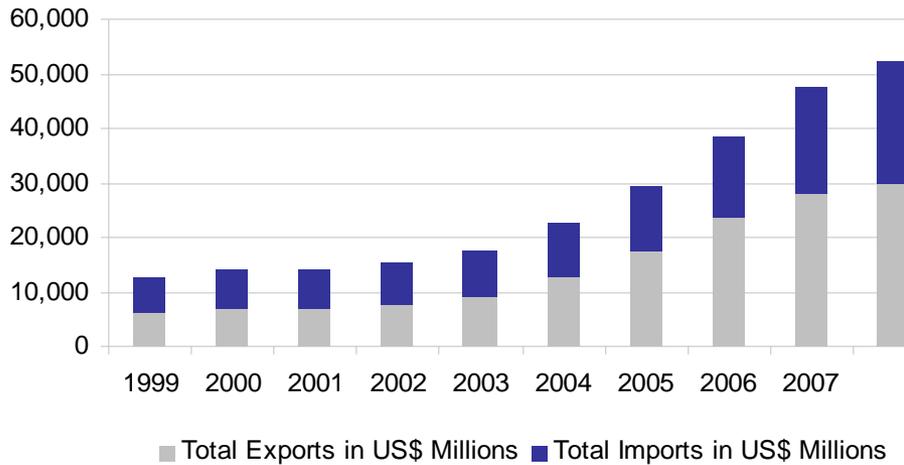
Exports growth at significant rates



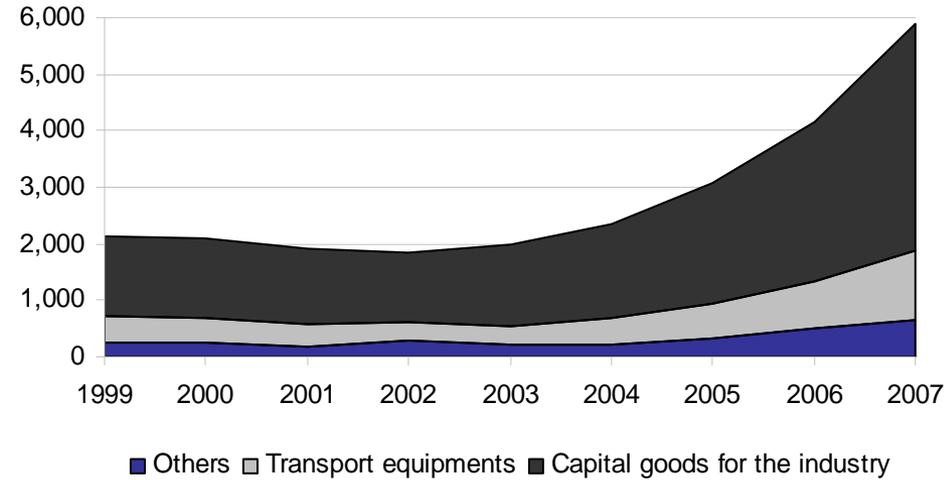
Accompanied by private investment growth



Rise in the commercial exchange (Millions of US\$)

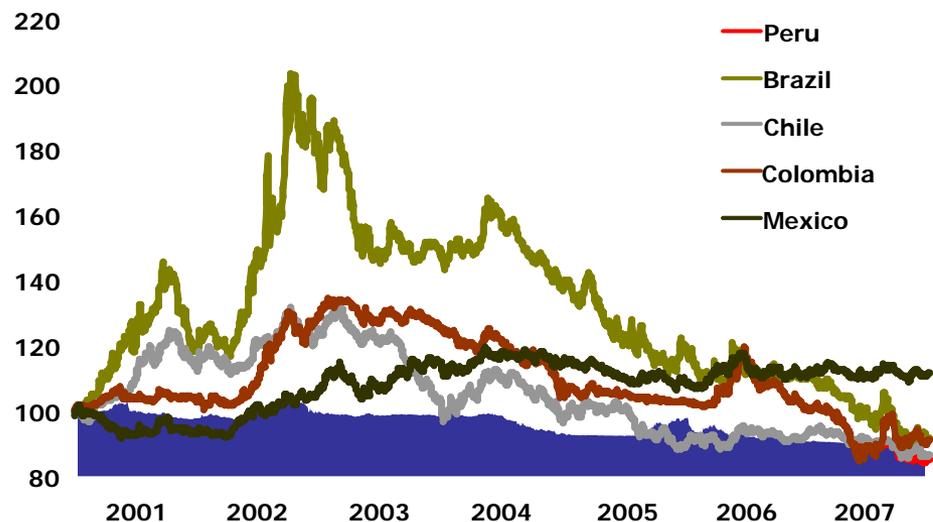


Increase in the imports of capital Goods (Millions of US\$)



... in a framework of macroeconomic stability ...

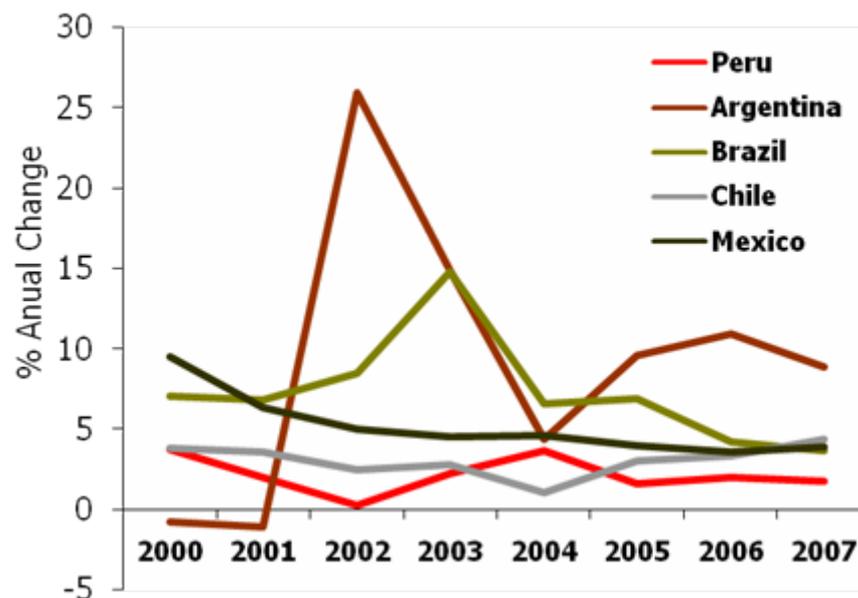
Exchange Rate in Latin America
(Index January 2001 = 100)



2007 Average Exchange Rate: 3,13

Source: Bloomberg and Banco de Crédito del Perú

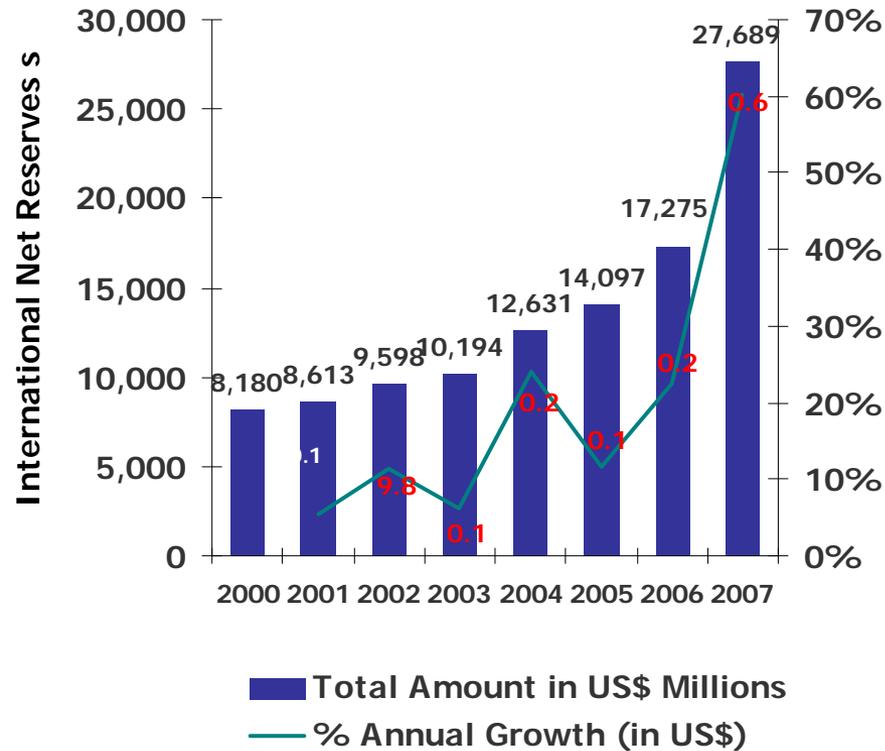
Inflation in Latin America



Inflation Rate 2007: 3.9%

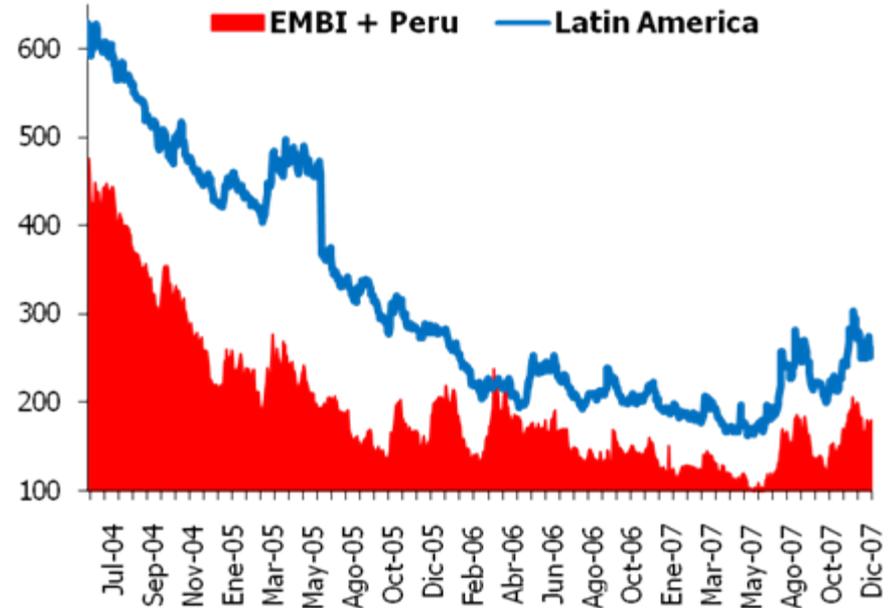
Source: Central Reserve Bank of Peru, Chile, Mexico and Argentina, until December 2007

With increasing Net International Reserves



Source: Central Reserve Bank of Peru

Factors recognized by the market and allow the country risk reduction



Source: Bloomberg

Peru have reached the Investment Grade

	S&P/ Fitch	Moody's	Characteristic
Investment Grade	AAA	Aaa	Risk free
	AA+	Aa1	Superior
	AA	Aa2	
	AA-	Aa3	
	A+	A1	High capacity of repayment
	A	A2	
	A-	A3	
	BBB+	Baa1	Moderate capacity of repayment
	BBB	Baa2	
	BBB-	Baa3	
BB+	Ba1	Some capacity of repayment	
BB	Ba2		
BB-	Ba3		
B+	B1	High uncertainty in the capacity of repayment	
B	B2		
B-	B3		
CCC+	Caa1	Highly vulnerable to default	
CCC	Caa2		
CCC-	Caa3		
	D	Ca	Default

Latin American Ranking

País	S&P	Fitch	Moody's
Chile	A+	A	A2
Mexico	BBB+	BBB+	Baa1
Peru	BBB-	BBB-	Ba2
Brazil	BBB-	BBB-	Ba1
Colombia	BB+	BB+	Ba1
Venezuela	BB-	BB-	B2
Argentina	B+	RD	B3
Bolivia	B-	B-	B3
Ecuador	B-	CCC	B3

Source: Standard & Poor's, Fitch Ratings and Moody's

Updated: July 2008

Peru offers a favorable legal framework for foreign investment ...

- Non discriminatory treatment.
- Unrestrictive access to most economic sectors.
- No performance requirements.
- Free transfer of capital.
- Free competition.
- Guarantee for Private Property
- Freedom to purchase stocks from locals.
- Freedom to access internal and external credit.
- Freedom to pay royalties.
- Network of investments agreements and member of ICSID and MIGA

A Legal system that guarantees basic rules and statutes that will not change

Legal Stability Agreements

Guarantees recognized by the State:

INVESTORS

- Non discriminatory treatment.
- Income tax rules applicable to dividends.
- Stability to use freely the most favorable exchange rate available in the market.
- Free availability and remittance of foreign currency, dividends and royalties.

RECEIVING COMPANY

- Recruitment regimes.
- Regimes for the promotion of exports.
- Income Tax Regime

Requirement: Minimum investment of US\$ 5 MM in any economic sectors.

US\$ 10 MM for hydrocarbon and mining sectors.

Validity: 10 years. Concessions: Term according to the contract's life (Max. 60 years).

With a steady tax regime, which main taxes are:

Tax		Applicable Rate
I n c o m e	Corporate profits	30%
		Agriculture, agribusiness and aquaculture 15%
	Dividends	4,1%
	Royalties	30%
	Interest rate on loans from abroad	4,99%
Value Added Tax (VAT)		19%
Finacial Transactions Tax		0,07% throughout 2008
Temporal to net assets For more than S/. 1 000 000		0.5%

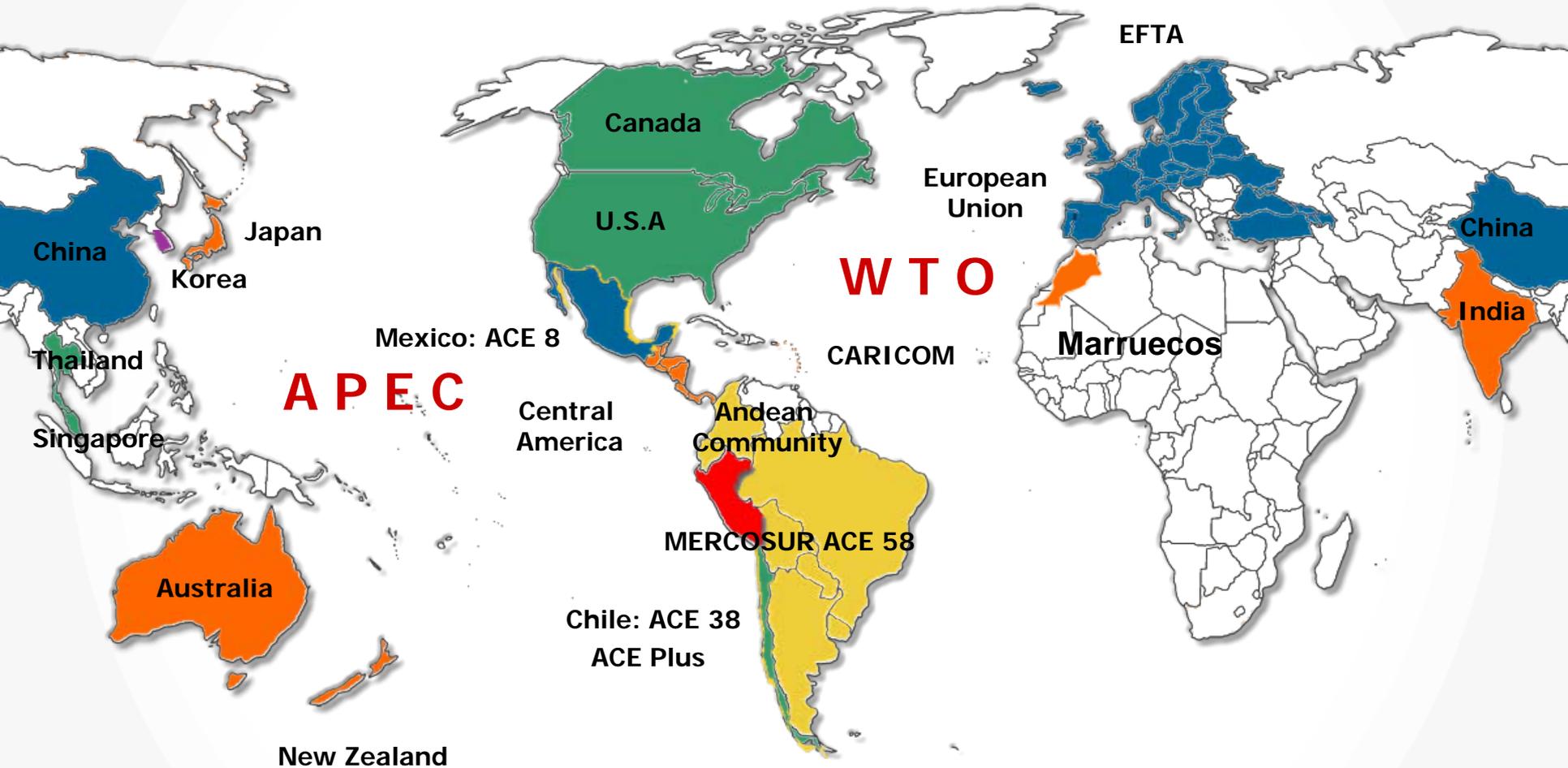
Note: Taxable goods: fuels, luxury goods, liquors and cigarettes

Legislative Decree No. 973 (12.03.07) standardizes the treatment for all economic activities regarding the advance recovery of the value added tax (VAT). It will come into force and effect the first business day of the month following the 90 calendar days that may take for this Decree's regulations to be prepared and published. It is established that tax payers who purchase capital assets but do not start operations, within the framework of investment contracts subscribed with the State, will be able to recover the VAT paid in said purchases.

and a reduced tariff structure and low tariff dispersion...

TARIFF LEVELS AD-VALOREM + SURCHARGES	TARIFF LINES	
	NUMBER	PORPORTION (%)
0	3,952	53.7
9	2,616	35.5
17	792	10.8
Total	7,360	100,0
SIMPLE AVERAGE APPLIED TARIFF RATE		5,0
STANDARD DEVIATION		7,7

Access to several markets



-  Countries with ongoing agreements
-  Countries with signed agreement
-  Countries under negotiation process

-  Countries close to start negotiations.
-  Countries for future negotiations

Bilateral Investment Agreements

- Argentina
- Australia
- Belgium and Luxemburg
- Bolivia
- Canada
- Check Republic
- Chile
- China
- Colombia
- Cuba
- Denmark
- Ecuador
- El Salvador
- Finland
- France
- Germany
- Italy
- Korea
- Malaysia
- Netherlands
- Norway
- Paraguay
- Portugal
- Rumania
- Singapore
- Spain
- Sweden
- Switzerland
- Thailand
- United Kingdom
- United States*
- Venezuela

According to a World's Bank survey and World Economic Forum:

Peru stands second in the Latin America region in protecting investors, and 15th in the World

Peru is first in the region for government readiness for private investment

Protecting Investors Index



Position	Country	Points
1	Peru	5.8
2	Colombia	5.6
3	Chile	5.5
4	Uruguay	4.8
5	El Salvador	4.6
6	Bolivia	4.5
7	Brazil	4.2
8	Dominic. Rep.	4.2
9	Mexico	4.1
10	Guatemala	4.0
11	Venezuela	3.2
12	Argentina	3.1

Main Investment Opportunities by sectors

Agribusiness and
Agro-exporting

Fishing and
Aquaculture

Mining and
Hydrocarbons

Forest Plantations

Manufactures,
Textiles and others

Tourism and
other services



INFRASTRUCTURE

**Sowing Opportunities:
Agribusiness and
Agro-exporting sector**

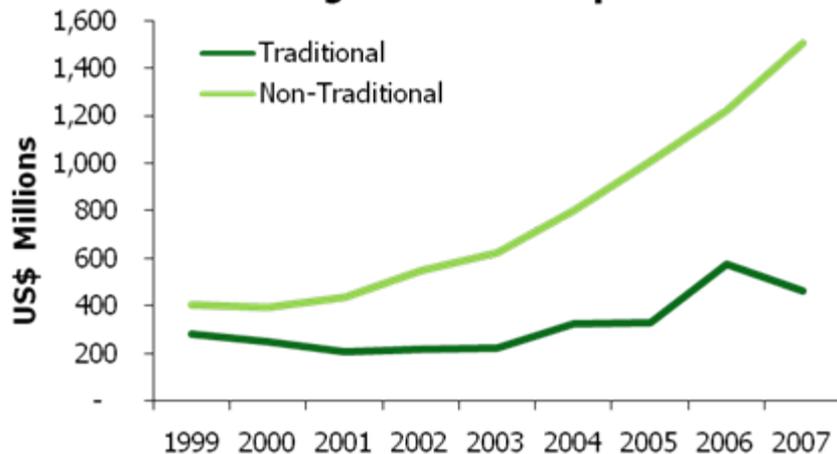


Advantages in the Agribusiness and Agro-exporting sector

- ❑ 1st world exporter of asparagus, organic coffee and paprika.
- ❑ Important exporter of organic bananas, citrus fruits, white onion and beans, among other fruits and vegetables.
- ❑ 5 million hectares of land, many of them with possibility to schedule crop periods due to optimum climate conditions.
- ❑ Due to our geographical location, near to the equatorial line, we receive vertical sun radiation, which allows an improvement in most crops productivity.
- ❑ Access to “Seasonal windows” in the most important markets permitting a rise in prices (U.S., Europe and Asia).
- ❑ Skilled workforce availability.
- ❑ Government offices of renowned expertise in quality normativity, phytosanitary controls and environmental health.
- ❑ Enterprises well organized logistically in plants and in exporting. Diversified offer of products that create chains of value that may include small producers.

Agribusiness Products

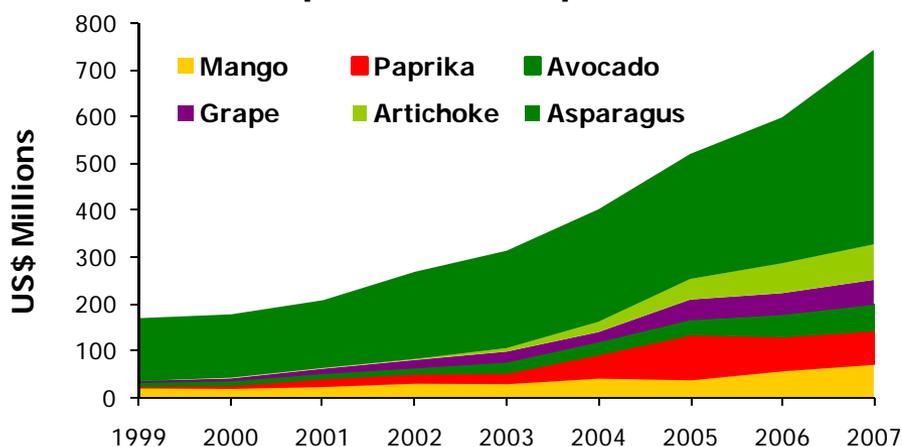
Agribusiness Exports



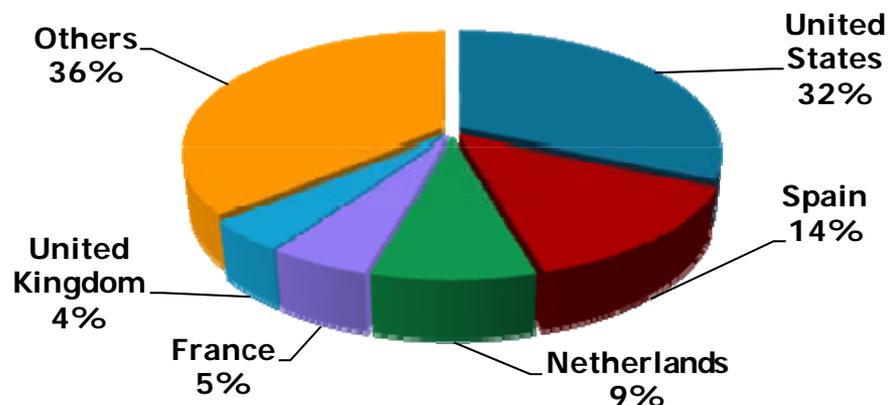
Productivity of Peruvian Agribusiness worldwide

Product	Ranking by Product	
	Worldwide	Latin America
Mango	1	1
Asparagus	1	1
Sugar Cane	1	1
Grape	3	1
Avocado	5	4
Coffee	6	4
Pepper	10	3

Exports of main products



Agribusiness Exports by Markets, 2007



Fishing and Aquaculture

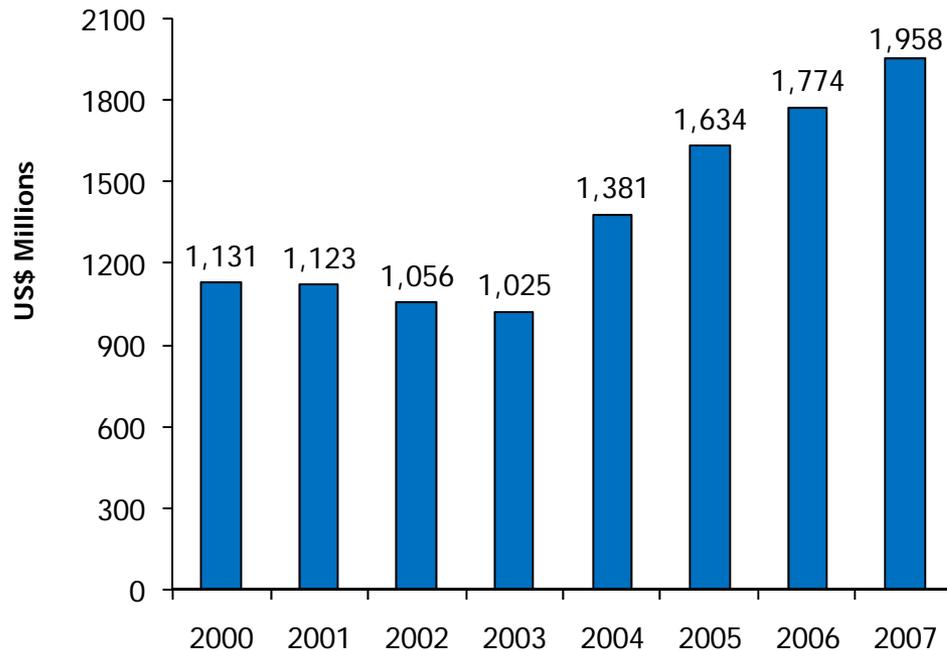


Fishing and Aquaculture Advantages

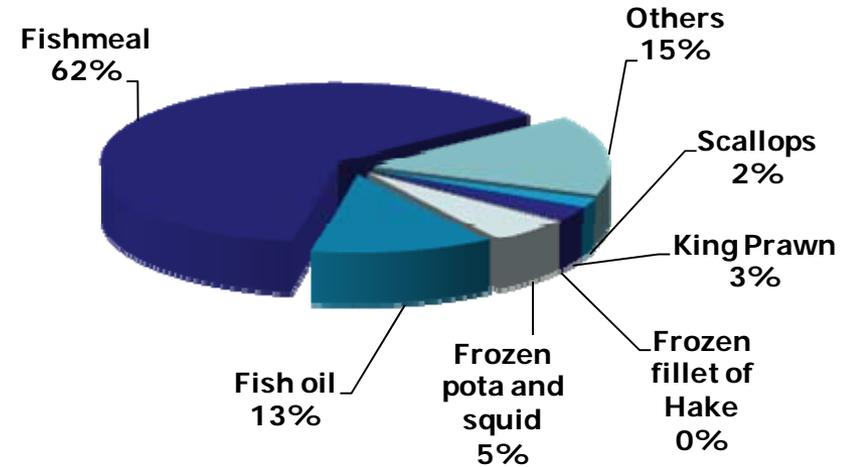
- ❑ 1st world producer and exporter of fishmeal and fish oil, it contributes to the development of a vast range of fishing products.
- ❑ Great hydro biological richness: Annual average unload of 7,5 million MTB between 2005-2007(mainly anchovy)
- ❑ Multiple species not yet entirely exploited.
- ❑ Rapid growth of development and exportation of direct human consumption products: Frozen, canned and processed fish products.
- ❑ Long coastline (over 2500 km.) and many Peruvian lakes and lagoons are solid proof of the great marine and continental aquaculture development potential.
- ❑ Excellent conditions for aquaculture in coastal and continental zones free of pollution and good climates. Tax Benefits en aquaculture.
- ❑ Expansion of exportation of fishing products like king prawn, shrimp, scallops, trout and ornamental fishes, mainly.

Fishing and Aquaculture Advantages

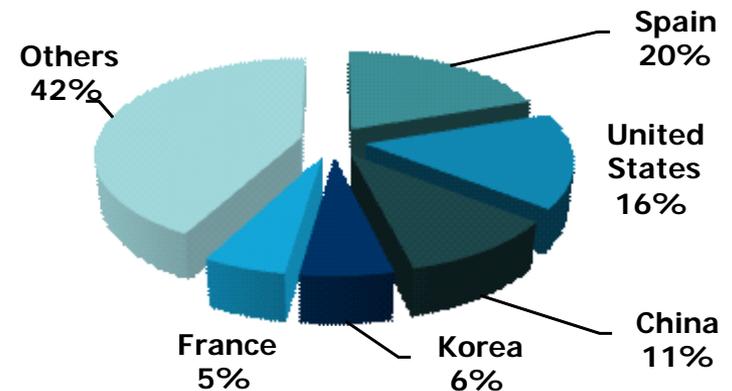
Exportation of Fishing Products



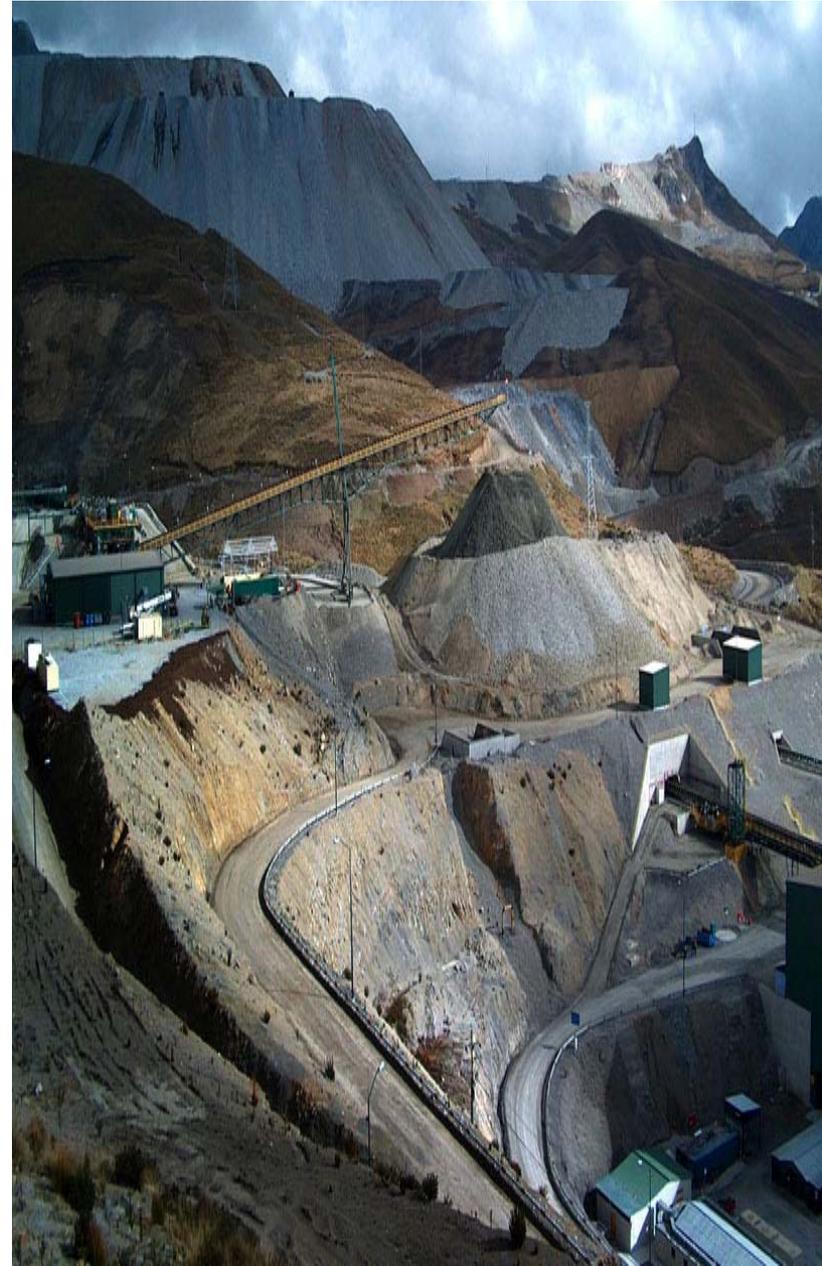
Fishing Exports, 2007



Exports by country, 2007



Mining Sector



Advantages in the Mining Sector

- ❑ 1st producer of gold, silver, zinc, tin, and lead in Latin America. 2nd producer of copper and molybdenum.
- ❑ Almost all the large transnational mining companies operate in Peru.
- ❑ In 2007, exports went over US\$ 17 billion.
- ❑ Announced investments for the coming years will reach almost US\$ 15 billion.
- ❑ High potential in the non-metallic mining industry in: Borates, diatomite, bentonite, phosphoric rock and travertine, among others.
- ❑ A Segment of Capital risk or “Projects Bank” (junior enterprises) has been developed by the Lima Stock Exchange, majored in the mining exploration sector.
- ❑ Only 10% of Peru’s territory with mining potential has been explored.
- ❑ Mining refinement processes are taking place in Peru. Manufacturing growth is expected in the sector.

Advantages in the Mining sector

Excellent Competitive Position

	Production Ranking	
	Lat in America	Worldwide
Silver	1	1
Tellurium	1	3
Zinc	1	2
Tin	1	3
Lead	1	4
Gold	1	5
Copper	2	2
Bismuth	2	3
Molybdenum	2	4

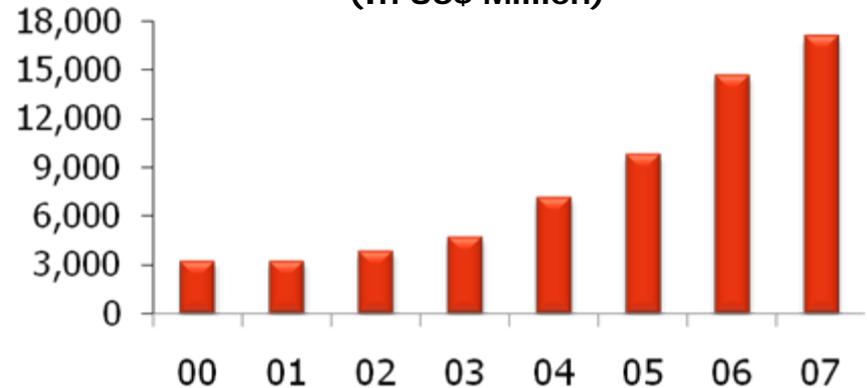
Source: MINEM

Investment in Mining Exploration (In US\$ Million)



Source: CEPAL

Mining Exports (In US\$ Million)



Source: PromPeru, MINEM

Exports, 2007

Mineral	Exports (US\$ Million)		Var. %
	2006	2007	
Copper	5,986	7,241	21.0
Gold	4,004	4,113	2.7
Zinc	1,991	2,535	27.3
Lead	713	1,033	44.9
Molybdenum	835	982	17.6
Silver	480	537	11.9
Iron	256	285	11.3
Tin	349	254	-27.2
Others	24	51	112.5
Total	14,638	17,031	16.3

**Knitting and Sewing the
future...**

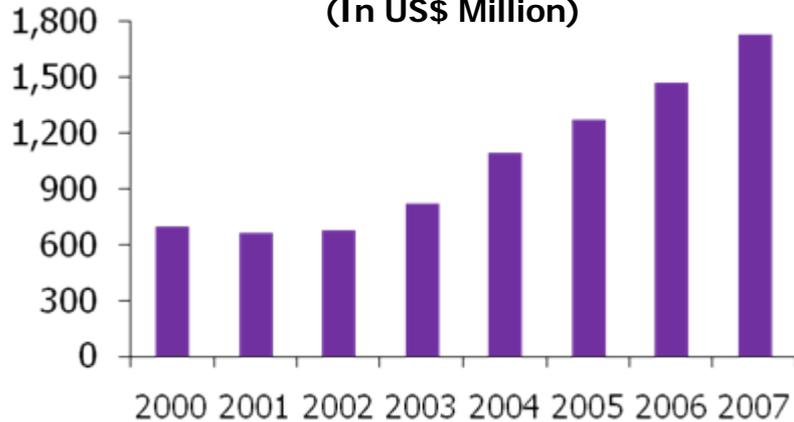


Advantages in the Textile sector

- ❑ Development of Peruvian textile chain enabling rapid service to “full package” orders.
- ❑ Peru is garment supplier for renown brands in the world. Includes full package and quick orders
- ❑ High quality of Peruvian Pima cotton.
- ❑ 1st world producer of vicuna and alpaca fibers, Peru native animals.
- ❑ In the last 8 years, exports have doubled more than foreseen, keeping a growth rhythm of approximately 12% per year. In 2007 growth reached 17.4%
- ❑ Market access to the US market is guaranteed by ATPEAD and the FTA.

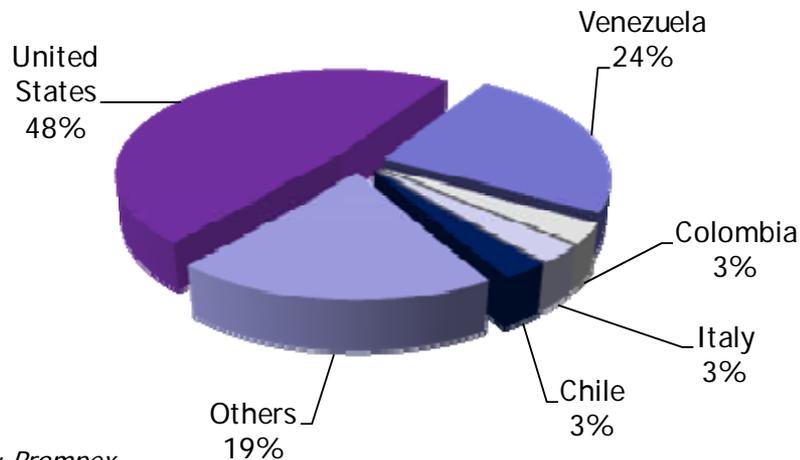
Advantages in the Textile sector

**Textile-Apparel Exports
(In US\$ Million)**



Source: Prompex

Exports per Country, 2007



Source: Prompex

Brands served by Peruvian Companies

Abercrombie & Fitch	Izod
Adolfo Dominguez	JC Penny
Ara Intersales	J. Meneses Group Inc.
Armani Exchange	Nassino Duttì
Calvin Klein	Nautica
Donna Karan Inc.	New Balance
DKNY	Lacoste
Duck Head Apparel Co.	Kenneth Cole
Eddie Bauer	Levy Strauss and Co.
Guess	Oakley
Inditex / Zara	Palacio de Hierro
Polo Ralph Lauren	Ragman
Perry Ellis International	Reebok
Russell Corporation	Vanity Fair
The Gymboree Corp.	Saks Inc.
Tommy Hilfiger	

Forestry Sector



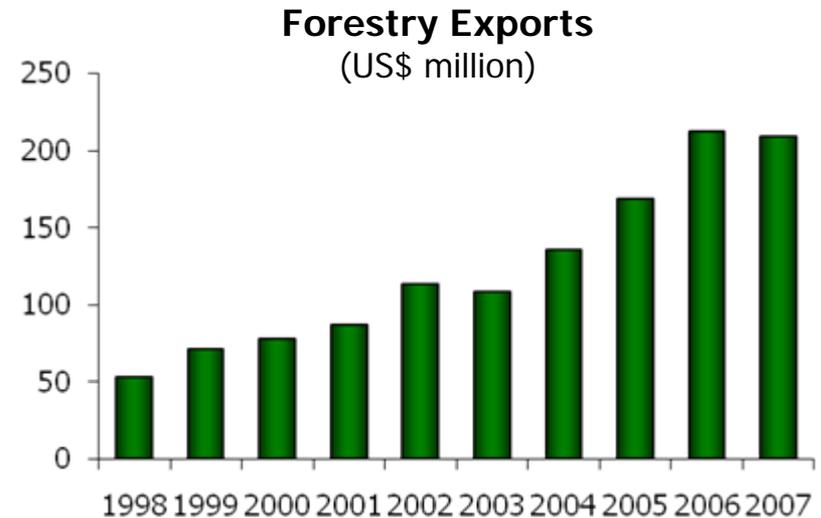
Advantages in the Forestry sector

- ❑ 2nd country in Latin America in natural forest areas.
- ❑ 65.2 million of forest hectares: 53,5 million of hectares with forest potential, 10 million for reforestation and other areas for plantations.
- ❑ Development of tropical hardwoods in the Rainforest and softwoods in Peru's Highland.
- ❑ High-commercial valued woods: mahogany, tropical cedar and cumula.
- ❑ Forest Concessions are granted to the private business sector.
- ❑ Potential to export annually US\$3 billion in woods and by-products. It also offers investment opportunities in lumber industrial complexes.

Advantages in the Forestry Sector

Total of Forest (Million of Has.)		
Ranking	Country	Forest area
1	Russia	851.4
2	Brazil	543.9
3	Canada	244.6
4	United States	226
5	China	163.5
6	Australia	154.5
7	Congo	135.2
8	Indonesia	105
9	Angola	69.8
10	Peru	65.2
11	India	64.1
12	Sudan	61.6
13	Mexico	55.3
14	Bolivia	53.1
15	Colombia	49.6

Source: Operative Plan of the Exporting Sector. Maximize. 2004



Source: ADEX Data Trade

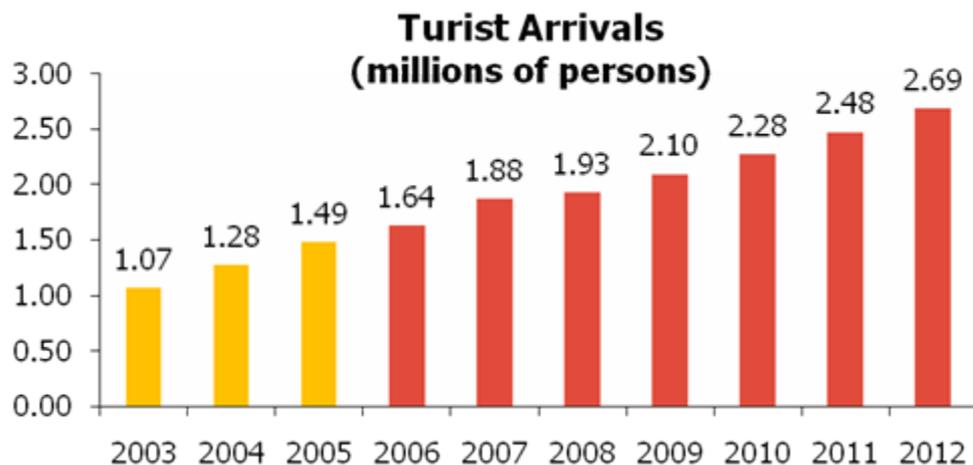
**A bet on the future:
Tourism Sector**



Advantages in the Tourism sector

- ❑ Cultural and historical heritage mixed with a great biodiversity make Peru a unique country in the world, with high potential to develop tourist products and services.
- ❑ Peru has one of the 7 Wonders of the Modern World: Machu Picchu and other 9 Cultural Heritage Worldwide: Nazca's lines, Lima city, Arequipa and Cuzco, Chanchan, Chavin de Huantar, National Park of Manu, Huascarán and Abiseo River.
- ❑ Rapid development of the North-East Circuit: Sipan, Chan-Chan and Kuelap.
- ❑ Nature tourism destination since Peru is one of the 5 countries worldwide with great biodiversity.
- ❑ Also important are Experimental tourism, hot springs and gastronomy which is considered by The Economist as one of the top 10 around the world.
- ❑ Significant increase of visits is foreseen, from 1.7 million in 2006 to 3.7 million by 2013.

Some figures



Source : MINCETUR

Years:2003-2005 : registred arrivals / Years: 2007- 2012 : Forecast

International Arrivals: main origin countries (In thousands of people)

Country	2000	2001	2002	2003	2004	2005	2006
Chile	201	167	239	249	307	353	410
U.S.	99	108	190	240	287	297	311
Ecuador	99	108	62	81	111	88	85
Bolivia	68	69	59	59	63	71	83
Spain	99	108	30	30	42	58	67
United Kingdom	5	5	42	48	51	60	61
France	10	10	37	40	46	54	57
Argentina	26	32	36	38	45	54	57

Source: DIGEMIN

Investment Opportunities

ProInversión' Investment Portfolio*

SECTOR ESTIMATED INVESTMENT (US\$ MM)

Agriculture	950
Real Estate	750
Land Transport	554
Ports	408
Sanitation	502
Telecommunications	193
Airports	157
Others	98
Total	3,612

* Investment estimated to July 2008, up to change.
 ** Mining (30 US\$ MM), Capital Market (55 US\$ MM)
 Tourism (13 US\$ MM).



PERU-US BILATERAL TRADE



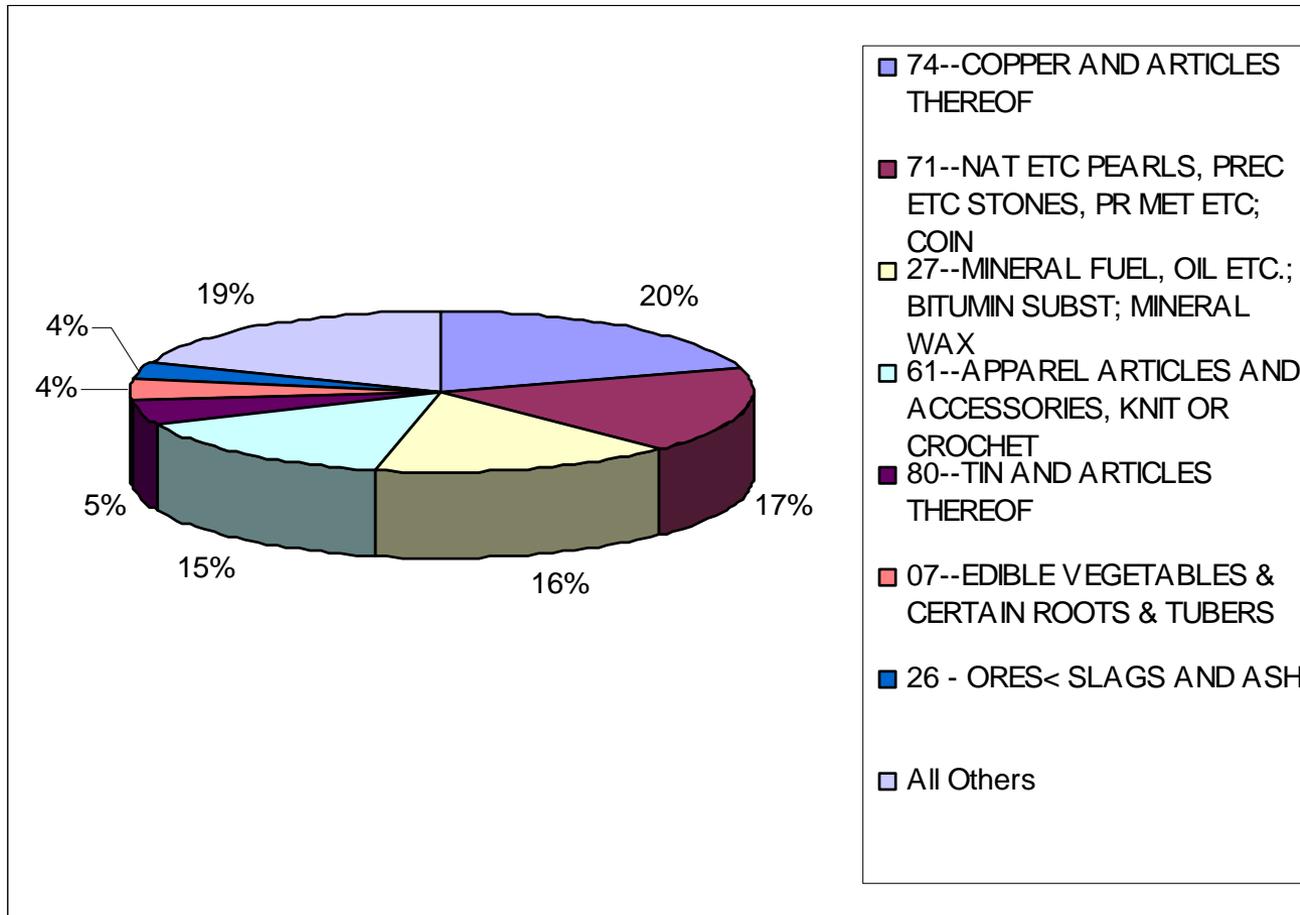
Trade: A growing Trend

- ❑ Two-way trade with U.S. has increased from \$ 3.6 billion in 2000 to \$ 9.0 billion in 2007.
- ❑ U.S. is Peru's first trading partner: \$ 5.2 billion or 19.3% of our total exports goes to U.S. and \$ 3.6 billion or 17.6% of our total imports comes from U.S.
- ❑ Peru is No. 40 in the ranking of trading partners of the United States, out of a total of 234 markets.
- ❑ Most of the products Peru exported to the US are commodities, among them copper is the No.1 product. Other products are products derived from petroleum, silver, gold, tin and other minerals. These traditional exports represent aprox. 66% of our exports to the US.
- ❑ Manufactured goods made up 89% of imports from the US, with agricultural and construction machinery, petroleum and coal products, computer equipment, resin and basic chemicals as the main sectors.

Bilateral Trade: Main Peruvian Exports to US

Product	Value (US\$ Millions)	Percent
74--COPPER AND ARTICLES THEREOF	1,067	20.49%
71--NAT ETC PEARLS, PREC ETC STONES, PR MET ETC; COIN	903	17.35%
27--MINERAL FUEL, OIL ETC.; BITUMIN SUBST; MINERAL WAX	810	15.56%
61--APPAREL ARTICLES AND ACCESSORIES, KNIT OR CROCHET	764	14.68%
80--TIN AND ARTICLES THEREOF	262	5.03%
07--EDIBLE VEGETABLES & CERTAIN ROOTS & TUBERS	228	4.38%
26 - ORES< SLAGS AND ASH	182	3.51%
All Others	989	19.00%
Grand Total	5,207	100%

Bilateral Trade: Main Peruvian Exports to US



Bilateral Trade: Main Peruvian Imports from US

Product	Value (US\$ Millions)	Percent
87--NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS THEREOF	1,064	25.83%
27--MINERAL FUELS, MINERAL OILS AND PRODUCTS OF THEIR DISTILLATION; BITUMINOS SUBSTANCES; MINERAL WAXES	503	12.21%
39--PLASTICS AND ARTICLES THEREOF	408	9.91%
85--ELECTRICAL MACHINERY AND EQUIPMENT AND PARTS THEREOF; SOUND RECORDERS AND REPRODUCERS, TELEVISION RECORDERS AND REPRODUCERS, PARTS AND ACCESSORIES	366	8.89%
10—CEREALS	232	5.63%
87--VEHICLES, OTHER THAN RAILWAY OR TRAMWAY ROLLING STOCK, AND PARTS AND ACCESSORIES THEREOF	183	4.44%
All others	1,363	33.09%
Grand Total	4,119	100%

Bilateral Trade: Main Peruvian Imports from US

