

PERU

# The Pacific Gateway to Latin America

**F**or more than a decade now, Peru has been one of the fastest-growing economies in Latin America. From 2000 to 2014, the country achieved a staggering cumulative growth of 116 percent of its gross domestic product and, in the same amount of time, slashed poverty by half, according to a report by EY Peru.

"Peru in South America is strategically important. Its harbor and its airport has tremendous connectivity to the rest of South America," Lima Chamber of Commerce President Jorge von Wedemeyer pointed out.

Not resting on its geographical advantage, Peru pulled off this feat by fully engaging in the global economy through free trade agreements with its partners in America and across the Pacific.

Peru and Asia have a very long history. China's presence in Peru goes back to the mid-1800s. Today, the world's second-largest economy is Peru's biggest trading partner.

Japan's history with Peru is just as rich. Ever since the first Japanese immigrants arrived at the turn of the 20th century, Peru

boasts one of South America's most dynamic ethnic Japanese communities.

With many opportunities available to Asian investors, Peru has seen positive interest across a multitude of sectors, particularly in the mining sector, despite a recent global slump in commodities prices market.

"I see a few things but one indicator is always exploration. That's just the tip of the spear. We have had more activity in May and June than in the last two years," said Atlas Copco Peruana's General Manager Brian Doffing.

The real extent of Peru's wealth in natural resources is still to be discovered as only a small percentage of the country's mining land has been explored. So, many companies are holding out, optimistic that the sector will recover in the middle term.

While the mining sector is experiencing a downswing, Volcan Compañía Minera is anticipating a recovery soon and is gearing up for big plans, particularly listing on the London Stock exchange next year.

With growing interest in copper mining

projects, the stage is set for Peru's mining sector to start climbing again. Armed with strong market knowledge and a well-diversified portfolio, Volcan is ready to dominate the industry, this time on a global scale.

"You have to be here. You have to acquire the right projects, and you need to have the right partners," Volcan CEO Ignacio Rosado said.

Having signed free trade agreements (FTAs) with China, Japan, South Korea, Singapore and Thailand, Peru's business with its Asian partners now account for 95 percent of exports. These FTAs have allowed Peru to diversify its non-traditional export goods.

"I think that there is a lot more [for China] than just selling our minerals. There are some products [here in Peru] that China doesn't know about and that they need to know," said Peru-China Chamber of Commerce President Jose Tam.

Interest has been shown on both sides as more Asian companies come to Peru and delegations have been sent across Asia to work toward making the existing partnerships more fruitful.

With the robust economic growth, Peru has a large infrastructure gap to fill and unveiled a portfolio of public-private partnerships valued at around US\$4 billion.

"Peru is one of the most important countries for Japan. There are many projects done by the Peruvian government, such as construction of roads and harbors, bridges, and electricity projects. I think many Japanese companies have much interest in this area," said Yoshinari Kawabata, President of the Peruvian-Japanese Chamber of Commerce and Industry.

Asia's interest in Peru was further reinforced with high profile visits by the region's leaders, particularly by South Korean President Park Geun-Hye and Chinese Premier Li Keqiang earlier this year.

"We have an open invitation to Asian investors to explore investment opportunities in Peru. Peru is much more than mining and Machu Picchu. Peru is a world to discover," said Carlos Herrera, the executive director of state-run investment promotion agency ProInversion.

Investment opportunities in the country have also become more diversified, specifically in tourism, energy (renewable and natural gas), infrastructure, oil & gas, property development, and retail (a sign of a growing middle class).

"There is a growing interest and there is

## Atlas Copco Peru Leads in Technology & Service Products

Since its founding in 1950, Atlas Copco Peruana S.A. – the first Atlas Copco subsidiary in Latin America – has contributed to the development of the Peruvian mining.

And for more than 60 years, Atlas Copco maintained its leading position in Peru because of two simple strategies: close collaboration with customers in building both their businesses and introducing innovative and safe technologies to the industry.

Over time, mining companies readjusted their approach, with many of them focusing on production and processing, while allowing original equipment manufacturers (OEMs) to maintain their equipment on site.

In 1998, Atlas Copco established a dedicated Service Contracts Area, composed of maintenance engineers, safety engineers, planners and technicians.

The Service Contracts Area is tasked with keeping the fleet of its customers running at predefined optimum levels and ensuring they meet their production targets. Simultaneously, the company prioritized safety and minimized environmental impact, while providing world-class service.

By introducing the latest technology in the Peruvian market, Atlas Copco has raised the safety standards in the industry, which is a paramount concern of the company and its customers. Its technology allows machinery to be controlled remotely or even without an operator in some circumstances.

Also, its machinery delivers repeatable results – straighter holes, correct orientation, right ergonomics, and easier self-diagnostics – and thus allows miners to optimize operational planning and execution.

To ensure that these high performance machinery operate at their peak potential, Atlas Copco offers after-sales service and continuing training – hands-on and simulated – for the technicians and operators of its customers.

For 65 years, Atlas Copco has stayed steadfast in its commitment to its customers even amid a decline in commodity prices and in its mission to develop solutions that will strengthen Peru's mining industry. ■

[www.atlascopco.com](http://www.atlascopco.com)



Always hands-on attention from Atlas Copco

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## Azzurra builds on the taste for quality homes

Amid the rapid economic progress in the country, Azzurra Constructores, a Lima-based property developer, has capitalized on an ongoing construction boom by building residential apartments for a population with growing disposable income.

While the larger construction companies secure the contracts to build the high-rises and commercial properties in the Peruvian capital, the company chose to specialize on high-end properties for a clientele with very distinctive tastes and exacting standards.

"In the places where we work, we have the best quality. If you bet on your quality, you will sell for sure," said Azzurra CEO Roberto Levaggi.

That staunch commitment to perfection has allowed the company to grow from a tiny construction operation that owned one crane to a developer of much sought-after residences and a distributor of custom-made, own-branded tiles from Italy and Spain.

Judging by the number of its completed and sold-out developments, Azzurra has successfully built a strong reputation for its products and services in the real estate sector and among clients.

The company has several property developments in the drawing board and will pursue its growth plans, albeit in a deliberate, steady manner.

"We want to grow and be able to work on more projects with good people," Levaggi said.

With the economic upturn in Peru expected to continue for the next few years, Azzurra has positioned itself well – very ready and well equipped to take on all business opportunities that may arise.

"We need to change our mindset and help push the car forward, not help break it down," said Levaggi. ■

[www.azzurra.com.pe](http://www.azzurra.com.pe)



## Universidad Cesar Vallejo

### A Vanguard for Practical Innovation

When Cajamarca-native Cesar Acuña Peralta founded Universidad Cesar Vallejo (UCV) in 1991, he envisioned an institution that would raise the standard of education in Peru. Amid the rapid changes in the country's economy and society since then, the school remains steadfast in its commitment to uplift the lives of all Peruvians – wealthy or not.

"We take pride in helping people change their lives. We strongly believe that a lack of finances should not prevent anyone from

“ Due to its history, Peru has the distinct advantage in Latin America of being already familiar with Asian cultures, particularly Chinese, which creates an environment of safety, acceptance and social integration. ”

Cesar Acuña Núñez, Marketing Manager

receiving a quality education," said UCV Marketing Manager César Acuña Núñez.

As Peru continues to attract foreign investment and form business partnerships, UCV is looking toward Asia to further expand its alliances with educational institutions across the Pacific.

With links to 70 universities outside of Peru, including China, UCV has benefited from its partnerships with Asian schools given their shared values and strength in entrepreneurship and innovation, which have played significant roles in the rapid development of Peru and its Asian neighbors.

"Due to its history, Peru has the distinct advantage in Latin America of being already familiar with Asian cultures, particularly Chinese, which creates an environment of safety, acceptance and social integration," explained Acuña.

Through innovative teaching methods and activities, UCV continues to cultivate innovation and entrepreneurship into its students, as it seeks to strengthen the level of exchange between students, faculty and investors. ■

[www.ucv.edu.pe](http://www.ucv.edu.pe)

## McMillan's globalized vision

As the only Canadian national law firm with an office in Hong Kong, McMillan has established a client network across financial hubs in the Asia-Pacific region. Leveraging the Hong Kong-Canada Tax Treaty and Hong Kong's legal and tax systems, the firm has facilitated inbound investments, listings on the TSX and HKSE, and Sino-foreign joint ventures for big businesses, small startups and SOEs.

Stephen Wortley, Co-Chair of the China practice, believes Canadian companies



**Stephen Wortley, Co-Chair, China practice**

must expand their involvement in Asia. Wortley is recognized internationally as an expert in M&As, and brings a wealth of knowledge in line with McMillan's globalized vision.

"Our expertise enables us to provide streamlined services to our clients looking into Asia, or the other way around. It's our commitment and understanding of relationships that give us our edge," he said.

Positioning Hong Kong as a gateway for investment into Canada and vice versa, McMillan has become the preferred resource for prospective investors new to the ASEAN market. ■

[www.mcmillan.ca](http://www.mcmillan.ca)

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a realization about that across senior levels of business and government in Australia. Peru has been a shining star in the last five to ten years. The narrative about Peru has changed dramatically over that period. Now, when Peru is featured in Australia, it is mostly about its stellar economic growth until around last year," Australian Ambassador to Peru Nicholas McCaffrey said.

Meanwhile, Peru is negotiating to join the Trans Pacific Partnership and is involved in the expansion of the Pacific Alliance, the four-member trade bloc that includes Chile, Colombia and Mexico. ■

The digital version of this report can be found online at: <http://gmipost.com/special-feature/26/peru-2015.html>

# Menorca Inversiones: Improving Peruvian Lives

Like many countries, Peru has had its share of highs and lows throughout its history. The political instability in the 1960s remains a traumatic memory but has yielded deeply ingrained lessons for the future.

Menorca Inversiones Chairman and CEO Renzo Carozzi recalled the challenges that Peruvians had to face at that time the military took power: "My family was very involved in agribusiness in Northern Peru, Lima and the mountains. Everything was taken away from us at that time. I had gone abroad to university in order to study agriculture, only to find out there was no longer an agriculture business to come back to. So, I had to adjust."

While trying to recover his family's seized assets, Carozzi entered the shoe manufacturing business at a time the economy was highly unstable and volatile. But, he persevered.

"You will never reach the top without having fallen a couple of times," Carozzi stressed.

A few decades later, Peru restored democratic rule and introduced free market economic measures. The government of former President Alberto Fujimori is widely credited with jump-starting the country's impressive turnaround.

"He did pretty well. This country was broken and needed people to invest. Fujimori gave us the tools to do so, as he respected private property," said Carozzi.

By 1996, with the Carozzi family assets recovered, Menorca Inversiones came to life. The company committed itself to converting land once used for agriculture toward housing developments for low-income Peruvian families, which raised the quality of lives of its residents.



**The Carabayllo Project is among Menorca's property developments that have been nurturing new communities in Lima.**

The developed communities provide families with large green spaces, convenient locations, state-of-the-art security systems and utmost attention to details and finishing.

"Our promise is to deliver more than what our customers expect," he said.

With a projected sales total of close to US\$60 million for 2015, Menorca's strategy is paying dividends as it offers seven-year financing to its low-income customers who have no access to traditional banking loans and provides them with an opportunity to own a home.

As the family business continues to prosper, new ventures in the food industry, shoe manufacturing and retail are creating

opportunities to forge partnerships with Asia.

"We are very much open to listening to ideas from aboard," Carozzi said. ■

[www.menorca.com.pe](http://www.menorca.com.pe)



## Peru's all-around legal experts

With Lima accounting for nearly two-thirds of the country's population of around 30 million, the Peruvian capital continues to attract the bulk of domestic business and foreign capital in South America's newest emerging economy.

Meanwhile, Peru's other cities have aroused interest among businesses looking for locations that offer more competitive costs. Mindful of this advantage and confident in their extensive expertise and experience, Solari, D'Auriol & Asociados Abogados (SD Law) has set up offices in the country's other major cities to cater to these prospective investors.

"Our vision was to be one of the first firms that has branches in other important cities where legal issues needed better attention, better advice," said Managing Partner Pablo Solari.

With branch offices in Chinchá and Ica and associate offices in Piura and Chiclayo, SD Law brings with it a solid reputation for being experts in land titling, real estate, infrastructure, authorizations and peasant communities, as well as in litigation. The firm also takes much pride in its extensive network and close attention given to all its clients.

Of its clients outside Lima, SD Law has focused mostly on the agribusiness industry, such as vegetable and fruit growers Corporación Agroindustrial Beta, Campos del Sur, Agrícola Cerro Prieto, and Valle y Pampa among others.

Aside from the agricultural sector, the practice has also advised its client for the country's Camiesa liquefied natural pipeline project, Peru LNG's liquefied gas plant project and STX Heavy Industries' bid to build ships for the Peruvian Navy.

"Wherever our clients come from, we can manage all their legal issues that they may have. If we can't at the moment, then we will find a way to make things happen," said Solari. ■

[www.sdlaw.pe](http://www.sdlaw.pe)



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