



DOING BUSINESS IN PERU

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Market profile

Peru is a member of the Andean Community and the APEC (Asia-Pacific Economic Cooperation) forum. Peru currently has 24 trade agreements (including with the EU and the US), 3 to go into effect soon and 8 in negotiation, among others.

FACTS

- Finnish exports: 92.06 MEUR (2022)
- Capital: Lima
- Official language: Spanish
- Area: 1.285 MM sq km
- Population: 33.7 million

Economy and business structure

Peru is one of the most dynamic and steady economies in Latin America with a qualification of BBA1 (Stable) by Moody's, which places it as the second-best sovereign rating in Latin America. Among the key factors for the decision to maintain Peru's rating is the resilience that the Peruvian economy showed in the face of different adverse shocks.

Peru represents the 6th largest nominal GDP in Latin America. The country underwent a structural improvement in the past 30 years, which included several trade agreements. It has a Gross Domestic Product (GDP) of US\$ 223 billion. Upcoming projects of national relevance include the modernization of the main airport, the construction of the Lima metro system, several large ports, and large mining projects.

Key industries and their trends

Peru has megadiverse geography and biology and is making efforts to the diversification of its industries and manufacturing base. Peru's main economic activity is mining followed by fishing industry, fossil fuels, and agricultural products.

In 2022 economic growth focused in Mining – led by the construction of several mines – as well as Oil&Gas, Construction, Retail, Hospitality and Restaurants, and Transportation.

Telecommunications and financial services are the main branches of the services sector; together they account for nearly 40% of GDP. Industry, which represents around 35% of GDP, has undergone a process of modernization, which has translated into increased employment in the country's primary industrial areas. The Mining sector represents around 10% of the country's GDP and 60% of national exports and stands out for its potential and low production costs. Peru is the 2nd and 3rd world producer of copper and zinc, respectively. In Latin America, Peru is the largest producer of zinc, lead, and gold.

This offers opportunities for Finnish companies in Mining, Telecommunications, Cybersecurity, and Digitalization. Energy, Bio & Circular Economy, and Healthcare.

Important things to consider when doing business in Peru

Establishing a business in Peru is a simple procedure and the tools to do this are accessible. Drawback is in time & costs, which are usually longer and costlier respectively than in other regions. During the last decade, reforms have been implemented simplify the process.

Because of the country's economic opening and capital requirements, many large companies in key sectors have foreign investors and operate under high-level first-world standards. Suppliers-to-be go through scrutiny and proof of high standards is required, particularly in Mining and Banking.

In other segments there is more openness to new products and solutions.

In both cases a local ally is advisable. A good and respected distributor, reseller or representative is a faster way to successfully reach potential clients and can communicate in the local language as many Peruvians do not always speak English fluently.

Finnish businesses have little limitation for establishing, operating, or selling trade goods and services in Peru. Alternatives for commercially operating in Peru range from opening company (among different types of corporations) to representation or distribution agreements.

Business etiquette is cordial and open, with genuine individual friendliness. Potential customers will compare exhaustively your product to other solutions in the market (quality, price, life cycle, success cases in similar situations, etc.) so be prepared to make your case. Finnish products are respected and perceived as transparent and quality-oriented, although potentially expensive.

Market data sources and other useful links

- Peruvian National Institute of Statistics and Informatics: <https://www.inei.gob.pe/>
- Peruvian Ministry of Foreign Trade and Tourism: <https://www.gob.pe/mincetur>
- Peruvian Association of Exporters: <https://www.adexperu.org.pe/>
- Lima Chamber of Commerce: <https://www.camaralima.org.pe/>
- The World Bank: <https://www.worldbank.org/en/home>
- International Monetary Fund: <https://www.imf.org>
- Moody's Risk Rating Agency: <https://www.moodys.com/>