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## **Columbia FDI Profiles**

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### **Inward FDI in Peru and its policy context**

by

Benjamin Chavez and Jaime Dupuy\*

*Peru has shifted from being a small FDI player in the Latin America and Caribbean region in the 1990s to being the sixth largest FDI host country in 2008. With inflows of US\$ 6.9 and US\$ 4.8 billions in 2008 and 2009, respectively, Peru has managed to contain the impact of the financial crisis on inward FDI (IFDI). The main determinants of the improved FDI performance were: a stable economic and FDI policy since 1992;) vast natural resources; strong gross domestic product (GDP) and market growth; and an export-oriented economy, especially during the past decade. In recent years, Peru has become one of the fastest growing economies in Latin America and a diversified commercial hub for IFDI in the region.*

#### **Trends and developments**

##### *Country-level developments*

In 1990, before liberalization started, Peru had accumulated only US\$ 1.3 billion of IFDI stock. After the enactment of the 1993 Constitution, Peru was able to attract substantial IFDI to major such extractive industries as mining, oil and gas, and the country experienced remarkable IFDI growth in the secondary and tertiary sectors.

In 2009, Peru's IFDI stock reached US\$ 35 billion (annex table 1). The main drivers of IFDI in the past two decades were policy liberalization, vast natural resources, relatively strong GDP and market growth, and the recent export orientation.<sup>1</sup> Policy liberalization included privatizations and open access to almost all sectors.<sup>2</sup>

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\* Benjamin Chavez ([ebc2122@columbia.edu](mailto:ebc2122@columbia.edu)) is former Head of Trade in Services Negotiations of the Ministry of Foreign Trade and Tourism, Peru, and current a graduate student at Columbia University. Jaime Dupuy ([jdupuy@mincetur.gob.pe](mailto:jdupuy@mincetur.gob.pe)) is Investment Negotiator and Legal Advisor of the Ministry of Foreign Trade and Tourism, Peru. The authors wish to thank Carlos Herrera, Javier Illescas and Ruth Respaldiza for their helpful comments. The views expressed by the individual authors of this *Profile* do not necessarily reflect opinions of Columbia University, its partners and supporters. *Columbia FDI Profiles* is a peer-reviewed series.

<sup>1</sup> An overview of the main determinants of FDI flows can be found in UNCTAD, *World Investment Report 1998: Trends and Determinants* (New York and Geneva: United Nations, 1998).

<sup>2</sup> The exceptions are broadcasting, notary, air transport, and maritime transport services. See, Peru - United States Trade Promotion Agreement, signed April 12, 2006. Peru Annex I, Non-Conforming Measures for Services and Investment, available at: <http://www.ustr.gov/trade-agreements/free-trade-agreements/peru-tpa/final-text>.

Peru's average annual IFDI flows almost tripled, from US\$ 1 billion during 1990-1999 to US\$ 2.7 billion during 2000-2009 (annex table 2). Although the country is still far from the level of inflows reached by Chile and Colombia (natural competitor countries at the South Pacific coast), its importance as a host country in the region has shifted significantly. In 2008, Peru reached the sixth place among recipients of IFDI flows in Latin America.<sup>3</sup> It is remarkable that reinvested earnings accounted for 70%, 47% and 102%<sup>4</sup> of IFDI flows in 2007, 2008 and 2009, respectively, demonstrating the soundness of the Peruvian economy and reflecting the high returns earned by investors on their Peruvian operations.

From 1990 to 2000, Peru's IFDI stock was markedly oriented toward services (annex table 3). In 2000, services industries (energy excluded) accounted for 58% of the IFDI stock, energy for 12%, manufacturing for 13%, and oil and mining for 16%. These numbers are explained by the privatizations that took place in the first stage of Peru's new FDI policy during the 1990s: as state companies were mostly in the tertiary sector; the privatizations caused a shift toward FDI in such industries as telecommunications, financial services and energy (mainly electricity generation, transmission and distribution). In the secondary sector (specifically, in the food industry), the acquisition of two traditional Peruvian companies have to be highlighted: Arturo Field Co. (acquired by Kraft Foods) and D'Onofrio (acquired by Nestle).

However, during the past decade, the bulk of IFDI went into the exploitation of natural resources (copper, gold, silver, oil, natural gas, electricity based on water and oil), to infrastructure concessions and to manufacturing. Although services and energy together still accounted for most of the IFDI stock in 2009 (in part because of IFDI in infrastructure concessions), the relative importance of manufacturing (15%) and mining and oil (23%) has considerably risen due to important greenfield investments. Investments in agriculture have also increased considerably, driven by growing demand for new Peruvian export products such as asparagus (annex table 3). IFDI in extractive industries<sup>5</sup> and agriculture in Peru is highly decentralized, which creates considerable economic impact in the interior of the country, bringing wealth to regions faraway from the capital. In addition to this, striking GDP and market growth in the past decade (on average 5.4% per year<sup>6</sup>) has generated attractive returns in the finance, construction and housing industries, pushing up IFDI in them.

From 2000 to 2009, according to the Peruvian Investment Agency (Proinversion), concessions in infrastructure projects represented an estimated investment of US\$ 8.9 billion, including US\$ 2.7 billion for the Camisea natural gas project,<sup>7</sup> US\$ 1.2 billion for the Lima Airport, US\$ 0.6 billion for the Callao Port (South Dock), and US\$ 1.1 billion for the inter-oceanic road that will join the southern regions of Peru with Brazil. Other important concessions have been given in the transport, telecommunications, hydrocarbons, energy, sanitation, and agriculture (irrigation) industries.

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<sup>3</sup> UNCTAD's FDI/TNC database, available at: <http://stats.unctad.org/fdi/>.

<sup>4</sup> The amount is higher than 100% because the net liabilities of foreign affiliates were negative and higher than equity capital in absolute terms.

<sup>5</sup> The term "extractive industries" refers to industries involved in (i) prospecting and exploring for (non-renewable) natural resources, (ii) acquiring them, (iii) further exploring them, (iv) developing them, and (v) producing (extracting) them from the earth. The term does not encompass forestry, fishing, agriculture, animal husbandry, and any other industries that might be involved with resources of a renewable nature.

<sup>6</sup> Central Reserve Bank of Peru (BCRP), "Inflation report: recent trends and macroeconomic forecasts 2010-2011" (Lima: BRCP, 2010).

<sup>7</sup> It includes two concessions: exploitation and transportation and distribution.

Europe has been the major IFDI player in Peru. In 2000, 66% of Peru's IFDI stock came from Europe, compared to 19% from North America, 12% from Latin America and 2% from Asia. In 2009, Europe remained the major inward foreign direct investor, with 56%. On the other hand, North America's share accounted for 16%, Asia's doubled to 4% and, what is more remarkable, Latin America's soared to 22%, becoming the second largest source region for IFDI in Peru.

Spain is the most important investor country in Peru, accounting for 23% of the IFDI stock as of 2009 (annex table 4). The United Kingdom (20%), the United States (15%), the Netherlands (7.5%), Chile (6.9%), and Panama (4.9%) follow, in that order. However, the lower relative standing of Spain and the United States, compared to 2000, contrasts with larger investments from the United Kingdom and the emergence of new players from the developing world. Brazil, Colombia and Singapore have become very active inward foreign direct investors in recent years, along with Chile and Panama. Likewise, China deserves special attention given its unique investment in Shougang Hierro Peru, an iron mining operation privatized in 1993 for US\$ 118 millions plus a three-year investment commitment of US\$ 150 millions. Currently, China is participating in many of the biggest greenfield projects in the mining and steel industries, and its role as a source of IFDI is increasing (see the next section)

#### *The corporate players*

Peru had an estimated 330 foreign affiliates in 2008.<sup>8</sup> The top ten foreign affiliates measured by foreign equity capital are in the telecommunications, beverages, mining, energy, and distribution industries (annex table 5). The remaining foreign affiliates are concentrated in the finance, energy, mining, and manufacturing industries.<sup>9</sup>

Cross-border mergers and acquisitions (M&As) in Peru during 2007-2009 accounted for US\$ 3.8 billion (annex table 6). Most of them were in the mining and electricity industries, with Canada as the most active player in terms of number of M&As, but not in transaction value (US\$ 0.3 billion). In spite of this, Canadian acquisitions of promising junior mining projects may increase the country's role in IFDI greenfield transactions in the future. The most eye-catching M&A was the acquisition of Wong Group, a Peruvian flagship retail firm, by Cencosud, a leading Chilean retail firm, for US\$ 0.5 billion in 2007.<sup>10</sup> Other relevant M&As were Petro-Tech Peruana (oil), Edegel and Electroandes (electricity), acquired by French/Colombian, Spanish and Norwegian enterprises, respectively.

Greenfield investments announced during 2007-2009 accounted for US\$ 19.6 billion. According to these announcements, the bulk of greenfield IFDI is in mining (US\$ 6.3 billion) and natural gas and renewable energy (US\$ 4.3 billion). The chemical (US\$ 4.9 billion) and steel (US\$ 1.4 billion) industries also received high investments. Therefore, for the first time since Peru's liberalization policy in 1992,<sup>11</sup> important amounts have been invested into industries with higher value-added than extractive industries. In the chemical industry, most of investments are directed toward petrochemical complexes,

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<sup>8</sup> UNCTAD, *World Investment Report 2009: Transnational Corporations, Agricultural Production and Development* (New York and Geneva: United Nations, 2009).

<sup>9</sup> Proinversion, FDI Statistics, unpublished..

<sup>10</sup> As part of the transaction, Wong Group bought 5% of Cencosud.

<sup>11</sup> Privatizations aside.

highly promoted by the government as a means of taking advantage of the country's natural gas reserves (annex table 7).

Announced investments in the petrochemical industry include the acquisitions of Braskem (Brazil), CF Industries (USA) and Sigdo Koppers Group (Peruvian-Chilean Joint venture), for a total of US\$ 4.4 billion (annex table 7). The Braskem's project by itself would create 41,000 direct and indirect jobs.<sup>12</sup> The development of the complex is subject to the amount of feedstock available from the gas fields and will probably be located in San Juan de Marcona (Ica region), a depressed coastal city located 530 km south of Lima. In another industry, the Brazilian steelmaker Gerdau will invest US\$ 1.4 billions at its SiderPeru unit. The company expects the project to generate more than 4,000 temporary jobs during construction, and 2,000 new permanent jobs. The investment will make Peru a large steel producer and an exporter to Latin America.<sup>13</sup> SiderPeru is located in Chimbote (Ancash region), a coastal city located 420 km north of Lima. Both regions, Ica and Ancash, are already important export-oriented producers of agricultural and fishing products, respectively.

An anchor project for these developments has been the Peru LNG project,<sup>14</sup> which includes a liquefaction plant, related marine facilities and 408 km of pipeline for the transportation of natural gas from the mountains to the LNG Plant at Pampa Melchorita on the coast. The total estimated investment was US\$ 3.8 billion and the project is considered the largest and most important energy project in Peru. Peru LNG is expected to generate roughly US\$ 0.8 billion of export revenues annually. During the construction phase, 35,000 direct and indirect jobs were generated.

### **Effects of the current global crisis**

The global economic and financial market crisis hit IFDI in Peru in 2009. After continuous growth from 2003 to 2008, IFDI flows plummeted to US\$ 4.7 billion, 35% less than 2008. Since Peru's terms of trade deteriorated because of the fall in commodities prices in the first quarter of 2009, some investment projects were postponed. In addition, foreign affiliates located in Peru lent money to their headquarters abroad, causing net capital outflows of US\$ -0.86 billion in 2009.

On the other hand, reinvested earnings and cross-border M&A investments sustained IFDI flows. Reinvestments in 2009 were equal to US\$ 4.9 billion, 49% more than in 2008. M&As accounted for US\$ 1.5 billion, 137% higher than in 2008. These numbers reflect the soundness of Peru's economic performance. Furthermore, Peru's GDP grew by 0.9%<sup>15</sup> in 2009, one of the best performances in Latin America. Thus, Peru may capitalize on its performance and become an even more attractive place for FDI.

### **The policy scene**

In the late 1980s, the Peruvian economy was facing the greatest economic crisis of its recent history, characterized by macroeconomic chaos, irresponsible fiscal policy and

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<sup>12</sup> Andina Peru News Agency, "Braskem, Petrobras and Petroperú to invest \$ 2.500 million in Peru petrochemical plant," May 18, 2008, available at: <http://www.andina.com.pe/Espanol/Noticia.aspx?Id=SUrFGYWryL4>.

<sup>13</sup> Todd Benson, "Gerdau to spend \$1.4 bn to boost output in Peru," Reuters, September 1, 2008, available at: <http://uk.reuters.com/article/idUKN0129584620080901>.

<sup>14</sup> The Peru LNG project was finalized on June 10, 2010.

<sup>15</sup> BCRP, "Inflation report: recent trends and macroeconomic forecasts 2010-2011," op. cit.

hyper-inflation (7000% by 1990). The macroeconomic imbalance was worsened by a fall in tax revenues.<sup>16</sup> Furthermore, government policies induced economic distortions through price and wage control, artificial exchange and interest rates and trade protectionism (e.g. 32 different tariff levels went from 0% to 108%). The most important economic activities were controlled by the State, through public enterprises that subsidized the price of public services and further worsened the fiscal balance.

Since 1990, the main objective of the Government has been to create a steady economic and political environment that allows privately-owned businesses to emerge and develop. Since then, the Government has shifted its role from an over-regulator and producer to a private sector promoter, to make it the driving force of a free-market economy.

The redefinition of the State's role was reflected in the 1993 Constitution, which strongly encouraged private sector activity. The Constitution defines the subsidiary role of the State in economic activity, restricting public economic activity to market failures. The Constitution also guarantees national treatment to foreign investors and gives them the right to submit disputes arising from contractual relationships with the State to national or international arbitration.<sup>17</sup> For this purpose, Peru joined the International Centre for Settlement of Investment Disputes (ICSID) in 1993. Peru also became a member of the Multilateral Investment Guarantee Agency (MIGA) in 1991, which means that foreign investors can obtain political risk insurance from that agency to increase their level of comfort when investing in the country.

The inviolability of property is also constitutionally protected. Foreign investments are allowed without restrictions in most economic sectors. Nevertheless, the 1993 Constitution states that foreigners may not acquire mines, lands, woods, water, fuels, and energy sources within fifty kilometres from the borders, except in case of public necessity, expressly declared by Supreme Decree and approved by the Cabinet.<sup>18</sup>

In order to reinforce investment protection, under the Law on Legal Stability Regime for Foreign Investment and the Framework Law for the Growth of the Private Investment,<sup>19</sup> the State guarantees foreign investors legal stability for up to ten years, through Stabilization Agreements, which have a law-contract status. Such Agreements reassure investors that a particular legal framework in place at the time they entered into a contract will continue to apply to their investments for a set period of time. However, in the case of public service concessions, this period is extended to the term of the concession.

There are also tax incentives to investments,<sup>20</sup> such as a special regime of value-added tax. It allows investors to obtain a refund of taxes paid or transferred on imports and/or the domestic acquisition of capital assets, intermediate goods, services, and construction contracts during the pre-operation stage of infrastructure projects and public utilities, provided that these have been destined for operations not burdened with such tax and

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<sup>16</sup> Government income in 1990 was 4% of GDP, which was not enough to cover the State's payroll.

<sup>17</sup> Peru's Political Constitution, Article 63.

<sup>18</sup> Peru's Political Constitution, Economic Regime, Chapter III, Article 71.

<sup>19</sup> Legislative Decree 662, "Law on Legal Stability Regime for Foreign Investment," and Legislative Decree 757, "Framework Law for the Growth of the Private Investment," both enacted in 1991.

<sup>20</sup> Legislative Decree 821, "Law on Value-added Tax and Selective Consumption Act," enacted in 1996.

are used directly in the execution of investment projects in infrastructure works and public utilities. This regime is subject to investment contracts.

As part of its policy of promoting private investment and boost the country's development, the Peruvian Investment Promotion Agency, Proinversion, was created in 2002. One of the most important goals of Peru's economic strategy is to attract foreign investment into the country. As a complement to its internal legal framework, the Government seeks to negotiate international investment agreements, including bilateral investment treaties (BITs) and chapters on investment in free trade agreements (FTAs), as part of a comprehensive economic and commercial policy that encourages the creation of employment, technology transfer and the growth of goods and services trade with international partners.

Since 1991, Peru has signed BITs with over 30 countries. Likewise, Peru has entered into FTAs with the United States, Chile, Canada, Singapore, China, the European Free Trade Association (EFTA), and the European Union. Negotiations of FTAs are ongoing with Japan, Republic of Korea, Mexico, Thailand, and the Trans-Pacific Partnership. Peru has also entered into double taxation treaties with Brazil, Canada, Chile, and Spain (not yet in force). Negotiations with Sweden, France, Italy, the United Kingdom, Switzerland, and Thailand are pending. These agreements not only reinforce the country's credibility, but also open new opportunities for investors.

## **Conclusions**

Peru's economic performance has attracted increasing IFDI flows in the past decade. To continue attracting IFDI, the Peruvian Government must maintain sound macroeconomic fundamentals. In addition, a more active promotion of IFDI in sectors with higher value-added would allow Peru to reap more benefits from its natural resources. The emerging role of IFDI in petrochemical complexes and the steel industry should only be a first step toward attracting human capital, knowledge and technology through IFDI. For that purpose, Peru needs to continue to improve institutions, reduce bureaucratic regulations and to invest in infrastructure, education, research and development, and health to further improve the country's attractiveness as a business location. Peru's economic outlook for the coming years is very favourable, considering the announced investment projects and the expected rise of domestic consumption. Although mining investments are likely to continue at high levels, the service industry is expected to continue to expand as well.

## **Additional readings**

Central Reserve Bank of Peru (BCRP), "Inflation report: recent trends and macroeconomic forecasts 2010-2011" (Lima: BCRP, March 2010).

UNCTAD, *World Investment Report 2009: Transnational Corporations, Agricultural Production and Development* (New York and Geneva: United Nations, 2009).

UK Department of Trade and Industry and EIU, *Survive and Prosper: Emerging Markets in the Global Recession* (London: DTI and EIU, 2009).

*Useful websites*

For FDI policy and and BITs: Proinversion, available at: [www.proinversion.gob.pe](http://www.proinversion.gob.pe)

For FDI statistics: Proinversion, available at: [www.proinversion.gob.pe](http://www.proinversion.gob.pe) and

Central Reserve Bank of Peru (BCRP), available at: [www.bcrp.gob.pe](http://www.bcrp.gob.pe)

For FTAs: Ministry of Foreign Trade and Tourism, available at: [www.mincetur.gob.pe](http://www.mincetur.gob.pe)

For Double Taxation Treaties: Ministry of Finance, available at: [www.mef.gob.pe](http://www.mef.gob.pe)

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For further information please contact: Vale Columbia Center on Sustainable International Investment, Zehra G. Kavame, (212) 854-0638, [Zkavam1@law.columbia.edu](mailto:Zkavam1@law.columbia.edu).

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## Statistical annex

**Annex table 1. Peru: inward FDI stock, 2000-2009**

(US\$ billion)

Economy	2000	2004	2005	2006	2007	2008	2009
<b>Peru</b>	<b>11</b>	<b>13</b>	<b>16</b>	<b>20</b>	<b>27</b>	<b>32</b>	<b>37</b>
Peru <sup>a</sup> (Proinversion)	12	14	14	16	16	18	19 <sup>b</sup>
Memorandum: comparator economies							
Brazil	122	161	181	221	310	288	401
Chile	46	61	74	80	99	100	122
Colombia	11	25	37	45	56	67	74
Malaysia	53	43	44	54	77	73	75
Thailand	30	53	60	77	94	93	99

Source: UNCTAD's FDI/TNC database, available at: <http://stats.unctad.org/fdi/>

<sup>a</sup> FDI stock registered by Proinversion includes equity capital only. In addition, not all FDI inflows are registered by Proinversion. Thus, Proinversion's FDI statistics are only a part of the Central Reserve Bank of Peru's FDI statistics.

<sup>b</sup> Calculated indirectly. Stock Year<sub>t</sub> = Stock Year<sub>t-1</sub> + Flow Year<sub>t</sub>. t = 2009.

**Annex table 2. Peru: inward FDI flows, 2000-2009**

(US\$ billion)

Economy	2000	2004	2005	2006	2007	2008	2009
Peru	0.8	1.6	2.6	3.5	5.5	6.9 <sup>a</sup>	4.8 <sup>a</sup>
Memorandum: comparator economies							
Brazil	32.8	18.1	15.1	18.8	34.6	45.1	25.9 <sup>b</sup>
Chile <sup>c</sup>	4.8	7.1	7.0	7.3	12.5	15.2	12.7
Colombia	2.4	3.0	10.3	6.7	9.0	10.6	7.2 <sup>d</sup>
Malaysia	3.8	4.6	4.1	6.1	8.5	7.3	1.4
Thailand	3.4 <sup>d</sup>	5.9 <sup>d</sup>	8.1	9.5	11.3	8.5	5.9 <sup>e</sup>

Source: UNCTAD's FDI/TNC database, available at: <http://stats.unctad.org/fdi/> (When differences with national statistics exist, the values are specified through <sup>a</sup> to <sup>d</sup>).

<sup>a</sup> Central Reserve Bank of Peru.

<sup>b</sup> Central Bank of Brazil, Preliminary data.

<sup>c</sup> Central Bank of Chile, Economic Indicators.

<sup>d</sup> Bank of Republic, Colombia, Economic Indicators, Foreign Sector Annex.

<sup>e</sup> Bank of Thailand.



**Annex table 3. Peru: distribution of inward FDI stock, by economic sector and industry, 2000, 2009**

(US\$ million)

Sector / industry	2000 <sup>a</sup>	2009 <sup>ab</sup>
<b>All sectors / industries</b>	12,306	18,840
<b>Primary</b>	2,004	4,529
Agriculture, forestry, and fishing	51	209
Mining, quarrying and petroleum	1,953	4,320
Mining and quarrying	1,855	3,964
Petroleum	98	356
<b>Secondary</b>	1,554	2842
Manufacturing	1,554	2842
<b>Services</b>	7,211	8,866
Communications	4,588	3675
Construction (and housing)	60	718
Finance	1,683	2,872
Transport	28	295
Tourism	58	64
Other services	794	1,242
<b>Energy</b>	1,537	2,603

*Source:* Proinversion, Peruvian Investment Promotion Agency.

<sup>a</sup> FDI stock registered by Proinversion includes only equity capital. In addition, not all FDI inflows are registered by Proinversion. Thus, Proinversion's FDI statistics are only a part of the Central Reserve Bank of Peru's FDI statistics.

<sup>b</sup> Preliminary.

**Annex table 4. Peru: geographical distribution of inward FDI stock, 2000, 2009**

(US\$ million)

<b>Region/economy</b>	<b>2000<sup>a</sup></b>	<b>2009<sup>ab</sup></b>
<b>World</b>	<b>12,306</b>	<b>18,840</b>
<b>Developed economies</b>	<b>10,616</b>	<b>13,826</b>
Europe	8,168	10,542
European Union	7,909	10,210
France	224	205
Germany	75	171
Netherlands	847	1,404
Spain	4,382	4,292
United Kingdom	2,175	3,783
EFTA States	259	332
Liechtenstein	14	19
Switzerland	245	313
North America	2,334	3,083
Canada	183	323
United States	2,151	2,760
Other developed countries	114	201
Australia	5	7
Japan	102	187
New Zealand	7	7
<b>Developing economies</b>	<b>1,572</b>	<b>4,814</b>
Africa	0	0
Asia and Oceania	143	565
China	122	122
Korea, Republic of	21	41
Singapore	0	399
Russia	0	3
Latin America and the Caribbean	1,429	4,249
Brazil	59	487
Chile	476	1,290
Colombia	76	751
Mexico	19	455
Panama	551	929
<b>Unspecified destination</b>	<b>119</b>	<b>200</b>

Source: Proinversion, Peruvian Investment Promotion Agency.

<sup>a</sup> FDI stock registered by Proinversion includes only equity capital. In addition, not all FDI inflows are registered by Proinversion. Thus, Proinversion's FDI statistics are only a part of the Central Reserve Bank of Peru's FDI statistics.

<sup>b</sup> Preliminary.

**Annex table 5. Peru: principal foreign affiliates, ranked by assets, 2009**

(US\$ million)

<b>Rank</b>	<b>Name</b>	<b>Industry</b>	<b>Foreign assets<sup>a</sup></b>
1	Telefonica Peru Holding S.A	Communications	2,002
2	Union de Cervecerias Peruanas Backus y Johnston S.A.A.	Manufacturing	1,300
3	Telefonica del Peru S.A.A.	Communications	853
4	Xstrata Peru S.A.	Mining	657
5	Generalima S.A.	Energy	502
6	Cencosud Peru S.A.	Distribution	500
7	Compania Minera Antamina S.A.	Mining	460
8	Sociedad Minera Cerro Verde S.A.	Mining	454
9	Gold Fields La Cimas S.A.	Mining	447
10	Telefonica Moviles Peru Holding S.A.A.	Communications	436
11	America Movil Peru S.A.C. (before Tim Peru)	Communications	386
12	Southern Peru Limited, Sucursal Del Peru	Mining	373
13	Peru Beverage Limitada S.R.L.	Manufacturing	303
14	SN Power Peru Holding S.R.L.	Energy	296
15	Scotiabank Peru S.A.A.	Finance	282
TOTAL			9,252

*Source:* Proinversion, Peruvian Investment Promotion Agency.

<sup>a</sup> December 2009. Includes equity capital only.

**Annex table 6. Peru: main M&A deals, by inward investing firm, 2007-2009**

Year	Acquiring company	Source economy	Target company	Target industry	Shares acquired (%)	Estimated/ announced transaction value (US\$ million) <sup>a</sup>
2009	Enersis SA <sup>a</sup>	Spain	Edelnor	Electricity/distribution	12.35	75.14
2009	Endesa <sup>a</sup>	Spain	Edegel	Electricity	62.46	379.72
2009	Monthiers SA	Belgium/ Brazil	AmBev Peru	Beverages	30.00	16.00
2009	Nyrstar NV	United Kingdom	Cia Minera San Juan(Peru)SA	Mining	85.00	28.00
2009	Aquiline Resources Inc	Canada	Monterrico Metals PLC-Pico	Mining	100.00	7.80
2009	Prosegur Compania de Seguridad	Spain	Orus SA	Other business services/security	100.00	25.60
2009	Solex Resources Corp	Canada	Minera Frontera Pacifica SA	Mining	100.00	3.78
2009	Corficolombiana	Colombia	Cia de Gas Comprimido del Peru	Natural gas	80.00	2.02
2009	ADM Investment Ltd	United States	Molinos del Peru SAC	Food/manufacturing	100.00	4.50
2009	Zibo Hongda Mining Co Ltd	China	Pampa de Pongo Property,Peru	Mining	100.00	100.10
2009	Focus Ventures Ltd	Canada	Radius Gold Inc-Nueva	Mining	100.00	3.20
2009	China Tel Group Inc	United States	Perusat SA	Telecommunications	95.00	2.78
2009	SK/Ecopetrol Group	France/ Colombia	Petro-Tech Peruana SA	Oil	100.00	892.78
2008	Iberian Minerals Corp	Canada	Cia Minera Condestable SA	Mining	98.73	9.45
2008	Grupo Votorantim	Brazil	Cia Minera Milpo SAA	Mining	32.92	132.85
2008	Bank of Nova Scotia,Toronto	Canada	AFP Profuturo SA	Finance	47.50	33.00
2008	Sprott Resource Corp	Canada	Mantaro phosphate project	Chemicals	100.00	8.87
2008	Strike Resources Ltd	Australia	Apurimac Ferrum SA	Mining	51.00	34.50
2008	Black Tusk Minerals Inc	Canada	Undisclosed Mining Concessions	Mining	100.00	2.00
2008	Nevtah Capital Mgmt Corp	United States	Electrocondor SAC	Electricity	100.00	22.50

2008	Grupo Votorantim	Brazil	Cia Minera Milpo SAA	Mining	25.03	3.39
2008	Bear Creek Mining Corp	Canada	Bear Creek Mining Corp-Corani	Mining	100.00	77.49
2008	Vena Resources Inc	Canada	Sudamericana de Carbon SAC	Mining	70.00	2.50
2008	Iberian Minerals Corp	Canada	Cia Minera Condestable SA	Mining	92.00	97.55
2008	Norsemont Mining Inc	Canada	Constancia Mining Project,Lima	Mining	70.00	13.00
2008	Petrobras Intl Braspetro BVc	Brazil	Petrobras Energia Peru SA	Oil	-	138.84
2007	Cencosud	Chile	Grupo Wong	Retail	100.00	500.00
2007	Norsemont Mining Inc	Canada	Constancia Mining Project,Lima	Mining	30.00	9.80
2007	Statkraft Norfund (SN) Power	Norway	Electroandes SA	Electricity	100.00	390.00
2007	Thunderbird Resorts Inc	Panama	Hoteles Las Americas	Tourism and hotels	100.00	43.50
2007	Century Mining Corp	United States	Cia Minera Algamarca SA	Mining	100.00	31.00
2007	Pure Biofuels Corp	United States	Interpacific Oil SAC	Biofuel (Ethanol)	100.00	6.30
2007	Northern Peru Copper Corp	Canada	Mineral Concessions	Mining	100.00	5.12
2007	Panoro Minerals Ltd	Canada	Cordillera de las Minas SA	Mining	100.00	15.15
2007	Strike Resources Ltd.	Canada	Apurimac & Cuzco Iron Project	Mining	75.50	6.55
2007	Investor Group	Colombia	Consorcio TransMantaro SA	Electricity	100.00	33.00
2007	China Fishery Group Investment	Hong Kong (China)	Alexandra SAC	Fishing	100.00	103.58

Source: Thomson ONE Banker. Thomson Reuters.

<sup>a</sup> Enersis Chile and Endesa Chile are subsidiaries of Endesa Spain.

<sup>b</sup> Monthiers (Uruguay) is a subsidiary of Ambev Co. (Belgium/Brazil).

<sup>c</sup> Announced investment is reported as Netherlands, but the Petrobras Headquarter is in Brazil.

**Annex table 7. Peru: main greenfield projects, by inward investing firm, 2007-2009**

(US\$ million)

Year	Investing company	Source economy	Industry	Estimated/ announced investment value
2009	Malaga	Canada	Mining	327
2009	Rio Alto Mining	Canada	Mining	330
2009	Falabella	Chile	Retail	350
2009	Grupo Mexico	Mexico	Mining	600
2009	Braskem	Brazil	Petrochemical	2,500
2009	Centrais Eletricas Brasileira (Eletrobras)	Brazil	Electricity	321
2009	Perenco	France	Oil	2,000
2009	Reliance Industries	India	Natural gas	500
2009	Construtora OAS	Brazil	Electricity	321
2009	Votorantim Group	Brazil	Mining/manufacturing	500
2009	Sigdo Koppers Group	Chile	Petrochemical	650
2008	Stratos Renewables	United States	Renewable energy (ethanol)	119
2008	Conduit Capital Partners, LLC <sup>a</sup>	United States	Gas pipeline/transportation	1,400
2008	Endesa	Spain	Electricity	229
2008	Maple Energy	Ireland	Renewable energy (Ethanol)	222
2008	Vale (Companhia Vale do Rio Doce)	Brazil	Chemicals/extraction	479
2008	Duke Energy	United States	Electricity	229
2008	Horcona	Spain	Renewable energy	4
2008	Gerdau	Brazil	Steel	1,400
2008	Royal Dutch Shell Plc	Netherlands	Oil and natural gas	300
2008	Pure Biofuels	United States	Biofuel/manufacturing	119
2008	Aluminium Corporation of China (Chinalco)	China	Mining	2,150
2008	Global Crossing	Bermuda	Telecommunications	149

2008	CF Industries	United States	Petrochemicals	1,000
2008	Jiangxi Copper	China	Mining	1,400
2008	Constructora OAS (water transfer system)	Brazil	Construction/sanitation	76.9
2007	Ecopetrol	Colombia	Oil	50
2007	Cimpor	Portugal	Cement	125
2007	MAN	Germany	Renewable energy	100
2007	Starwood Hotels & Resorts	United States	Hotels and tourism/construction	85
2007	Anglo American PLC (Michiquillay Project)	United Kingdom	Mining	430
2007	Shougang	China	Mining/manufacturing	1,000
2007	Sigdo Koppers Group <sup>b</sup>	Chile	Petrochemical	200
2007	Doe Run	United States	Mining/manufacturing	50
2007	Petrobras	Brazil	Oil	90
2007	Salfacorp	Chile	Real estate	40.7
2007	Caribbean Land	Dominican Republic	Hotels and tourism/construction	166
2007	SABMiller	United Kingdom	Beverages/manufacturing	50

Source: fDI Intelligence, a service from the Financial Times Ltd.

<sup>a</sup> Peruvian-Chilean joint venture.

<sup>b</sup> Conduit Capital Partners sold its 51% stake in its US\$ 1.5 billion Peruvian gas pipeline project to Odebrecht, subject to the confirmation of reserves.