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Trade Policy Review Body

TRADE POLICY REVIEW

REPORT BY THE SECRETARIAT

PERU

This report, prepared for the fourth Trade Policy Review of Peru, has been drawn up by the WTO Secretariat on its own responsibility. The Secretariat has, as required by the Agreement establishing the Trade Policy Review Mechanism (Annex 3 of the Marrakesh Agreement Establishing the World Trade Organization), sought clarification from Peru on its trade policies and practices.

Any technical questions arising from this report may be addressed to Mr Ricardo Barba-Viniegra (022 739 50 88) or Mrs Eugenia Lizano (022 739 65 78).

Document WT/TPR/G/289 contains the policy statement submitted by Peru.

Note: This report is subject to restricted circulation and press embargo until the end of the first session of the meeting of the Trade Policy Review Body on Peru. This report was drafted in Spanish.

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SUMMARY

1. Peru's economic performance since its last TPR in 2007 has been exceptional, with strong real GDP growth, low inflation, an improved fiscal position, reduced debt and strengthened external accounts. This reflects prudent macroeconomic management and the continuation of structural reforms that have facilitated the expansion of FDI inflows. The Peruvian economy also weathered the global financial crisis well, partly as a result of a countercyclical fiscal stimulus that supported economic activity and sustained employment. While poverty has been reduced and living standards have improved, progress in social inclusion has been slow. Continuation of high growth in the years to come will require enhancing competitiveness and innovation, further improving the business climate, and investing more in human capital and infrastructure.

2. Peru's trade policy developments during the period under review were marked by its active participation in regional trade agreements. Since 2007, 14 new regional trade agreements have entered into force, one more has been concluded but is not yet in force, and several others are under negotiation. As a result of the agreement with the United States, and in order to fully benefit from its wide network of regional trade agreements, Peru made important changes to its trade policies and practices by issuing new laws on, *inter alia*, customs, government procurement, and intellectual property rights. Peru also made changes to its regulatory framework to promote competitiveness and investment. Most of these changes are applied on an MFN basis. Despite its emphasis in regionalism, Peru continues to be an active member in the WTO and has unilaterally liberalized its trade regime including through a reduction of its MFN applied tariff from an average of 8% in 2007 to 3.2% in 2013.

Economic environment

3. The Peruvian economy recorded a strong performance during 2007-2012, with an annual average GDP growth rate of almost 7%, despite the deterioration in the international economic environment. Growth benefited from the dynamism shown by non-primary sectors (construction, trade, and services), strong public and private investment, and consumption, and increased exports of goods and services.

4. Rapid economic growth during the period under review resulted in a continued increase in GDP per capita in dollar terms, which rose from US$3,772 in 2007 to US$6,623 in 2012. Unemployment fell from 8.4% to 6.8% during the period, as did both total and extreme poverty. However, social disparities throughout the country remain high, particularly between rural and urban areas.

5. The Peruvian economy weathered the global financial crisis of 2008-2009 relatively well, partly as a result of a countercyclical fiscal stimulus of about 1.25% of GDP. Consequently, in 2009 there was a fiscal deficit of 1.3% of GDP. The fiscal stimulus was gradually removed as economic activity recovered, which allowed fiscal surpluses of about 2% of GDP in 2011 and 2012.

6. Peru had current account deficits throughout the period under review except in 2007. The current account went from a surplus of 1.4% of GDP in 2007 to a deficit of 3.6% in 2012. The trade balance surplus narrowed substantially in 2008-2009 and in 2012 because of deteriorating terms of trade due to the global economic crisis. Peru is a net importer of services, with a deficit of around US$2 billion per year during 2007-2012. Significant net capital inflows allowed an increase in the stock of international reserves to almost US$64 billion in 2012, equivalent to 32% of GDP.

7. The period under review was particularly dynamic for Peru's trade, with exports and imports almost doubling. As one of the world's leading producers of raw materials, Peru has increased its dependence on mineral exports, particularly copper and gold which accounted for about 10% of GDP in 2012. Agricultural and manufacturing exports represented 17% and 12%, respectively, of total merchandise exports in 2012. China, the European Union and the United States together accounted for almost half of Peru's total exports in 2012, with China overtaking the United States as the main buyer.

8. Manufactured imports accounted for almost three quarters of total merchandise imports in 2012, led by machinery and transport equipment, and chemicals. The United States, China and the European Union are Peru's main source of imported goods. Together, they accounted for 49% of the total in 2012 (41% in 2007).

9. Peru's annual inflow of FDI jumped from an average of US$2 billion in 2000-2006 to US$7.900 billion in 2007-2012. Further expansion of FDI flows will benefit from improved infrastructure and business environment.

Trade and investment policy framework

10. Peru attaches particular importance to its participation in the multilateral trading system, considering it fundamental to achieving its main trade policy objective of a sustained increase in trade, particularly of non-traditional sectors, enhancing the competitiveness of Peruvian goods and services, and fostering trade and investment flows with the world at large.

11. Peru remains committed to the successful conclusion of the Doha Development Agenda (DDA), where it has presented, independently and together with other delegations, a number of proposals. During the review period, Peru participated in one case brought before the WTO Dispute Settlement Body as respondent but did not participate as complainant; it was involved six times as a third party. Peru is not a member nor has observer status in the plurilateral Agreement on Government Procurement. It has participated in the Information Technology Agreement since 2009. During the period under review Peru presented numerous notifications to the WTO and by mid-2013 only a small number remained outstanding, in particular concerning domestic support to agriculture.

12. Since 2007, Peru has actively negotiated several regional trade agreements, 14 of which have entered into force: Canada, Chile, China, Costa Rica, European Free Trade Association (EFTA), European Union, Japan, Korea (Rep. of), Mexico, Panama, Singapore, Thailand, the United States, and the Bolivarian Republic of Venezuela. Peru also concluded a trade agreement (not yet in force) with Guatemala, and is negotiating others with El Salvador, Honduras, as well as in the context of the Pacific Alliance, and the Trans-Pacific Partnership (TPP). In addition, Peru is a founding member of the Andean Community, has a free trade agreement with MERCOSUR and other agreements within the framework of the Latin American Integration Association (LAIA). In total, Peru has 17 regional trade agreements in force with 52 countries. In 2012, about three quarters of Peru's total exports and imports went to trading partners with which Peru has regional trade agreements.

13. In general, foreign investors in Peru receive the same legal treatment as local investors. However, foreign investment is restricted in certain activities, such as maritime services, air transport and broadcasting. The Government seeks to promote public-private investment partnerships, particularly in transport, energy, and other technology-intensive sectors, in order to overcome infrastructure bottlenecks, spur competitiveness, and uphold economic growth. The investment incentives generally consist of tax exemptions and low-cost financing; normally, they do not distinguish between domestic and foreign investors.

Trade policy by measure

14. Peru considers trade as one of the pillars to promote economic growth and development. Reflecting this, since 2007 Peru has implemented policies to facilitate trade and continued its programme of unilateral tariff liberalization. Peru has simplified its customs and administrative procedures by creating the single window for foreign trade in 2006 as a system to facilitate trade, operational in 2010, and by fostering the use of a risk-analysis system to clear merchandise through customs, thus reducing the frequency of inspections. Despite these achievements, further efforts are needed to facilitate trade, including through the improvement of infrastructure.

15. During the period under review, Peru has continued to reduce its tariffs on a unilateral basis, as a result the simple average rate declined from 8% in 2007 to 3.2% in 2013, one of the lowest in the continent. The reduction of the maximum applied rate from 20% in 2007 to 11% in 2013 has been one of the most important changes in Peru's tariff structure. In addition, the percentage of duty-free tariff lines increased from 43.6% to 55.9% during the same period. However, amidst

this generally liberal policy, Peru continues to apply a price band system on some agricultural goods: rice, sugar, maize and dairy products. In general, the tariffs applied by Peru are *ad valorem*, with the exception of those under the price band system, which have an *ad valorem* and a specific component; the duties that result from the application of the price band system vary according to the international price of the products concerned. This adds some opaqueness to the otherwise transparent and simple tariff structure. The price band system has been partially eliminated under certain regional agreements and totally eliminated in others, such as the agreement with the United States.

16. Peru applies tariff quotas as an instrument to enhance market access on a preferential basis. As such, Peru has negotiated preferential tariff quotas under certain regional agreements; however, these are rarely used.

17. Peru bound all its tariff lines at: 0%, 30% and 68%. The highest rate applies to agricultural goods, some of which are also subject to the price band mechanism. However, according to domestic legislation, the rate which results from the calculation of the application of the price band system cannot exceed the WTO bound tariff rate, which is the maximum rate applied.

18. In addition to the tariff, imports are also subject to domestic taxes and other charges. Definitive imports and those to be deposited in customs warehouses are subject to an *ad valorem* charge for processing the Customs Declaration for Goods (*Declaración Aduanera de Mercancía*, DAM) of 2.35% of the Tax Unit (*Unidades Impositivas Tributarias* UIT), when the declared value of the merchandise equals or exceeds a threshold defined as three times the value of a Tax Unit. The procedure to apply the Selective Consumption Tax (*Impuesto Selectivo al Consumo*, ISC) on most nationally-produced and imported alcoholic beverages has changed since the last review; at present its application depends in most cases, upon the spirit's alcohol content. The additional tax of 5% that applied to some 392 tariff lines (HS 2012 at the ten-digit level) was eliminated in 2007.

19. Peru introduced modifications to its legislation regarding trade remedies in 2009. These changes relate to, *inter alia*, the method to calculate the normal value and the margin of dumping in special cases; the duration of the antidumping and countervailing measures; the time periods and procedures to file for reimbursement of provisional duties unnecessarily imposed or paid in excess; and the procedure to undertake sunset reviews. During the period reviewed, Peru initiated eight new investigations. In the same period, four countervailing investigations were conducted, resulting in the imposition of two countervailing measures, and only one safeguard investigation was initiated but no measure was applied.

20. Imports and exports subject to restrictions or prohibitions are few and remain largely unchanged since the last review. These restrictions are imposed on health, security and environmental grounds, and to comply with commitments contained in international agreements to which Peru is a signatory. Peru's standardization and sanitary policies also aim at protecting human, animal and plant health. In general, technical regulations and SPS requirements are based on international standards. The SPS system operates on the principle of the harmonization of policy in the different sectors and Peru considers it key to promote the quality and competitiveness of its exports.

21. One of Peru's most important trade policy objectives is to promote exports. To this end, Peru has simplified export procedures and continues to apply a number of export support and promotion programmes. The drawback system, which allows for reimbursement of a specific percentage of the f.o.b. value of exports, is still in place. The drawback system applies to exports whose value exceeds US$20 million. The drawback rate is at present 5%; however, this rate may be modified in accordance with economic circumstances, as was the case in 2009 when it was increased to 8% in response to the financial crisis. Some of Peru's traditional exports (about 279 tariff lines at the ten-digit level) are excluded from this regime. To qualify for benefits under certain programmes to finance exports of goods and services, certain criteria have to be met, including complying with export or domestic origin thresholds.

22. Peru continues to use fiscal incentives as an instrument to promote investment in specific sectors, as well as other support programmes to promote regional development and to contribute to social equality, such as the programme to establish the "special treatment zones" in disadvantaged areas of the country.

23. In 2008, with a view to updating the rules on protection of competition, Peru adopted a new law on the subject. In addition to this piece of legislation that addresses competition issues on a horizontal basis, Peru has legislation that deals with competition issues in specific sectors such as electricity and telecommunications. These sector-specific laws have not undergone major changes during the period under review. The institutional capacity of the bodies in charge of competition issues within INDECOPI has been strengthened since the last review. As a result, the number of cases initiated ex-officio has increased since 2007 and so have the fines.

24. During the period under review, Peru also strengthened the legal and institutional framework related to government procurement, through the introduction of new legislation. This aims particularly at increasing efficiency, competition and transparency. Some preferences remain in place to benefit small and medium enterprises and local producers. Peru also made important changes to the legal framework of its intellectual property protection regime, some of them to comply with commitments undertaken in the context of regional trade agreements and others to adequately protect Peru's biodiversity, genetic resources and traditional knowledge. Protection in these areas has been a priority for Peru, hence its active participation in the DDA in this regard.

Trade policy by sector

25. Peru's agriculture sector contributes 7.2% to GDP, and plays an important role as a source of exports and employment. During the review period, agricultural GDP (including hunting and forestry but excluding fishing) grew at an annual average rate of 4.7%. However, productivity in various segments remains low. Peru’s support to agriculture consists of measures to facilitate access to credit and debt reduction programmes.

26. Using the WTO definition of agriculture, the average MFN applied tariff fell from 12.9% in 2007 to 3.9% in 2013. One of the reasons for this decline was the elimination of the 20% rate affecting mainly agricultural products such as meat, dairy products, fruits and vegetables, cereals and food preparations. Also, Peru abolished the 5% tariff surcharge which was applied on 392 ten-digit tariff lines.

27. Peru continues to operate a "price band system" on 47 ten-digit tariff lines (HS 2012) related to rice, sugar, maize and dairy products. Calculating the price band system for the first quarter of 2013, the average MFN tariff on agricultural products increased from 3.9% to 4.3%.

28. The value of fisheries production has increased every year since 2007, albeit at a lower rate than the economy as a whole. The fisheries sector contributes only about 1% to total exports because only a small amount is processed and exported. The average MFN applied tariff on fish and fish products is 0.4%, with a maximum rate of 6%. Peru's legislation does not limit foreign ownership of fishery enterprises, processing plants, or aquaculture operations. However, foreign-flag vessels may be granted fishing permits only to the extent that this supplements the activity of the Peruvian fleet. Certain tax benefits and reductions in the price of fishing permits are contingent upon unloading the catch in Peru.

29. Mining is a cornerstone for the Peruvian economy: it contributes about 5% to GDP, accounts for about 20% of fiscal revenues, is an important source of employment, generates almost two-thirds of export revenues, and is one of the main targets of FDI inflows. Production of basic metals (copper, zinc, molybdenum, iron and lead) and precious metals like gold and silver has declined in recent years partly due to the postponement of some new mining projects because of fears about their environmental impact. The average MFN tariff applied to the mining sector is 2.7%, with a maximum rate of 6%. Holders of mining concessions benefit from sector-specific tax stability contracts. In 2011, the mining royalty system was modified to raise about US$1 billion or 0.5% of GDP per year for social and infrastructure projects in the poorest areas.

30. Peru has a diversified manufacturing sector led by food, chemicals, textiles, and leather products. The share of manufacturing in GDP fell from 15.7% in 2007 to 14.2% in 2012 due to an erosion of competiveness which translated into rising imports and slow-growing exports. The average MFN applied tariff on manufacturing products is 3.2%, with a maximum rate of 11% for some textiles and clothing, and other manufactured goods. Peru is taking steps to encourage innovation and technological development in the sector.

31. Peru made commitments in seven of the 12 services sectors under the GATS, signed the Fourth Protocol on Basic Telecommunications, accepted the Reference Paper on regulatory principles in telecommunications, and signed the Fifth Protocol on Financial Services. Peru's services commitments in its various regional trade agreements go beyond those included in the GATS schedule or in the offer presented in the context of the DDA. Peru is also part of a group of WTO Members that are negotiating a new international agreement on services.

32. Peru's financial system managed to weather the global financial crisis of 2008-2009 in part because of the existence of an appropriate regulatory framework. The sound situation of the financial sector has been reflected in a higher level of financial intermediation through a growing volume of loans and deposits. Despite progress in recent years, there is still a high level of dollarization in the financial system. Prudential indicators for the banking sector have been maintained at adequate levels even though the quality of the bank's loan portfolios deteriorated somewhat in recent years. Peru lowered its tax rate on financial transactions from 0.08% in 2007 to 0.005% nowadays.

33. The liberalization process in telecommunications has continued since Peru's previous review, although one private firm still controlled over 70% of all fixed telephone lines and almost 60% of the mobile market at the end of 2012. The price basket for fixed-line services, mobile telephony and broadband are still relatively high in Peru despite falling tariffs and improved service quality. Peru recently eliminated its restriction on foreign participation in radio broadcasting services (up to 40% of the capital stock or of stakeholders).

34. In the transport sector, regulatory progress continues to be made but problems related to infrastructure persist in certain activities. In air transport, up to 49% foreign participation is allowed at the start of operations by firms established in Peru, which may be increased to 70% after six months. Peruvian firms that provide regular international air transport services are required to provide a similar national service. In maritime transport, cabotage services are reserved to national flag vessels with majority Peruvian ownership. A maximum of 25% of the volume of hydrocarbons transported on national routes is reserved for Peru's navy. Although the law establishes freedom of routes, the reciprocity principle may be applied to foreign trade cargoes.

1 ECONOMIC ENVIRONMENT

1.1 Overview of the economy

1.1. Peru has a relatively open and diversified economy that depends increasingly on international trade. Its trade (exports plus imports) to GDP ratio grew from 27% in 2002 to nearly 50% in 2012[1], and the rapid expansion of merchandise trade has gone hand-in-hand with changes in its composition and direction. The share of traditional exports (basically goods obtained from the extraction and processing of natural resources) has increased significantly, reflecting rising prices among oil and petroleum products during much of the review period, as well as in products such as coffee, copper and gold. While the United States, China and the European Union remain Peru's leading trading partners, China's share has grown substantially (Chapter 1, section 1.3.1).

1.2. The services sector is the leading economic activity, accounting for nearly half of the country's GDP and employment (Table 1.1), and is followed by the manufacturing sector, which contributes 14% of real GDP, absorbs 16% of employment and represents 12% of total goods exports. Agriculture and fishing also continue to make major contributions to real GDP, employment and merchandise exports (Chapter 4, section 4.1). Peru's natural resource wealth makes it one of the world's leading mineral producers (the third largest producer of silver, copper, zinc and tin; fourth producer of lead, molybdenum and mercury; and the sixth largest gold producer).[2] Mining as a whole contributes 4.7% of real GDP and generates about 60% of merchandise export earnings (Chapter 1, section 1.3.1).

1.3. Since its previous trade policy review in 2007, the Peruvian economy has performed very strongly both in regional terms and by historical standards[3], with real GDP growing at an average annual rate of 6.9% between 2007 and 2012 (compared to 4.8% between 2000 and 2006). This has been the result of sound macroeconomic fundamentals, robust domestic demand and a strong export performance, particularly in the case of raw materials. Peru was also able to overcome the global economic crisis in 2009-2010, thanks partly to a counter-cyclical fiscal policy that included a public expenditure stimulus equivalent to 1.25% of GDP in 2009, which was later phased out as economic activity recovered (Chapter 1, section 1.2.1).

1.4. The rapid economic growth recorded during the review period underpinned a continuous recovery of per capita GDP in dollar terms, which grew from US$3,772 in 2007 to US$6,623 in 2012, together with lower unemployment, which dropped from 8.4% to 6.8% during the period, and reductions in both total and extreme poverty (Table 1.1). Nonetheless, major disparities persist across the country, particularly between rural and urban areas.[4] Peru's Human Development Index ranks it 77th out of 187 countries.[5]

1.5. Between 2007 and 2012, Peru also kept inflation at relatively low levels, improved its fiscal position, reduced the public debt and strengthened its external accounts. All of this reflects prudent macroeconomic management and the continuation of its structural reforms which have encouraged investment growth (Chapter 1, section 1.3.3).[6]

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[1] While the ratio of trade to GDP reached 34% in the early 1980s, it shrank to 14% in the period 1987-1989 owing to a lack of investment in sectors other than mining and hydrocarbons, compounded by various infrastructure problems.

[2] Ministry of Energy and Mining (2013).

[3] In the period 2002-2012, Peru almost doubled the size of its economy as a result of the highest decade-average economic growth rate in its history, together with the lowest average inflation rate in all of Latin America.

[4] In 2011, while the total poverty rate in urban zones was 18%, it was 56% in the rural area. Nonetheless, between 2007 and 2011, poverty reduction was greater in rural than in urban zones (-17.9 percentage points, compared to -12.1). Central Reserve Bank of Peru (2013).

[5] Online information from the United Nations Development Programme (UNDP). Viewed at: http://hdrstats.undp.org/en/countries/profiles/PER.html.

[6] After a period of slow economic growth in 1998-2001, basically owing to the crisis that broke out in Asia, Peru started to implement ambitious structural reforms which remain ongoing.

Table 1.1 General overview of Peru, 2007-2012

	2007	2008	2009	2010	2011	2012
GDP per capita (US$)	3,772	4,413	4,372	5,224	5,929	6,623
Population (millions of inhabitants)	28.5	28.8	29.1	29.5	29.8	30.1
Demographic growth (%)	1.2	1.1	1.1	1.1	1.1	1.1
Unemployment (%)	8.4	8.4	8.4	7.9	7.7	6.8
Total poverty (%)[a]	42.4	37.3	33.5	30.8	27.8	25.8
Extreme poverty (%)[b]	11.2	10.9	9.5	7.6	6.3	6.0
Share of GDP (at 1994 prices)						
Agriculture and forestry	7.9	7.7	7.8	7.5	7.3	7.2
Fishing	0.5	0.5	0.4	0.4	0.4	0.4
Mining and hydrocarbons	5.8	5.7	5.7	5.2	4.9	4.7
Manufacturing	15.7	15.5	14.3	15.0	14.9	14.2
Electricity and water	2.1	2.0	2.0	2.0	2.0	2.0
Construction	5.6	5.9	6.2	6.7	6.5	7.0
Trade	14.6	15.0	14.9	15.0	15.3	15.3
Services	47.9	47.6	48.6	48.1	48.7	49.2
Share of employment (%)[c]						
Manufacturing	17.1	16.7	16.0	16.8	16.7	16.4
Construction	6.2	6.5	6.3	7.1	7.0	7.2
Trade	22.0	22.1	22.3	21.8	21.5	21.2
Services	53.1	53.2	54.1	52.9	53.5	53.6
Other	1.6	1.5	1.3	1.4	1.3	1.6

a Population that can satisfy its food needs but cannot afford a basket of basic food and non-food products.
b Population whose monthly consumption expenditure is less than the value of a basic food basket.
c Economically active population in Metropolitan Lima.

Source: Central Reserve Bank of Peru (2013), *Memoria Anual 2012*, Lima.

1.6. Since 1991, the domestic currency has been the nuevo sol (S/.). Peru does not apply foreign exchange restrictions. The Central Reserve Bank of Peru (BCRP), which is responsible for formulating monetary and foreign exchange policy, operates a managed floating exchange rate system. The average nominal exchange rate against the United States dollar (S/. per US$) fell from 3.13 in 2007 to 2.64 in 2012. The real exchange rate, measured in terms of the basket of currencies of Peru's 20 main trading partners, appreciated in 2007 and 2012, partly reflecting the terms-of-trade improvement that occurred in those years; but it then depreciated in the period 2008-2011, basically owing to uncertainty surrounding the local electoral process and the problematic global financial situation.

1.2 Economic trends

1.2.1 Macroeconomic indicators

1.7. The Peruvian economy maintained relatively high growth rates throughout the period under review, except for 2009 (Table 1.2). In 2012, GDP is estimated to have grown by 6.3%, driven to a large extent by investment expenditure, both public and private, despite a deterioration in the international economic environment. The positive trend of the Peruvian economy is also explained by the buoyancy of the non-primary sectors (construction, trade and services), the robust performance of goods and services exports, and an increase in domestic consumption. The International Monetary Fund (IMF) is forecasting real GDP growth of 6.3% in 2013.[7]

[7] IMF (2013b).

Table 1.2 Economic indicators, 2007-2012

	2007	2008	2009	2010	2011	2012
GDP at current prices (S/. billion)	335.5	371.1	382.3	434.7	486.5	526.0
GDP at current prices (US$ billion)	107.2	127.4	127.0	154.1	176.8	199.3
Real GDP (annual percentage change)	8.9	9.8	0.9	8.8	6.9	6.3
Private consumption	8.3	8.7	2.4	6.0	6.4	5.8
Public consumption	4.5	2.1	16.5	9.7	6.1	10.5
Gross domestic investment	25.8	25.8	-20.6	36.3	9.4	10.1
Exports of goods and services	6.9	8.2	-3.2	1.3	8.8	4.8
Imports of goods and services	21.4	20.1	-18.6	24.0	9.8	10.4
Prices and exchange rate						
Consumer price inflation (End of period, percentage change)	3.93	6.65	0.25	2.08	4.74	2.65
Average nominal exchange rate (S/. per US$)	3.13	2.92	3.01	2.83	2.75	2.64
Multilateral real exchange rate (annual average, percentage change)[a]	0.7	-3.5	-2.0	-3.1	2.1	7.2
Saving-investment (% of GDP)						
Domestic saving	24.3	22.7	20.1	22.8	23.4	23.2
Public saving	6.3	6.8	4.6	6.0	7.2	7.8
Private saving	17.9	15.9	15.5	16.8	16.2	15.4
External saving	-1.4	4.2	0.6	2.5	1.9	3.6
Investment	22.8	26.9	20.7	25.3	25.3	26.8
Public sector	3.4	4.3	5.2	5.9	4.5	5.2
Private sector	19.5	22.6	15.5	19.3	20.8	21.6
Public finance (% of GDP)						
Economic balance of the NFPS[b]	2.9	2.4	-1.3	-0.2	2.0	2.2
Primary balance	4.7	4.0	0.0	1.0	3.1	3.2
Central Government	4.5	4.0	-0.2	1.1	3.1	3.0
Rest of NFPS	0.2	0.0	0.2	-0.1	0.1	0.2
Interest	1.8	1.6	1.3	1.2	1.1	1.1
Total public debt	28.5	25.9	26.1	23.3	21.2	19.8
External public debt	17.9	16.3	15.6	12.9	11.2	9.9
Domestic public debt	10.6	9.6	10.5	10.4	10.0	9.9
External sector						
Exports of goods and services (% of GDP)	29.1	27.3	24.0	25.5	28.7	25.4
Imports of goods and services (% of GDP)	22.3	26.9	20.3	22.6	24.6	24.3
Current account (% of GDP)	1.4	-4.2	-0.6	-2.5	-1.9	-3.6
Net international reserves (US$ million)	27,689	31,196	33,135	44,150	48,816	63,991
Remittances from abroad (US$ million)	2,131	2,444	2,409	2,534	2,697	2,788
Remittances from abroad (% of GDP)	2.0	1.9	1.9	1.6	1.5	1.4

a A negative figure indicates a depreciation.
b Non-financial public sector (NFPS).

Source: Central Reserve Bank of Peru (2013), *Memoria Anual 2012*, Lima; and IMF database.

1.8. Inflation averaged 3.4% per year in the period 2007-2012 (compared to 2% between 2000 and 2006).[8] Peru has been implementing an explicit inflation-targeting scheme since 2002, and has defined a set of rules and quantitative targets to be met by fiscal policy.[9] Since 2007, a margin of tolerance has been applied in the form of a "target range" of between 1% and 3%. The inflation rate eased from 4.74% in 2011 to 2.65% in 2012, owing to weaker domestic demand growth following the postponement of investment projects and slower growth in food and fuel prices.[10] The IMF is forecasting annual inflation of 2.1% for 2013.[11]

[8] Inflation measured by the consumer price index, percentage change at the end of the period.
[9] IMF (2012).
[10] The Political Constitution of Peru and the Law on the Organization of the BCRP define the purpose of the central bank as preserving monetary stability, understood as price stability. The BCRP is prohibited from

1.9. The application of the explicit inflation-targeting scheme, together with greater confidence in the nuevo sol and the development of the government bond market, have helped reduce levels of dollarization in the economy. Nonetheless, about half of all credit and just over one third of all deposits in the banking system are denominated in foreign currency (Chapter 4, section 4.5.2.1), mostly US dollars.

1.10. One of the main quantitative targets of fiscal policy, formulated by the Ministry of the Economy and Finance (MEF), is to keep the annual NFPS fiscal deficit below 1% of GDP.[12] Between 2009 and 2010, the need to fulfil this target was waived when a fiscal stimulus of 1.25% of GDP was introduced to help cope with the global economic crisis. As a result, in 2009 the NFPS posted a deficit of 1.3% of GDP (Table 1.2). The fiscal stimulus plan was then phased out gradually as economic activity recovered, and this enabled the NFPS to achieve fiscal surpluses in 2011 and 2012. Moreover, the buoyancy of domestic demand and rising mineral prices had positive effects on revenue, while non-financial expenditure was kept in check. This explains the fact that in 2012, the NFPS economic outturn recorded a surplus of 2.2% of GDP, 1% higher than anticipated in the budget for that year.[13]

1.11. In April 2012, a Fiscal Commission was set up to modernize the macro-fiscal framework.[14] In late 2012, the Fiscal Stabilization Fund (FEF) stood at US$7.2 billion, representing 3.6% of GDP, financed out of prior fiscal surpluses. This fund gives the Government fiscal space to finance countercyclical policies should this be necessary.[15]

1.12. In late 2012, the country's total public debt amounted to US$40,399 million, of which 48% was external. In GDP terms, the total public debt declined from 28.5% in 2007 to 19.8% in 2012 (Table 1.2). Over the last decade, Peru has undertaken several operations which have improved its debt profile, by lengthening maturities, refunding old debt with new under better financial conditions, and reducing its exposure to exchange-rate risks. As a result, the proportion of the gross public debt denominated in domestic currency increased from 15% to 47% between 2002 and 2011.

1.2.2 Balance of payments

1.13. Except in 2007, the current account of the balance of payments was in deficit throughout the review period, mainly owing to the growing negative balance of factor income (Table 1.3). In relation to GDP, the current account moved from a surplus of 1.4% in 2007 to a deficit of 3.6% of GDP in 2012, and the IMF is forecasting a deficit of 3.5% for 2013.[16]

Table 1.3 Balance of payments, 2007-2012

(US$ million)

	2007	2008	2009	2010	2011	2012
I. Current account	**1,521**	**-5,285**	**-723**	**-3,782**	**-3,341**	**-7,136**
Trade balance	8,503	2,569	5,951	6,750	9,302	4,527
Exports f.o.b.	28,094	31,018	26,962	35,565	46,268	45,639
Imports f.o.b.	-19,591	-28,449	-21,011	-28,815	-36,967	-41,113
Services	-1,192	-2,056	-1,176	-2,345	-2,132	-2,258
Factor income	-8,299	-8,742	-8,385	-11,212	-13,710	-12,701
Current transfers	2,508	2,943	2,887	3,026	3,200	3,296
of which: Remittances abroad	2,131	2,444	2,409	2,534	2,697	2,788

financing the public treasury and from extending guarantees or granting credits to specific sectors. It is also prohibited from establishing multiple exchange rates.

[11] For 2013, both average inflation and end-period inflation are forecast to be 2.1%. IMF (2013b).

[12] The Law on Fiscal Responsibility and Transparency establishes these targets and created a Fiscal Stabilization Fund (FEF). The main fiscal targets are described in WTO (2007).

[13] IMF (2013a).

[14] The mandate of the Fiscal Commission, on which both national and foreign experts serve, includes formulating a global strategy for public-sector assets, including Peru's non-renewable resources.

[15] The FEF is financed from the fiscal surpluses, 10% of revenue generated from privatizations and 10% of revenue obtained from concessions (e.g. mining).

[16] IMF (2013b).

	2007	2008	2009	2010	2011	2012
II. Financial account	**8,590**	**8,510**	**2,406**	**13,606**	**9,504**	**20,130**
Private sector	8,154	9,569	4,200	11,396	10,053	20,277
Public sector	-1,629	-1,621	291	2,468	880	1,685
III. Balance of payments (I+II)	**9,654**	**3,169**	**1,043**	**11,192**	**4,724**	**14,827**

Source: Central Reserve Bank of Peru (2013), *Memoria Anual 2012*, Lima.

1.14. The trade account surplus shrank considerably in 2008-2009, and also in 2012, owing to the deterioration in the terms of trade in those years as a result of the global economic crisis.[17] This caused merchandise export earnings to fall steeply in 2009, and again slightly in 2012 compared to their 2011 level. Goods imports also retreated sharply in 2009, but they have since recovered thanks to the buoyancy of the Peruvian economy.

1.15. In 2011, Peru was ranked 41st and 40th among global merchandise exporters and importers, respectively, (considering European Union countries as one and excluding trade between them). In services trade, Peru was the 49th largest exporter and 47th largest importer.[18] Traditionally, its services trade has generated a deficit (Chapter 1, section 1.3.2).

1.16. The negative balance on the income account largely reflects an increase in private outflows – mainly remittances of profits to other countries and undistributed earnings by firms with foreign ownership. Remittances received from Peruvians living abroad are a major source of income on the current account and remained relatively stable throughout the review period. Nonetheless, in relative terms, they declined from 2% of GDP in 2007 to 1.4% in 2012 (Table 1.2).

1.17. The financial account has been in surplus during the review period, thanks mainly to the large inflows of foreign direct investment (FDI) received by Peru in the last few years (Chapter 1, section 1.3.3). The net capital inflow enabled Peru to accumulate international reserves over the period 2007-2012, the balance of which stood at almost US$64 billion in 2012 (Table 1.2), equivalent to 32% of GDP.

1.3 Trends in trade and investment flows

1.3.1 Trade in goods

1.18. Peru has a relatively diversified merchandise export basket. Nonetheless, as one of the world's leading producers of raw materials, it is sensitive to changes in the respective prices. A 10% fall in raw material prices is estimated to reduce export earnings by 3.5% (about 0.7% of GDP).[19] Although Peru exports a variety of minerals, over the last few years, it has been relying increasingly on copper and gold, which in 2012 accounted for about 80% of its mineral exports (mostly sent to the Chinese market) and 10% of GDP.

1.19. The share of agricultural products in total merchandise exports grew from 14.9% to 16.8% in the period 2007-2012, while minerals accounted for between 26% and 32% of the total during the period, excluding gold and gold products, whose share rose from 14.9% in 2007 to 21.2% in 2012. Meanwhile, the export share of manufactures, mainly textiles and chemical products, fluctuated between 11% and 13% in the period 2007-2012 (Table A1.1 and Chart 1.1). There was a sharp increase in fuel exports, particularly liquefied natural gas as from 2010.

1.20. On the import side, manufactured products accounted for almost three quarters of all goods sourced from abroad in 2012 (65.4% in 2007), the vast majority corresponding to transport machinery and equipment and chemical products (Table A1.2 and Chart 1.1). The share of fuels in total goods imports declined from 18.8% in 2007 to 14.4% in 2012. Agricultural products accounted for about 11%-12% of total imports during the period, led by wheat, maize, oilseed cake and soya oil.

[17] In 2012, the terms of trade declined by 4.9%, owing to a fall in the prices of certain export metals and a rise in the prices of imported food products. Central Reserve Bank of Peru (2013).

[18] Online information from the WTO. Viewed at: http://stat.wto.org/CountryProfiles/PE_e.htm.

[19] Online information from the World Bank. Viewed at: http://datos.bancomundial.org/pais/peru.

1.21. In terms of destinations, China, the European Union and the United States between them absorbed 48.3% of Peru's total goods exports in 2012, very close to the 48.7% recorded in 2007 (Table A1.3 and Chart 1.2). Nonetheless, China increased its share significantly during the period (from 10.8% to 17.1%), while that of the United States declined from 19.9% to 14.2%, despite the free trade agreement that entered into force between the United States and Peru in 2009. Other countries that have negotiated regional trade agreements with Peru, such as Canada, the Republic of Korea and Switzerland/Liechtenstein, have gained increasing proportions of its total exports. The Andean Community's share in Peru's total merchandise exports grew from 4.4% in 2007 to 5.2% in 2012.

1.22. The United States, China and the European Union are also the main sources of Peru's goods imports, jointly supplying 49.2% of the total in 2012, compared to 41.2% in 2007 (Table A1.4 and Chart 1.2). Imports from the United States increased from 17.6% of the total in 2007 to 18.8% in 2012, while China's share grew from 12.1% in 2007 to 18.5% in 2012. In contrast, the Andean Community's share in Peru's total imports shrank from 12.9% to 9.7% in the period.

1.3.2 Trade in services

1.23. The deficit in Peru's services trade, which in 2007-2012 averaged around US$2 billion per year, largely reflects a growing negative balance in freight transport services, which widened from US$1,198 million in 2007 to US$1,630 million in 2012, owing to the vigorous growth of merchandise trade during the period. Insurance services were also in deficit, but travel services generated a surplus, which grew from US$755 million to US$1,168 million in the period 2007-2012 (Table 1.4).

Table 1.4 Trade in services, 2007-2012

(US$ million)

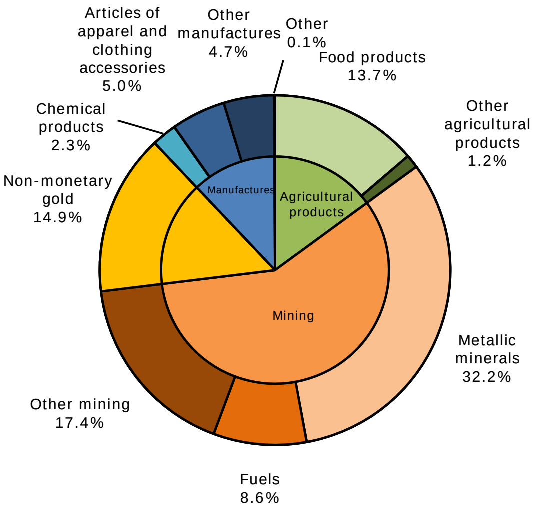
	2007	2008	2009	2010	2011	2012
Transport	**-1,198**	**-1,741**	**-979**	**-1,599**	**-1,521**	**-1,630**
Credit	646	818	758	854	997	1,223
Debit	-1,844	-2,560	-1,737	-2,453	-2,517	-2,852
Travel	**755**	**870**	**926**	**740**	**1,008**	**1,168**
Credit	1,723	1,991	2,014	2,008	2,360	2,657
Debit	-968	-1,121	-1,088	-1,268	-1,352	-1,490
Communications	**-21**	**-8**	**-69**	**-78**	**-47**	**-74**
Credit	88	125	91	102	132	147
Debit	-110	-133	-161	-180	-179	-221
Insurance and reinsurance	**-23**	**-152**	**-176**	**-325**	**-359**	**-366**
Credit	289	227	271	166	230	361
Debit	-311	-379	-447	-491	-588	-728
Other	**-705**	**-1,024**	**-878**	**-1,083**	**-1,214**	**-1,355**
Credit	406	487	501	562	646	742
Debit	-1,111	-1,511	-1,379	-1,645	-1,861	-2,097
Total services	**-1,192**	**-2,056**	**-1,176**	**-2,345**	**-2,132**	**-2,258**
Credit	3,152	3,649	3,636	3,693	4,364	5,130
Debit	-4,344	-5,704	-4,812	-6,038	-6,497	-7,388

Source: Central Reserve Bank of Peru (2013), *Memoria Anual 2012*, Lima.

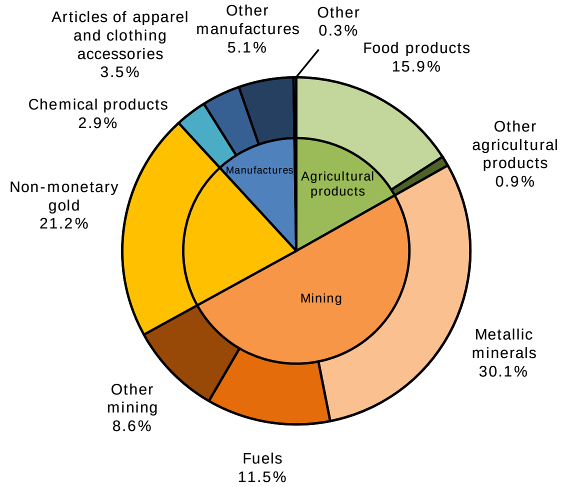
Chart 1.1 Merchandise trade by product, 2007 and 2012

2007 | 2012

(a) Exports

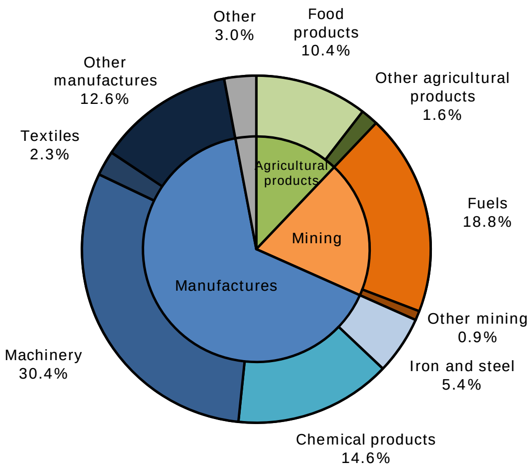


Total: US$28,085 million

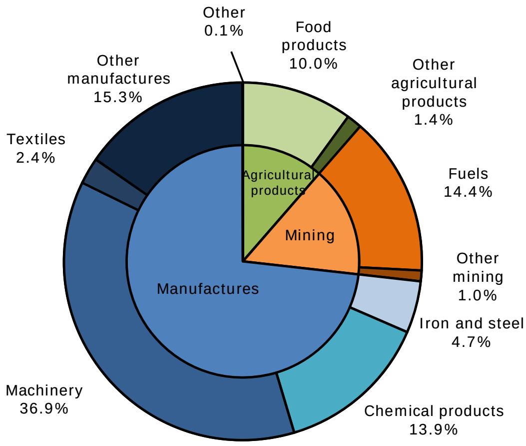


Total: US$45,604 million

(b) Imports



Total: US$20,368 million



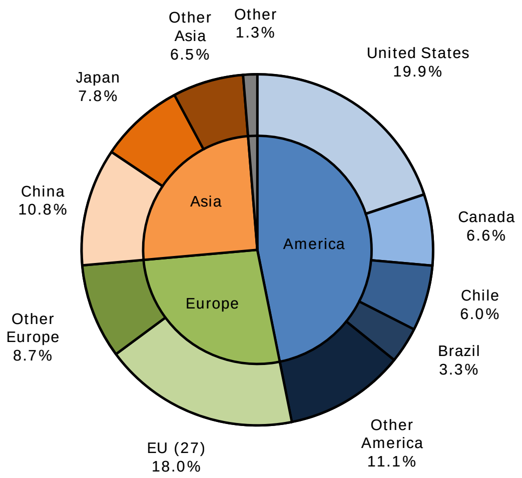
Total: US$42,157 millon

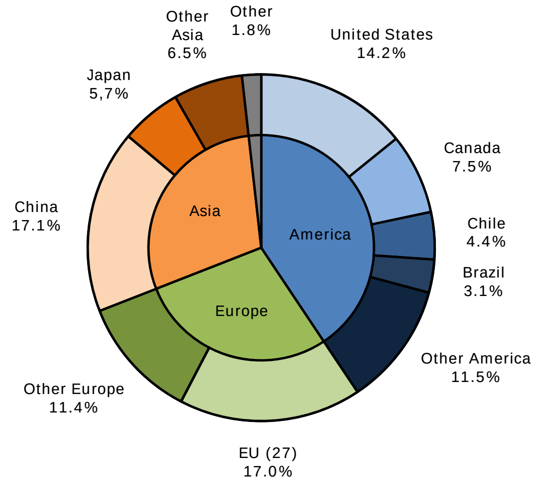
Source: UNSD COMTRADE database and information provided by the Peruvian authorities for 2012.

Chart 1.2 Merchandise trade by trading partner, 2007 and 2012

2007 **2012**

(a) Exports

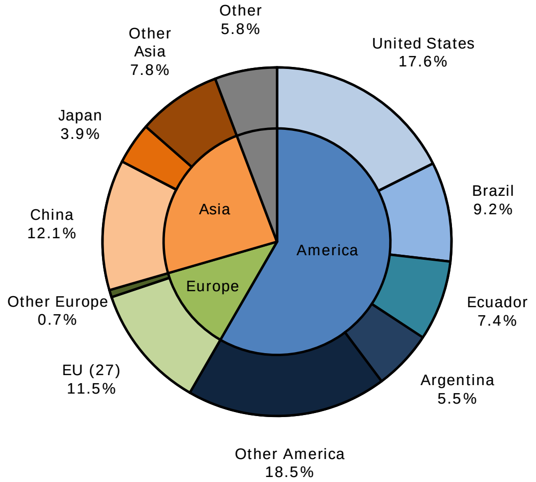


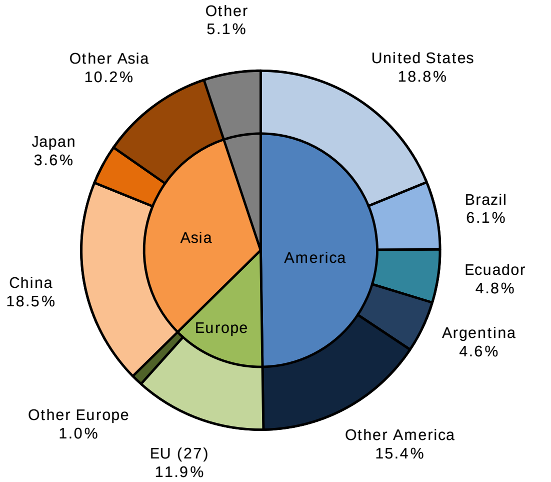


Total: US$28,085 millon

Total: US$45,604 millon

(b) Imports





Total: US$20,368 millon

Total: US$42,157 millon

Source: UNSD COMTRADE database and information provided by the Peruvian authorities for 2012.

1.3.3 Foreign direct investment

1.24. According to BCRP figures, the annual flow of FDI in Peru averaged around US$7.9 billion in 2007-2012 (way above the average of US$2 billion recorded in the period 2000-2006). FDI stock in Peru amounted to US$63,448 million in 2012 (Table 1.5). This growth was largely the result of the positive performance of the Peruvian economy in the period. Nonetheless, efforts to attract larger FDI flows have been hindered by a number of factors, particularly the lack of adequate infrastructure (Chapter 1, section 1.4).

1.25. The balance of foreign investment in the form of capital contributions (including share reductions and transfers) stood at US$22,674 million in late 2012.[20] The main source countries for these capital contributions were Spain (20.5%), the United Kingdom (19.8%) and the United States (14%). The contributions were mainly concentrated in the following sectors: mining (23.9%), finance (18.5%), communications (17.3%), industry (13.7%) and energy (13.5%).

Table 1.5 Foreign direct investment, 2007-2012

(US$ million)

	2007	2008	2009	2010	2011	2012
FDI inflows	5,491	6,924	6,431	8,455	8,233	12,240
Inward FDI stock	26,808	32,340	34,521	42,976	51,208	63,448
Inward FDI stock (% of GDP)	25.0	25.4	27.1	27.9	29.0	31.8
FDI outflows	66	736	411	266	113	57.3
Outward FDI stock	2,284	1,694	2,282	3,319	3,099	3,986
Outward FDI stock (% of GDP)	2.1	1.3	1.8	2.1	1.7	2.0

Source: UNCTAD (2012), *World Investment Report*, Geneva; and Central Reserve Bank of Peru (2013), *Memoria Anual 2012*, Lima.

1.4 Outlook

1.26. The authorities expect Peru to remain the region's most dynamic and stable economy, with real GDP growth of between 6% and 6.5% during the period 2012-2015 – provided there is no global crisis similar to that of 2008, and assuming private investment grows by around 11% per year and a number of projects come on-stream, including mining projects which would raise copper production by about 90% between now and 2016. On that basis, private investment would amount to 25% of GDP in 2015, and total investment (private and public) would represent 30% of GDP.[21]

1.27. Despite a major improvement in Peru's infrastructure in recent years, the amount of capital invested in infrastructure and access to basic services remain insufficient, particularly outside Lima. This is reflected in the competitiveness index published by the World Economic Forum, which ranks Peru 111th out of 144 countries in terms of overall infrastructure quality (74th in airport infrastructure, 97th in terms of the quality of its roads, 111th in relation to port infrastructure, 74th in electricity supply, 87th in fixed telephone lines, and 58th in mobile telephone subscriptions).[22] Consequently, one of the main challenges for Peru to continue growing at relatively high rates in the long term is to reduce its "infrastructure gap" (difference between infrastructure supply and demand), which is calculated at around 30% of GDP.[23]

1.28. Among the components of the calculated infrastructure deficit, the transport sector requires the largest investment, accounting for 37% of the total shortfall (US$13,961 million)[24], as a result of delays in project execution and insufficient public investment in the past. The electricity and natural gas sector accounts for 31.9% of the overall investment gap, owing to growing

[20] This information was provided by firms/investors to PROINVERSIÓN, Peru's private investment promotion agency, and, unlike those disseminated by other sources, the figures do not include flows related to loans, or the value of merchandise or other assets that are not assigned to the capital of the local enterprise. Online information from PROINVERSIÓN, updated at December 2012. Viewed at: http://proinversion.gob.pe.

[21] MEF (2012).

[22] Online information from the World Economic Forum. Viewed at: http://reports.weforum.org/global-competitiveness-2012-2013.

[23] Peruvian Economics Institute (2009).

[24] A gap of US$7,735 million is estimated for the road system, US$3.6 billion for ports, and US$2,986 million for other modes of transport. Ministry of Transport and Communications (2012).

demand for electric energy in the wake of economic expansion. The health sector represents 16.7% of the total shortfall, and the telecommunications sector accounts for 14.4%.[25]

1.29. To close the infrastructure gap, Peru is adopting measures to promote public-private partnerships (Chapter 2, section 2.4), encourage technological innovation, improve human capital, diversify production and enhance the quality of public investment expenditure. These measures are included in Peru's various development plans (Chapter 2, section 2.2).

[25] Peruvian Economics Institute (2009).

2 TRADE AND INVESTMENT REGIME

2.1 General framework

2.1. The general institutional framework for the formulation of Peru's trade and investment policy has remained virtually unchanged since the country's previous trade policy review in 2007.[1] The structure of the Peruvian State is laid out in its 1993 Political Constitution, which entered into force on 1 January 1994. The Government of Peru is unitary, representative and decentralized. In accordance with the principle of the separation of powers, it is divided into executive, legislative and judicial branches.

2.2. There are three levels of Government: national, regional and local. The national Government is composed of the Office of the President of the Republic, the Ministries and public entities making up the executive branch.[2] Each region has a regional government made up of a regional council, a regional presidency and a regional coordinating council. Local governments comprise provincial and district municipalities.

2.3. The Head of State is the President of the Republic elected by direct suffrage along with two Vice-Presidents for a term of five years. Consecutive re-election is not permitted. The last presidential election took place in June 2011. Under the Constitution, the President is authorized to direct overall government policy, direct foreign policy and conclude and ratify treaties, enact extraordinary economic and financial measures by issuing emergency decrees having the force of law when such measures are in the national interest and Congress is accordingly informed, and to regulate tariffs, amongst other things. The President of the Republic is empowered to appoint and dismiss the President of the Council of Ministers, whose responsibilities include coordinating the functions of the other ministers and signing off on the regulations provided for in the Constitution.

2.4. Legislative functions are incumbent on a single-chamber Congress composed of 130 representatives who are elected by direct proportional vote on a regional basis. All congressional seats come up for re-election every five years. Congress drafts and passes laws and oversees the actions of the Executive. The Constitution takes precedence over all other laws, decrees, resolutions and directives (Table 2.1)[3], which are published in the Official Journal *El Peruano*.[4]

Table 2.1 Regulations

Legal instrument	Definition
Law	Instrument adopted by the Congress in the exercise of its legislative powers and in accordance with the procedure stipulated in the Constitution.
Legislative decree	Instrument with the status and force of law emanating from express authorization and power delegated by the Congress; it is limited to the specific matter at hand and must be issued within the time-frame specified by the authoritative law concerned.
Decree law	Instrument with the status of law adopted *de facto* by the governments.
Emergency decree	Instrument with the status and force of law laying down extraordinary economic and financial measures, except in tax matters; it is issued when required by the national interest and is based on the urgency of regulating extraordinary and unpredictable situations.
Supreme decree	Instrument of a general nature that governs instruments with the status of law or regulates sectoral or multisectoral activity at the national level.
Supreme resolution	Specific decision signed by the President of the Republic and endorsed by one or more Ministers within whose remit it falls, and published in the cases stipulated by law when it is regulatory in nature.
Legislative resolution	Acts of Parliament which generally govern cases in a specific and concrete manner. They have the force of law pursuant to Article 102:1 of the Constitution.

[1] Peru's constitutional and general legal framework is described in detail in WTO (2007).

[2] Public entities are attached to a Ministry or to the Presidency of the Council of Ministers, and include, *inter alia*, government agencies and special programmes and projects.

[3] In accordance with principle of primacy laid down in Article 51 of the Constitution.

[4] The electronic address is: http://www.elperuano.com.pe.

Legal instrument	Definition
Ministerial resolution	Instrument adopted by a Minister of State concerning, *inter alia*, the domestic and sectoral policies within his purview.
Vice-Ministerial resolution	Legal instrument adopted by a Vice-Minister within his sphere of competence.
Directorial resolution	Instrument adopted by the Directors of Departments of the Public Administration in the exercise of their functions.
Directive	Its purpose is to specify policies and determine procedures or actions that are to be executed in fulfilment of legal provisions in force.

Source: Information provided by the Peruvian authorities.

2.5. International treaties that entail administrative changes and affect national sovereignty, financial obligations or taxes, including WTO Agreements and some regional accords, must be approved by Congress and ratified by the President before they can enter into force.[5] The Congress is not empowered to alter a treaty that has been submitted to the Executive for approval and signed by it. International treaties that are approved and in force become part of Peruvian legislation and have the status of law. The provisions of international treaties can therefore be invoked before national courts.

2.6. The Judiciary is headed by the Supreme Court of the Republic. Superior courts form the second level of the hierarchy, with jurisdiction over an entire Judicial District.[6] The third level is made up of courts of first instance, whose jurisdictions roughly coincide with the provinces. Finally, there are district magistrates' courts. Arbitral and military tribunals also exercise judicial functions in exceptional cases.

2.2 Trade policy objective and formulation

2.7. The main objective of Peru's trade policy is to achieve sustained growth of trade with an emphasis on exports from non-traditional sectors, consolidate Peru's image as an exporter of competitive goods and services, and boost trade and investment flows between Peru and the rest of the world. Trade policy is formulated at the national level and takes account of international commitments. The President of the Republic is empowered to regulate foreign trade.[7]

2.8. The Ministry of Foreign Trade and Tourism (MINCETUR) is responsible for setting, directing, implementing, coordinating and supervising foreign trade and tourism policy.[8] MINCETUR conducts international trade negotiations in coordination with the Ministry of Foreign Affairs, the Ministry of the Economy and Finance (MEF) and other branches of the Government in the areas falling within their purview. The MEF directs and controls tariff and customs policy, coordinating tariff policy with other Ministries.[9]

2.9. Since its last review in 2007, Peru has continued to liberalize its trade regime unilaterally, including tariff reduction (Chapter 3, section 3.1.4), and has implemented an ambitious agenda of regional trade agreement negotiations, leading to the entry into force of 14 new agreements. Peru currently has 17 regional trade agreements in force with 52 countries (Chapter 2, section 2.3.2). At the same time Peru has remained active at the multilateral level, convinced that the multilateral trading system is an important means of securing greater trading advantages in multilateral negotiations and of defending its interests through the dispute settlement mechanism. Peru also considers the regulatory implications of its multilateral and regional negotiations to be complementary.

2.10. Under Peru's various development plans such as the National Strategic Development Plan 2021[10], the Multi-Annual Strategic Sector Plan (PESEM) for Foreign Trade and

[5] Article 56 of the Constitution.

[6] Judicial Districts are territorial subdivisions in Peru that serve the purposes of organizing the Judiciary. There are 29 Judicial Districts, one for each of the 24 Departments, the Constitutional Province of Callao, plus Cañete, Huara, North Lima and Santa.

[7] Articles 57 and 118 of the Constitution.

[8] Law No. 27779 of 10 July 2002.

[9] Legislative Decree No. 183 of 15 June 1981, Ministerial Resolution No. 005-2006-EF/15 of 12 January 2006 and Ministerial Resolution No. 223-2011-EF/43 of 30 March 2011.

[10] Being the bicentenary of Peru's independence, the year 2021 was chosen as the time horizon for the first National Strategic Development Plan, approved by Supreme Decree No. 054-2011-PCM of 18 March 2011.

Tourism 2012-2016[11] and the National Strategic Export Plan (PENX) 2003-2013[12], trade policy aims to further promote exports, in particular non-traditional exports, increase value added, improve product quality, enhance the competitiveness of the economy and derive greater benefit from international markets.[13] It is planned, by 2016, to double total exports (to US$86 billion), triple non-traditional exports (US$23 billion), double the number of exporting companies to 15,600 (versus 7,840 in 2011), reach a level of 95% for non-traditional exports linked to trade agreements, and to have 25 regional trade agreements in force.[14]

2.11. To formulate foreign trade policy, the Government holds regular consultations with the private sector through professional associations and trade unions. The private sector participates on an *ad hoc* basis in coordination meetings on trade issues with the relevant ministries and agencies.

2.12. Table 2.2 sets out Peru's main trade and investment legislation.

Table 2.2 Main trade and investment legislation, 2013

Area	Legislation
Customs	General Customs Law (Legislative Decree No. 1053 and amendments thereto) and its implementing regulations (Supreme Decree No. 010-2009-EF and amendments thereto)
Anti-dumping and countervailing measures	Supreme Decree governing rules laid down in the Agreement on Implementation of Article VI of the GATT 1994, the Agreement on Subsidies and Countervailing Measures and the Agreement on Agriculture (Supreme Decree No. 006-2003-PCM and amendments thereto); Regulations on Dumping and Subsidies for non-WTO Members (Supreme Decree No. 133-1991-EF and amendments thereto); Supreme Decree adopting regulatory provisions of the WTO Agreements on Safeguards and Textiles and Clothing (Supreme Decree No. 023-2003-MINCETUR)
Safeguards	Supreme Decree regulating transitional safeguards under the rules and commitments accepted by WTO Members (Supreme Decree No. 023-2003-MINCETUR); Supreme Decree adopting procedures for implementing bilateral safeguards and safeguards relating to textiles pursuant to the integration agreements and international trade agreements signed by Peru (Supreme Decree No. 008-2009-MINCETUR)
Technical regulations and standards	Law on National Standardization and Accreditation Systems (Legislative Decree No. 1030) and its implementing regulations (Supreme Decree No. 081-2008-PCM); Andean system of standardization, accreditation, testing, certification, technical regulations and metrology (Andean Community Decision No. 419); Guidelines for the preparation, adoption and application of technical regulations (Andean Community Decision No. 562); Measures to ensure the freedom of foreign/domestic trade (Legislative Decrees Nos. 668 and 682); Measures establishing the mandatory endorsement by the MEF of measures aimed at restricting the free flow of goods imports and exports (Decree-Law No. 25629 and Decree-Law No. 25909); Remit of the MEF regarding formalities or requirements affecting free domestic marketing or exportation or importation, and the National Public Investment System (Supreme Decree No. 149-2005-EF)
Sanitary and phytosanitary measures	General Law on Agrarian Health (Legislative Decree No. 1059) and its implementing regulations (Supreme Decree No. 018-2008-AG); General Health Law (Law No. 26842); Regulation on sanitary surveillance and control of food and beverages (Supreme Decree No. 007-98 SA); Law on the National Fisheries Health Service (Law No. 28559); Law on Food Safety (Legislative Decree No. 1062) and its implementing regulations (Supreme Decree No. 034-2008-AG)

[11] The PESEMs are documents that lay out each sector's strategic objectives (for example, foreign trade and tourism, agriculture, manufacturing, transport and communications). The MINCETUR PESEM 2012-2016 was approved by means of Ministerial Resolution No. 199-2012-MINCETUR/DM of 2 July 2012.

[12] The PENX is the basis for other plans pertaining to the development of export supply: export plans for each of the 24 regions; operational plans by sector/product (agriculture and agribusiness, handicrafts, timber-yielding forestry resources, jewellery and goldsmith's articles, fishing and aquaculture, services and textiles). The PENX also includes operational plans by target markets designed to take better advantage of external demand, as well as the Trade Facilitation Master Plan and the Export Culture Master Plan (training and human capital development).

[13] Peru's leading traditional exports are coffee, copper and gold.

[14] MINCETUR (2012).

Area	Legislation
Government procurement	Government Procurement Law (Legislative Decree No. 1017), as amended by Law No. 29873 and its implementing regulations (Supreme Decree No. 184-2008-EF)
Investment	Framework Law on Public-Private Partnerships (Legislative Decree No. 1012); Law on Harmonization with the WTO TRIMs Agreement (Legislative Decree No. 1035); Law on Foreign Investment (Legislative Decree No. 662); Framework Law for the Growth of Private Investment (Legislative Decree No. 757); Law on the Promotion of Private Investment in Public Infrastructure Works and Public Services (Supreme Decree No. 059-96-PCM)

Source: Information provided by the Peruvian authorities.

2.3 International trade relations

2.3.1 WTO

2.13. Peru became a founding Member of the WTO on 1 January 1995.[15] The WTO Agreements form part of Peru's national legislation and may be invoked in national courts. MINCETUR and the Ministry of Foreign Affairs are Peru's accredited representatives to the WTO. Both Ministries perform that function in a coordinated manner. Peru has made use of the transition periods available to developing countries under the various WTO Agreements. Peru provides, as a minimum, most-favoured-nation treatment to both Members and non-Members of the WTO.

2.14. The country took part in the negotiations on telecommunications and financial services subsequent to the Uruguay Round. Its commitments in the area of telecommunications are set out in the Fourth Protocol to the General Agreement on Trade in Services; its commitments in regard to financial services are contained in the Fifth Protocol. Peru is neither a party to the WTO Plurilateral Agreement on Government Procurement nor is it an observer in the WTO Committee on Government Procurement. Peru has been a participant in the WTO Information Technology Agreement since 18 February 2009.[16]

2.15. Peru has made several notifications in fulfilment of its WTO commitments (Table A2.1). It does, however, have some notifications pending for submission to the Committee on Agriculture in particular (Chapter 4, section 4.1.3).

2.16. Peru was not involved as a complainant in any case before the WTO Dispute Settlement Body during the review period but was involved once as a defendant.[17] Peru also took part in six cases as a third party.[18] Since the creation of the WTO, Peru has been three times a complainant, five times a defendant and 14 times a third party.[19]

2.17. Peru participates actively in the work of the WTO and in the Doha Round negotiations. It recognizes the importance of concluding these negotiations and improving the WTO disciplines so as to ensure the effectiveness of the multilateral system. In the framework of the negotiations, Peru has submitted several proposals individually or jointly with other WTO Members, in fields such as special and differential treatment; agriculture; fisheries subsidies; market access; biodiversity, traditional knowledge and genetic resources; trade facilitation; environmental goods and services[20]; and services.

[15] The Marrakesh Agreement Establishing the World Trade Organization was ratified on 18 December 1994 by means of Legislative Resolution No. 26407.
[16] WTO document WT/Let/640 of 23 March 2009.
[17] On 12 April 2013 Guatemala requested consultations with Peru regarding the additional duty on imports of certain agricultural products such as rice, sugar, maize, milk and some dairy products (DS457).
[18] The six cases in which Peru participated as a third party are: *China - Measures related to the Exportation of Rare Earths, Tungsten and Molybdenum* (the United States as complainant, DS431; the European Union, DS432; and Japan, DS433); and *Australia - Certain Measures concerning Trademarks and other Plain Packaging Requirements Applicable to Tobacco Products and Packaging* (Ukraine, DS434; Honduras, DS435; and the Dominican Republic, DS441).
[19] WTO online information. Viewed at: http://www.wto.org/english/thewto_e/countries_e/peru_e.htm.
[20] WTO documents JOB(07)/161 of 30 October 2007 and JOB(09)/177 of 27 November 2009.

2.3.2 Regional agreements

2.18. At the time of the preceding trade policy review in 2007, there were regional trade agreements in force between Peru and the other Andean Community member countries, the MERCOSUR countries, as well as other member countries of the Latin American Integration Association (LAIA).[21] Since then it has signed 14 new trade agreements, which are already in force, with Canada, Chile, China, Costa Rica, the European Free Trade Association (EFTA), the European Union, Japan, the Republic of Korea, Mexico, Panama, Singapore, Thailand, the United States and the Bolivarian Republic of Venezuela (Table A2.2).

2.19. Peru has also has signed a trade agreement (not yet in force) with Guatemala, and others are being negotiated with Chile, Colombia, El-Salvador, Honduras, Mexico and Thailand[22], in the context of the Pacific Alliance[23] and the Trans-Pacific Partnership (TPP).[24]

2.20. Peru has 17 regional trade agreements in force covering 52 countries altogether. In 2012, 73.9% of Peru's total exports went to trading partners with which regional agreements were in force and 76.2% of its total imports came from those partners.

2.21. Given their importance to Peru, the Andean Community and the Trade Promotion Agreement with the United States are described below.

2.3.2.1 Andean Community

2.22. Peru is a signatory to the Andean Subregional Integration Agreement of 1969, known as the Cartagena Agreement, which laid the groundwork for the Andean Community. This integration process or Andean Pact was notified to the GATT in 1990 under the Enabling Clause[25], and has evolved into what is now the Andean Community (CAN). The Andean Council of Ministers of Foreign Affairs and the Andean Community Commission are the bodies of the Andean Integration System charged with formulating a community strategy for deepening regional integration.[26] The CAN has a free trade area for all goods produced in the region and has developed common rules governing trade relations amongst member countries and harmonizing domestic legislation in areas such as customs, tariff nomenclature, services, agricultural health, technical regulations, trade defence measures and intellectual property.

2.23. Although a Common External Tariff (CET) is one of the objectives of the Andean integration process, this instrument is under evaluation given the current tariff policy of the member countries. The CET is not mandatory at this time and its application has been suspended until 31 December 2014.[27] Peru therefore applies its national tariff (Chapter 3, section 3.1.4).

2.24. The Andean free trade area was fully constituted on 1 January 2006 when, pursuant to Decision No. 414, Peru successfully completed the gradual tariff reduction process it had been pursuing since 1997. Peru also applies the commitments under Andean regulations pertaining to the liberalization of trade in services. The establishment of a common market allowing for the free movement of services, capital and people is still pending.

[21] LAIA was established by the Montevideo Treaty in 1980 and was notified to the GATT on 1 July 1982 (GATT document L/5342).

[22] The agreement with Thailand would replace the Early Harvest Protocol in force with that country.

[23] The Pacific Alliance was announced on 28 April 2011 in the Lima Declaration. By means of Legislative Resolution No. 30053 published on 28 June 2013, the Congress of Peru approved the Framework Agreement signed on 6 June 2012. The aim is to move progressively toward the free movement of goods, services, capital and people. Australia, Canada, China, Costa Rica, the Dominican Republic, Ecuador, El Salvador, France, Guatemala, Honduras, Japan, New Zealand, Panama, Paraguay, Portugal, Spain, Turkey, the United States and Uruguay are observers.

[24] The TPP, which comprises countries of the Asia-Pacific region and aims to liberalize trade and investment among its members, covers a broad range of products and topics. The basis of this agreement is the Trans-Pacific Strategic Economic Partnership (P4) between Brunei, Chile, New Zealand and Singapore, signed on 3 June 2005 and in effect since 28 May 2006. Australia, Peru, the United States and Viet Nam joined the negotiations in 2008, as did Malaysia in 2010, and Canada and Mexico in 2012. Japan is expected to become part of the TPP in 2013.

[25] GATT document L/6737 of 12 October 1990.

[26] Article 51 of the Cartagena Agreement.

[27] Andean Community Decision No. 695.

2.25. The CAN member countries may negotiate trade agreements with third parties on a community, individual or joint basis.[28] The purpose of the trade negotiations authorized through this Decision "can be the establishment of free trade areas and may refer to topics other than the liberalization in the trade of goods".[29] Members that negotiate trade agreements individually with third countries must abide by guidelines requiring them to: "preserve the Andean legal system in relations between member countries of the Andean Community; take into account the commercial sensitivities of other Andean partners in trade liberalization offers; and maintain an adequate exchange of information and consultations in the course of the negotiations, within a framework of transparency and solidarity".[30]

2.26. In 2010, the Andean Council of Foreign Ministers, meeting in a session extended to include the CAN Commission, approved the guiding principles for giving direction to the Andean integration process and the Andean Strategic Agenda containing 12 focal points of consensus: Andean citizen participation through integration; common external policy; trade integration and economic complementarity, promotion of sustainable production, trade and consumption; physical integration and border development; social development; the environment; tourism; security; culture; cooperation; energy integration and natural resources; and the institutional development of the CAN.[31]

2.27. In 2011, the Andean leaders laid down the main policy guidelines for the CAN, giving priority to three topics: (i) strengthening and vitalizing the Andean integration process, promoting the "re-engineering" of the Andean Integration System; (ii) fomenting the process of convergence and dialogue between the various regional and subregional integration mechanisms, in particular MERCOSUR, the Union of South American Nations (UNASUR)[32] and LAIA; and (iii) promoting regional energy integration.

2.3.2.2 Trade Promotion Agreement between the United States and Peru

2.28. The Trade Promotion Agreement between the United States and Peru was signed on 12 April 2006 and took effect on 1 February 2009. It is Peru's first regional agreement covering trade in both goods and services and including a chapter on investment[33] and which has served as a reference for subsequent agreements negotiated by Peru. It comprises 23 chapters and annexes. The measures pertaining to trade in goods figure mainly in Chapters Two to Eight. Trade in services includes modes of supply 1 (cross-border trade), 2 (consumption abroad) and 4 (presence of natural persons) of the WTO General Agreement on Trade in Services (GATS); its liberalization is governed mainly by the provisions of Chapter Eleven regarding cross-border trade in services. The provisions on investment, including all measures relating to GATS mode 3 (commercial presence), are governed by Chapter Ten on investment, by Articles 11.4, 11.7 and 11.8 and the chapters on financial services and telecommunications. There are also provisions on competition policy, labour and environment policy, e-commerce and dispute settlement.

2.29. After negotiating the Trade Promotion Agreement with the United States and in order to derive greater benefit from all its regional agreements, Peru made major changes to its trade policies and practices by enacting new laws on customs (Chapter 3, section 3.2.1), government procurement (Chapter 3, section 3.3.5) and intellectual property rights (Chapter 3, section 3.3.6). To that same end, Peru also amended its domestic legislation on competitiveness, investment and employment promotion, institution building and administrative simplification. Peru applies all these changes on an MFN basis.

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[28] Article 1 of Andean Community Decision No. 598.

[29] Article 6 of Andean Community Decision No. 598.

[30] Article 2 of Andean Community Decision No. 598.

[31] Online information from the Ministry of Foreign Trade and Tourism. Viewed at: http://www.mincetur.gob.pe/default.asp?pag=COMERCIO/cuerpo1.asp&lat=COMERCIO/lateraL.asp?pag=comercio&num=3.

[32] An international organization created in 2008 to promote regional integration in the fields of energy, education, health, the environment, infrastructure, security and democracy. Its members are Argentina, the Plurinational State of Bolivia, Brazil, Colombia, Chile, Ecuador, Guyana, Paraguay, Peru, Suriname, Uruguay and the Bolivarian Republic of Venezuela. Panama and Mexico are observers. Online information from UNASUR. Viewed at: http://www.unasur.org.

[33] WTO document WT/REG260/1 of 12 July 2010.

2.30. The tariff elimination commitments are spread over a 17-year period (2009-2025); most other commitments in respect of both goods and services have applied fully since 1 February 2009.[34] On that date, 53.3% of Peru's tariff and 36.4% of that of the United States were already duty free on an MFN basis. With the entry into force of the Agreement, Peru liberalized a further 32.7% of its lines in favour of US products, whilst an additional 61.5% of the United States tariff was duty free for Peruvian products.[35] Under the Trade Promotion Agreement between the United States and Peru, both the *ad valorem* and specific components were eliminated for products subject to Peru's price band system (Chapter 3, section 3.1.5).

2.31. The United States is Peru's biggest trading partner when it comes to imports and ranks third in terms of the destination of Peruvian exports (Chapter 1, section 1.3.1). In 2012, 18.8% of Peru's goods imports came from the United States (a percentage very similar to the 18.9% recorded in 2008, before the effective date of the Agreement), whilst 14.2% of Peru's goods exports went to the United States (18.7% in 2008).

2.3.2.3 Other agreements

2.32. Since 1998, Peru has been a participant in the Asia-Pacific Economic Cooperation Forum (APEC), in which the commitment was made to realize the Bogor Goals concerning the liberalization and facilitation of trade and investment by 2020.[36] Peru's participation in APEC also enables it to coordinate joint positions on WTO issues and launch bilateral negotiations with other members. Peru hosted the main APEC meetings in 2008 and will again do so in 2016.

2.33. Peru qualifies for preferences granted under the Generalized System of Preferences (GSP) by, *inter alia*, Australia, Belarus, New Zealand, the Russian Federation and Turkey.[37] In 2012, 27.4% of all certificates of origin issued were for Peruvian exports meant to benefit from GSP preferences.

2.34. Peru takes part in the Global System of Trade Preferences among Developing Countries (GSTP) – comprising 43 countries – under which it grants tariff preferences for a group of 22 products.

2.4 Foreign investment regime

2.35. The MEF is still responsible for formulating foreign investment policy. The Private Investment Promotion Agency (PROINVERSIÓN) implements national policy for the promotion of private investment in accordance with the general policy guidelines established by the MEF. PROINVERSIÓN also oversees investors' compliance with the investment commitments they have assumed, in cases where this task has not been assigned to any other regulatory agency.

2.36. The legal framework relating specifically to foreign investment includes Article 63 of the Constitution, the Foreign Investment Law (Legislative Decree No. 662), the Framework Law for the Growth of Private Investment (Legislative Decree No. 757), the Law on the Promotion of Private Investment in Public Infrastructure Works and Public Services (Supreme Decree No. 059-96-PCM), and the Framework Law on Public-Private Partnerships for the Generation of Productive Employment (Legislative Decree No. 1012, which also establishes regulations on the streamlining of private investment promotion processes), which was enacted largely as a result of the Trade Promotion Agreement between the United States and Peru. This Decree is designed to promote private-sector participation in the development of public infrastructure and the provision of public services, to which end it lays down, *inter alia*, the requirements for the

[34] Article 2.3 of the Agreement provides for progressive tariff elimination based on the different "stages" contained in Annex 2.3, which indicates the base rates to be used for reductions and staging categories for the elimination of tariffs. For both parties the base rates are those contained in their respective MFN lists on 1 January 2004. Tariff elimination began on 1 February 2009 and subsequent reductions will take place on 1 January each year. Article 2.3 further provides for the possibility of fast-track tariff elimination. Peru has reserved the right to grant identical or more favourable tariff treatment to a good pursuant to the legal instruments of the Andean Community.

[35] WTO document WT/REG260/1 of 12 July 2010.

[36] In 1994, in Bogor (Indonesia) the APEC economies agreed to liberalize and facilitate trade and investment by 2010 for industrialized economies and by 2020 for developing economies.

[37] UNCTAD (2011). Online information viewed at: http://unctad.org/en/docs/itcdtsbmisc62rev5_en.pdf.

classification of projects into two types (self-sustaining and co-financed) and includes arbitration as a dispute settlement mechanism.[38]

2.37. Legislative Decree No. 1035 was enacted on 25 June 2008 approving the Law on Harmonization with the WTO Agreement on Trade-Related Investment Measures (TRIMs), which eliminates: (i) the condition that primary products produced in the Amazon region (products of domestic origin) be used in order to obtain tax benefits (Law No. 27037 on the Promotion of Investment in the Amazon Region); (ii) the condition that products of domestic origin or sourced domestically be used in order to obtain tax and labour-related benefits (Law No. 27360 adopting the rules for the promotion of the agricultural sector); (iii) the ban on imports of powdered milk, fatty anhydride and other dairy inputs used for reconstitution and recombination in the manufacture of dairy products (Legislative Decree No. 653, Law on the Promotion of Investment in the Agricultural Sector); and (iv) the awarding, by the State, of additional bonus points in bids and tenders for concessions/privatizations to companies that commit (in the tender and the contract) to purchasing domestic goods and undertaking works in the country (Law No. 28242 supplementing Law No. 27143 on Promotion of the Development of National Production).

2.38. Domestic and foreign investment are generally subject to the same conditions. The Foreign Investment Law automatically authorizes foreign investments in the country, and once undertaken, they must be registered with PROINVERSIÓN. Foreign investors are guaranteed the right to transfer all their capital, dividends or profits derived from their investments out of the country in freely convertible currencies, once the statutory taxes have been paid.

2.39. Foreign investment is restricted in the following cases:

i. Foreigners may not acquire or possess, under any title whatsoever, mines, land, forests, bodies of water, fuels or energy sources located within 50 km of the country's borders, either directly or indirectly, as individuals or as corporations, on pain of surrendering their ownership rights to the State[39];

ii. foreign ownership of air transport services is limited to a 49% interest at the start-up of operations by national airlines; the share of foreign ownership may be increased to as much as 70% after the enterprise has been in operation for six months (Chapter 4, section 4.5.4); and

iii. commercial cabotage is reserved exclusively to Peruvian flagged vessels owned by a national ship owner or national shipping enterprise or leased under a financial lease or a bareboat charter with an obligatory purchase option. The owner of a national vessel or shipping company must be an individual of Peruvian nationality or a corporate body in which at least 51% of the equity is held by Peruvian citizens (Chapter 4, section 4.5.5).

2.40. Private investment, whether national or foreign, is not permitted in protected nature reserves, although the regulated development and use of such areas may be permitted subject to the applicable laws.

2.41. The Constitution also provides that the law may, for reasons of national security only, place temporary restrictions and specific prohibitions on the acquisition, possession, utilization and transfer of certain goods. The authorities have noted that this provision has not been applied, given the existence of the ordinary expropriation regime set forth in Article 70 of the Constitution. The Constitution also provides that publicly owned assets[40] are inalienable and imprescriptible

[38] Legislative Decree No. 1012 is supplemented by its implementing regulations (Supreme Decree No. 146-2008-EF) and, as appropriate, by emergency decrees that prioritize certain infrastructure projects.

[39] Exceptions may be made for reasons of public necessity as expressly declared by supreme decree approved by the Council of Ministers.

[40] Supreme Decree No. 154-2001-EF (General Administrative Regulations on State-owned Assets) defines publicly owned assets as: (i) assets intended for public use consisting of public works for general benefit or use whose preservation and maintenance are the responsibility of a State entity; (ii) public-service assets intended for direct fulfilment of public aims, which are the responsibility of State entities, and assets intended for direct provision of public services; and (iii) assets reserved for use in national defence.

but may be assigned on concession to private parties in accordance with the applicable legal provisions for their economic use. Recourse may be had to the courts in order to contest the property value set by the State in the course of expropriation proceedings.

2.42. Peru provides guarantees of legal stability to Peruvian and foreign investors and to the companies in which they invest, by means of agreements in the form of "contracts with force of law" *(contratos-ley)*, which are subject to the provisions of the Civil Code.[41] The agreements are valid for ten years. In the case of concessions, they cover the term of the concession. Disputes are settled by arbitral tribunals.[42] Between 2007 and 2012 Peru signed 140 legal stability agreements with Peruvian and foreign investors worth US$7 billion.[43]

2.43. In addition to the legal stability agreements, holders of mining concessions may enter into tax stability agreements with the State under the provisions of the General Law on Mining (Chapter 4, section 4.3).

2.44. Since 2007 there has been a change in the negotiation of investment protection mechanisms with the inclusion of a chapter on investment in the preferential trade agreements now in force with Canada, Chile, China, Costa Rica, the Republic of Korea, Mexico, Panama, Singapore and the United States, in that which is about to take effect with Guatemala and in those being negotiated with El Salvador and Honduras, and in the context of the Pacific Alliance and the TPP.

2.45. Under the Andean Community's Common Investment Regime approved by Andean Community Decision No. 291, subregional investments are guaranteed national treatment, while the treatment of other foreign investments is determined by the national laws of each member country. In addition, by its Decision No. 578, the Andean Community approved the Regime for the Avoidance of Double Taxation and Prevention of Tax Evasion among the Andean countries.

2.46. Peru has concluded reciprocal investment promotion and protection agreements with 33 countries, 31 of which are in effect.[44] Peru is a member of the International Centre for Settlement of Investment Disputes (ICSID) and the Multilateral Investment Guarantee Agency (MIGA).

2.47. Peru has three agreements in force for the avoidance of double taxation and the prevention of tax evasion with Brazil, Canada and Chile. In the context of the Andean Community, Peru has an agreement of this kind in force with the Plurinational State of Bolivia, Colombia and Ecuador.[45] Peru has also signed agreements for the avoidance of double taxation and the prevention of tax evasion with the Republic of Korea, Mexico, Portugal and Switzerland, though they are not in force. The country has also started negotiations on the subject with France, Italy, Qatar, Singapore, Spain, Sweden, the United Kingdom and Thailand.

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[41] Online information from PROINVERSIÓN. Viewed at: http://www.proinversion.gob.pe/0/0/modulos/JER/ PlantillaSectorHijo.aspx?ARE=0&PFL=0&JER=2906.

[42] *Idem*.

[43] These agreements aim to provide the investor with stability with respect to: the regulations relating to non-discriminatory treatment; the income tax regime (dividends); the right to use the most favourable exchange rate available on the market; and the system of free availability of foreign exchange and the right of free remittance of profits, dividends, and royalties. At the same time, the agreements aim to provide stability for the recipient enterprise with respect to the recruitment, export promotion and income tax regimes.

[44] Argentina, Australia, Belgium, the Plurinational State of Bolivia, Canada, Chile, China, Colombia, Cuba, the Czech Republic, Denmark, Ecuador, El Salvador, Finland, France, Italy, the Republic of Korea, Luxembourg, Malaysia, the Netherlands, Norway, Paraguay, Portugal, Romania, Spain, Singapore, Sweden, Switzerland, Thailand, the United Kingdom and the Bolivarian Republic of Venezuela. The agreements with Colombia and Singapore are not yet in force. Online information from UNCTAD. Viewed at: http://www.unctad.org/Sections/dite_pcbb/docs/bits_peru.pdf.

[45] Andean Community Decision No. 578.

3 TRADE POLICIES AND PRACTICES BY MEASURE

3.1 Measures affecting imports

3.1.1 Customs procedures

3.1. In Peru, customs procedures are mainly governed by the General Customs Law, the Regulations implementing the General Customs Law and amending regulations.[1] The National Customs and Tax Administration Supervisory Authority (SUNAT), through the Customs Administration, remains the authority responsible for applying customs legislation and collecting customs duties and other import taxes.

3.2. The customs regime to be followed is specified at the time the goods are declared. In addition to the import for consumption regime, Peru has other customs regimes or procedures such as import into zones for special customs treatment; reimport in the same state; temporary admission for re-export in the same state; customs transit; transhipment; reloading; and special or exceptional customs regimes.[2]

3.3. Importers generally have to be registered with SUNAT and be in possession of a valid single taxpayers' registration number (RUC) before they can import. Goods may be imported without an RUC, simply using a national identity document (DNI) in the case of Peruvians or a foreign identity card, passport or safe-conduct in the case of foreigners, provided that the goods are only imported occasionally (a maximum of three times a year) and are valued at less than US$1,000 f.o.b.; or are single imports whose f.o.b. value is US$1,000 to US$3,000; or the importers are Peruvian or foreign diplomats or international civil servants.[3]

3.4. SUNAT may grant certification as an Authorized Economic Operator (OEA) to foreign trade operators with a proper accounting and logistics system that enables operations to be verified, provided that their financial solvency and capital adequacy have been duly established and that their level of security is satisfactory. OEAs are eligible for streamlined customs procedures and controls, for example, they are not required to provide the same amount of information in their customs declarations.[4]

3.5. In general terms, the following documents have to be submitted to the SUNAT for processing: the bill of lading, the air waybill or freight bill, depending on the mode of transport; the invoice or equivalent document and/or the sworn declaration of value according to the mode of import; proof of payment; a power of attorney for streamlined clearance if this is to be done by a third person acting on behalf of the importer, owner or consignee; together with the other documents required. The latter applies mainly to restricted goods, which may only be imported if they have the requisite authorization from the competent bodies corresponding to the nature of the goods.[5] An import declaration has to be submitted together with the aforementioned documents, and this may be a simplified import declaration (DSI) or customs declaration of goods (DAM), as applicable. The DSI is used when importing samples of no commercial value, gifts whose value does not exceed US$1,000 or goods not exceeding US$2,000.

[1] Legislative Decree No. 1053 of 27 June 2008 approving the General Customs Law, Supreme Decree No. 010-2009-EF of 16 January 2009, Legislative Decree No. 1122 of 17 July 2012 and Legislative Decree No. 1109 of 20 June 2012.

[2] General Customs Law of 27 June 2008.

[3] Resolution No. 210-2004/SUNAT of the Supervisory Authority. Information viewed online at: http://www.sunat.gob.pe/legislacion/procedim/despacho/importacion/importac/procGeneral/index.html.

[4] Articles 44 and 45 of the General Customs Law.

[5] Such authorizations may be issued, *inter alia,* by the National Agrarian Health Service and the National Institute of Natural Resources (Ministry of Agriculture); the Directorate of Chemical Inputs and Controlled Products and the Vice-Ministry of Fisheries (Ministry of Production); the Directorate-General of Medicines, Input Materials and Drugs (Ministry of Health), the Directorate-General for Control of Security Services, Control of Firearms, Ammunition and Explosives for Civilian Use (Ministry of the Interior), the National Cultural Institute (INC), the National Library or the General Archives of the Nation (Ministry of Education).

3.6. The services of a customs broker are required for clearance of goods under the import for consumption regime, and this may be the owner, the consignee, an official broker or a customs agent.[6]

3.7. Before arrival of the mode of transport, the carrier or its representative in Peru must forward the cargo manifest and other documents to SUNAT electronically, within the time-limit laid down in the regulations implementing the General Customs Law. Customs declarations may be corrected either ex officio or at the request of a party.[7]

3.8. Imports under the regimes regulating import for consumption, temporary admission for inward processing, temporary admission for re-export in the same state, customs warehouse, customs transit or transhipment, are eligible for advance customs clearance. For this purpose, the goods must arrive within the prescribed time-limit. Advance clearance offers several advantages that help to facilitate trade, including the following: release of the goods within 48 hours (with a prior guarantee); examination of the documents prior to arrival; inspection by scanner, which may replace the physical inspection of the goods; and the opportunity for prior acceptance and electronic release of the goods (without the need to submit a hard copy of the DAM).

3.9. There are also other forms of clearance, for example, urgent clearance depending on the type of goods and exceptional clearance, used for goods that require special treatment, or goods imported in cases of disaster or emergency. The import requirements applicable to any of the various forms of clearance are virtually the same: a duly endorsed or guaranteed DAM (prior guarantee) is always required, together with an authenticated photocopy or the original copy of the invoice or equivalent document (including those generated or printed electronically), an authenticated photocopy of the transport documents and an authenticated photocopy of the control document, except for those documents processed through the single window for foreign trade (VUCE).

3.10. Once the cargo manifest has been forwarded and the customs taxes and other charges applicable have been paid, the DAM is assigned to a channel using risk management techniques. There is no examination of documents or physical inspection for goods assigned to the green channel. Nevertheless, the customs broker has to keep the original documents so that SUNAT may examine them if necessary. For goods assigned to the amber channel, the documents are examined, and for those assigned to the red channel there is a physical inspection.[8] The customs broker and the importer are informed of the control channel electronically. The percentage of goods which entered Peru through the maritime customs at Callao and were processed through the green channel increased from 67% in 2007 to 82% in 2012.[9]

3.11. The VUCE was created in 2006 as an integrated system to facilitate trade, allow parties engaged in foreign trade and international transport to submit electronically the documents required by the competent control authorities for the transit, entry or exit of goods in Peru.[10] The VUCE started operating in July 2010 and now has three components: restricted goods, port services, and origin. The restricted goods component allows users to carry out formalities electronically in order to obtain permits, certificates, licences and other authorizations required by the competent authorities for the entry, transit or exit of goods. All formalities required for the arrival, stay and clearance of ships in ports can be carried out electronically through the port component. The origin component allows administrative formalities and procedures related to eligibility and issue of certificates of origin to be carried out, involving producers, exporters and the competent authority.[11]

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[6] The terms "custom broker" and "customs agent" are defined in Articles 18 and 23, respectively, of the General Customs Law.

[7] A request to correct a declaration is dealt with according to the provisions in the special procedure for requests for electronic correction of declarations INTA-PE-00.11.

[8] Physical Inspection - Taking and Analysing Samples INTA-PE.00.03.

[9] In 2012, the port of Callao handled 75.5% of total imports. Information provided by the authorities.

[10] Supreme Decree No. 165-2006-MEF, Legislative Decree No. 1036 and Supreme Decree No. 09-2008-MINCETUR.

[11] Online information from the VUCE, viewed at: https://www.vuce.gob.pe/index2.html.

3.1.2 Customs valuation[12]

3.12. The customs valuation system is governed by the Regulations on the valuation of goods in accordance with the WTO Agreement on Customs Valuation and amendments thereto[13]; decisions and resolutions of the Andean Community (CAN)[14]; decisions of the WTO Committee on Customs Valuation; and the instruments of the Technical Committee on Customs Valuation (Brussels). There are also special procedures for determining the customs value of media with digital content and used vehicles.[15]

3.13. In Peru, the customs value of imported goods is determined according to the valuation methods set out in the WTO Agreement on Customs Valuation. SUNAT remains the authority responsible for verifying and determining the customs value of goods imported into Peru.[16] The importer must furnish the necessary documents and information to ensure that the value declared corresponds to the transaction value; if this is not the case, SUNAT employs the other valuation methods determined in the Agreement in order to verify the declared value.

3.14. For the DSI, if the importer so requests, the customs value can be determined according to the list of reference values published on SUNAT's website.[17]

3.15. The importer may declare a provisional value when submitting the DAM if the price negotiated has not been finally determined.[18] In such cases, the Customs allows delivery of the goods subject to payment of the import taxes corresponding to the provisional value declared and the deposit of security. The importer has 12 months, which may be extended by six months, to regularize the declared value and pay any taxes due.

3.16. If the Customs Administration has any reason to doubt the declared value or the exactitude of the documents submitted as proof of the declaration, it may request the importer to provide additional explanations or to substantiate the declaration with documents or other evidence proving that the value declared represents the total amount actually paid or payable for the goods imported, adjusted as applicable. Once the additional information has been received, if the Customs Administration still entertains reasonable doubts regarding the exactitude of the declared value, it may employ the other methods of valuation successively and in order. If the Customs Administration needs more time to resolve the reasonable doubts, bearing in mind the risk indicators, it may attribute a provisional value to the goods. Once the value has been determined, the Customs Administration informs the importer of the reasons for doubting the accuracy or exactitude of the information or documents submitted and its rejection of use of the transaction value as the valuation method. If the importer disagrees with the procedures, he may begin proceedings against SUNAT.

3.1.3 Rules of origin

3.17. During the review period, Peru informed the WTO of changes in the preferential rules of origin applied under the preferential agreements signed within the LAIA framework and the new preferential agreements it had signed from 2007 onwards.[19] For most of the preferential agreements, the basic criterion used to determine origin continues to be a change in tariff classification or, alternatively, the regional content value (Table 3.1). The agreements signed by Peru also lay down specific requirements of origin.

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[12] Based on Supreme Decree No. 186-99-EF of 29 December 1999 and amendments thereto.

[13] Supreme Decree No. 186-99-EF of 29 December 1999.

[14] Resolution 846 - Community Regulations implementing Decision No. 571 and Resolution No. 961 - Procedure for special cases of customs valuation.

[15] Resolution No. 004-2009-EF of 13 January 2009, Resolution No. 036-2009/SUNAT/A of 28 January 2009, Resolution No. 167-2009/SUNAT/A of 27 March 2009, Resolution No. 341-2009/SUNAT/A of 2 February 2010 and Resolution No. 203-2012/SUNAT/A of 3 September 2012.

[16] Law No. 27973 of 27 May 2003.

[17] Resolution of the National Deputy Customs Supervisory Authority No. 520-2012/SUNAT/A.

[18] Article 7 of CAN Resolution No. 1239 of 1 July 2009.

[19] WTO documents: G/RO/N/49 of 2 March 2007, G/RO/N/72 of 29 August 2011 and G/RO/N/77 of 12 March 2012.

3.18. Non-preferential rules of origin are used in Peru to determine the origin of imported products subject to provisional or definitive anti-dumping and/or countervailing duties. In 2011, Peru established a new regulatory framework for non-preferential rules of origin.[20] This mainly concerns the minimum information to be provided by the importer in order to determine the origin of goods.[21] Up to 2011, a certificate of origin was required, but since then an importer has only had to give the Customs Authority a sworn signed declaration of origin.[22]

3.19. The Ministry of Foreign Trade and Tourism (MINCETUR) determines the non-preferential criteria of origin, which have to be approved by ministerial resolution (Table 3.1)[23] and specifies the special format required for certificates of origin.[24]

Table 3.1 Non-preferential criteria of origin

Product	Legislation	Validity
Zippers and parts thereof	Ministerial Resolution No. 339-2005-MINCETUR/DM; Ministerial Resolution No. 338-2005-MINCETUR/DM	Entry into force: 2 November 2005 Entry into force: 2 November 2005
Fabrics	Ministerial Resolution No. 076-2006-MINCETUR/DM	Entry into force: 28 February 2006
Footwear	Ministerial Resolution No. 074-2007-MINCETUR/DM	Entry into force: 29 March 2007
Ceramic dishes	Ministerial Resolution No. 339-2005-MINCETUR/DM; Ministerial Resolution No. 338-2005-MINCETUR/DM	Entry into force: 2 November 2005 Until: 13 October 2009[a]
Iron hinges	Ministerial Resolution No. 075-2006-MINCETUR/DM	Entry into force: 28 February 2006 Until: 12 May 2009[b]

a Resolution No. 165-2009-CFD - INDECOPI.
b Resolution No. 072-2009-CFD - INDECOPI.

Source: WTO documents G/RO/N/49 of 2 March 2007, G/RO/N/50 of 10 May 2007 and G/RO/N/77 of 12 March 2012. Information provided by the authorities.

3.1.4 Tariffs

3.20. Peru's customs tariff is based on the Common Tariff Nomenclature of the Member Countries of the Andean Community (NANDINA), approved by Decision 766 of the Commission of the CAN, which incorporates the various amendments to the Harmonized Commodity Description and Coding System (HS).[25] Peru usually only applies *ad valorem* tariffs, although 47 tariff lines in the 2013 tariff schedule (0.6% of the tariff universe) are subject to a price band system involving two components: one *ad valorem* and the other specific. The price band system applies to imports of certain agricultural products, namely, rice, sugar, maize and dairy produce.

3.21. *Ad valorem* import tariffs are calculated according to the c.i.f. value of the goods, whereas tariffs under the price band system are determined according to an *ad valorem* component and another, specific component, which may be a reduction or an increase in the MFN *ad valorem* rate. The specific component is calculated according to the international price compared to the "band" composed of "floor" and "ceiling" prices fixed on the basis of historical

[20] Supreme Decree No. 005-2011-MINCETUR.
[21] Article 3 of Supreme Decree No. 005-2011-MINCETUR repealed Ministerial Resolutions No. 093-2007-MINCETUR/DM and No. 058-2008-MINCETUR/DM, which concerned the information required for certificates of origin.
[22] Supreme Decree No. 005-2011-MINCETUR, Article 3.
[23] *Ibid,* Article 9.
[24] Ministerial Resolution No. 198-2003-MINCETUR/DM established a single format for certificates of origin applicable to all products subject to provisional or definitive anti-dumping or countervailing duties.
[25] The tariff currently in force incorporates the Fifth Recommendation for Amendment of the Harmonized System.

international prices in the reference markets.[26] When the price on the international reference market is below the "floor", a tariff surcharge is imposed and when it rises above the "ceiling", a reduction on the MFN *ad valorem* tariff is applied. If the reference price lies within the "band", the corresponding MFN *ad valorem* tariff applies, with no surcharges or reductions (Chapter 4, section 4.1.2).

3.22. In 2013, Peru's tariff contained 7,554 tariff lines at the ten-digit level of the 2012 HS. There has been an increase in the number of tariff lines since the previous trade policy review in 2007 (7,370 lines) following the transposition of the nomenclature. During the period under review, Peru continued to lower its tariffs unilaterally, with the average applied MFN tariff declining from 8% to 3.2%, one of the lowest rates on the continent (Table 3.2).

Table 3.2 MFN tariff structure, 2007 and 2013

(%)

	2007	2013[a]	2013[b]
Total number of lines	7,370	7,554	7,554
Non-*ad valorem* tariffs (% of all tariff lines)	0.6	0.6	0.6
Non-*ad valorem* tariffs without any *ad valorem* equivalents (% of all tariff lines)	6	0.6	0.0
Tariff quotas (% of all tariff lines)	0.0	0.0	0.0
Duty-free tariff lines (% of all tariff lines)	43.6	55.9[c]	55.3
Average of lines exceeding zero (%)	14.1	7.2	7.2
Simple average (%)	8.0	3.2	3.2
Agricultural products	12.9	3.9	4.3
Non-agricultural products (including petroleum)	7.2	3.1	3.1
Raw materials	9.6	2.9	2.9
Semi-processed products	7.1	3.0	3.1
Finished products	8.2	3.3	3.4
National tariff peaks (% of all tariff lines)[d]	0.0	10.5	10.8
International tariff peaks (% of all tariff lines)[e]	15.1	0.0	0.1
Overall standard deviation of applied rates	7.5	3.8	3.9
Bound tariff lines (% of all tariff lines)	100.0	100.0	100.0

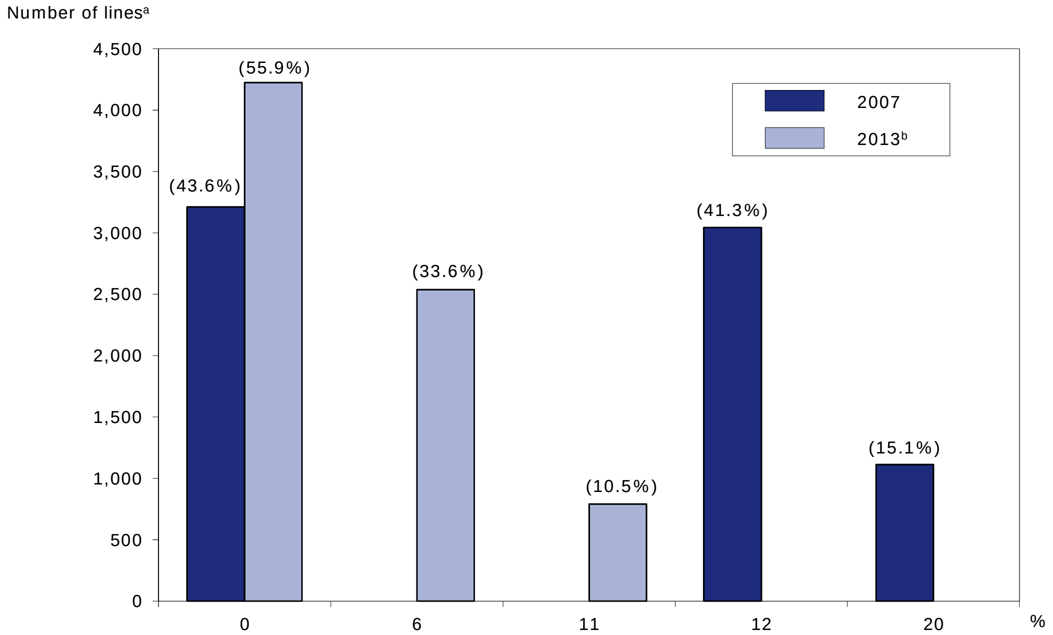
a For the 47 lines subject to the price band, only the *ad valorem* component of the band has been taken into account.
b For the 47 lines subject to the price band, both the *ad valorem* component and the specific duty obtained by applying the price band have been taken into account.
c For the 47 lines subject to the price band, only the *ad valorem* component of the band has been taken into account; consequently, when the *ad valorem* component is 0%, the line counts as a duty-free line.
d National tariff peaks are duties that are higher than three times the simple average of all the rates applied.
e International tariff peaks are duties that exceed 15%.

Source: WTO Secretariat estimates based on data provided by the authorities.

3.23. In 2013, Peru's tariff schedule comprised three rates: 0%, 6% and 11%, excluding tariffs that might apply as a result of the price band. In 2007, the tariff also comprised three rates, but these were 0%, 12% and 20%. One of the most important changes in Peru's tariff structure has been the decrease in the maximum rate applied, from 20% to 11%, and the 6 percentage points reduction in the 12% rate applied in 2007, which is now 6%. Likewise, the percentage of lines with a zero rate increased from 43.6% to 55.9% over the period under review (Chart 3.1). The highest rate of 11% applies first and foremost to products such as textiles and clothing. If the tariffs resulting from application of the price band are taken into account, however, Peru's tariff has rates of over 20% on sugar and some dairy produce, and up to 55.7% for some milk products (Chart 3.1). According to the authorities, no tariff surcharges resulting from the price band system were applied during the period 2007-2012.

[26] Annex IV to Supreme Decree No. 115-2001-EF of 21 June 2001.

Chart 3.1 Breakdown of MFN tariffs, 2007-2013



a Total number of lines in 2007 and 2013: 7,370 and 7,554, respectively.
b For the 47 lines subject to the price band, only the *ad valorem* component of the band has been taken into account. Consequently, when the *ad valorem* component is 0%, the line counts as a duty-free line.

Source: WTO Secretariat estimates based on data provided by the authorities.

3.24. The protection given to agricultural products (WTO definition), which was 12.9% in 2007, fell sharply to 3.9% in 2013. Protection for non-agricultural products (3.1%) is still lower than for agricultural products, although the gap has narrowed following the tariff reduction which abolished the 20% rate that applied principally to agricultural products such as meat, dairy products, fruit and vegetables, cereals and food preparations in 2007. Taking into account the tariff resulting from application of the *ad valorem* equivalent of the specific price band duty when calculating the average tariff would increase the protection given to agricultural products from 3.9% to 4.3% (Table 3.2).[27]

3.25. In 2013, Peru's applied tariffs rose in line with the level of processing of the goods, whereas in 2007 raw materials received more protection than semi-processed or finished products (Table 3.2). A similar trend exists as regards tariff protection for capital goods (0%), intermediate goods (3.2%) and consumer goods, which enjoy a slightly higher level of protection (5.6%) (Table 3.3). Peru has had a policy of tariff reduction for capital and intermediate goods since 2007, in line with its economic policy, as it considers trade to be a cornerstone for development and growth. Accordingly, the purpose of the tariff reduction is to make the country more competitive, not only by increasing and diversifying the exportable offer (particularly in the mining sector), but also by facilitating trade, *inter alia* by upgrading the infrastructure, for which capital goods are necessary (Chapter 4).

[27] The *ad valorem* equivalents of the specific component in the price band were calculated by the Secretariat on the basis of the unit price according to the volume and value of imports from January to May 2013. For products that were not imported during this period, the "reference price" was used instead as a substitute value.

Table 3.3 Tariff structure by type of goods, 2007 and 2012

(%)

Tariff (%)	Consumer		Intermediate		Capital		Total	
	2007 (HS07)	2012 (HS12)	2007 (HS07)	2012 (HS12)	2007 (HS07)	2012 (HS12)	2007 (HS07)	2012 (HS12)
0	4.2	23.5	45.7	53.8	91.1	100.0	43.6	55.9
6	n.a.	55.4	n.a.	36.7	n.a.	n.a.	n.a.	33.6
11	n.a.	21.2	n.a.	9.5	n.a.	n.a.	n.a.	10.5
12	57.5	n.a.	44.9	n.a.	8.9	n.a.	41.3	n.a.
20	38.2	n.a.	9.4	n.a.	0.1	n.a.	15.1	n.a.
Average	14.6	5.6	7.3	3.2	1.1	0.0	8.0	3.2

n.a. Not applicable.

Source: Information provided by the authorities.

3.1.4.1 Bindings

3.26. Peru has bound all its tariffs at three levels: 0%, 30% and 68%. The lines bound at 68% concern agricultural products: dairy produce; cereals such as wheat, maize and rice; sugar; and pasta. Some of these, for example, dairy produce, maize, rice and sugar, are also subject to the price band. When comparing the bindings made by Peru in the Uruguay Round and the applied MFN tariff in 2013, without taking into account the tariffs resulting from application of the price band, it can be seen that the MFN tariffs are below the bindings. If the MFN tariff turns out to be higher than the bound rate because of application of the price band, the bound rate applies.[28]

3.1.4.2 Tariff quotas

3.27. Peru does not apply tariff quotas to MFN imports. It has negotiated preferential tariff quotas under agreements with the European Free Trade Association (EFTA) (only Switzerland), Canada, Mexico, Panama and the United States. A rate of 0% applies to in-quota imports under the preferential tariff quotas and the MFN or preferential rate, depending on the agreement, to out-of-quota imports. For tariff quotas applicable to products subject to the price band, both the *ad valorem* and the specific components have been liberalized. Little and in most cases no use was made of quotas in 2012 (Table A3.2).

3.1.4.3 Preferential tariffs

3.28. Peru grants preferential treatment to imports from countries with which it has signed agreements within the LAIA framework (Chapter 2 and Table A2.2). In the CAN, Peru gives preferential treatment to imports from the Plurinational State of Bolivia, Colombia and Ecuador. Peru has signed 14 new trade agreements since 2007 and those with the following have already come into force: Canada; Chile; China; Costa Rica; EFTA; the European Union; Japan; the Republic of Korea; Mexico; Panama; Singapore; Thailand (Early Harvest Protocol); the United States; and the Bolivarian Republic of Venezuela.[29] The lowest average preferential tariffs apply under the agreements with Canada and the United States, followed by the preferences given to EFTA member countries. In most cases, the average preferential tariff applicable to agricultural products is higher than that for non-agricultural products (Table 3.4).

[28] Supreme Decree No. 153-2002-EF of 1 July 2002.
[29] This report does not take into account the Partial Scope Trade Agreement with the Bolivarian Republic of Venezuela because it came into force on 1 August 2013 after the deadline for finalizing this report.

Table 3.4 Analysis of Peru's preferential tariff, 2013[a]

	Pref. lines negotiated	Pref. lines applied	Total		WTO categories: Agricultural products		WTO categories: Non-agricultural products (excluding petroleum)	
	(% of total tariff lines)		Average (%)	Duty-free lines (%)	Average (%)	Duty-free lines (%)	Average (%)	Duty-free lines (%)
MFN	..	..	3.2	55.9	3.9	38.4	3.1	58.4
Canada	100.0	97.5	0.4	93.3	0.4	93.9	0.4	93.2
Chile	99.7	99.7	0.1	97.0	0.1	95.7	0.0	97.2
China	92.1	87.8	2.0	65.6	1.0	76.8	2.1	63.5
Korea, Rep. of	99.9	81.5	1.9	70.9	1.1	77.3	2.1	69.7
Costa Rica	98.7	82.9	1.0	84.3	1.3	80.4	1.0	84.9
United States	100.0	94.5	0.4	93.3	0.5	93.2	0.4	93.2
Japan	95.4	86.3	1.2	80.4	2.3	64.7	1.1	82.8
Mexico	97.4	77.9	1.0	84.7	2.5	61.6	0.7	88.4
Panama	98.1	90.7	1.4	78.5	1.8	71.5	1.4	79.5
Singapore	99.9	87.8	2.1	71.9	2.0	68.5	2.1	72.2
Thailand	82.7	64.1	2.5	67.1	2.8	55.8	2.4	68.7
European Union	100.0	76.8	1.3	78.4	2.6	59.6	1.2	81.3
EFTA								
Iceland	98.6	84.4	0.9	84.8	1.0	85.0	0.9	84.6
Norway	97.9	76.5	1.0	84.0	1.3	79.6	1.0	84.6
Switzerland and Liechtenstein	98.0	84.3	0.9	84.7	1.0	84.3	0.9	84.6
MERCOSUR								
Argentina	99.9	99.9	0.5	56.9	0.9	40.4	0.5	59.2
Brazil	99.9	99.9	0.5	57.1	0.9	40.1	0.5	59.5
Paraguay	99.9	99.9	0.4	89.5	0.5	84.7	0.4	90.2
Uruguay	95.8	95.8	0.8	85.7	0.5	84.0	0.8	85.9

a For the 47 lines subject to the price band, only the *ad valorem* component of the band has been taken into account.

Note: For this analysis, where the preferential rate is higher than the MFN rate, the MFN rate has been used to calculate the averages.

Source: WTO Secretariat estimates based on data provided by the authorities.

3.1.4.4 Tariff concessions

3.29. The temporary admission procedure for re-export in the same state allows goods destined for export without being modified, except for "normal wear and tear", to be imported without payment of customs duty or any other taxes applicable to imports for consumption. In 2012, imports amounting to US$2 billion entered under this procedure.

3.30. Some foreign goods may enter Peruvian customs territory under the temporary admission for inward processing procedure[30], which allows suspension of payment of customs duty and any other taxes applicable to imports for consumption, as well as other charges, and the goods must be exported within a specified period after having been processed in some way.[31]

[30] Raw materials, inputs, intermediate goods, components and spare parts physically incorporated into the product exported (compensating products) may be imported under this procedure.

[31] Inward processing operations are those in which the good is transformed, processed (including mounting, assembly or incorporation into other goods) and/or repaired.

In 2012, imports under the temporary admission for inward processing procedure amounted to US$7,513 million.

3.31. Imports for certain institutions or for certain uses are still exempt from payment of customs duty (Box 3.1).[32] These include medicines and inputs for treating cancer, HIV/AIDS and diabetes, which remain exempt from customs duty, the general sales tax (IGV) and the selective consumption tax (ISC).[33]

Box 3.1 Imports exempt from payment of customs duty

Samples of no commercial value;
Prizes awarded abroad to Peruvians or foreigners resident in Peru officially representing Peru at exhibitions, competitions or contests;
Coffins or urns containing human bodies or remains;
Special vehicles or prostheses for the exclusive use of disabled persons;
Donations approved by ministerial resolution given to government sector bodies, except for companies that are part of the State's business activities; as well as to foreign bodies or institutions engaged in international cooperation (ENIEX), non-governmental national development organizations (ONGD-PERU), and private non-profit-making institutions receiving donations for assistance or education (IPREDAS) listed in the register of the Peruvian International Cooperation Agency (APCI);
Donations to religious institutions, and to legally established foundations whose statutes provide for one or more of the following purposes: education, culture, science, charity, social welfare or hospital care (Article 19 of Peru's Political Constitution);
Imports of goods intended solely for teaching purposes by universities, higher education institutes and educational centres;
Medicines and/or inputs used for the manufacture of therapeutic equivalents in Peru for the treatment of cancer, HIV/AIDS or diabetes;
Travel and household articles belonging to Peruvians who died outside Peru;
Repatriation of goods that are part of the nation's cultural heritage;
Mail for the personal and sole use of the addressee;
Express courier mail under normal conditions consisting of correspondence, documents, newspapers or periodicals, not for commercial purposes, or goods up to a value of US$200.

Source: General Customs Law and amendments thereto.

3.32. From 2010 onwards, the import of some capital goods to be used for "production" activities in the High Andean regions has been exempt from the IGV and tariffs.[34]

3.1.5 Other charges

3.33. The additional 5% tariff which applied to 392 ten-digit tariff lines in early 2007 was removed the same year.

3.34. The customs clearance charge for processing the DAM for the import for consumption or customs warehouse regimes still applies to goods whose declared customs value exceeds three times the tax unit in effect at the time the declaration is submitted.[35] Its rate has not changed since 2007 and is still 2.35% of the UIT for imports for consumption or the customs warehouse.[36] The customs clearance charge does not apply to procedures involving a DSI or special operations or uses.

[32] Article 147 of the General Customs Law.
[33] Law No. 27450 of 11 May 2001 and Supreme Decree No. 004-2011-SA of 11 April 2011.
[34] The capital goods eligible for this exemption are listed in Annex 2 to Supreme Decree No. 051-2010-EF (regulations implementing the Law on the Promotion of Production Development in High Andean Regions).
[35] Law No. 28321 of 10 August 2004.
[36] *Idem*, and information provided by the authorities.

3.35. As is the case for domestic production, imports are subject to the IGV at 16% (formerly 17%)[37]; the municipal promotion tax (IPM) of 2%; and also the ISC and/or other special customs taxes in certain cases.

3.36. The IGV applies to imports of all goods, except for some agricultural products and fertilizers; wool, cotton and other fibres; gold; and some used vehicles or vehicles for diplomatic use.[38] The tax base for the IGV is the c.i.f. customs value plus the tariffs and other taxes on imports. Imported goods to which the IGV applies are also subject to the IPM, whose tax base is the same as that for the IGV (Table 3.5).

Table 3.5 Import taxes, 2007-2013

Tax	Type of tax	Rate	Tax base	Comments
General sales tax (IGV)	*Ad valorem*	16%	Customs value plus tariffs and other import taxes.	The goods listed in Appendix I to the Single Harmonized Text on Tax are exempt from the IGV.
Municipal promotion tax (IPM)	*Ad valorem*	2%	Customs value plus tariffs and other import taxes, except for the IGV.	This tax is imposed on goods subject to the IGV.
Selective Consumption Tax (ISC)				
Products subject to the value system				
	Ad valorem	0% 10% 17% 20%[a] 30% 50%	Customs value plus the applicable import taxes.	Certain goods such as new or used motor vehicles; mineral waters; wine and other spirits; cigars and cheroots, tobacco and cigarettes are taxed.
Products subject to application of a fixed amount				
	Specific	Amount in nuevos soles: from S/.0.007 to S/.2.30	Per unit, litre, tonne, gallon or kilogram.	Certain goods such as pisco, cigarettes of dark or blond tobacco, gasoline for engines, kerosene, gasoil, and liquefied petroleum gas are taxed.
Products subject to the retail selling price scheme				
	Ad valorem	27.80% (beer)[b] 30% (cigarettes)[c]	The retail selling price suggested by the producer or importer multiplied by 0.840.	Only beer and cigarettes of dark or blond tobacco are taxed.

a The goods subject to the 20% rate were modified in 2013 by Supreme Decree No. 092-2013-EF of 13 May 2013.
b Abolished as of 13 May 2013 by Supreme Decree No. 092-2013-EF of 13 May 2013.
c Abolished as of 15 January 2010 by Article 2 of Supreme Decree No. 004-2010-EF of 14 January 2010.

Source: Ministry of the Economy and Finance (2011), Text of the Law on the General Sales Tax and the Selective Consumption Tax, Lima (Supreme Decree No. 055-99-EF); Payments and Guarantees: Customs Taxation. Information viewed online at: http://www.sunat.gob.pe/orientacionaduanera/pagosgarantias/; and Appendices to the Single Harmonized Tax of the Law on the IGV and the ISC. Information viewed online at: http://www.sunat.gob.pe/legislacion/igv/ley/apendice.htm#acla4b[16/05/2013.

[37] Law No. 29666 of 20 February 2011.
[38] Appendices to the Single Harmonized Text of the Law on the IGV and the ISC. Information viewed online at: http://www.sunat.gob.pe/legislacion/igv/ley/apendice.htm#acla4b.

3.37. The ISC applies to the import of certain goods such as fuels, spirits, new and used vehicles, aerated beverages and cigarettes (Table 3.5). Since May 2013, some alcoholic beverages that were previously subject to an *ad valorem* rate of 20% became classified according to their degree of alcohol and the ISC is calculated alternatively using three methods: specific (fixed amount), on the value, or on the value according to the retail selling price. The ISC payable is the highest amount obtained by applying the three methods (Table 3.6).

Table 3.6 Selective Consumption Tax (ISC) on certain alcoholic beverages, 2013

Goods			Methods		
Product	Tariff heading	Degree of alcohol	Specific (fixed amount) (S/. per litre)	On the value (%)	On the value according to the retail selling price (%)
Beer made from malt Sparkling wine Other wine	2203.00.00.00 2204.10.00.00 2204.29.90.00	0° to 6°	1.35	-.-	30
Vermouth and other wine in containers holding 2 litres or less Other Other fermented beverages	2205.10.00.00 2205.90.00.00 2206.00.00.00	Over 6° up to 20°	2.50	25	-.-
Singani Other spirits Spirits obtained by distilling agaves (tequila) Other	2208.20.22.00 2208.70.90.00 2208.90.20.00 2208.90.90.00	Over 20°	3.40	25	-.-

Source: Supreme Decree No. 092-2013-EF of 13 May 2013.

3.38. The tax on the sale of pounded rice (IVAP) imposed on the sale of pounded rice in Peru also applies to the import of pounded and other types of rice.[39] The IVAP is an *ad valorem* tax of 4% imposed on the first sale of pounded rice in Peru and on the customs value, including other import duties and taxes, and on imports of pounded rice and other types of rice.

3.1.6 Quantitative restrictions, controls and licences

3.39. The import of certain goods may be prohibited or require an authorization or registration for reasons of public health or morals, and also to protect the environment, national security or to comply with the commitments undertaken in international agreements signed by Peru.

3.40. Peru has notified the WTO that no licences are required for imports and no quantitative restrictions are applied.[40]

3.41. There have been no changes as regards the products prohibited since the previous review in 2007 (Table 3.7). Nevertheless, some of these goods may be imported, for example, used engines, components and spare parts for vehicles that are not on the road in Peru but are to be used in production.[41]

[39] These varieties include: rice in the husk (paddy or rough) (HS 1006.20.00.00); semi-milled or wholly milled rice, whether or not polished or glazed (HS 1006.30.00.00); broken rice (HS 1006.40.00.00); and brans, sharps and other residues derived from the sifting, milling or other working of cereals or leguminous plants, including rice "pellets" (HS 2302.20.00.00). Information viewed online at: http://www.guiatributaria.sunat.gob.pe/index.php?option=com_content&view=article&id=185:01-ivapimpuesto-a-la-renta-del-arroz-pilado&catid=47:ivap-impuesto-a-la-venta-del-arroz-pilado&Itemid=75.

[40] WTO documents G/LIC/N/3/PER/5 of 21 September 2007, G/LIC/N/3/PER/6 of 27 August 2010, G/LIC/N/3/PER/7 of 27 September 2011 and G/LIC/N/3/PER/8 of 27 August 2012.

[41] Supreme Decree No. 017-2005-MTC of 15 July 2005.

Table 3.7 Prohibited imports, 2013

Product	Reason	Legislation[a]
Toy known as "Yoyo loco"	Health protection	Supreme Decree No. 003-2004-SA of 19 February 2004
Foreign alcoholic beverages whose description includes the word "Pisco"	Protected appellation of origin	Law No. 26426 of 1 January 1995
Used tyres	Public health, safety and environmental protection	Supreme Decree No. 003-2001-SA of 8 February 2001
Used clothing and footwear "for commercial purposes"	Public health	Law No. 28514 of 25 May 2005
Used engines, components and spare parts for road vehicles	Safety	Supreme Decree No. 053-2010-MTC of 11 November 2010
Ban on the import of used goods, machinery or equipment that uses radioactive sources	Safety	Law No. 27757 of 19 June 2002 Supreme Decree No. 001-2004-EM of 25 March 2004

a Amending legislation not included.

Source: WTO Secretariat, on the basis of information provided by the authorities and WTO document G/MA/QR/N/PER/1 of 3 September 2013.

3.42. In order to boost private investment and make the dairy industry more competitive, since 2008 Peru has once again allowed the import of powdered milk, fatty anhydride and other dairy inputs used for reconstitution and recombination in the manufacture of dairy products[42], which had previously been prohibited.[43]

3.1.7 Anti-dumping, countervailing and safeguard measures

3.1.7.1 Anti-dumping and countervailing measures

3.43. The principal domestic legislation on anti-dumping and countervailing measures consists of Supreme Decree No. 006-2003-PCM, the Regulations on Dumping and Subsidies, as amended by Supreme Decree No. 004-2009-PCM[44], which introduces amendments regarding the calculation of the normal value and the dumping margin in special cases; the period for imposition of anti-dumping or countervailing duties; the time-limit and the procedure for requesting the refund of wrongfully imposed provisional duties or the excess amounts paid; and the procedure for reviewing the expiry of anti-dumping duties ("sunset review"). New provisions have also been added concerning the administrative procedure for contesting the payment of anti-dumping or countervailing duties and their refund.[45] Supreme Decree No. 133-91-EF, as amended by Supreme Decree No. 051-92-EF, still applies to non-WTO Members.[46]

3.44. The Dumping and Subsidies Commission (CFD) of the National Institute for the Defence of Competition and the Protection of Intellectual Property (INDECOPI) remains the authority responsible for applying trade defence instruments in order to avoid or, where applicable repair, injury that may be caused in the market by dumping or subsidization. The CFD is the administrative authority of first instance with powers to initiate and conduct dumping or subsidies investigations. It also acts as the investigating authority in proceedings for the imposition of safeguard measures.[47] Appeals may be lodged with the INDECOPI Tribunal against decisions by the CFD, and the latter's decisions can be appealed directly to Peru's Supreme Court.

3.45. Peruvian producers who consider that they have suffered injury or threat of injury as a result of the import of like goods that have allegedly been subsidized or imported at dumped prices may request the CFD to initiate an investigation to determine whether or not dumping or subsidization has occurred. Both dumping and subsidy investigations are administrative

[42] Legislative Decree No. 1035 of 25 June 2008.
[43] Fifteenth Provision in Legislative Decree No. 653, Law on the Promotion of Investment in the Agricultural Sector.
[44] WTO document G/ADP/N/1/PER/2/Suppl.1 and G/SCM/N/1/PER/2/Suppl.1 of 17 June 2009.
[45] Supreme Decree No. 004-2009-PCM of 19 January 2009.
[46] WTO document G/ADP/N/1/PER/2/Suppl.1 and G/SCM/N/1/PER/2/Suppl.1 of 17 June 2009.
[47] The CFD acts in accordance with the provisions in the WTO Agreements, which have been incorporated into Peru's legislation, Supreme Decree No. 006-2003-PCM and Supreme Decree No. 133-91-EF and amendments thereto. Information viewed online at: http://www.indecopi.gob.pe/0/modulos/JER/JER_Interna.aspx?ARE=0&PFL=5&JER=726).

procedures through which it is determined whether the goods have been imported at a price lower than their normal value or have been subsidized, and if this has caused injury, or threatens to cause injury or retardation, in a domestic industry over a particular period (Box 3.2).

Box 3.2 Procedure for dumping or subsidy investigations and review of definitive duties, 2013

1. An application is submitted for initiation of an anti-dumping or subsidy investigation or the review of definitive duties, identifying the applicant, giving details of its domicile and economic activity, and attaching copies of documents proving the applicant's existence and, where applicable, that of its legal representative.
2. A questionnaire duly completed by the applicant, which must include the following information:
A. For companies that are producers and request the initiation of an investigation into dumping or subsidization: -Proof that the applicant is representative of the domestic industry or has the support of domestic producers that are not applicants. A complete description of the dumped or subsidized product and the like product produced domestically. -The country of export and of origin. -The identity of each known producer or foreign exporter. -The list of importers, proof of the price at which the product is sold in the country of origin (at a comparable level, i.e. the same level of trade). -Proof of the existence of dumping (invoices, computed value) or subsidization (legal text, etc.). -Data on the trend in the volume of imports. -Effect of these imports on the price of the like product on the domestic market. -Impact of the imports on the domestic industry (production, sales, inventories, use of plant capacity, etc.) and other information. The quantitative data must be submitted in writing and on magnetic media.
B. For exporting or importing companies or domestic producers requesting the review of definitive duties: -Data on the price at which the product that is the subject of the application for definitive duties is sold in the country of origin (at a comparable level, i.e. at the same level of trade). -Trend in the volume of imports. -Effect of these imports on the price of the like product on the domestic market. -Impact of the imports on the domestic industry (production, sales, etc.) and other information. The quantitative data must be submitted in writing and on magnetic media.
3. In order to request that certain information remain confidential, the applicant must explain the reasons why the information should remain confidential and provide a non-confidential summary thereof.
4. Copies for all the parties mentioned in the application or, in the case of review of definitive duties, for the number of parties that participated in the investigation leading to application of such duties.
5. Proof of payment of the tax corresponding to one UIT. Payment of 40% must be made when the application is submitted and the balance paid via a refund solely if the Commission orders the initiation of the investigation or the review of definitive duties.

Source: Single Text of Administrative Procedures (TUPA). Information viewed online at: http://www.indecopi.gob.pe/repositorioaps/0/0/jer/datgentupa1/Tupa/CFD.pdf.

3.46. During the review period, 38 anti-dumping investigations were initiated, compared to 40 between January 2000 and December 2006. Of these 38 investigations, only eight corresponded to initial investigations and the others were procedures for the review of anti-dumping duties previously imposed (Table 3.8). During the period 2007-2012, five definitive anti-dumping measures were imposed on imports of biodiesel (United States), footwear (Viet Nam), white cement (Mexico) and textiles (India).[48] According to the notification to the WTO, at 31 December 2012 Peru had 11 anti-dumping measures in effect, of which seven concerned China and the others India, Pakistan, the United States and Viet Nam. Five measures have been in effect for over ten years. Most of the measures applied to textiles and footwear.[49]

[48] There are two cases concerning white cement from Mexico.
[49] WTO document G/ADP/N/237/PER of 19 March 2013.

Table 3.8 Anti-dumping and countervailing measures, 2007-2012

	2007	2008	2009	2010	2011	2012
Anti-dumping measures						
Initiations	4	5	7	6	8	8
Initial investigations	1	1	4	-	1	1
Reviews	3	4	3	6	7	7
Sunset reviews	3	1	2	3	3	4
Changed circumstances review	-	3	1	3	4	3
Provisional measures imposed	-	-	3	1	-	-
Definitive anti-dumping measures	1	-	2	1	1	-
Expiry	2	2	7	1	8	5
Expiry of the time-limit	2	2	3	1	3	4
In reviews	-	-	4	-	5	1
Sunset reviews	-	-	-	-	-	-
Changed circumstances reviews	-	-	4	-	5	1
Revocations	-	1	-	1	-	-
Countervailing measures						
Initiations[a]	1	-	2	-	-	1
Provisional measures imposed	-	-	1	-	-	-
Definitive countervailing measures	-	-	-	2	-	-
Expiry[b]	-	1	-	-	-	-

a The only initial investigations during the period 2007-2012 concerned subsidies. No review of countervailing duties was initiated during this period.

b During the period 2007-2012, no countervailing measures imposed by the Commission were revoked.

Source: Information provided by the authorities.

3.47. Between 2007 and 2012, Peru conducted four subsidy investigations, of which only two led to the imposition of countervailing duties (Table 3.8). The imports concerned were olive oil from Spain and Italy and biodiesel from the United States.[50]

3.1.7.2 Safeguards

3.48. Peru's domestic legislation on WTO safeguards is still Supreme Decree No. 020-1998-ITINCI. It also has legislation establishing the procedures for implementing the bilateral safeguards provided in the regional agreements it has signed.[51]

3.49. Safeguard investigations can be initiated at the request of a party with a legitimate interest or ex officio. INDECOPI, through the CFD, is responsible for deciding whether to initiate a safeguard investigation within the WTO framework. If it is decided to initiate an investigation, the proceedings must be conducted within six months calculated from the date of publication of the notice of initiation in the Official Journal *El Peruano*. After the investigation has been concluded, the CFD has to issue a technical report containing its recommendation on whether or not the safeguard measure requested needs to be applied. In critical circumstances where delay would cause damage to the domestic industry which it would be difficult to repair and if so requested by the applicant, INDECOPI draws up a preliminary technical report during the course of the investigation to assess whether it is necessary to impose provisional measures. The decision on whether or not to apply the definitive or provisional safeguard measures requested, however, lies with a multisectoral commission composed of the Ministers of Foreign Trade and Tourism (MINCETUR), the Economy and Finance (MINEF), and the sector to which the domestic industry affected belongs. Box 3.3 describes the procedure for initiating a safeguard investigation.

[50] WTO document G/SCM/N/250/PER of 20 March 2013.

[51] Supreme Decree No. 006-2009-MINCETUR of 16 January 2009 and Supreme Decree No. 008-2009-MINCETUR of 16 January 2009.

Box 3.3 Procedure for safeguard measures, 2013

1. An application is submitted for initiation of an investigation or extension of a safeguard measure, identifying the applicant, giving details of its domicile and economic activity, and attaching copies of documents proving the applicant's existence and, where applicable, that of its legal representative.
2. A questionnaire duly completed by applicant producers, which must include the following information: -Complete description of the imported product. -Tariff heading. -Applicable tariff. -Description of the like or directly competitive domestic product. -Data on imports and on domestic production for the previous three calendar years (by month). -Quantitative data indicating the degree of serious injury or threat thereof. -The causal link. Quantitative data must be submitted in writing and on magnetic media.
3. In order to request that certain information remain confidential, the applicant must explain the reasons why the information should remain confidential and provide a non-confidential summary thereof.
4. Proof of payment of the tax corresponding to one UIT. Payment of 40% must be made when the application is submitted and the balance paid via a refund solely if the Commission orders the initiation of the investigation or the review of definitive duties.

Source: TUPA. Information viewed online at: http://www.indecopi.gob.pe/repositorioaps/0/0/jer/datgentupa1/Tupa/CFD.pdf.

3.50. During the review period, Peru initiated only one investigation, in 2009, with a view to the application of a general safeguard measure to imports of cotton yarn (HS 5205 and 5206)[52], although this ended without any measure being applied.[53]

3.51. A corrective *ad valorem* tax of 29% on the c.i.f. value applies to imports of fats (NANDINA 1511.90.00, 1516.20.00 and 1517.90.00) from Colombia and the Bolivarian Republic of Venezuela.[54]

3.1.8 Technical regulations and standards

3.52. Peru's legal framework governing standardization is composed of both domestic legislation and international and supranational rules (Table 3.9).

Table 3.9 Legal framework governing Peru's standardization system, 2013

Legal instrument	Description
International agreements:	
Legislative Resolution No. 26407	Approves the Agreement establishing the WTO and the multilateral trade agreements contained in the Final Act of the Uruguay Round (December 1994).
ISO 59:2008	Code of Good Practice for Standardization.
Supranational rules:	
CAN Decision No. 376	Andean system of standardization, accreditation, testing, certification, technical regulations and metrology.
CAN Decision No. 419	Amendment to Decision No. 376 and establishing the Andean system of standardization, accreditation, testing, certification, technical regulations and metrology.
CAN Decision No. 615	Notification information and technical regulation system of the CAN.
CAN Decision No. 562	Guidelines for the preparation, adoption and application of technical regulations in member countries of the CAN and at the Community level.
CAN Resolution No. 313	Updates the regulations of the Andean Standardization Network.
Domestic legal rules:	
Legislative Decree No. 1033	Law on the Organization and Functions of INDECOPI (Article 28).
Legislative Decree No. 1030	Law on National Standardization and Accreditation Systems.

[52] WTO document G/SG/N/6/PER/2 of 25 March 2009.
[53] WTO document G/SG/N/9/PER/2 of 2 November 2009.
[54] Article 90 of the Cartagena Agreement and Ministerial Resolution No. 226-2005-MINCETUR/DM, published in *El Peruano* of 27 July 2005.

Legal instrument	Description
Legislative Decrees Nos. 668 and 682	Measures to ensure the freedom of foreign/domestic trade (September 1991).
Supreme Decree No. 149-2005-EF	Regulatory provisions for the WTO Agreement on Technical Barriers to Trade in relation to goods and the General Agreement on Trade in Services in relation to services.
Supreme Decree No. 081-2008-PCM	Regulations implementing the Law on National Standardization and Accreditation Systems.
Regulations of the Commission:	
Resolution No. 048-2008/INDECOPI-CNB	Regulations on the preparation and approval of Peruvian technical standards.
Resolution No. 048-2008/INDECOPI-CNB	Regulations of technical standardization committees.
Standardization guidelines:	
GP 001:1995	Guidelines for the drafting, format and presentation of Peruvian technical standards.
GP 002:1995	Guidelines for the presentation of printed texts of outlines, drafts and Peruvian technical standards.
GP-ISO/IEC 2:2013	Standardization and related activities: General glossary.
GP-ISO/IEC 21-1:2013	Regional or national adoption of international standards and other outcomes of international standardization, Part 1: Adoption of international standards.
GP-ISO/IEC 21-2:2008	Regional or national adoption of international standards and other outcomes of international standardization, Part 2: Adoption of other documents arising from international standardization other than international standards.

Source: Online information from INDECOPI, viewed at: http://www.indecopi.gob.pe/0/modulos/JER/JER_Interna.aspx?ARE=0&PFL=6&JER=421.

3.53. INDECOPI's Committee for the Harmonization and Regulation of Non-Tariff Barriers to Trade (CNB)[55], created in 2008, is the standardization agency responsible for approving Peruvian technical standards (NTP) for all sectors[56] and these are voluntary[57]; they are public documents that may be consulted, referenced and used by any person who so wishes.

3.54. NTPs are drawn up by technical standardization committees, which first prepare a technical document called a "draft technical standard" (Box 3.4) and then finalize it in collaboration with representatives of producers, consumers and academic circles. The technical committees, the Commission or entities interested in the topic such as trade unions or ministries may request that the standardization procedure be applied to any subject matter. In June 2013, there were 125 technical committees, of which 102 were operating.[58]

Box 3.4 Standardization procedure

The standardization procedure consists of the following stages:

Proposal: the drafting or revision of an NTP is proposed for inclusion in the technical committee's plan of work.

Preparation: the technical committee and the CNB, when it is acting ex officio, prepare a preliminary working document entitled "Outline or preliminary draft of a technical standard".

Review by the committee: the outline or preliminary draft of the technical standard is reviewed by the technical committee and subsequently approved as a draft NTP and is then forwarded to the CNB for approval.

Public discussion: the draft NTP is put before interested parties for review in order to guarantee the transparency and impartiality of the standardization procedure. The procedure is published in *El Peruano.*

Deadlines are set for submitting comments on the draft NTP, which run from the first day of publication until the time-limit expires. There are three systems with different deadlines:

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[55] Formerly the Commission on Technical and Trade Regulations (CRT).
[56] Legislative Decree No. 1030 of 24 June 2008.
[57] Supreme Decree No. 149-2005-EF of 23 November 2005.
[58] Information provided by the authorities.

System 1 or adoption: publication for 1 month (30 days) to allow interested parties to submit comments. System 2 or regular system: publication for 2 months (60 days) to allow interested parties to submit comments. This system is followed, *inter alia,* when there are no international standards or, because of climatic or geographical factors, these are considered insufficient. System 3 or emergency system: publication determined by the Commission. This system is only followed when there is a substantiated request to resolve a situation urgently.
Approval: the NTP has to be approved by a resolution by the CNB, published in *El Peruano*.
Editing: period that runs from approval as an NTP to final publication.
Dissemination: the NTP is disseminated through electronic communication channels, forums and meetings. This is done jointly by INDECOPI and the committees.

Source: Online information from INDECOPI, "Normalización", viewed at: http://www.indecopi.gob.pe/0/modulos/JER/JER_Interna.aspx?ARE=0&PFL=6&JER=405.

3.55. In June 2013, 4,248 NTPs had been approved by INDECOPI[59], of which 686 were identical to international standards.[60] The competent authorities converted 111 of these into technical regulations (RT), making them mandatory.

3.56. RTs have to be applied and they are prepared by various ministries in the Central Government according to their spheres of competence. When drawing up a draft RT, the ministries must base themselves on the available scientific and technical information. The draft then has to be published in *El Peruano,* on the websites of the ministries concerned or in any other medium for a minimum of 30 calendar days in order to receive comments before it is officially published, not forgetting the notification which MINCETUR has to send to the WTO and the CAN. The lapse of time between publication of the definitive RT and its entry into force may not be less than six months.[61] The RT must be approved by a Supreme Decree and endorsed by MINEF, which ensures before, during and after the publication and notification procedure, *inter alia,* that the draft RT does not contain measures that unnecessarily restrict trade, either internally or externally. When approving an RT that is based on an NTP or refers to one, for reasons of transparency INDECOPI publishes the regulation on its website under the heading "Peruvian Mandatory Technical Regulations", indicating the RT that is being made mandatory.[62]

3.57. Technical regulations are published on the Peruvian Technical Regulations website created in 2009.[63] The Peruvian authorities have indicated that, during the period under review (2007-2012), 18 technical regulations were approved, of which four are the same as international standards and the others are based on them. Through MINCETUR, Peru submitted 38 notifications concerning the drafting or adoption of technical regulations between 2007 and May 2013. Most of these measures were adopted in order to protect human health and safety and to provide consumers with accurate information. The products concerned by such measures are for the most part pharmaceuticals, medical devices, sanitary products, food and beverages.[64]

3.58. Peru's legislative texts on the adoption of technical regulations (Table 3.9) also cover the adoption of emergency technical regulations, which may be adopted without having to consult various trading partners, although they must be notified within 24 hours of their publication. Such regulations can only be adopted when there are, or there is a risk of, problems of national security, health or protection of the environment. Emergency technical regulations are valid for one year and may be extended by a maximum of six months. When it is in the national interest and the circumstances so warrant, however, an emergency technical regulation may be converted into an RT before one of these time-limits expires, after having undergone the required approval procedure. During the period under review, ten emergency RTs concerning toys were issued.[65]

[59] Online information from INDECOPI, viewed at: http://www.indecopi.gob.pe/0/modulos/JER/JER_Interna.aspx?ARE=0&PFL=6&JER=429.
[60] Information provided by the authorities.
[61] CAN Decision No. 562 of 25 June 2003.
[62] INDECOPI, Peruvian Mandatory Technical Regulations, information viewed online at: http://www.indecopi.gob.pe/0/modulos/JER/JER_Interna.aspx?ARE=0&PFL=14&JER=718.
[63] Online information from MINCETUR, viewed at: http://www.mincetur.gob.pe/webRT/frmBuscador.aspx.
[64] WTO documents in the series G/TBT/N/PER/- from 1 January 2007 to 31 July 2013.
[65] Information provided by the authorities.

3.59. Products subject to RTs must have a certificate issued by the specialized public or private institutions designated by the ministries.

3.60. Importers and domestic manufacturers of goods governed by a technical regulation must apply to the competent ministries for a "Statement of Compliance", which is valid for one year and may be renewed for further one-year periods. Importers may use this statement for all customs clearance procedures and it must be forwarded to the Customs before inward clearance of the goods.[66] The operations needed for compliance with the RT's requirements may be carried out while the goods to be imported are stored prior to clearance.

3.61. Peru has notified that the Vice-Ministry of Foreign Trade in MINCETUR is the body designated to act as the National Enquiry Point for mandatory technical regulations and conformity assessment procedures and INDECOPI'S CNB is the body designated to act as the National Enquiry Point for voluntary standards and conformity assessment procedures.[67]

3.62. INDECOPI, through the CNB, represents Peru in various international standardization bodies such as ISO and the International Electrotechnical Commission, as well as at the regional level in the CAN's Andean Standardization Network; the Pan American Standards Commission (COPANT); the Sub-Committee on Standards and Conformance of the Asia-Pacific Economic Cooperation Forum (APEC); and the Pacific Area Standards Congress (PASC).[68]

3.1.9 Sanitary and phytosanitary measures

3.63. Peru has three national authorities with competence for sanitary and phytosanitary matters and they are responsible for issuing and implementing regulations in their respective spheres of competence. The National Agrarian Health Service (SENASA) at the Ministry of Agriculture (MINAG) deals with animal and plant health and the safety of agricultural and livestock food products at the production and primary processing stages; the National Fisheries Health Service/Production Technology Institute (SANIPES/ITP) at the Ministry of Production (PRODUCE) inspects and monitors fishing and aquaculture and the processing of fisheries products; and the Directorate-General of Environmental Health (DIGESA) at the Ministry of Health (MINSA) is responsible for sanitary monitoring and control of industrially processed foods. Although they have different responsibilities, these three bodies cooperate closely and, as far as food safety is concerned, there is a Standing Multisectoral Commission on Food Safety (COMPIAL), attached to and chaired by MINSA, in which SENASA, DIGESA and SANIPES/ITP participate.[69]

3.64. Peru considers that agrarian health is a public asset that makes an important contribution to protecting consumers' health and promoting competition among domestic producers inasmuch as it limits the losses caused by the introduction and spreading of pests and diseases, as well as the risk of not having access to foreign markets because of sanitary factors.[70] Accordingly, and bearing in mind the updated international regulations and the treaties and agreements Peru has signed, since 2007 Peru has issued new rules and updated those already existing in order to raise the level of competitiveness of products and sanitary services (Table 3.10). One of the most important rules is the General Law on Agrarian Health, which lays down the legal framework for providing official animal and plant health services essential for the protection of human, animal and plant health.[71]

[66] Supreme Decree No. 149-2005-EF of 23 November 2005.
[67] WTO document G/TBT/2/Add.29/Rev.2 of 3 December 2008.
[68] Information viewed online at:
http://www.indecopi.gob.pe/0/modulos/JER/JER_Interna.aspx?ARE=0&PFL=6&JER=425.
[69] Article 13 (Law on Food Safety) of Legislative Decree No. 1062 of 28 June 2008.
[70] Supreme Decree No. 018-2008-AG and MINAG (2012).
[71] Legislative Decree No. 1059 of 28 June 2008.

Table 3.10 Legal framework for sanitary and phytosanitary matters, 2012

Institution and legal text	Description	Date of publication
SENASA		
L.D. No. 1059	General Law on Agrarian Health	28.06.2008
S.D. No. 018-2008-AG	Regulations implementing the General Law on Agrarian Health	31.08.2008
L.D. No. 1080	Amends the General Law on Seeds (Law No. 27262), setting out the responsibilities of the (INIA); the amendment is implemented by Supreme Decree No. 006-2012-AG	28.06.2008
Law No. 29196	Law on the Promotion of Organic or Ecological Production	29.01.2008
S.D. No. 010-2012-AG	Approves the regulations implementing Law No. 29196 - Law on the Promotion of Organic or Ecological Production	24.07.2012
L.D. No. 1062	Approves the Law on Food Safety	28.06.2008
SANIPES/ITP		
Law No. 28559	Law on the National Fisheries Health Service	26.06.2005
S.D No. 025-2005-PRODUCE	Approves the regulations implementing the Law on the National Fisheries Health Service	30.09.2005
S.D. No. 010-2008-PRODUCE	Maximum permissible limits (MLP) for the fish meal and oil industry and supplementary rules	30.04.2008
S.D. No. 027-2009-PRODUCE	Extends the scope of the "Programme for Monitoring and Control of Fishing and Unloading in the Maritime Sphere"	24.07.2009
L.D. No. 1062	Approves the Law on Food Safety	28.06.2008
DIGESA		
Law No. 26842	General Health Law	20. 07.1997
L.D. No. 1062	Approves the Law on Food Safety	28.06.2008
S.D. No. 034-2008-AG	Approves the regulations implementing the Law on Food Safety	17.12.2008
S.D. No. 007-98 SA	Regulation on sanitary surveillance and control of food and beverages	25.09.1998
M.R. No. 449-2006/MINSA	Sanitary standard for application of the HACCP system in the production of food and beverages	27.08.2008
M.R. No. 591-2008/MINSA	Sanitary standard establishing microbiological criteria for the sanitary quality and safety of food and beverages for human consumption	29.08.2008

Source: WTO Secretariat.

3.65. The sanitary and phytosanitary regulations issued by the three institutions responsible are based on international standards, guidelines and recommendations drawn up by the competent international organizations, namely, the International Plant Protection Convention (IPPC), the World Organisation for Animal Health (OIE) and the Codex Alimentarius.[72]

3.66. SENASA lays down animal health requirements for imports (RZI) to prevent the introduction of diseases into Peru and these are in addition to the animal health import permit (PZI).[73] An importer may request SENASA's Subdirectorate of Animal Quarantine to draw up RZIs if none exist. The Subdirectorate examines the sanitary information available in the country of origin or source, including a risk analysis where necessary, and determines whether it is feasible to issue such requirements. If that is the case, the requirements are forwarded to the competent official authority in the exporting country so that they can be harmonized and receive final approval. Once harmonized, the RZIs are published and the corresponding animal health import permit is issued.[74]

3.67. SENASA has defined five risk categories for livestock goods depending on their capacity to transmit pathogens that present a risk for public or animal health, their level of processing,

[72] Information provided by the authorities.
[73] Imports of livestock goods. Information viewed online at: http://www.senasa.gob.pe/0/modulos/JER/JER_Interna.aspx?ARE=0&PFL=1&JER=4.
[74] Animal health import requirements. Information viewed online at: http://www.senasa.gob.pe/0/modulos/JER/JER_Interna.aspx?ARE=0&PFL=1&JER=64.

or their form of presentation or use.[75] The action taken by SENASA depends on the risk category of the product to be imported (Box 3.5).

Box 3.5 Risk categories

Risk category 1: Products and byproducts of animal origin that have undergone one or more chemical or physical treatments, resulting in a high degree of transformation from their natural state, eliminating the possibility of carriage of pathogens of quarantine importance. No sanitary import permit or sanitary export certificate is required, and they do not have to undergo sanitary inspection at the point of entry into Peru.
Risk category 2: Products and byproducts of animal origin that have undergone one or more chemical or physical treatments in the course of their production, lessening the possibility of carriage of pathogens of quarantine importance. No sanitary import permit for entry into Peru is required, but they must have an original sanitary export certificate that complies with the sanitary requirements laid down and they are inspected at the point of entry.
Risk category 3: Products and byproducts of animal origin whose production or industrialization process does not guarantee the destruction of pathogens of quarantine importance. A sanitary import permit and an original sanitary export certificate are required for entry into Peru and an inspection is carried out at the point of entry.
Risk category 4: Primary products of animal origin, used directly or without processing. A sanitary import permit and an original sanitary export certificate are required for entry into Peru, and an inspection is carried out at the point of entry.
Risk category 5: This category includes animals, materials for reproduction or other products of animal origin deemed to pose a higher sanitary risk of introducing pathogens. A sanitary import permit and an original sanitary export certificate are required for entry into Peru, and an inspection is carried out at the point of entry.

Source: Directorate Resolution No. 004-2013-AG-SENASA-DSA of 14 March 2013.

3.68. Any facility manufacturing products of animal origin to be exported to Peru must be approved by SENASA. The procedure is initiated with the official animal health authority in the exporting country, which has to forward an official request to SENASA in Peru.[76] The latter decides whether the facility complies with the requirements and, depending on the result of its evaluation, an *in situ* inspection of the facility is conducted, at the expense of the interested party. After this inspection, SENASA decides whether or not to approve the facility. If it considers it appropriate, it may grant approval after examining the documents alone.

3.69. Through its Plant Health Directorate, SENASA also determines phytosanitary requirements according to the product, its country of origin and/or source and its proposed use, after carrying out a pest risk analysis.[77] The analysis may be carried out on the basis of the requests and technical information furnished by national phytosanitary protection organizations (ONPF) in the countries of origin or by importers or exporters, and also using the relevant databases.[78]

3.70. In accordance with the regulations on plant quarantine[79], a PFI is the official document issued by SENASA authorizing the import of plants, plant products and other items that are regulated, and is a mandatory requirement before such products may enter Peru.[80] This document has to be issued and certified officially in the country of origin and/or source before the products are shipped to Peru. It is valid for a single shipment and for 90 calendar days calculated as of its date of issue. Products to be shipped to Peru must be inspected by SENASA at authorized border control points (PCCE).[81] The Plant Quarantine Inspector takes the necessary precautionary measures if a phytosanitary problem is detected and, if the shipment does not comply with

[75] Directorate Resolution No. 004-2013-AG-SENASA-DSA of 14 March 2013.

[76] The official authority in the exporting country has to submit the following information: list of the facilities wishing to export to Peru, giving details such as the name, address, official number and the products to be exported; documents explaining the process used to produce the goods for export, with a chart showing the flow of production, details of the procedures used to manufacture the product, and the origin of the raw materials; and approval given by the official authority that certifies proper hygiene practices and use of the HACCP system for the products to be exported (Procedure for approval. Information viewed online at: http://www.senasa.gob.pe/0/modulos/JER/JER_Interna.aspx?ARE=0&PFL=1&JER=67).

[77] Directorate Resolution No. 044-2006-AG-SENASA-DSV of 6 January 2007.

[78] The phytosanitary requirements determined can be viewed on SENASA's website at: http://200.60.104.77/ConsultaRequisitos/consultarRequisitos.action.

[79] Supreme Decree No. 032-2003-AG of 24 August 2003.

[80] Phytosanitary import permit (PFI). Information viewed online at: http://www.senasa.gob.pe/0/modulos/JER/JER_Interna.aspx?ARE=0&PFL=2&JER=809.

[81] Phytosanitary import inspection. Information viewed online at: http://www.senasa.gob.pe/0/modulos/JER/JER_Interna.aspx?ARE=0&PFL=2&JER=816.

the information in the documents, he may withhold it and give a time-limit for remedying the situation. Plant material for propagation may also be subject to post-entry quarantine for a specified period in order to eliminate the presence of any potential pests which, in general, appear during the cultivar's active growth cycle.[82]

3.71. The aim of the Law on Food Safety is to guarantee the safety of processed foods for human consumption in order to protect human life and health, with a precautionary and comprehensive approach throughout the food chain, which also includes animal feed.

3.72. In order to be sold on the domestic market, locally produced and imported processed foods require an official document, issued by DIGESA, confirming sanitary registration for food and beverages for human consumption.[83] Imported processed foods also need a certificate of sanitary registration of an imported product.[84] In order to obtain this registration/certificate, the food or beverages must have been produced in a facility with sanitary approval. To obtain such approval, it is verified that the facility meets all the sanitary requirements and criteria specified for the manufacture of food and beverages and that it applies the HACCP system.[85] In addition, the food or beverages are inspected and analysed by taking samples.

3.73. DIGESA also monitors the storage and distribution of food for human consumption in order to ensure that the products are in conformity and comply with the sanitary requirements.

3.74. Between 2007 and May 2013, Peru submitted 339 notifications on the adoption of SPS measures through SENASA (Table 3.11). Most of these were adopted to protect plants. There were no notifications in respect of food safety or the protection of human health. The majority were regular notifications, with only five emergency measures notified in relation to animal health and adopted to prevent the entry of diseases such as foot-and-mouth disease or avian influenza into Peru.

Table 3.11 Notifications of SPS measures to the WTO, 2007-2013 (May)

	2007	2008	2009	2010	2011	2012	2013	Total
Plant protection	17	66		115	43	61	18	**320**
Animal health	8	3	3	2	1	1	1	19
Total	**5**	**69**	**3**	**117**	**44**	**62**	**19**	**339**

Source: WTO Secretariat.

3.2 Measures affecting exports

3.2.1 Registration and documentation

3.75. Export procedures have varied little since 2007. The most noteworthy change has been the streamlining and computerization of procedures. In general, in Peru natural or legal persons in possession of an RUC may export although, in special cases, natural persons who are not obliged to have an RUC[86] may export using a personal identification document such as a DNI or foreign identity card or passport.

3.76. As is the case for imports, exports must be placed under a particular customs regime or procedure, which may be: definitive export, temporary export for reimport in the same state or temporary export for outward processing (Box 3.6).

[82] General Directive No. 043-2000-AG-SENASA-DGSV-D and post-entry quarantine (CPE): Information viewed online at: http://www.senasa.gob.pe/0/modulos/JER/JER_Interna.aspx?ARE=0&PFL=2&JER=810.

[83] Single Text of Administrative Procedures (TUPA): Registration or re-registration in the Sanitary Register of Food and Beverages for Human Consumption. Information viewed online at: http://www.digesa.sld.pe/expedientes/detalles.aspx?id=28.

[84] *Ibid.*: Certificate of sanitary registration of an imported product. Information viewed online at: http://www.digesa.sld.pe/expedientes/detalles.aspx?id=30.

[85] *Ibid.*: Official technical endorsement of the HACCP plan. Information viewed online at: http://www.digesa.sld.pe/expedientes/detalles.aspx?id=34.

[86] Article 3 of Resolution No. 210-2004/SUNAT.

Box 3.6 Export regimes or procedures

Definitive export Customs regime that allows Peruvian goods or goods that have been inward cleared to leave the customs territory for use or definitive consumption abroad.
Temporary export for reimport in the same state Customs procedure allowing the temporary exit (for 12 months) from the customs territory of Peruvian goods or goods that have been inward cleared with the intent of reimporting them within a specified time-frame, without having undergone any modification, except for normal wear and tear. Goods exported under this customs procedure are not subject to the payment of tariffs or other taxes on imports for consumption or the corresponding surcharges when they are reimported.
Temporary export for outward processing Customs procedure under which Peruvian goods or goods that have been inward cleared are allowed to leave the customs territory to be transformed, processed or repaired and are then reimported as compensating products within a specified time-frame.

Source: General Customs Law.

3.77. In order to facilitate trade and boost exports, (definitive) export procedures were computerized in Peru from 2007 onwards. The DAM and other export-related documents can now be processed electronically or through a customs broker. Exports whose f.o.b. value is less than US$5,000 are processed by means of a streamlined export declaration (DSE)[87], which can be done electronically through SUNAT's website or directly in its offices. The documents required to substantiate export are the same in both cases: a copy or photocopy of the transport document; a copy of proof of payment (invoice or sales slip); and special authorizations or other certificates depending on the nature of the goods (for example, certificates of origin or sanitary certificates). Export formalities can now be completed in full using digital media, whereas up until 2009 all DAMs and other documents had to be submitted to SUNAT in hard copy.

3.78. SUNAT, using risk management techniques, decides to which declarations the amber channel will apply and which the red channel. The amber channel applies to most declarations and they are automatically regularized solely through acceptance of the digitalized information indicating that the goods have been shipped. For goods assigned to the red channel, the documents are examined and there is also a physical inspection. Currently, only 4% of goods go through the red channel.[88]

3.79. All goods for export, with a few exceptions, must be placed under the authority of the Customs and therefore stored in a temporary warehouse. Perishable goods requiring special storage and live animals are exempt from this requirement, together with dangerous goods, heavy and/or large machines and products to be exported in bulk in any state. In these cases, after the DAM has been processed, the customs broker has to forward the request for direct loading from the warehouse designated by the exporter.[89]

3.2.2 Export duties

3.80. Exports of goods or services are not subject to any tax, including the IGV.[90]

3.2.3 Quantitative restrictions, controls and licences

3.81. Peru prohibits or restricts some exports for reasons of public health, morals, to protect the environment, or to comply with commitments in international agreements and treaties it has signed, for example, the Convention on International Trade in Wild Species of Fauna and Flora (CITES).

[87] The monetary value is declared in United States dollars. Values expressed in other currencies have to be converted into United States dollars using the exchange tables published on SUNAT's website and applicable on the date shown on the number of the declaration.

[88] Information provided by the authorities.

[89] For further details on definitive export procedures, see: Definitive Export - General Procedure INTA-PG.02 of 17 March 2009.

[90] Article 60 of the General Customs Law; Article 33 of the Updated Text of the Law on the IGV of 15 March 2007, Supreme Decree No. 055-99-EF and Legislative Decree No. 1119 of 17 July 2012.

3.82. Peru still bans the export of wild species, vicunas and guanacos and hybrids; skins and leather articles made from wild animals protected by the MAG; cedar and mahogany; maca in the natural state; specimens of camu camu berries (*Myrciaria dubia*); specimens of cats' claw (*Uncaria tomentosa* and *Uncaria guianensis*); pijuayo; some organic chemicals; works of art, copies and books over 100 years' old.[91]

3.83. MAG continues to set annual quotas for the export of alpacas and llamas in order to foster economic, social and environmental sustainability in the Andean and High Andean regions and among farming communities and agricultural firms involved in this activity.[92]

3.84. Peru does not make use of export licences.

3.2.4 Support for exports

3.85. Peru has notified the WTO that during the period 2007-2011 it did not grant any export subsidies for agricultural products.[93]

3.86. The duty drawback scheme is still in effect in Peru. It gives producers and exporters of goods total or partial refund of the tariffs paid on the inputs imported for production, and the goods produced using imported inputs or raw materials purchased from local suppliers, provided that the c.i.f. value of the imported inputs used does not exceed 50% of the f.o.b. value of the product exported.[94]

3.87. This scheme allows the refund of a percentage of the f.o.b. value of exports if they exceed US$20 million annually, by tariff heading and by unrelated exporter.[95] The duty drawback may not exceed 50% of the cost of producing the exports. Moreover, certain products are excluded from the scheme.

3.88. During the period 2007-2009, the rate remained 5%. In response to a negative situation in overseas markets caused by the international crisis, however, the rate rose to 8% in the first half of 2010, falling to 6.5% in the second half of the year and returning to 5% as of January 2011.[96]

3.89. The goods not covered by the drawback scheme (some 279 ten-digit tariff lines) include some of Peru's key traditional exports: copper ore and its concentrates: raw gold; fresh edible offal of bovine species and fish waste; coffee and oilseed cake.[97] The drawback scheme does not apply either to exports which: incorporate inputs that have entered under the temporary admission and/or import procedures; have been the subject of inward clearance under the replacement of duty-free goods regime; have been the subject of inward clearance with tariff exemption; or are duty free under regional agreements.

3.2.5 Financing, insurance and promotion

3.90. The Development Finance Corporation S.A. (COFIDE S.A.) still acts as Peru's only development bank. It has programmes and lines of credit to finance all stages of the investment process and foreign trade operations by Peruvian companies, including micro and small enterprises (MSEs). The credit lines and programmes administered by COFIDE are channelled through intermediate financial institutions (IFI). COFIDE does not finance entrepreneurs directly.

[91] WTO (2007).

[92] Law No. 28041 of 24 July 2003, and Ministerial Resolution No. 0426-2012-AG of 7 November 2012, which sets the quota for 2012.

[93] WTO documents: G/AG/N/PER/7 of 28 July 2010, G/AG/N/PER/9 of 5 October 2011, G/AG/N/PER/10 of 20 November 2012 and G/AG/N/PER/11 of 8 July 2013.

[94] Legislative Decree No. 1053 of 26 June 2008 (Articles 82 and 83), Legislative Decree approving the General Customs Law and Supreme Decree No. 104-95-EF of 23 June 1995.

[95] Article 3 of Supreme Decree No. 104-95-EF, as amended by Supreme Decree No. 072-2001-EF, and Supreme Decree No. 001-2003-EF.

[96] Supreme Decree No. 018-2009-EF of 29 January 2009 and Supreme Decree No. 288-2009-EF of 7 December 2009.

[97] The full list of the tariff headings not covered can be found in Supreme Decree No. 127-2002-EF of 25 August 2002, as amended by Supreme Decree No. 056-2003-EF of 6 May 2003.

The interest rates for the various programmes are set by common agreement between the IFIs and the financial beneficiary, and not by COFIDE.

3.91. Through the integral financing programme for the export sector (FIEX), COFIDE continues to provide support for Peru's export growth by financing investment, working capital and foreign trade operations in general. Beneficiaries must be domiciled in Peru and must directly or indirectly export at least 30% of their production or prove that the resources sought are to be used to finance their exports, which may include capital goods, durable consumer goods or engineering and assembly services. The programme has three components: pre- and post-shipment (FIEX-PPE), working capital (FIEX-CT) and investment (FIEX-INV) and the interest rates are fixed by negotiations between the IFI and the sub-borrower, as is the case for the other programmes financed by COFIDE.

3.92. SMEs are, in general, eligible for all the financing programmes and credit lines administered by the Corporation, but to facilitate access to financing and liquidity for MSEs, which accounted for 95% of the country's economic units and employed 66% of the economically active population[98] in 2010, COFIDE has a series of programmes specifically designed for them such as Comex Exportación, MICROGLOBAL and PROPEM.[99] Through Comex Exportación, COFIDE offers natural and legal persons domiciled in Peru financing of up to 100% of the capital needed for both pre- and post-shipment of exports of goods and services of Peruvian origin. These funds may not be used to finance the export of arms or foreign trade operations with Cuba or Haiti. In 2009, as a temporary measure, the Business Guarantee Fund (FOGEM) was created, to be administered by COFIDE, in order to guarantee loans for working capital and fixed assets to exporting SMEs.[100] By March 2013, guarantees covering over S/.330 million had been granted.

3.93. COFIDE still administers the export credit insurance scheme for SMEs (SEPYMEX), created in 2002. Under this programme, exporting SMEs are given easier access to credit through a credit insurance policy granted to firms in the national financial system as security for preshipment loans with Peruvian or foreign operators, without prior authorization to operate in Peru being required in the latter case. By October 2012, Peruvian financing companies had disbursed over US$1.7 billion in loans.

3.94. The Commission for the Promotion of Peru's Exports and Tourism (PROMPERU), within MINCETUR, is responsible for promoting exports of goods and services according to sectoral policies and objectives. It carries out its activities in coordination with other relevant government authorities and in collaboration with the private sector. Peru's trade bureaux abroad are in charge of promoting trade, tourism and investment.

3.3 Other measures affecting production and trade

3.3.1 Incentives

3.3.1.1 Sectoral support programmes

3.95. In 2007, Peru established a special procedure for the advance refund of the IGV, which consists of refunding the IGV on the purchase of new capital and intermediate goods and construction services, whether imported and/or purchased locally, used during the pre-production stage of economic activities subject to the IGV or for export.[101]

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[98] Emergency Decree No. 049-2010 of 21 July 2010.

[99] COFIDE defines a microenterprise as one that has no more than ten employees, including the owner, and whose total assets do not exceed the equivalent of US$20,000, excluding real estate. A small enterprise is defined as one whose annual sales do not exceed the equivalent of US$1.5 million. Online information from COFIDE, viewed at: http://www.cofide.com.pe/frecuentes.html.

[100] Emergency Decree No. 024-2009 of 19 February 2009 (creating the Business Guarantee Fund-FOGEM and setting out supplementary provisions).

[101] Legislative Decree No. 973 of 9 March 2007.

3.96. In 2012, Peru notified to the WTO two programmes for promoting aquaculture and small-scale fishing.[102] Beneficiaries of the aquaculture promotion and development programme are eligible for a preferential 15% rate of income tax rate up to 31 December 2013.[103] Moreover, through the National Fisheries Development Fund (FONDEPES), natural or legal persons engaged in aquaculture or small-scale maritime or continental fishing may obtain loans and financial support at preferential rates, which in 2013 ranged from 3% to 7% depending on the fishing activity and the amount of the loan.[104]

3.97. In its latest notification on domestic support for the period 1999-2003, Peru notified, *inter alia,* the National Programme for Managing Catchment Areas and Soil Conservation (PRONAMACHCS), the Southern Sierra Natural Resources Management Programme (MARENASS) and the Special Project to Promote the Use of Fertilizer from Seabirds (PROABONOS), which were merged into a single programme entitled AGRORURAL in 2008.[105] Other programmes in this notification such as that on "payment documents", which concerned the payment of taxes on the import and sale of fertilizer, agricultural chemicals, mechanized irrigation, and breeding animals, were abolished in 2004.[106]

3.98. Farmers also receive a preferential rate for income tax and advance refund of the IGV.[107] Since 2008, the tax concessions granted to agricultural producers have no longer been conditional upon the use of products of domestic origin (Chapter 4, section 4.4).[108]

3.99. As a second-tier development bank, COFIDE also offers credit lines and programmes to finance various sectors.

3.100. Peru continues to implement programmes in support of other sectors such as mining (Chapter 4, section 4.3), manufacturing (Chapter 4, section 4.4) and the merchant marine (Chapter 4, section 4.5.5).

3.3.1.2 Support for micro and small enterprises (MSEs)

3.101. In 2012, the MSEs sector accounted for 99.2% of Peru's economic units and employed 66% of the economically active population.[109] The State promotes all aspects of this sector and, pursuant to the Constitution, one of the State's functions is to boost sectors suffering from any inequality.[110] Since 2003, Peru has promoted the formalization and development of MSEs in order to raise productivity, employment and tax collection, as well as this sector's share of the domestic market, government procurement and exports.[111] PRODUCE, through the National Council for the Development of Micro and Small Enterprises (CODEMYPE), defines national policies on the promotion of MSEs and coordinates the consistency and complementarity of sectoral policies with public and private sector bodies.

3.102. The tools used to promote the development and competitiveness of MSEs include mechanisms for access to financial services and their promotion. COFIDE is responsible for promoting the decentralization and expansion of the offer of financial services and capital

[102] WTO document G/SCM/N/220/PER of 20 December 2012.
[103] Law No. 27460 of 15 March 2011 and Supreme Decree No. 030-2001-PE of 6 December 2001, regulations implementing the Law on the Promotion and Development of Aquaculture.
[104] Supreme Decree No. 010-92-PE of 5 June 1992 establishing the National Fisheries Development Fund, and information provided by the authorities.
[105] WTO document G/AG/N/PER/8 of 21 October 2010.
[106] Legislative Decree No. 956 of 4 February 2004.
[107] Law No. 27360 (approving the regulations on promotion of the agricultural sector) of 20 October 2000.
[108] Legislative Decree No. 1035 of 24 June 2008.
[109] MSEs are defined according to their annual sales. Microenterprises are those whose sales reach a maximum amount of 150 UIT. Small enterprises may sell over 150 UIT up to a maximum of 1,700 UIT (Law No. 30056 of 2 July 2013).
[110] Article 58 of the Constitution.
[111] Law No. 28015 of 3 July 2003 (Law on the Promotion and Formalization of Micro and Small Enterprises) and the regulations in Supreme Decree No. 008-2008 TR of 30 September 2008 (implementing regulations for the Law on MSEs).

for MSEs. It channels financial resources to those MSEs which produce or use products manufactured or transformed in Peru.[112]

3.103. COFIDE allocates a percentage of the financial resources it manages to financing MSEs as some of the resources given to the financial institutions specializing in micro and small enterprises (IFIE) go to the guarantee funds for MSEs. COFIDE also has training and technical assistance activities designed to reinforce the development of the financial sector specializing in financing MSEs, such as the Subordinate Credit Programme. Efforts are also made through COFIDE to increase the assets of IFIEs.[113]

3.104. The overall aim of the credit support programme for small and microenterprises (PAME), implemented by the Cooperation for Social Development Fund (FONCODES), is to assist the development and consolidation of the financial credit services market for MSEs in rural areas and underprivileged urban areas in Peru that have no access to the financial system.[114] The PAME has two components: (i) the Loan Fund (with two types of lines, one for rural areas and the other for underprivileged urban areas) intended to finance production by microenterprises; and (ii) the Training and Technical Assistance Fund.

3.3.2 Regional development programmes

3.105. Zones receiving special treatment were created in Peru in order to reinforce regional socio-economic development through national and foreign private investment, the creation of more jobs and export growth. This regime was notified to the WTO and does not appear to have changed much since 2007.[115] Each special treatment zone (or Export, Processing, Industry, Marketing and Service Centre (CETICOS)) has been established by a special law which specifies the concessions and the activities that may be conducted in each of them. Currently, there are the following special treatment zones or CETICOS: Ilo[116], Loreto, Matarani, Paita[117] and Tumbes, the ZOFRATACNA[118] and the Puno Economic Zone (ZEEDEPUNO).[119] The Tumbes CETICO was created in 2011.[120]

3.106. MINCETUR remains responsible for overseeing the special treatment zones.[121] Any foreign trade operation may be carried out from these zones as they include logistics operators and SUNAT offices. In the case of ZOFRATACNA, foreign goods may go to third countries through any national customs post upon presentation of a transfer request. Exports originating in other special zones may go to third countries using a transfer request, but have to proceed through specific customs posts. Goods must be eligible for the transit regime in order to be exported through any customs post.

3.107. The tax concessions given to users of free zones or CETICOS have been extended up until 31 December 2022 in the case of the Ilo, Matarani and Palta CETICOS, until 2042 for the Tumbes CETICOS and up until 2041 for the ZOFRATACNA (Box 3.7).[122] Products exported to Peruvian territory from the special zones pay the lowest tariff negotiated by Peru in a trade agreement and products definitively exported from Peruvian territory to a special zone are eligible for the drawback regime and refund of the IGV.

[112] Article 29 of Law No. 28015 of 3 July 2003.
[113] Information viewed online at: http://www.cofide.com.pe/productos5.html.
[114] Information viewed online at: http://www.foncodes.gob.pe/portal/index.php/programas/programas-pame.
[115] WTO document G/SCM/N/220/PER of 20 December 2012.
[116] The Ilo CETICOS is a distribution centre for goods and the supply of services for large industries and mining in the south of Peru.
[117] Legislative Decree No. 864 of 27 October 1996 (Creating the Paita CETICOS).
[118] Law No. 27688 of 8 February 2002 (Law on the Tacna Free Zone and Commercial Zone) and Law No. 29739 of 6 July 2011 (Law on the Promotion of Investment in the Tacna Free Zone and Commercial Zone, amending Law No. 27688).
[119] Supreme Decree No. 050-2007-EF of 27 April 2006 (approving the regulations implementing Law No. 28864 - Law on the Puno Special Economic Zone (ZEEDEPUNO)).
[120] Law No. 29704 of 10 June 2011 (Law creating the Tumbes CETICO in the department of Tumbes) and Ministerial Resolution No. 019-2013-MINCETUR/DM (regulations implementing Law No. 26953 on the creation of the Loreto CETICOS).
[121] Article 14, Law No. 28569 of 2 July 2005.
[122] Law No. 29479 of 27 November 2009.

3.108. The activities usually carried out in the special zones include: manufacturing or transformation; maquila (in-bond assembly) or assembly; agricultural industries; storage; services such as packaging, wrapping, labelling, classification of goods and repair of machinery and equipment. The activities that may or may not be conducted in each of the free zones are specifically stipulated in the laws creating each of the zones.[123]

Box 3.7 Tax concessions granted in special treatment zones

Exemption from import tax
Exemption from income tax
Exemption from the general sales tax
Exemption from the municipal promotion tax
Exemption from the selective consumption tax
Exemption from payment of the *ad valorem* customs tariff on the entry of goods Exemption from any other tax imposed by the Central Government or regional or municipal governments.

Source: Information compiled by the Secretariat.

3.109. The programme on the promotion of investment in the Amazon region dates back to 1999 and is still in force.[124] Its purpose is to promote sustainable and overall development of the Amazon region through public and private investment. The tax concessions provided are only available to companies located in this area.[125] They are granted for 50 years as of 1999 and have not changed to any major extent since 2007. Taxpayers living in the Amazon region are given income tax exemption or reduction, depending on their activity; exemption from the IGV on sales in the area for consumption there; exemption for services provided in the region and on construction contracts or the first sale of real estate by constructors in the region; and exemption from the IGV and the ISC on sales to dealers and final consumers of petroleum, natural gas and their byproducts.[126]

3.110. Since 2010, in order to alleviate poverty in the High Andean regions through production activities that generate value added, Peru has granted waivers and/or exemptions from income tax to natural persons, MSEs, cooperative associations, communal and multicommunal companies which have their tax domicile, place of business and production centre in Andean regions at an altitude of 2,500 m or more above sea level, and companies in general established at an altitude of 3,200 m or more above sea level and engaged in any of the following activities: fish farming, aquaculture, meat processing, forestry plantations for commercial or industrial purposes, milk production, breeding of South American camelids and ovine animals and processing of their fibres and fleeces, agribusiness, crafts and textiles.[127] The concessions, which include exemption from income tax, tariffs and the IGV on imports of capital goods, will remain in effect until 31 December 2021.[128] As of the second year, the income tax exemption is only granted to companies which increase value added, and for this they must comply with the production/sales ratio determined annually by MINEF.[129]

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[123] See for example: Supreme Decree No. 007-2008-EF (List of goods included in the national tariff subheadings regarding which activities may not be carried out by users within the ZEEDEPUNO) and Supreme Decree No. 008-2008-MINCETUR, extending the services that may be supplied in the ZOFRATACNA.

[124] Law No. 27037 of 30 December 2008 (Law on the Promotion of Investment in the Amazon Region), Supreme Decree No. 103-99-EF and amendments thereto: approving the implementing regulations for the tax provisions contained in the Law on the Promotion of Investment in the Amazon Region.

[125] The Amazon area comprises the regions of Loreto, Madre de Dios, Ucayali, Amazonas and San Martín, as well as the Amazon provinces and districts in the regions of Ayacucho, Cajamarca, Cuzco, Huánuco, Junín, Pasco, Puno, Huancavelica, La Libertad and Piura.

[126] WTO document G/SCM/N/220/PER of 20 December 2012, Law on the Promotion of Investment in the Amazon Region (Law No. 27037); and implementing regulations for the tax provisions contained in the Law on the Promotion of Investment in the Amazon Region (Supreme Decree No. 103-99-EF).

[127] Law No. 29482 of 19 December 2009, Law on the Promotion of Production Development in High Andean Regions and Supreme Decree No. 051-2010-EF, regulations implementing the Law on the Promotion of Production Development in High Andean Regions.

[128] WTO document G/SCM/N/220/PER of 20 December 2012.

[129] Supreme Decree No. 051-2010-EF of 30 January 2010 (approving the regulations implementing the Law on the Promotion of Production Development in High Andean Regions),

3.3.3 Competition policy and price control

3.3.3.1 Competition policy

3.111. Peru's competition policy is mainly governed by the Constitution and, since 2008, also by the Law on the Suppression of Anti-Competitive Conduct[130], which repealed Legislative Decree No. 701 of 1991.[131] In addition to these general legislative texts, Peru also has provisions regulating competition in particular sectors, for example, electricity and telecommunications.[132] There have been no notable changes to these laws since the previous review in 2007.

3.112. Peru's Political Constitution prohibits and punishes anti-competitive conduct with the aim of boosting economic efficiency in markets.[133] Pursuant to the Constitution, the State must facilitate and monitor free competition, and also combat any restrictive practices or abuse of a dominant or monopolistic position. Consequently, authorization and creation of monopolies by law or by concerted action are not allowed in Peru. Abuse of a dominant position and horizontal or vertical collusion in any sector are punishable[134], while prior control of business mergers is only required in the electric power sector. Conduct that has an anti-competitive effect throughout Peru or in any part of the country is punished, even if the act originated abroad.

3.113. INDECOPI is in charge of implementing competition policy in all sectors, except for the public telecommunications services market, for which the Supervisory Authority for Private Investment in Telecommunications (OSIPTEL) is responsible (Chapter 4).[135] INDECOPI's role is to promote and oversee free competition so as to boost economic efficiency in markets and raise the level of well-being.

3.114. INDECOPI's Free Competition Commission (CLC) is the collegiate body responsible for ensuring compliance with the competition laws[136] and for settling proceedings concerning anti-competitive conduct at the first administrative level.[137] The Technical Secretariat is a technically autonomous body which initiates investigation proceedings, punishes anti-competitive conduct and issues opinions on whether or not the offence investigated has been committed.[138] Lastly, INDECOPI's Chamber for the Defence of Competition is responsible for reviewing challenges to rulings issued by the Commission or the Secretariat at the second and last instances (Box 3.8).

Supreme Decree No. 139-2010-EF of 30 June 2010 (approving the production/sales ratios for the development of production in the High Andean regions for the 2011 financial year) and Supreme Decree No. 014-2012-EF of 22 January 2012 (approving the production/sales ratios for the development of production in the High Andean regions for the 2012 financial year).

[130] Legislative Decree No. 1034 of 25 June 2008 (Law on the Suppression of Anti-Competitive Conduct).

[131] Legislative Decree No. 701 of 7 November 1991 (Law on the Elimination of Monopolistic Practices and Any Control or Restriction of Free Competition).

[132] Law against Monopolies and Oligopolies in the Electric Power Sector (Law No. 26876 of 19 November 1997); regulations implementing the Law against Monopolies and Oligopolies in the Electric Power Sector, (Supreme Decree No. 017-98-ITINCI of 16 October 1998); regulatory provisions for Law No. 26876, Law against Monopolies and Oligopolies in the Electric Power Sector (Supreme Decree No. 087-2002-EF of 1 June 2002) and Supreme Decree No. 013-93-TCC.

[133] Articles 58 to 60 of the Constitution and Article 1 of Legislative Decree No. 1034.

[134] Articles 10 and 12 of Legislative Decree No. 1034 of 25 June 2008.

[135] Article 17 of Legislative Decree No. 1034.

[136] Legislative Decree No. 1034 (Law on the Suppression of Anti-Competitive Conduct) and Law No. 26876 (Law against Monopolies and Oligopolies in the Electric Power Sector).

[137] Article 14 of Legislative Decree No. 1034.

[138] Article 15 of Legislative Decree No. 1034.

Box 3.8 Responsibilities of the institutions

Free Competition Commission (CLC)
The CLC's responsibilities include: Declaring the existence of anti-competitive conduct and imposing the penalty applicable. Determining precautionary measures. Determining remedial measures concerning anti-competitive conduct. Issuing guidelines to enable market operators to interpret competition policy-related rules correctly. Proposing and recommending the implementation of measures to promote free competition.
Technical Secretariat of the Commission
The Technical Secretariat's responsibilities include: Conducting preliminary investigations. Initiating investigation procedures ex officio and punishing anti-competitive conduct. Deciding whether to conduct an investigation and punish anti-competitive conduct following a complaint by a party, declaring the complaint out of order or unfounded where appropriate.
Requesting the Commission to order a precautionary measure.
Undertaking training activities and propagating the implementation of the rules on free competition.

Source: INDECOPI.

3.115. Investigations may be initiated at the instigation of the Technical Secretariat or following a complaint made to INDECOPI.[139] Over the period 2007 to 2012, 31 proceedings were initiated following a complaint by a party and 15 ex officio. At the beginning of the proceedings, the Technical Secretariat publishes a note so that interested parties may attend in person or provide information for the investigation. This note is published on INDECOPI's website, in *El Peruano* and in one of the leading national newspapers.[140]

3.116. The authorities have indicated that, since the previous trade policy review, the CLC has reinforced its work on investigations and the punishment of anti-competitive conduct, with the result that the number of proceedings initiated ex officio doubled from 2008 to 2012 compared to 2003 to 2007 and fines also increased from 305.60 UIT to 12,213.79 UIT between these two periods.[141]

3.117. Over the period 2007-2012, the CLC initiated 48 proceedings in various sectors, including the following: dairy produce and fuels; and financial, transport, health and construction services. During this period, 43% of the proceedings which concluded with penalties were initiated following a complaint by a party and the remainder ex officio.

3.118. The CLC (or the Tribunal) punishes anti-competitive conduct on the basis of the UIT[142]; fines vary depending on the seriousness of the offence (Table 3.12). Repeat of the offence is deemed to be an aggravating circumstance and the penalty applicable may not be less than the previous penalty. In addition to penalties imposed for offences, the CLC may order remedial measures to restore competition.[143] Any offender that fails to comply with a precautionary or remedial measure imposed by the Commission or the Tribunal automatically incurs a fine. If non-compliance persists, the Commission may impose a new, coercive fine, doubling the previous coercive fines imposed successively until the remedial measure ordered is implemented, with a limit of 16 times the amount of the coercive fine originally imposed.

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[139] Administrative proceedings for the punishment of anti-competitive conduct initiated following a complaint by a party, a request for a precautionary measure or to obtain prior authorization for business mergers in the electricity sector are described online at: http://www.indecopi.gob.pe/0/modulos/JER/JER_Interna.aspx?ARE=0&PFL=2&JER=100. The cost of the proceedings can be viewed at: http://www.indecopi.gob.pe/0/modulos/JER/JER_Interna.aspx?ARE=0&PFL=2&JER=101.

[140] Legislative Decree No. 1034 (Article 21.5). Information viewed online at: http://www.indecopi.gob.pe/0/modulos/JER/JER_Interna.aspx?ARE=0&PFL=2&JER=1163.

[141] In 2013, one UIT corresponded to S/.3,700. See information viewed online at: http://www.sunat.gob.pe/indicestasas/uit.html.

[142] The UIT in force on the actual date of payment of the fine is used to calculate the amount of the fine.

[143] Article 6 of Legislative Decree No. 1034.

Table 3.12 Types of violation of competition

Classification of the offence[a]	Penalty
Minor violation	Fine of up to 500 UIT, provided that it does not exceed 8% of the sales or gross income received by the offender or its economic group, derived from all economic activities during the fiscal year immediately preceding the issuance of the Commission's ruling.
Serious violation	Fine of up to 1,000 UIT, provided that it does not exceed 10% of the sales or gross income received by the offender or its economic group, derived from all economic activities during the fiscal year immediately preceding the issuance of the Commission's ruling.
Extremely serious violation	Fine of over 1,000 UIT, provided that it does not exceed 12% of the sales or gross income received by the offender or its economic group, derived from all economic activities during the fiscal year immediately preceding the issuance of the Commission's ruling.

a The criteria used to define the seriousness of the violation and the scale of the fine are defined in Article 44 of Legislative Decree No. 1034.

Source: Legislative Decree No. 1034 of 25 June 2008.

3.119. Appeals against the CLC's final ruling may be made to the Tribunal by the accused, by the party making the complaint or by third parties attending the proceedings, within a period of 15 working days. The Technical Secretariat may also appeal against a ruling acquitting those investigated and against the fine imposed. If necessary and if all administrative channels at INDECOPI or OSIPTEL have been exhausted, an appeal may be made to the courts through the relevant administrative dispute procedure.

3.120. In 2008, in addition to the legislative texts regulating competition policy, the Law on the Suppression of Unfair Competition was also implemented, prohibiting and punishing acts of unfair competition, and violations of the rules governing commercial advertising.[144] This Law applies to all natural or legal persons offering or requesting goods or services or engaged in other economic activities in the market and applies to any act that has effect in Peru, even if it originated abroad.[145]

3.121. INDECOPI's Commission on the Control of Unfair Competition is empowered to implement this Law. It also issues guidelines in order to give guidance to economic operators and promote the proper functioning of the market so that fair competition generates well-being for all.[146] The Commission has a Technical Secretariat, which is responsible for conducting investigations and, when necessary, for punishing acts of unfair competition.[147] INDECOPI's Chamber for the Defence of Competition is responsible for reviewing challenges to rulings issued by the Commission or the Technical Secretariat at the second and last instances. The Tribunal may act ex officio.[148]

3.122. The following are some of the acts of unfair competition punished by the Commission: deception, confusion, taking undue advantage of another's reputation, vilification, undue comparison or assimilation, violation of business secrets, violation of rules and commercial sabotage.[149]

3.123. During the review period (2007-2012), the Commission on the Control of Unfair Competition and its Technical Secretariat initiated 826 proceedings ex officio, of which 93% were deemed to be founded, and imposed penalties and/or the necessary remedial measures to restore competition. In 2012, the majority of cases (60%) concerned the alcoholic beverages industry and the health, tourism and education sectors.[150] The outcome of the investigations is notified

[144] Legislative Decree No. 1044 of 26 June 2008.
[145] Articles 3 and 4 of Legislative Decree No. 1044.
[146] Resolution No. 001-2001-LIN-CCD/INDECOPI (Guidelines on unfair competition and commercial advertising).
[147] Article 26 of Legislative Decree No. 1044.
[148] Article 27 of Legislative Decree No. 1044.
[149] Chapter II of Legislative Decree No. 1044 (Indicative list of acts).
[150] Online information from INDECOPI, viewed at: http://www.indecopi.gob.pe/0/modulos/JER/JER_Interna.aspx?ARE=0&PFL=4&JER=327, and Commission on the Control of Unfair Competition, Quarterly Bulletin, December 2012, year 12, No. 34, viewed at: http://www.indecopi.gob.pe/repositorioaps/0/4/bol/ccd_boletin/Diciembre2012CCD.pdf.

in an INDECOPI ruling.[151] Over the same period, the Commission dealt with 740 complaints by parties, mostly relating to the food and pharmaceutical industries, and the telecommunications and transport sectors. The Commission declared 42% of these to be founded.

3.124. The penalties determined by the Commission depend on the practical impact of an act on the market, according to which the seriousness of the violation is measured (Table 3.13). In addition to the penalty imposed as a result of unfair competition, the Commission or Tribunal may determine remedial measures to restore fair competition in the market.[152] If these are not observed, coercive fines are imposed.

Table 3.13 Types of unfair competition violation

Classification of the offence[a]	Penalty
Minor violation that has no practical impact on the market	Warning
Minor violation	Fine of up to 50 UIT, which may not exceed 10% of the offender's gross income, derived from all economic activities during the fiscal year immediately preceding the issuance of the Commission's ruling.
Serious violation	Fine of up to 250 UIT, which may not exceed 10% of the offender's gross income, derived from all economic activities during the fiscal year immediately preceding the issuance of the Commission's ruling.
Extremely serious violation	Fine of up to 700 UIT, which may not exceed 10% of the offender's gross income, derived from all economic activities during the fiscal year immediately preceding the issuance of the Commission's ruling.

a The criteria used to define the seriousness of the violation and the scale of the fine are defined in Article 52 of Legislative Decree No. 1044.

Source: Legislative Decree No. 1044 of 26 June 2008.

3.3.3.2 Protection of consumers

3.125. Special attention has been paid to protecting consumers since 2007 and this is reflected in the number of legal texts adopted by Peru governing this area, for example, the Code for the Protection and Defence of Consumers (Box 3.9).[153] The Code applies to any consumer relations occurring throughout Peru.

Box 3.9 Legal instruments regulating protection of consumers

Legislation
Law No. 29571 Code for the Protection and Defence of Consumers
Law No. 28587 Law supplementing the Consumer Protection Law in relation to financial services
Decrees
Legislative Decree No. 1045 Law supplementing the Consumer Protection System
Supreme Decrees Supreme Decree No. 046-2011-PCM Regulations on the consumer arbitration system referred to in Articles 137 to 144 of Law No. 29571, Code for the Protection and Defence of Consumers.
Supreme Decree No. 030-2011-PCM Regulations on judicial proceedings to protect the collective interests of consumers and the Special Fund for Financing and Disseminating Consumers' Rights.

[151] INDECOPI's rulings can be viewed at: http://www.indecopi.gob.pe/0/modulos/PAR/PAR_ListarArchivos.aspx?PFL=4&GRU=100&VALTEM=0.

[152] Article 55 of Legislative Decree No. 1044 lists the types of remedial measure which the Commission or Tribunal may determine.

[153] Legislation, Directives and Guidelines, viewed at: http://www.indecopi.gob.pe/0/modulos/JER/JER_Interna.aspx?ARE=0&PFL=8&JER=198.

Supreme Decree No. 031-2011-PCM Regulations establishing the mechanisms for proposing and appointing representatives of bodies and trade unions on the National Consumer Protection Council.
Supreme Decree No. 032-2011-PCM Regulations on criteria for using the funds for operation of consumers' associations.
Supreme Decree No. 029-2011-PCM Regulations on registration of violations and penalties set forth in the Code for the Protection and Defence of Consumers.
Supreme Decree No. 011-2011-PCM Regulations on the complaints book of the Code for the Protection and Defence of Consumers.
Supreme Decree No. 110-2010-PCM Incorporation of summary proceedings for consumer protection in INDECOPI's TUPA.
Supreme Decree No. 006-2009-PCM Single Harmonized Text of the Law on the Consumer Protection System.
Supreme Decree No. 039-2000-ITINCI Single Harmonized Text of Legislative Decree No. 716, Consumer Protection Law.
Directives
Directive No. 005-2010/DIR-COD-INDECOPI Rules on the decentralized competence of the commissions attached to regional offices and other INDECOPI offices.
Directive No. 004-2010/DIR-COD-INDECOPI Supplementary rules applicable to summary proceedings relating to consumer protection.

Source: INDECOPI.

3.126. INDECOPI has primary responsibility for dealing with alleged violations of the provisions contained in the legislative texts protecting consumers, and for imposing the administrative penalties and remedial measures laid down in the regulations. For this task, it has the Commission for Consumer Protection (CPC). INDECOPI may, on its own initiative, commence penalty proceedings to protect consumers. It also supervises and oversees compliance with the legal obligations in order to guarantee the protection and defence of consumers.

3.127. INDECOPI is not empowered to resolve complaints and disputes arising between users and operators of public services: telecommunications, electricity, drinking water, sewage or transport services. The operator always intervenes in the first instance in these cases and, at second instance depending on the service concerned, OSIPTEL, the Supervisory Authority for Investment in Energy and Mining (OSINERGMIN), the National Supervisory Authority for Sanitation Services (SUNASS), or the Supervisory Authority for Investment in Public Transport Infrastructure (OSITRAN).

3.128. In order to reverse the effects of violations or prevent such conduct from recurring in the future, the CPC is empowered, *inter alia,* to seize and destroy goods, containers, wrapping and labels; to request temporary closure of the establishment for a maximum period of six months if the offence is extremely serious or is a repeat offence; to require payment of costs incurred by the consumer to alleviate the violation; to require the replacement or repair of products; to oblige the supplier to comply with commitments and/or to reimburse the consumer if the product delivered or the service provided does not correspond to what has been expressly agreed by the parties.

3.3.3.3 Price control

3.129. Peru does not in general impose price controls or price margins for goods. The rates for public telecommunications, energy, sanitation and infrastructure services, however, are still controlled by special regulatory agencies. In addition, the rate for transporting LPG by pipeline is determined according to the regulations approved by the Ministry of Energy and Mining[154]

[154] Regulations on the marketing of liquefied petroleum gas, Supreme Decree No. 01-94-EM.

and for reasons of national interest and public necessity the State may fix minimum and maximum rates for national or international air transport.[155]

3.130. The Price Stabilization Fund for petroleum-based fuels was created in 2004 to prevent sharp fluctuations in the international price of oil and its byproducts from being passed on to consumers in the domestic market.[156] Because of the sustained increase in the average international price of oil, this mechanism gradually built up sizeable obligations towards fuel producers and importers, which the State had to fulfil. Consequently, from 2012 onwards, in order to mitigate the impact of the Fund's debts on the treasury, measures were taken to steer the Fund's benefits to the sectors most affected by the volatility of international fuel prices. Certain products were therefore excluded from the Fund's list. Some products such as LPG also received differential treatment so as to help the poorest sectors of the population, which use LPG in bottles with a net content of up to 10 kg.[157]

3.131. The 1991 Law on the Promotion of Investment in the Agricultural Sector provides for the creation of a price stabilization mechanism to promote efficient production and correct distortions in the supply of imported like products that have been subsidized in their countries of origin[158], although the mechanism has never been set up.[159]

3.3.4 State trading, State-owned enterprises and privatization

3.132. During the period 2005-2012, Peru did not have any State-trading enterprises within the meaning of Article XVII of the GATT 1994 and paragraph 1 of the Understanding on the Interpretation of Article XVII.[160]

3.133. The State's presence in business activities in Peru has continued to decline. At the end of 2012, 14 State-owned enterprises were being wound up or had been merged or privatized.[161] In 2012, the State had holdings in 31 enterprises, most of them in the electricity sector (Table A3.3).

3.3.5 Government procurement

3.134. The legal framework for government procurement is mainly covered by Peru's Political Constitution and the Government Procurement Law of 2009 and amendments thereto, the latest in 2012.[162] The Constitution stipulates that works, the purchase of supplies and the purchase or disposal of goods using public funds must be the subject of a procurement or public bidding procedure.[163] The Government Procurement Law applies to procurement by government agencies in order to obtain goods, services or works. There are nevertheless exceptions to this Law, which does not apply to the procurement of certain services such as audits, legal or financial advice or the services of public notaries; banking or financial contracts; or the procurement of legal services required for the State's defence in international investment disputes in arbitral or judicial forums.[164] Procurement with a value ranging between S/.0 and 3 UIT (S/.11,100) also remains outside the scope of the Law. In addition, there are special laws regulating government

[155] WTO (2007).

[156] Emergency Decree No. 010-2004 of 15 September 2004, and Emergency Decree No. 027-2010 of 22 April 2010.

[157] Emergency Decree No. 005-2012 of 21 February 2012.

[158] Article 72 of Legislative Decree No. 653 of 7 January 1991.

[159] Information provided by the authorities.

[160] WTO documents: G/STR/N/11/PER, G/STR/N/12/PER, G/STR/N/13/PER and G/STR/N/14/PER of 5 March 2013.

[161] The following are the companies being wound up: Almacenes de Depósito Kolkandina S.A.; Compañía de Negociaciones Mobiliarias e Inmobiliarias S.A.; Banco de Materiales S.A.C.; Empresa de Transmisión Eléctrica Centro Norte S.A.; Sociedad Paramonga Limitada S.A.; Banco de la Vivienda del Perú; Empresa Nacional de Edificaciones; Empresa Nacional de Ferrocarriles S.A.; Empresa Nacional Pesquera S.A.; Empresa Minera del Centro del Perú S.A.; and Zipesa. The Empresa de Generación de Energía Eléctrica del Centro S.A. was merged with Activos Mineros in 2009. The Empresa Inmobiliaria Milenia S.A. was privatized in December 2010 and Industria Aeronáutica del Perú S.A. was wound up in 2012 (information provided by the authorities).

[162] Legislative Decree No. 1017 of 1 January 2009 (Government Procurement Law) and Law No. 29873 of 20 September 2012.

[163] Article 76 of Peru's Political Constitution.

[164] Article 3.3 of the Government Procurement Law and Law No. 28933 of 4 November 2009.

procurement in certain areas and procurement by entities or companies such as PETROPERÚ[165], PROINVERSIÓN[166] and Peru's Municipal Savings and Loan Funds.[167]

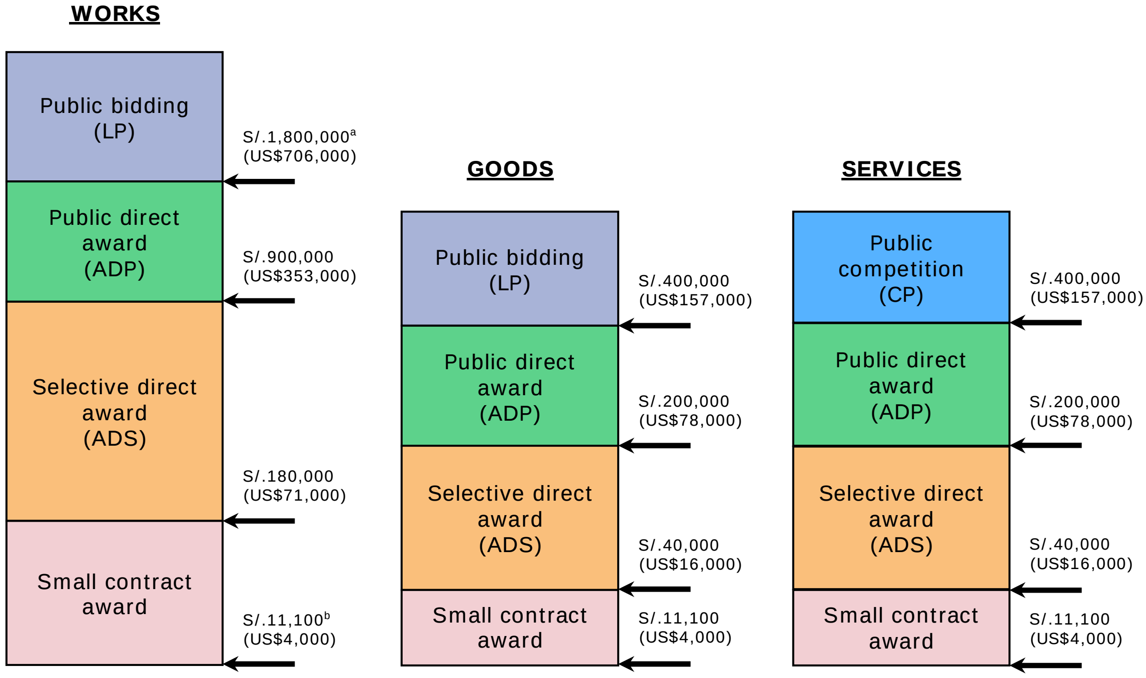
3.135. MINEF still lays down the rules and guidelines for government procurement, taking into account the overall objectives of government procurement policy, which include achieving a better quality-price ratio, encouraging competition, and reinforcing control mechanisms.[168] The Supervisory Authority for Government Procurement (OSCE), created in 2009[169], oversees and supervises (randomly) procurement processes and issues directives pursuant to the Government Procurement Law. It is also responsible for replying to queries and furnishing information on government procurement procedures; administering the National Register of Suppliers (RNP) and the Electronic Government Procurement System (SEACE); and settling disputes arising during selection procedures, dealing with complaints and imposing sanctions. The Government Procurement Tribunal is a body with decisional power that forms part of the OSCE's administrative structure and enjoys full autonomy and independence in the exercise of its functions. It is in charge of settling disputes arising between agencies, participants and bidders during the selection process and applying temporary or definitive ineligibility sanctions to suppliers, participants, bidders, contractors, arbitrators or independent experts, as the case may be.[170]

3.136. In order to take part as a bidder or contractor in government procurement in Peru, the candidate must be registered as a government supplier in the RNP, which is published on the OSCE's website. Both Peruvians and foreigners may register. Bidders or contractors for public works are given a maximum procurement capacity calculated according to their registered paid-up capital in Peru and their experience. Legal persons not established in Peru and with no registered capital in the country are given a maximum procurement capacity according to the amount of capital actually deposited in a Peruvian financial entity. This requirement does not apply to foreign companies registered in countries with which Peru has signed an international treaty that includes provisions on government procurement or to MSEs.[171]

3.137. The new Government Procurement Law determines the procedures for selection according to specific thresholds (Chart 3.2). The procedures are as follows: public bidding, public competition, direct award of a contract or small contract award, which may involve corporate procurement or selection criteria for reverse auctions or framework agreements.[172]

[165] Law No. 28840 of 19 July 2006.
[166] Legislative Decree No. 674 of 27 September 1991, Supreme Decree No. 059-96-PCM of 27 December 1996, and Legislative Decree No. 1012 of 13 May 2008.
[167] Law No. 29523 of 1 May 2010.
[168] Ministerial Resolution No. 223-2011-EF/43 of 30 March 2011.
[169] Supreme Decree No. 006-2009-EF of 14 January 2009.
[170] Article 63 of the Government Procurement Law.
[171] Since 2007, Peru has had trade agreements containing a chapter on government procurement in force with Canada; EFTA; Japan; the Republic of Korea; Panama; Singapore; and the United States.
[172] Article 15 of the Government Procurement Law.

Chart 3.2 Selection procedures according to thresholds, 2012



a Exchange rate S/.2.55/US$.
b Procurement amounting to S/.0 to S/.11,100 is outside the scope of the Government Procurement Law.

Source: Government Procurement Law and amendments thereto.

3.138. The Government Procurement Law allows for certain exceptions to enable government authorities to procure goods, services and works without the need to go through a selection procedure. The exceptions are: contracts between government authorities; when supplies are short or there is an emergency; when there is a single supplier of goods or services that is impossible to replace; procurement by the Armed Forces or of a secret nature; and services provided by natural persons, with due objective substantiation.[173]

3.139. Procurement of goods or services or the execution of works may not be split up in order to avoid any type of selection procedure or application of the rules by awarding contracts for less than three UIT (or S/.11,100). The Law does not consider procurement to be divided up in the case of stages, tranches, packages or lots when this is possible because of the nature of the subject matter, or when a contract is broken down in order to encourage the participation of MSEs in those economic sectors where there is a competitive offer.

3.140. Practices that affect any contest and/or competition in procurement are also prohibited, notably agreements not to take part or not to present proposals in procurement procedures.[174] If the Government Procurement Tribunal identifies any conduct that might constitute an anti-competitive practice, it informs INDECOPI accordingly so that the latter, through its competent bodies and when appropriate, can initiate the corresponding penalty proceedings and determine where responsibility lies. If INDECOPI finds that there has been a violation, the OSCE enters the offenders in the register of those ineligible for government procurement.

3.141. Since 2012, State bodies have been required to use the electronic government procurement system (SEACE). Procurement using the small contract award procedure must

[173] Article 20 of the Government Procurement Law.
[174] Article 11 of the Government Procurement Law.

be carried out electronically through the SEACE and the bodies concerned have to register their procurement for amounts of one to three UIT each month.[175]

3.142. Despite the global financial crisis, government procurement over the past three years has ranged from S/.29,000 to S/.34 billion, corresponding to 6.4% of GDP in 2012 (Chart 3.3).

3.143. Peru still applies certain preferences and special government procurement schemes for the benefit of local or regional producers and SMES. Pursuant to the Government Procurement Law, for procurement of works or services to be executed or supplied outside the provinces of Lima and Callao with contracts awarded according to the ADS and small contract (AMC) procedures, a preference of 10% is given on the amount of the technical and economic proposal of bidders domiciled in the province where the work is to be carried out or the service supplied, or in neighbouring provinces.[176]

3.144. All social support and food security programmes implemented by the State follow a streamlined procedure for the procurement of local or regional food products from individual producers and/or agribusiness SMEs which use inputs produced in the zone.[177]

3.145. There is also a preference scheme for MSEs. If bids using the ADS or AMC procedures are equal, an order of preference is established for awarding the contract, giving priority to: (i) MSEs composed of disabled persons or associations composed entirely of such enterprises; (ii) MSEs in general or associations composed entirely of such enterprises; and (iii) other enterprises. For regular contracts for the supply of goods or services, and for contracts for carrying out works or consultancy services for works, MSEs may deposit security of 10% of the contract, which is held by the government authority, instead of presenting a letter of guarantee for the amount. Government institutions must also plan for no less than 40% of their procurement to be awarded to MSEs and give preference to regional or local MSEs in the place where the goods are procured.[178]

3.146. Special programmes have also been put in place to promote the participation of SMEs in government procurement, for example, the "Compras a MYPErú" programme, implemented by FONCODES, which encourages the purchase by the State of footwear, textiles and clothing made by MSEs in various regions of Peru.[179] For 2012, this programme had a budget of S/.381.5 million to finance the production and purchase of school uniforms, track suits and footwear for pre-school and primary school pupils, as well as uniforms, clothing and various accessories for the National Police Force, the Army, the Air Force and the Navy.[180]

[175] Article 68 of the Government Procurement Law.

[176] Article 71 of the Government Procurement Law.

[177] Law No. 27060 of 6 February 1999 and Law No. 29367 of 28 May 2009.

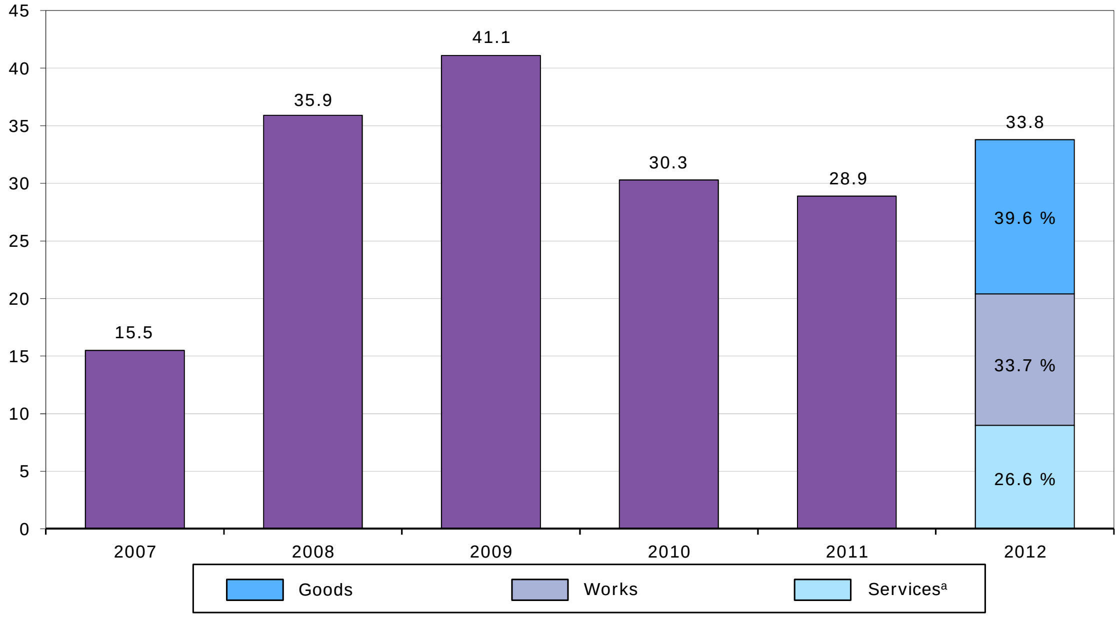
[178] Article 21 of Law No. 28015 of 3 July 2003.

[179] Emergency Decree No. 058-2011 of 26 October 2011, which provides emergency and special economic and financial measures to promote the dynamism of the domestic economy; its validity was extended by Law No. 29951 of 4 December 2012 (Finance Law for the Fiscal Year 2013).

[180] FONCODES "Compras a MYPErú" programme, information viewed online at: http://www.foncodes.gob.pe/portal/index.php/nosotros/quienes-somos.

Chart 3.3 Trend in government procurement according to subject matter, 2007-2012

(S/. billion and %)



a Including consultancy for works.

Source: Information provided by the authorities.

3.3.6 Trade-related intellectual property rights

3.3.6.1 Institutional framework

3.147. INDECOPI is responsible for implementing the legal texts designed to protect intellectual property rights.[181] It currently has three directorates to perform this task: the Copyright Directorate (DDA) for matters relating to copyright and related rights[182]; the Distinctive Signs Directorate (DSD) for matters relating to trademarks, trade names and slogans, collective marks, certification marks and appellations of origin; and the Inventions and New Technologies Directorate (DIN) for matters relating to patents, utility models, industrial designs, protected plant varieties, traditional knowledge and other new technologies.[183]

3.148. The DDA, DSD and DIN coordinate the application of, and monitor compliance with, the national and international commitments on intellectual property rights within their spheres of competence. These Directorates are the first administrative instance for dispute or other proceedings brought following a complaint by a party or ex officio. The administrative rulings implemented by these INDECOPI Directorates cover opposition (to use or registration); annulment of registration for non-use or dissemination, or because the subject matter is well known to the public or its registration is invalid; proceedings for unfair competition relating to registered distinctive signs; and proceedings for infringement of industrial property rights. Appeals may be made against rulings by these Directorates to the Special Intellectual Property Chamber of the INDECOPI Tribunal, which is a body independent of the DDA, DSD and DIN, and is the second and final administrative instance of appeal for intellectual property matters. The Chamber may establish precedents that must be followed, by means of rulings and administrative decisions, but it is not a judicial authority and appeals against its decisions may be made to the courts.

[181] Decree Law No. 25868 of 18 November 1992 and amendments thereto (Law on the Organization and Functions of the National Institute for the Defence of Competition and the Protection of Intellectual Property - INDECOPI).
[182] Legislative Decree No. 1033 of 25 August 2008.
[183] *Idem.*

3.149. The Fiscal Police Directorate, through the Division for Investigation of Offences against Intellectual Property Rights, has the task of combating offences against copyright and related rights and against industrial property when goods are produced making unauthorized use of patents or reproduction of industrial designs, or a trademark is imitated or unlawfully used.[184] SUNAT applies border measures such as suspension of clearance of goods allegedly counterfeited, pirated or misleadingly similar, pursuant to the legislation on protection of copyright and related rights and trademark rights.

3.3.6.2 Legal framework

3.150. Peru's legal framework for intellectual property comprises its domestic legislation, multilateral and CAN legal texts and the preferential agreements Peru has signed. The Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), together with other WTO Agreements, has been incorporated into Peru's domestic legislation and may be invoked before its courts. CAN's legal texts are also directly applicable and are supranational in Peru.

3.151. Peru's legislation covers all types of intellectual property rights mentioned in the TRIPS Agreement and contains provisions on enforcement. During the period under review, several legal texts concerning various types of intellectual property rights and enforcement were adopted or amended.[185] Peru attaches great importance to the protection of traditional knowledge, access to genetic resources and the protection of biological diversity. These requirements have been incorporated into Peru's legislation since 1996, and into CAN legislation, through Decision No. 391, which establishes a common regime for access to genetic resources, and Decision No. 486.[186] Peru also has provisions to prevent anti-competitive practices in contractual licences concerning intellectual property rights. In some cases, for example, copyright and related rights and industrial property, Peru grants a level of protection that is higher than that specified in the multilateral texts; this is partly attributable to the amendments introduced into domestic legislation following the signature of certain regional agreements (see below).

3.3.6.3 Participation in the WTO

3.152. Peru provided information on its domestic enforcement system in 2000.[187] The TRIPS Council reviewed this legislation in 2001.[188] In 2010, Peru notified the WTO of many of the legal texts on intellectual property adopted or amended in recent years.[189] Peru has not yet accepted the Protocol amending the TRIPS Agreement, intended to confirm the decision taken by Members in 2003 to establish the system provided for by paragraph 6 of the Doha Declaration on the TRIPS Agreement and Public Health. According to the authorities, however, the draft instrument of ratification is being processed for approval and enactment by the President of the Republic.

3.153. In the Doha Round, Peru was one of the main sponsors of various reforms relating to the protection of intellectual property rights. Together with other Members, it put forward proposals on issues such as the patent system, in order to incorporate the requirement to disclose the origin of genetic resources and traditional knowledge.[190] For Peru, protection of biodiversity under the

[184] Information on operations, seizure and other action by the Fiscal Police, available on its website, viewed at: http://www.pnp.gob.pe/direcciones/dirpofis/inicio.html.

[185] Legislative Decree No. 1076 of 27 July 2008 (amending Legislative Decree No. 822), Copyright Law incorporating new definitions, Law No. 29316 of 13 January 2009, Law amending, incorporating and regulating various matters relating to implementation of the Trade Promotion Agreement between Peru and the United States, Legislative Decree No. 1072 of 26 June 2008, Protection of test data and other undisclosed data on pharmaceutical products, Supreme Decree No. 002-2009-SA of 17 January 2009, regulations implementing Legislative Decree No. 1072, General Health Law, Law No. 29316 of 13 January 2009 amending provisions in Law No. 27811, Legislative Decree No. 1092 approving border measures to protect copyright or related rights and trademark rights and its implementing regulations in Supreme Decree No. 003-2009-EF.

[186] WTO document IP/C/W/493 of 19 September 2007.

[187] WTO document IP/N/6/PER/1 of 16 August 2000.

[188] WTO documents IP/Q/PER/1, IP/Q2/PER/1, IP/Q3/PER/1, IP/Q4/PER/1 of 12 June 2001.

[189] WTO document IP/N/1/PER/U/3 of 13 August 2010.

[190] WTO documents TN/C/W/52 of 19 July 2008, WT/GC/W/590 of 28 May 2008 and TN/C/W/59 of 19 April 2011.

patent regime in the TRIPS Agreement is a priority issue and it has therefore sought to demonstrate that the current regime does not allow proper protection of its genetic resources and the traditional knowledge of its indigenous communities.[191] In this connection, Peru considers that a legal obligation establishing a mandatory disclosure requirement for patent applications would help to prevent both misappropriation of genetic resources and the wrongful grant of patents and would also enhance transparency regarding the utilization of genetic resources and/or associated traditional knowledge.[192] In the international sphere, Peru has also presented proposals on the need to link the patent system to the regime for access to genetic resources and protection of traditional knowledge in the Convention on Biological Diversity (CBD), WIPO and in other forums (including regional processes).[193]

3.3.6.4 Participation in other international initiatives

3.154. Peru has signed 15 of the treaties administered by the World Intellectual Property Organization (WIPO).[194] Since the previous trade policy review in 2007, Peru has acceded to four of these treaties: the Budapest Treaty (October 2008), the Patent Cooperation Treaty (March 2009), the Trademark Law Treaty (August 2009) and the UPOV Convention (July 2011). In June 2012, Peru signed the Beijing Treaty on Audiovisual Performances and, according to information provided by the authorities, it is being ratified.

3.155. Peru has also undertaken commitments to protect intellectual property in the regional agreements it has signed since 2007 (Table A2.2). One of the most important of these agreements is that of the CAN, which establishes a common regime for different forms of intellectual property rights and constitutes an essential framework of reference for the regime on the protection of such rights in Peru. The CAN nonetheless allows its members to adopt their own internal legislation on the protection of industrial property[195], which is why Peru adopted internal legislation during the review period amending certain aspects of its industrial property regime.

3.156. The commitments made by Peru in its Trade Promotion Agreement with the United States were the reason for many of the changes in Peru's intellectual property regime during the review period.[196] These include reforms concerning infringement of intellectual property rights, copyright and related rights, manufacturers' marks or trademarks, patents and protection of test data, and the application of border measures. Further to the agreement with the United States, Peru also undertook to accede to several of the treaties administered by WIPO.

3.157. The trade agreement between Colombia and Peru and the European Union also contains several provisions on intellectual property, some of them related to public health. One distinctive feature of this agreement is that it covers geographical indications, traditional knowledge and genetic resources; the lists annexed to the agreement include four geographical indications for Peru and 115 for the European Union.[197] The agreements with China, Costa Rica, EFTA, Japan, the Republic of Korea, Mexico, Panama and Singapore also include provisions on intellectual property rights. The provisions vary depending on the agreement, but generally include substantive rules for all categories of intellectual property and enforcement procedures; they also determine a level of intellectual property protection that is higher than that in the TRIPS Agreement.

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[191] WTO document WT/MIN(09)/ST/83 of 2 December 2009.

[192] WTO document TN/C/W/59 of 19 April 2011.

[193] WTO document IP/C/W/493 of 19 September 2007.

[194] Including the WIPO Convention. The treaties signed by Peru can be viewed at: http://www.wipo.int/treaties/en/ShowResults.jsp?country_id=137C&start_year=ANY&end_year=ANY&search_what=C&treaty_all=ALL.

[195] Decision No. 598 of the Commission of the Andean Community, Trade relations with third countries, of 11 July 2004, and Decision No. 689 of the Commission of the Andean Community, Adaptation of certain articles of Decision No. 486 - Common Industrial Property Regime, in order to allow the development and strengthening of industrial property rights through the internal legislation of member countries, of 13 August 2008.

[196] Law No. 29316 of 13 January 2009, Law amending, incorporating and regulating various provisions in order to implement the Trade Promotion Agreement between Peru and the United States.

[197] The geographical indications in Peru's list are: Maíz Blanco Gigante Cusco (maize), Pallar de Ica (cereal), Pisco (spirits) and Chulucanas (ceramics).

4 TRADE POLICIES BY SECTOR

4.1 Agricultural sector

4.1.1 General features and policy objectives

4.1. Peru has a relatively large and diversified agricultural sector. During 2007-2012, agricultural GDP (including hunting and forestry but excluding fishing) grew at an average annual rate of 4.7%. In 2012, the sector contributed 7.2% of total GDP, provided employment for almost one third of the economically active population (EAP)[1] and accounted for a significant proportion of total merchandise exports (Table A1.1).

4.2. Peru is a net exporter of agricultural products. During the review period, exports of products such as coffee, asparagus, grapes and mangos grew strongly. The main products for the domestic market are rice, potatoes, starchy maize, wheat and bananas. Agricultural imports are basically inputs for feeding poultry and cattle (yellow maize, soya, etc.) and inputs for producing pasta (mainly wheat).

4.3. The arable area amounts to about 4.5 million hectares[2], of which four fifths is used for growing transitory crops and the rest for fruit farming. Poultry and bovine animals account for two thirds of the gross value of livestock production. Forestry is one of Peru's most important renewable resources, with almost 80 million hectares of natural forests (including those of the Amazon) covering around 56% of its territory.

4.4. About two thirds of Peru's farmers live in its poorest region, the highlands of the Sierra. The land is mainly held by small farmers, about three quarters of whom have legal title.[3] Two features that have characterized rural households in recent years are the diversification of their economic activities[4] and migration to other areas in search of opportunities to increase their income.[5] Migration has led to a steady increase in the number of abandoned plots in small rural communities.

4.5. In general, the competitiveness and profitability of Peru's agricultural sector are low, a reflection of various problems such as the rural infrastructure deficit[6]; the producers' limited access to markets, information and finance; insufficient investment; an inappropriate tax system; and the fragmentation/dispersion of ownership. The average size of an agricultural unit in Peru is 3.1 hectares, distributed among approximately 3.3 plots. The dwarf holdings largely explain the low profitability, due to their limited capacity to provide the advantages of economies of scale to minimize costs; they are also one of the factors limiting access to credit, as well as investment in new technology and the accumulation of capital. Likewise, the atomization of agriculture is an obstacle to efficient marketing, since the volume produced is small and scattered.

4.6. Another constraint on the sector's development is inefficient water management due to factors such as seepage from canals, poor maintenance of the irrigation infrastructure, the excessive use of water resources and the loss of reservoirs through sedimentation. In July 2012, it was estimated that only 22.5% of Sierra agriculture benefits from modern

[1] According to Ministry of Agriculture figures, in 2012 the agricultural sector had an EAP of 4.8 million, with 84% living in rural areas and the rest in urban districts.

[2] According to the 2012 Agricultural Census.

[3] In 2009, around 77% of individual rural holdings had been registered and formalized, 84% of small-farming communities recognized and 70% of indigenous communities awarded titles. However, around one third of indigenous communities are involved in land disputes and a large percentage of unrecognized small-farming communities are experiencing demarcation problems. Peru Opportunity Fund (2011).

[4] Peruvian agrarian households are not devoted exclusively to agriculture, but also engage in independent commercial activities and do not participate completely in the agricultural market either for the sale of their produce or for the purchase of inputs.

[5] Younger people account for much of the migration from the country to the cities, which has led to the so-called "aging of the countryside", where children and elderly farmers predominate.

[6] In general, Peru lacks, among other things, roads, reservoirs, irrigation canals, drainage, telecommunications, energy, and breeding laboratories. As compared with other countries in the region, Peru has a poorly developed road system, which offers access to only 30% of the national population and 90% of the country's urban centres. Moreover, much of the network is in bad condition, a situation aggravated by the ruggedness of the terrain and frequent natural disasters.

irrigation. Sowing is directly affected by rainfall dependence, which is one of the sector's main weaknesses.[7]

4.7. In Peru, agriculture is divided into four types depending on the technological level and the ability of the farmers to access services and markets (Table 4.1).

Table 4.1 Types of agriculture

Type	Measures
Subsistence farming (families)	• Better sanitary conditions. • Link-up with local markets. • Conservation of natural resources.
Small rural businesses (families)	• Promotion of association and rural management. • Link-up with regional markets. • Access to the market for innovation services.
Commercial farming (small and medium-sized producer associations)	• Promotion of association and rural management. • Link-up with regional and export markets. • Access to the market for innovation services.
Agro-exports and intensive farming (corporate producers)	• Agricultural health. • Food safety. • Link-up with new international markets.

Source: MINAG (2012) Multi-Annual Strategic Sector Plan for Agriculture 2012-2016, Lima.

4.8. The Ministry of Agriculture and Irrigation (MINAGRI) designs, establishes, implements, supervises and monitors compliance with agricultural sector policy at all levels of government.[8] Agricultural policy seeks to promote modernization of the sector and to improve the living conditions of farmers and the rural population. Under the Multi-Annual Strategic Sector Plan 2012-2016, MINAGRI is targeting annual growth of 5% and 20% for the sector and for agricultural exports, respectively, during the period in question and reductions in rural poverty from 54% to 35% and in poverty among agricultural producers from 57% to 40%. The measures for achieving these goals include: doubling the amount of financing from S/.3.8 billion to S/.7.6 billion; incorporating technologies to give value added to 1,200 production innovation initiatives; controlling priority pests and diseases (fruit fly, foot-and-mouth disease, swine fever, avian influenza); reducing the deforestation rate by 10%; improving the efficiency of water use for irrigation purposes by 50%; increasing food availability by 5% a year; and incorporating 735,000 producers into the market.[9]

4.1.2 Border measures

4.9. The average MFN tariff applied to the agricultural sector (WTO definition) fell from 12.9% in 2007 to 3.9% in 2013 (Table 3.1). Tariff protection is highest (6.3%) for coffee and tea (Table A4.1).

4.10. One of the reasons for the fall in the MFN tariff applied to the agricultural sector was the abolition of the 20% rate, which primarily affected agricultural products such as meat, dairy products, fruit and vegetables, cereals and food preparations (Chapter 3, section 3.1.4).[10] In addition, the 5% tariff surcharges applied to 392 tariff lines at ten-digit level, most of which corresponded to products classified in Harmonized System (HS) chapters 1 to 24, were removed in 2007-2008 (Chapter 3, section 3.1.5).

4.11. Peru maintains specific tariffs derived from the application of the "price band system" to 47 ten-digit subheadings of the HS 2012 for four groups of products: rice, sugar, maize and dairy products (Chapter 3, section 3.1.4). In some of Peru's regional trade agreements only

[7] In Peru, almost half the crops are planted between October and December since the rainy season in the Sierra extends from December to March.

[8] Law No. 30048, published on 25 June 2013, amended the organization and functions of the Ministry of Agriculture (MINAG), which is now called the Ministry of Agriculture and Irrigation.

[9] Ministry of Agriculture (2012).

[10] The 20% rate was abolished between 2007 and 2008 by Supreme Decree No. 158-2007-EF, published on 13 October 2007, and Supreme Decree No. 0388-2008-EF, published on 7 March 2008.

the *ad valorem* component for these subheadings has been removed, while the specific tariff of the price band system has been maintained (Table A2.2).[11]

4.12. If the tariffs that result from the application of the price band system are taken into account, for the period January-May 2013 Peru's applied MFN tariff reached rates of more than 20% for sugar and some dairy products and as much as 55.7% for other dairy products. This corresponds to an increase in the average protection for agricultural products from 3.9% to 4.3% (Table 3.2).

4.13. Peru has bound the tariff for agricultural products at between 30% and 68%. The 68% rate corresponds to some dairy products, cereals and preparations, and sugars and sugar confectionery (Chapter 3, section 3.1.4.1).

4.14. As Peru did not include any product in Section I-B of its Schedule of Commitments, it is not entitled to apply tariff quotas within the framework of the WTO.

4.1.3 Other measures

4.15. In 2012, central and regional government budgetary spending on the agricultural sector totalled S/.1,117 million.[12] The tax concessions accorded to the sector amounted to S/.1,885 million in 2012, as compared with S/.1,214 million in 2007.[13]

4.16. Peru has notified the WTO that between 2003 and 2012 it did not grant any export subsidies for agricultural products.[14] In its latest notification concerning domestic support, Peru indicates that during the period 1999-2003 it used, *inter alia*, the National Programme for Managing Catchment Areas and Soil Conservation (PRONAMACHCS) and the Cooperation for Social Development Fund (FONCODES).[15]

4.17. PRONAMACHCS is intended to support the High Andean regions (above 2,500 m) and small farmers in a state of poverty or extreme poverty by subsidizing agricultural inputs. FONCODES is a national programme operated by the Ministry of Development and Social Inclusion (MIDIS), the purpose of which is to generate greater sustainable economic opportunities for rural households in extreme poverty. Under FONCODES, projects are also being implemented to improve food security, rural family incomes and irrigation system maintenance.[16]

4.18. In 2008, the National Water Authority (ANA) was set up to serve as the governing body and highest technical and regulatory authority of the General Water Resources Management System. The ANA, which is attached to MINAGRI, is charged with administering, conserving, protecting and sustainably developing the water resources of the country's various basins.[17]

4.19. In 2008 AGRORURAL, the main agricultural support programme, was established for the purpose of organizing and implementing public investment projects designed to improve the living and working conditions of rural families by generating agricultural businesses and development projects that integrate farmers into the market.[18] To this end, AGRORURAL merged the following programmes[19]: the Southern Sierra Natural Resources Management Programme (MARENASS), the Special Project to Promote the Use of Fertilizer from Seabirds (PROABONOS), the Rural Market Access Support Services Programme (PROSAAMER) and the National Programme for Managing Catchment Areas and Soil Conservation (PRONAMACHCS). At present, the Programme also includes the ALIADOS Project, the Northern Sierra Project and the Southern Sierra Project. Table 4.2 describes MINAGRI's principal programmes and those of Peru's agricultural public sector bodies.

[11] For a detailed description of the price band system see: WTO (2007).
[12] Data provided by the Ministry of the Economy and Finance.
[13] Estimate from SUNAT's Fiscal Expenditure Report 2012.
[14] WTO documents G/AG/N/PER/7 of 28 July 2010, G/AG/N/PER/9 of 5 October 2011, G/AG/N/PER/10 of 20 November 2012 and G/AG/N/PER/11 of 8 July 2013.
[15] WTO document G/AG/N/PER/8 of 21 October 2010.
[16] Information viewed online at: http://www.foncodes.gob.pe/portal/index.php.
[17] The ANA was established by Legislative Decree No. 997 of 12 March 2008.
[18] Established by Legislative Decree No. 997.
[19] Supreme Decree No. 014-2008-AG.

Table 4.2 Principal agricultural programmes and institutions, 2013

Programme/institution	Description	Budget 2013, starting date and geographical coverage
Ministry of Agriculture		
Rural Agricultural Production Development Programme (AGRORURAL)	Public investment projects for improving rural living conditions by generating agricultural businesses and rural development projects	S/.223.7 million Starting date: 2008 At national level
National Agrarian Health Service (SENASA)	National authority for agricultural health, seeds and organic farming	S/.241.8 million Starting date: 1995 At national level
Subsector Irrigation Programme (PSI)	Promotes the comprehensive and sustainable development of irrigation systems	S/.208 million Starting date: 2006 At national level
National Agrarian Innovation Institute (INIA)	Permanently and sustainably incorporates technological advances as an agricultural growth strategy	S/.61.1 million Starting date: 2008 At national level
National Water Authority (ANA)	Administers, conserves and protects water resources in the catchment basins to ensure their sustainable development	S/.158.5 million Starting date: 2008 At national level
Payments for Competitiveness Programme (PCC)	Improves the competitiveness of small and medium-scale farmers engaged in crop or livestock farming in sustainable production units	S/.42 million Starting date: 2009-2014 At national level
Other agricultural public sector institutions		
My Enterprising Small Farm (*Mi Chacra Emprendedora*)	Improves the production capacity of rural families in extreme poverty to enable them to overcome food insecurity	S/.66.4 million Starting date: 2009-2012 Huancavelica, Ayacucho, Apurímac and Cusco
Exporting Sierra (*Sierra Exportadora*)	Promotes and develops productive economic activities in the Sierra, as a contribution to poverty reduction	S/.18.9 million Starting date: 2006 19 regions
Agricultural Bank (AGROBANCO)	Credit for crop and livestock farming, aquaculture and agricultural and aquacultural product processing/marketing activities	S/.37.9 million Starting date: 2002 At national level

Source: Information provided by MINAGRI.

4.20. The Agricultural Bank (AGROBANCO), a semi-public entity set up under private law in 2001, grants loans to crop and livestock farmers, forest product producers and fish farmers, either directly or through other financial institutions.[20] According to the Peruvian authorities, direct loans are offered at market interest rates.

4.21. In 2012, total lending to the agricultural sector was S/.2.6 billion (around US$931 million); crop farmers accessing credit in that year represented 13% of the total. The Farm Debt Restructuring Programme (PREDA) is benefiting around 5,000 farmers and has a budget of S/.38 million.

4.22. In July 2007, Peru abolished the Special Tax Regularization Programme (PERTA) and the Special Financial Regularization Regime (RERF). Peru has guarantee, direct financing and insurance facilities for the agricultural sector, such as the AGROPERU Fund, established to "provide guarantees to cover credit risks and grant direct financing to small organized agricultural producers"[21], and the Guarantee Fund for Rural Areas and Agricultural Insurance, which aims to "guarantee the loans granted by financing institutions to medium and small rural producers ... [and] to finance agricultural insurance mechanisms ...".

4.23. In general, Peruvian farmers are able to benefit from a preferential income tax and advance refund of the general sales tax (IGV). Since 2008, the tax concessions granted to agricultural producers have no longer been conditional upon the use of products of domestic origin

[20] Law No. 27603 of 21 December 2001.

[21] The AGROPERU Fund was established by Emergency Decree No. 027-2009, as extended by Emergency Decree No. 076-2010 and 2011, and by the Fortieth Final Provision of Law No. 29951, which made the Fund permanent.

(Chapter 3, section 3.3.1.1)[22] or upon a minimum percentage use of agricultural inputs of domestic origin (90% of the total value of the inputs) which had to be included in agro-industrial activities.[23]

4.24. Persons "engaged in growing crops and/or raising livestock" pay income tax at the rate of 15% (the general income tax rate is 30%).[24] An income tax rate of 15% is also granted to natural and legal persons engaged in agro-industrial activities provided that they mainly use agricultural products outside the provinces of Lima and Callao and are engaged in producing, processing and preserving meat and meat products; processing and preserving fruit and vegetables; and processing sugar. Those who benefit from the reduced tax rate must be in good standing with the tax authorities. This rate applies until 31 December 2021.[25]

4.25. Moreover, natural or legal persons investing in any sector of the economy (agriculture included) are eligible for the special procedure for advance refund of the IGV paid on imports and domestic purchases of new capital goods and construction services. To qualify, it is necessary to satisfy certain conditions, such as having a project which requires a "pre-production" stage of two or more years and obtaining a supreme resolution endorsed by the Minister of the Economy and the competent authority for the corresponding sector.[26]

4.26. There are also other tax concessions for the agricultural sector, such as those contained in the Law on the Promotion of Production Development in High Andean Regions[27] and the Law on the Promotion of Investment in the Amazon Region and amendments thereto.[28]

4.27. Imports and the first sale of pounded rice are subject to the 4% tax on the sale of pounded rice (IVAP) but not to the IGV or the municipal promotion tax (Chapter 3, section 3.1.5).

4.28. Since 1990 there has been no official system for controlling marketing or prices in the agricultural sector.[29]

4.29. The Payments for Competitiveness Programme, which offers agricultural producers incentives to improve competitiveness and productivity, has been introduced.[30]

4.30. In March 2007, the Agrarian Development Plan for Coca-Growing Areas, aimed at coca crop conversion, was approved. Measures set out in the Plan were implemented through the Pro-Amazonia and Agrarian Promotion Programme, mainly by strengthening the production chains for coffee and cocoa as alternatives to coca. The amount set aside for these measures was approximately US$3.5 million, which made possible a 60% increase in the areas used for growing alternative crops.

4.31. The prohibition on importing powdered milk, fatty anhydride and other dairy inputs used for reconstitution and recombination in the manufacture of liquid milk, cheese, butter and similar products for direct human consumption was abolished in 2008 (Chapter 3, section 1.6).[31]

4.2 Fishing

4.32. Peru has about 3,000 km of shoreline which enables it to catch and breed various species of fish. It has also begun to develop aquaculture. Peru's main fisheries resources are: prawns on the north coast; turbot, flatfish, abalone and oysters on the south coast; trout in lakes and lagoons; and the tropical species of Amazonia. Although the fisheries sector grew in recent years,

[22] Legislative Decree No. 1035 of 24 June 2008 approving the Law on Harmonization with the WTO Agreement on Trade-Related Investment Measures (TRIMs).
[23] Legislative Decree No. 1035 of 24 June 2008 approving the Law on Harmonization with the WTO Agreement on Trade-Related Investment Measures (TRIMs).
[24] Law No. 27360 of 31 October 2000.
[25] Article 6 of Law No. 27360.
[26] Legislative Decree No. 973 of 10 March 2007 and its implementing regulations, approved by Supreme Decree No. 084-2007-EF.
[27] Law No. 29482.
[28] Law No. 27037.
[29] Legislative Decree No. 653 - Law on the Promotion of Investment in the Agricultural Sector.
[30] Legislative Decree No. 1044.
[31] Legislative Decree No. 1035.

it did not grow as much as other sectors, so that its share of real GDP (including related processing activities) fell slightly from 0.5% in 2007 to 0.4% in 2012 (Table 1.1).

4.33. Exports of fisheries products now account for a larger proportion of total goods exports, having increased from 0.6% to 1% during the period 2007-2012 (Table A1.1). Expressed as a proportion of non-traditional exports, exports of fisheries products rose from 7.9% in 2007 to 9.2% in 2012. The potential for developing canned, frozen and cured products for direct human consumption has not been fully exploited, partly due to the priority given to fishmeal processing. Peru is the largest producer and exporter of fishmeal (average annual production of 1.4 million tonnes over the last decade, with China being the main buyer).

4.34. The average of the MFN tariffs applied to fish and fish products is 0.4%, with a maximum rate of 6% (Table A4.1).

4.35. The authority responsible for formulating fisheries sector policy is the Ministry of Production (PRODUCE), which receives advice from the Peruvian Marine Institute (IMARPE) on matters relating to the management of fisheries resources. The National Fisheries Health Service/Production Technology Institute (SANIPES/ITP), attached to PRODUCE, inspects and monitors fishing and aquaculture and fish processing. The ITP also provides PRODUCE with support in developing higher value-added fisheries products.

4.36. Under the Multi-Annual Strategic Plan for the Production Sector 2012-2016, the main objectives of fisheries policy are to promote the sustainable development of fishing as a contribution to food security and a source of employment and income and to ensure that hydrobiological resources are used in a way that is consistent with environmental protection and the conservation of biodiversity. The goals of the Plan include: increasing the per capita consumption of fish and fish products, from 22.1 kg in 2012 to 24.1 kg in 2016; increasing domestic sales of hydrobiological products of Peruvian origin for direct human consumption (canned, frozen, cured and fresh), from 556,740 tonnes in 2012 to 651,100 tonnes in 2016; and increasing the marketing of aquacultural products at global level, from 25,900 tonnes in 2012 to 39,200 tonnes in 2016.[32]

4.37. In March 2013, PRODUCE commenced the *A Comer Pescado* (Eat Fish) programme, which seeks to promote the consumption of the hydrobiological resources of the sea and inland waters, especially in the High Andes, where access to these products is limited; to create consumption patterns among the population by offering resources at low prices; and to develop the domestic market.

4.38. Pursuant to the General Law on Fisheries, foreign-registered fishing vessels may only conduct fishing operations against "the surplus of allowable catch unused by the national fishing fleet".[33] The Law lays down the conditions of access to fisheries resources by foreign-registered vessels.[34] These include fishing for "occasional, highly migratory or underexploited resources" or the signing of an agreement with a Peruvian company to exploit certain resources.

4.39. A fishing permit from the Ministry of Production is required to access fisheries resources. In order to obtain a permit, the owner of a foreign-registered vessel must provide evidence of domiciliation in Peru and have a legal representative there. In addition, a letter of credit must be made out to the Ministry of Production corresponding to 25% of the "fishing rights" (see below). This requirement does not apply to Peruvian-registered vessels. Foreign-registered vessels must have on board a "scientific technical observer" appointed by the IMARPE and a satellite tracking system; and at least 30% of the crew must be Peruvian nationals.[35] Fishing permits for foreign-registered vessels are not transferable.

4.40. Fees must be paid for exploiting fisheries resources.[36] For foreign-registered tuna fishing vessels, the fee for a fishing permit is US$50 per net registered tonne for a three-month period.

[32] Ministry of Production (2012).
[33] Article 47 of Decree Law No. 25977 of 22 December 1992.
[34] Article 48 of Decree Law No. 25977.
[35] Article 70 of the regulations implementing the General Law on Fisheries.
[36] Article 40 of the regulations implementing the General Law on Fisheries.

For Peruvian-registered vessels the fee for exploiting hydrobiological resources for direct human consumption is equal to 0.058% of a tax unit (UIT) per tonne.

4.41. The fisheries regulations do not impose restrictions on foreign capital holdings in Peruvian vessels or in aquacultural activities. Nor are there any restrictions on the marketing of fisheries products on national and international markets.[37] Imports and exports of hydrobiological resources must comply with the health regulations (Chapter 3, section 3.1.9).

4.42. Aquaculture is subject to income tax at a rate of 15%. It is also eligible for advance refund of the IGV paid on imports and domestic purchases of "new capital goods, new intermediate goods, construction services and contracts" during the "pre-production" stage of a project, which does not require a minimum investment. This phase may not exceed two years and it is necessary to obtain a supreme resolution endorsed by the Minister of the Economy and the competent authority for the corresponding sector.[38] These benefits apply until 31 December 2013.

4.43. The sale of fuel to foreign-registered vessels in possession of fishing permits granted by Peru or by other countries and catching "highly migratory" hydrobiological resources is not subject to the IGV, the municipal promotion tax or the selective consumption tax, provided that the vessel unloads at least 30% of the catch in its hold at a Peruvian industrial fish-processing plant.[39]

4.44. In 2012, Peru notified the WTO of two programmes for promoting aquaculture and fishing (Chapter 3, section 3.3.1.1).[40] Beneficiaries of the aquaculture promotion and development programme are eligible for a preferential 15% rate of income tax up to 31 December 2013.[41] Moreover, through the National Fisheries Development Fund (FONDEPES), natural or legal persons engaged in aquaculture or small-scale maritime or continental fishing may obtain loans and financial support at preferential rates.[42] In 2012, FONDEPES granted loans worth S/.5.6 million, 62% of which were for repairing and equipping vessels. In 2012, FONDEPES also carried out infrastructure building and maintenance work costing almost S/.9 million.

4.45. In 2008, the Fishing Quota Law was adopted. This regulates the exploitation of anchovy and white anchovy resources, provided that they are intended for indirect human consumption, that is to say, for manufacturing fishmeal.[43]

4.46. Within the framework of the Doha Round, Peru has advocated a broad ban on fisheries subsidies, including "effective and appropriate special and differential treatment … for artisanal fisheries in developing countries".[44] Moreover, Peru has submitted a proposal on disciplines for artisanal fisheries subsidies.[45]

4.3 Mining, excluding hydrocarbons

4.47. The mining sector is one of the main pillars of the Peruvian economy since it contributes about 5% of real GDP, accounts for around 20% of fiscal resources, is an important source of employment[46] and generates almost two thirds of the income from merchandise exports (Table A1.1). The principal markets for Peruvian mineral products are China, the United States, Switzerland, Japan, Canada and the European Union. Copper and gold accounted for about two thirds of mineral exports in 2012.

[37] Article 30 of Decree Law No. 25977.
[38] Article 26 of Law No. 27460, as amended by Article 3 of Law No. 29644.
[39] Article 2 of Law No. 28965 of 24 January 2007.
[40] WTO document G/SMC/N/220/PER of 20 December 2012.
[41] Law No. 27460 and Supreme Decree No. 030-2001-PE, regulations implementing the Law on the Promotion and Development of Aquaculture.
[42] Supreme Decree No. 010-92-PE establishing the National Fisheries Development Fund.
[43] Legislative Decree No. 1084.
[44] See, for example, WTO document TN/RL/W/243 of 7 October 2009.
[45] WTO document TN/RL/GEN/172 of 19 January 2011.
[46] Direct employment in the sector has more than doubled since 2000. Around 170,000 persons are directly employed, a little over half a million are indirectly employed, and 2.5 million Peruvians depend on mining for their livelihood. It is estimated that every job created in mining generates nine jobs in other sectors (commerce, vehicle maintenance, transport, finance, etc.).

4.48. Mining is also one of Peru's main recipients of investment. During the period 2007-2012 total investment in the sector amounted to US$25,640 million (Table 4.3), two thirds of which was for projects relating to copper. There are currently 47 new exploration and development projects valued at US$54,680 million[47], of which 22% involve investment from China, 18% investment from the United States and 16% investment from Canada. However, some mining projects have been suspended, such as the Conga gold mine in Cajamarca, the largest in the country and valued at almost US$5 billion, owing among other things to public opposition, prompted by fears of the environmental impact of the project on the region.

4.49. During the period 2007-2012, production of basic metals was volatile and occasionally decreased (Table 4.3), partly because of the international economic crisis and the postponement of new mining projects in Peru.

Table 4.3 Main mining indicators, 2007-2012

	2007	2008	2009	2010	2011	2012
Production						
Copper[a]	1,190	1,268	1,276	1,247	1,235	1,299
Gold[b]	170	180	184	163	166	161
Zinc[a]	1,444	1,603	1,513	1,470	1,256	1,281
Silver[c]	3,501	3,686	3,993	3,837	3,419	3,479
Lead[a]	329	345	302	262	230	249
Iron[d]	5,104	5,161	4,419	6,043	7,011	6,685
Tin[a]	39	39	38	34	29	26
Molybdenum[a]	17	17	12	17	19	17
Exports[e]	17,238	18,657	16,361	21,723	27,361	25,921
Total investment[e]	1,249	1,708	2,822	4,069	7,243	8,549
Investment in exploration[e]	137	168	394	616	865	891
Number employed[f]	135	127	126	166	175	206

a Thousands of fine tonnes.
b Millions of fine grains.
c Millions of fine kilograms.
d Thousands of fine long tonnes.
e Millions of US dollars.
f Thousands of workers.

Source: Ministry of Energy and Mining (2013).

4.50. The average MFN tariff applied to the mining sector (ISIC 2) is 2.7%, with a maximum rate of 6% (Table A4.1). Peru has eliminated the tariffs on capital goods in order to increase the competitiveness of the economy and the exportable offer, including minerals (Chapter 3, section 3.1.1).

4.51. The formulation of mining policy is the responsibility of the Ministry of Energy and Mining. Mining policy seeks to update the mining regulations so as to ensure legal stability for investment, while improving the conditions for private investment; to boost the development of mining activities with better safety conditions for the workers and for society, while protecting the environment and maintaining harmonious relations with the community; and to reinforce supervision.

4.52. The Supervisory Authority for Investment in Energy and Mining (OSINERGMIN) is the public body with national responsibility for supervising and monitoring compliance with the legal and technical provisions relating to mining, electricity and hydrocarbons. It is also responsible for monitoring the safety of the infrastructure associated with these activities. Since 2010, the environmental regulations have been supervised, monitored and enforced by the Environmental Assessment and Monitoring Service (OEFA) of the Ministry of the Environment.[48]

[47] Of these projects, nine concern mine expansion, nine have already had the environmental impact assessment approved and four are having it considered, while 25 are in the exploration stage.

[48] Since 2012, the supervision, monitoring and enforcement of the occupational health and safety legislation have been the responsibility of the Ministry of Labour and Employment Promotion.

4.53. Peruvian mining can be divided into three main categories: (i) large-scale integrated mining, which carries out surveying, prospecting, extracting, concentrating, smelting, refining and marketing operations and is characterized by a high degree of mechanization and by the opencast mining of world-class deposits; (ii) medium-scale mining, which operates mainly underground mining units, is characterized by a significant degree of mechanization and adequate infrastructure, and limits its operations to ore extraction and concentration, as smelting and refining are basically in the hands of the large-scale mining companies; and (iii) small and artisanal mining enterprises devoted mainly to underground and alluvial gold mining and the extraction and processing of non-metallic minerals. By 2012, the MEM had registered 11,036 mining concession holders, of which 36.5% were considered small, 28.1% artisanal and 35.4% large or medium scale.

4.54. Under Article 66 of the Constitution, the State has sovereignty over non-renewable resources. Private-sector operators are allowed to exploit mineral resources under the concession system. The body in charge of granting mining concessions and administering the national mining register and the payments made by all mining concession holders for maintaining their mining rights in force is the Mining and Metallurgical Geological Institute (INGEMMET).[49] Mining concessions have been granted for around 15% of Peruvian territory, although mining is actually in progress only on 1.2% (production 0.9% and exploration 0.3%). Approximately 12,500 mining concessions, affecting 5% of Peruvian territory, are being processed.[50]

4.55. Under the General Law on Mining there are no limitations on foreign capital participation in mineral exploration, exploitation or processing projects, but exploration and exploitation require a mining concession.[51] The mining concession does not bestow a surface right and a land use permit is required before any kind of mining activity can be carried out.[52] Moreover, environmental impact assessments have to be approved for exploration, exploitation and ore processing activities, among others. Surveying, prospecting and marketing are activities that can be carried out without the need for a concession from the State.

4.56. Companies set up abroad must be established in Peru in order to engage in exploration and exploitation through either a branch or a subsidiary. Concessions are granted for an unlimited period, although a penalty is imposed if by the sixth year after granting of the concession no specific investment has been made or production has not yet started. Companies with foreign holdings must have obtained authorization under a supreme decree before starting exploration or exploitation in an area situated within 50 km of the border.

4.57. The State levies various fees for mineral exploration and exploitation. For example, since mid-2004, investors have paid royalties for exploiting minerals. In November 2011, the system of payment was amended in order to collect an additional S/.2,940 million (equivalent to US$1 billion or 0.5% of GDP) per year and carry out social and infrastructure projects in the poorest areas of the country. This was the principal change in Peruvian mining policy during the review period. Under the new scheme, mining companies without tax stability agreements will pay royalties of between 1% and 3% of the value of the concentrate (or its equivalent) extracted and 12% on their operating profits.[53] In addition, these companies will pay a "special tax" of between 2% and 8.4%, also on their operating profits. At the same time, companies with tax stability agreements – mostly foreign-owned – will pay a "special levy" on their operating profits at a rate of between 4% and 13%. Small and artisanal producers do not have to pay royalties. The General Law on Mining defines these two kinds of producer.[54] Holders of mining concessions

[49] A decentralized technical public body established in 1979 by Organic Law No. 22631.

[50] Mining is restricted on the approximately 57% of Peruvian territory subject to protection, for example, as a nature reserve or an archaeological site.

[51] Article 9 of the Single Harmonized Text of the General Law on Mining, approved by Supreme Decree No. 014-92-EM of 3 June 1992.

[52] Under Article 9 of the General Law on Mining, mining concession and ownership rights are different in nature, the concession right being a real asset distinct and separate from the land to which it relates. To avoid possible social disputes, before commencing mining activities the holder of the concession must reach an agreement with the owner or owners of the land.

[53] Under the previous system royalties of between 1% and 3% of the value of the concentrate (or its equivalent) extracted were applied.

[54] Article 91 of the Single Harmonized Text of the General Law on Mining.

must pay an annual fee for the concession, which varies according to the size of the producer.[55] Mining companies must distribute 8% of their profits before tax to their workers.

4.58. Company contributions are not deductible for tax purposes, but companies which pay royalties may deduct part of them from their contributions. Payment of contributions is suspended in those years in which annual global prices of certain metals produced by the companies are below the reference prices specified in the agreement. In principle, agreements remain in force for five years. At the end of 2012, 40 companies had signed agreements with the State. The Ministry of Energy and Mining estimates that company contributions amounted to S/.2,285 million between 2007 and 2012.

4.59. Law No. 27623 gives mining concession holders the right to a definitive refund of the IGV and the municipal promotion tax paid on the import and/or local purchase of "goods, supply or utilization of construction services and contracts directly used to carry out exploration" for mineral resources during the exploration phase. This benefit is granted exclusively to companies that invest at least US$500,000[56] and will remain in effect up until 31 December 2015. The Ministry of the Economy and Finance (MEF) estimates that mining-sector tax benefits amounted to S/.227 million in 2012.

4.60. Holders of mining concessions may enter into tax stability agreements with the State, in addition to the "legal stability agreements" available to investors in any sector (Chapter 2, section 2.4).[57] Tax stability agreements freeze income tax at the rate in effect at the time the agreement was signed plus two percentage points. The tax benefits in effect at the time the agreement was signed are also frozen, but only for the period prescribed in the legal instrument under which the benefits are granted. The term of the agreement varies depending on the production capacity of the company signing it. Companies whose production capacity ranges from 350 to 5,000 tonnes per day may sign agreements for ten years, while companies with a larger capacity may sign them for 15 years. To sign a ten-year agreement it is necessary to invest at least US$2 million in a new project. The minimum amount for 15-year agreements is US$20 million invested in new projects or US$50 million in existing projects.

4.61. During the period 2007-2012, the economic contribution of mining in Peru amounted to S/.32,053 billion, distributed as follows: 7.1% for the Solidarity with the People Mining Programme (voluntary contribution); 2.5% in annual concession fees and penalties; 10% in mining royalties; and 80.4% in the form of the *canon minero* (proportion of mining revenue transferred to local and regional governments).[58]

4.4 Manufacturing

4.62. The manufacturing sector's share of GDP fell from 15.7% in 2007 to 14.2% in 2012 because of other sectors growing at a faster pace. Manufacturing grew throughout the review period, except in 2009 when it contracted by 7.1% due to the global economic crisis.

4.63. In 2012, the main items in terms of output value were foodstuffs, chemicals, and textiles and leather (Table 4.4). Printing and publishing, paper, dairy products, non-metallic products, textiles, and iron and steel saw relatively large increases in output value.

4.64. Manufactures accounted for 11.6% of total merchandise exports in 2012 and consisted mainly of articles of apparel and clothing accessories, chemicals, and other semi-processed goods (Table A1.1). China and the United States are the main export markets for Peruvian manufacturers (Table A1.3).

[55] Article 39 of the Single Harmonized Text of the General Law on Mining.
[56] Article 14 of the regulations implementing Law No. 27623.
[57] Articles 78, 79, 82 and 83 of the Single Harmonized Text of the General Law on Mining.
[58] Figures provided by the Ministry of Energy and Mining.

Table 4.4 Manufacturing GDP, 2007-2012

(S/.million at 1994 constant prices and %)

	2007	2008	2009	2010	2011	2012
Manufacturing GDP	**27,328**	**29,774**	**27,627**	**31,574**	**33,347**	**33,786**
As a percentage of total GDP	15.7	15.6	14,3	15.0	14.9	14.2
Real percentage variation	11.1	8.9	-7.1	14.1	5.6	1.3
Processing of primary resources	**5,022**	**5,440**	**5,442**	**5,353**	**6,050**	**5,658**
Sugar	234	259	277	271	280	286
Meat products	1,612	1,760	1,841	1,931	2,037	2,159
Fishmeal and fish oil	516	519	497	288	603	313
Canned and frozen fish products	653	768	635	556	888	840
Non-ferrous metals	1,173	1,283	1,052	987	1,061	1,020
Petroleum refining	1,070	1,114	1,422	1,624	1,552	1,506
Non-primary manufacturing	**22,169**	**24,133**	**22,078**	**25,896**	**27,024**	**27,769**
Foodstuffs, beverages and tobacco	4,965	5,384	5,407	5,869	6,111	6,337
Textiles, leather and footwear	3,677	3,432	2,641	3,573	3,753	3,361
Wood and furniture	874	1,019	958	1,109	1,135	1,200
Paper and printed matter	2,166	2,710	2,378	2,811	3,033	3,080
Chemicals, rubber and plastics	3,669	3,926	3,603	4,002	4,255	4,503
Non-metallic minerals	2,416	2,911	2,895	3,485	3,669	4,109
Iron and steel industry	907	997	787	813	776	822
Metal products, machinery and equipment	2,347	2,775	2,375	3,008	3,281	3,620
Other industries	788	781	768	792	706	684

Source: Central Reserve Bank of Peru (2013).

4.65. Almost three quarters of Peru's total imports are manufactured goods, China being the main source (Table A1.4). Machinery and transport equipment, together with chemicals, account for a little over half of manufacturing imports (Table A1.2).

4.66. The average MFN tariff applied in the manufacturing sector is 3.2%, with a maximum of 11% for clothing, among other products (Table A4.1).

4.67. The Ministry of Production (PRODUCE) is responsible for formulating policy for the manufacturing sector.[59] The main sectoral goals and objectives in the Multi-Annual Strategic Plan for the Production Sector 2012-2016 include[60]: raising the rate of growth of manufacturing output from 5.6% in 2011 to 7% as an annual average over the period 2012-2016; increasing the productivity of micro and small enterprises (MSEs) from 1.7 in 2009 to 1.8 in 2016[61]; protecting the environment and the health and safety of the population; intensifying the campaign against customs and intellectual property offences; and promoting reforms to provide Peru with an enabling institutional framework that favours diversification and productive deconcentration.

4.68. During the review period, Peru applied definitive anti-dumping measures to certain products that compete with locally manufactured goods, such as textiles, white cement and footwear (Chapter 3, section 3.1.7.1). Moreover, it initiated an investigation with a view to the application of a general safeguard measure to imports of cotton yarn, although this ended without any measure being applied (Chapter 3, section 3.1.7.2).

4.69. Manufacturers are eligible for the special procedure for advance refund of the IGV on the purchase of new capital and intermediate goods and construction services, whether imported and/or purchased locally, used during the pre-production stage of economic activities subject to the IGV or for export. Moreover, manufacturers may be granted tax benefits within the framework of the Export, Processing, Industry, Marketing and Service Centres (CETICOS) free zone system, for example, in the Tacna Free Zone and Commercial Zone (ZOFRATACNA) and the Puno Special Economic Zone (ZEEDEPUNO) (Chapter 3, section 3.3.2). The Development Finance Corporation (COFIDE) provides various programmes and lines of credit for micro, small and medium-sized enterprises (Chapter 3, section 3.3.1.2), many of them in the manufacturing sector. The MEF estimates that the tax concessions enjoyed by the manufacturing sector amounted to S/.101 million in 2012.

4.70. Peru is taking steps to encourage innovation and technological development in the economy, including in manufacturing. In 2009, Law No. 29152 established the Research

[59] Articles 2 and 3 of the Regulations on the Organization and Functions of the Ministry of Production, approved by Ministerial Resolution No. 343-2012-PRODUCE of 23 July 2012.

[60] PRODUCE (2012).

[61] Productivity measured as the value of the output obtained divided by the intermediate consumption.

and Development Fund for Competitiveness (FIDECOM), administered by the Ministry of Production. The Fund has S/.200 million for promoting research and development relating to productive innovation projects of practical use to enterprises. FIDECOM is available to industrial firms and civil associations legally established in Peru and to formal micro enterprises and their workers and managers, in association with academic institutions. Through competition, FIDECOM can co-finance up to 75% of the total value of the projects.[62]

4.71. Another programme in support of science, technology and innovation, albeit horizontally applied rather than being specifically designed for manufacturing, is that known as "Innovation for Competitiveness". It has resources amounting to US$100 million and is partly financed by the Inter-American Development Bank (IDB).[63] Moreover, Law No. 27267 promotes the creation of Technological Innovation Centres (CITEs), public and private, throughout Peru under the Ministry of Production.[64]

4.72. The Ministry of Production is also redesigning the project for the construction of industrial parks at national level in order to solve various problems that have arisen, such as the lack of suitable space for production. The aim of this project is to generate non-polluting industrial centres that promote productivity within the sector. This is being done within the framework of the Law on Industrial Parks[65] and has the support of the Private Investment Promotion Agency (PROINVERSIÓN) (Chapter 2, section 2.4).

4.5 Services

4.5.1 Main features

4.73. Peru adopted specific commitments in seven of the 12 sectors of the General Agreement on Trade in Services (GATS), namely, business services; communications; financial services; tourism and travel-related services; distribution services; recreational, cultural and sporting services; and transport services.[66] Peru participated in the post-Uruguay Round negotiations on telecommunications and financial services, and the respective commitments appear in the Fourth and Fifth Protocols to the GATS.

4.74. Under the GATS, Peru maintains horizontal commitments on the movement of natural persons and investment. Natural persons supplying services or employed by companies in the sectors included in Peru's Schedule may enter the country for a period of not more than three years renewable for successive periods. Such persons may not comprise more than 20% of the total workforce employed by the company and their remuneration may not exceed 30% of the total payroll, with some exceptions. Peru guarantees foreign investors and companies the same rights and obligations as Peruvian investors and companies, without any exceptions other than those laid down in the Constitution and Legislative Decree No. 662.

4.75. The list of MFN exemptions[67] contains a horizontal exemption to the effect that the movement of nationals of a country that has a reciprocal labour agreement or an agreement on dual nationality, or of foreign personnel recruited under bilateral or multilateral agreements concluded by Peru shall not be subject to the limitations on the recruitment of foreign workers. The exemptions from MFN treatment relating to specific sectors concern land and maritime transport with countries of the Andean Community (CAN); land transport with countries members of the Convention on International Land Transport[68]; and recreational, cultural and sporting

[62] Online information from FIDECOM. Viewed at: http://www.innovateperu.gob.pe/index.php/fidecom.htn.
[63] Online information from FINCYT. Viewed at: http://www.fincyt.gob.pe.
[64] A CITE is an institution for transferring technology and promoting business innovation. It acts as the technological partner of the enterprise for improving innovation capacity and achieving greater competitiveness and productivity. Every CITE serves as a meeting point for the State, the academic community and the private sector. CITEs online information. Viewed at: http://www.cites.pe/cites/index.jsp.
[65] Framework Law on Industrial Parks (No. 28183 of 9 February 2004), as amended by Law No. 28566.
[66] See WTO (2007).
[67] Peru's final list of Article II exemptions (MFN) can be found in WTO documents GATS/EL/69 of 15 April 1994 and GATS/EL/69/Suppl.1 of 26 February 1998.
[68] Argentina, Plurinational State of Bolivia, Brazil, Chile, Paraguay and Uruguay.

services with several Latin American countries.[69] In addition, on the basis of the principle of reciprocity, Peru also has an exemption on all activities related to financial services. All the exemptions from the MFN principle are for an indefinite period.

4.76. During the Doha Round services negotiations, Peru submitted an initial offer in 2003 and a revised offer in 2005.[70] Peru is also part of a group of WTO Members negotiating a new international agreement on services that would go beyond the GATS.[71]

4.77. Within the CAN, Colombia, Ecuador and Peru have rules for free trade in services, except in the subsectors "financial services" and "minimum percentages of domestic production programming in over-the-air television", where there is a mandate to issue special rules by 31 December 2014 at the latest.[72] For its part, the Plurinational State of Bolivia benefits from an exception up until 31 December 2014.[73] In the CAN, the national treatment and MFN principles apply to all sectors, except for those in which there is a mandate to issue specific sectoral rules, namely, "financial services" and "minimum percentages of domestic production programming in over-the-air television".

4.78. During the review period, Peru continued negotiating and actively applying regional trade agreements, most of which contain provisions concerning financial services; land transport, air and maritime services; and telecommunications services, among others (Table A2.2). The commitments relating to services made by Peru in its various regional trade agreements are very varied and go beyond those included in the Schedule annexed to the GATS or in the offer submitted within that context.

4.5.2 Financial services

4.79. As Table 4.5 shows, at the end of 2012 there were 60 (55 in 2007) entities under the supervision of the Supervisory Authority for Banking, Insurance and Private Pension Fund Managers (SBS), which is responsible for regulating and supervising the financial system. The SBS classifies the institutions that make up the Peruvian financial system as: (i) private banking institutions; (ii) financing institutions; (iii) non-bank microfinance institutions; (iv) State-owned entities; (v) financial leasing companies; (vi) insurance companies; (vii) pension funds (AFP); and other.

Table 4.5 Structure of the financial sector, December 2012

Institution	Number	Amount of assets (S/.millions)	Percentage of assets
Banking institutions	16	224,158	54.7
Financing institutions	11	10,339	2.5
Non-bank microfinance institutions	33	18,705	4.6
Municipal funds	13	14,548	3.5
Rural savings and loan funds	10	2,936	0.7
Small and micro-enterprise development institutions	10	1,221	0.3
State-owned entities	4	35,055	8.6
Bank of the Nation (Banco de la Nación)	1	24,179	5.9
Development Finance Corporation (COFIDE)	1	6,864	1.7
Agricultural Bank (Agrobanco)	1	439	0.1
Housing Fund (MiVivienda)	1	3,573	0.9
Financial leasing companies	2	452	0.1
Insurance companies	14	22,261	5.4

[69] Argentina, Plurinational State of Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay, Uruguay and Bolivarian Republic of Venezuela.

[70] WTO online information. Viewed at: http://www.wto.org/english/tratop_e/serv_e/s_negs_e.htm.

[71] The "Really Good Friends of Services" are: Australia; Canada; Chile; Chinese Taipei; Colombia; Costa Rica; European Union; Hong Kong, China; Iceland; Israel; Japan; Republic of Korea; Liechtenstein; Mexico; New Zealand; Norway; Pakistan; Panama; Paraguay; Peru; Switzerland; Turkey; and United States.

[72] Decisions No. 439, "General Framework of Principles and Rules for the Liberalization of Trade in Services in the Andean Community" and No. 659, "Services Sectors Subject to the Development of Liberalization or Regulatory Harmonization".

[73] Decision No. 772.

Institution	Number	Amount of assets (S/.millions)	Percentage of assets
Pension funds	4	98,902	24.1
Other supervised entities	73	..	..
Total	157	409,872	100

.. Not available.

Source: Information provided by the Supervisory Authority for Banking, Insurance and Private Pension Fund Managers (SBS).

4.80. Together, at the end of 2012 these institutions owned assets with a value of S/.409 billion, that is, almost twice that at the end of 2007. The banking institutions continue to be the main player in the financial system, with 54.7% of the assets, but the greatest increase during the period was recorded by the assets of the financing institutions as a result of one banking institution, four small and micro enterprise development institutions and two financial leasing companies being converted into financing institutions.

4.81. According to the IMF, Peru's financial system is sound, profitable and well capitalized. Moreover, it successfully withstood the global crisis of 2008-2009 thanks, among other things, to good supervision by the SBS and an effective regulatory framework.[74] This was reflected in a higher level of financial intermediation, a product of the increasing volume of loans and deposits. Average annual lending as a percentage of GDP rose from 20.5% in 2007 to 30.6% in 2012, while deposits increased from 25.1% to 32.1% over the period. Despite the progress made in recent years, there are still certain risks related with, for example, the high level of dollarization of the financial system[75] and its vulnerability to imbalances created by external factors.

4.82. In the light of recent developments in the international financial system, the SBS is taking steps to strengthen the risk-based capital requirements for financial entities and promote a more resilient financial sector. In keeping with the adoption of the Basel III global rules on capital, the Regulations on the Additional Regulatory Capital Requirement (SBS Resolution No. 8425-2011) provide for financial institutions to accumulate capital beyond the statutory requirement, depending on the risk profile of each institution, with the cyclical capital representing the greatest percentage of this buffer.[76]

4.83. The General Law on the Financial System and the Insurance System and on the Organization of the Supervisory Authority for Banking and Insurance (Law No. 26702) contains the principal legal provisions relating to the financial system. It regulates the persons or companies operating within the financial and insurance systems and those carrying out activities related to or complementing the corporate purpose of these persons or companies. Since 2007 a number of new supplementary laws have been adopted, in particular Legislative Decrees Nos. 1028 and 1052, which are intended to make the financial system more competitive through the elimination of the modular scheme[77], the adoption of Basel II and the adjustment of the Peruvian financial system to reflect the commitments undertaken in the Trade Promotion Agreement with the United States.[78]

4.84. Under Law No. 26702, majority shareholders in a company operating within the financial system may not directly or indirectly own over 5% of the shares in another company of the same type. The transfer of shares in a company exceeding 10% of its capital to a single person must be authorized by the SBS. Pursuant to Article 224, in order to carry out certain activities listed in the Law, both Peruvian and foreign companies operating in the financial sector must set up

[74] IMF (2013a).

[75] At the end of 2012, around 48% of the total loans granted by the Peruvian financial system were in foreign currency (56% in 2007), while 38% of deposits were in foreign currency (50% in 2007).

[76] SBS (2012).

[77] This scheme contained three modules with different financial services. If an institution decided to extend the range of its financial services, it was obliged to provide all the services in each module and could not expand its financial services progressively.

[78] The following laws were also adopted: Law No. 29038, which incorporated the Financial Intelligence Unit in the SBS (to prevent money laundering); Law No. 29440 on the Payments and Securities Systems; Law No. 29489 on the Coverage of the Deposits Insurance Fund; Law No. 29571, the Code for the Protection and Defence of Consumers; Law No. 29850 on Bonding and Guarantee Companies; Law No. 29637 regulating Covered Mortgage Bonds; Law No. 29946 on the Insurance Contract; and Law No. 29985 on Electronic Money.

subsidiaries, none of which may engage in more than one of the activities listed.[79] For financial companies setting up subsidiaries, the total investment in subsidiaries may not exceed 40% of the company's assets, except in the case of subsidiaries of life insurance companies.

4.85. The role of the State in the financial system is mainly focused on development banking activities. Law No. 26702 stipulates that the State may not participate in the Peruvian financial system except through the investment it owns in COFIDE as a second-tier development bank, in the Bank of the Nation, in the Agricultural Bank and in the MiVivienda fund.

4.86. Under Law No. 26702 foreign investment in financial and insurance companies receives the same treatment as Peruvian capital. There are no limitations on foreign participation in the financial and insurance market.

4.87. The Income Tax Law includes an exemption, until 31 December 2015, for any fixed or variable interest, in Peruvian or foreign currency, paid on a deposit in accordance with Law No. 26702, as well as for any capital gains on such deposits, except in the case of third-category income.[80]

4.88. Under the general provisions of the Central Reserve Bank of Peru (BCRP) and the SBS, there may be no discrimination between companies established in Peru and similar companies abroad or between foreign natural or legal persons resident in Peru and Peruvian nationals as regards borrowing.[81]

4.89. The Law on Strengthening Supervision of the Securities Market renamed the National Companies and Securities Supervisory Commission, which became the Supervisory Authority for the Securities Market (SMV).[82] At the same time, the SMV was granted greater powers to study, regulate and supervise the securities market, stock exchanges, stockbrokers and other market participants.[83]

4.90. In 2013, the Law on Promotion of the Securities Market, aimed at bringing new issuers into the market, entered into force.[84] To this end, it establishes, among other things, a special regime for public offerings of securities and authorizes the SMV to establish a special public offering regime for small and medium-sized enterprises.[85] In addition, it increases the prudential requirements for entities that participate as intermediaries in the securities market by raising the minimum capital by 33%, by requiring contributions to the guarantee fund in order to commence operations[86], and by requiring persons authorized by the SMV to set up a comprehensive risk management system.[87]

4.91. Peru participated in the negotiations on financial services at the WTO and adopted the Fifth Protocol to the GATS. Peru's Schedule states that there are no limitations on market

[79] These activities are: real estate capitalization companies; general deposit warehouses; brokerage firms, subject to the Law on the Securities Market; mutual fund and investment fund programmes; companies that provide safe deposit, transport and management services for cash and securities, provided that they have authorization from the SBS and the Ministry of the Interior; and securitization trustees, subject to the provisions of the Law on the Securities Market.

[80] Article 19(i) of the Income Tax Law, approved by Supreme Decree No. 172-2004-EF and amendments thereto.

[81] Article 6 of Law No. 26702. Foreign natural or legal persons resident in Peru are those whose domicile is in Peru and who therefore, pursuant to Article 33 of the Civil Code, are ordinarily resident in Peru.

[82] Approved by Law No. 29782, which entered into force on 29 July 2011.

[83] The SMV is a specialized technical agency attached to the Ministry of the Economy and Finance and charged with overseeing investor protection, the efficiency and transparency of the markets under its supervision, proper pricing and the dissemination of all the information necessary for these purposes, through regulation, supervision and promotion. It has legal status under domestic public law and enjoys functional, administrative, economic, technical and budgetary autonomy.

[84] Approved by Law No. 30050, which entered into force on 27 June 2013.

[85] In both cases the special regime entails fewer requirements with regard to the registration and formulation of the offer, as well as fewer requirements regarding the provision of information during and after the offer.

[86] The guarantee fund is an autonomous fund for protecting investors carrying out operations on the securities market.

[87] The Law also penalizes issuers' managers or representatives who provide the market with false information or misuse privileged information.

access for banking services when accepting deposits and other funds refundable to the public, except that financial companies may not accept deposits on behalf of financial institutions not authorized to operate in Peru.

4.5.2.1 Banking services

4.92. At the end of 2012 there were 16 banks (13 at the end of 2007), of which 12 were majority foreign-owned. The share of total loans held by the three banks with the largest assets (Banco de Crédito, BBVA Continental and Scotiabank) remained high, even though it fell from 75% at the end of 2007 to 72% at the end of 2012.

4.93. Banking indicators have been maintained at adequate levels despite a slight deterioration in the quality of the banking loan portfolio in recent years. The universal banking liquidity indicator, defined as the ratio of liquid assets to short-term liabilities, remained comfortable in both Peruvian and foreign currency in December 2012, above the statutory minimum requirements of 8% and 20% for Peruvian and foreign currency, respectively.

4.94. Under Law No. 26702, to establish and operate a bank in Peru, including a subsidiary of a foreign bank, it is necessary to submit an application to the SBS. Once the full documentation has been received, the SBS brings it to the attention of the BCRP, which must make its opinion known within 30 days. The SBS then issues the decision authorizing or rejecting the application within 90 days of having received the BCRP's opinion.

4.95. Law No. 26702 (Article 39) places limitations on national treatment insofar as if a foreign bank closes and the Peruvian branch has assets, these must primarily be used to compensate Peruvian creditors and foreigners domiciled in Peru. This limitation on national treatment does not apply to subsidiaries, for which the treatment applicable is the order of priority for payment laid down in Law No. 26702.

4.96. There are no legal limitations on private capital holdings, including foreign holdings, in commercial banks. In order to provide commercial banking services, foreign banks may set up branches or subsidiaries. In the case of branches, capital must be placed in Peru to serve as a basis for operations. The minimum capital needed to set up a bank in Peru is S/.24.8 million.[88]

4.97. For providing financial services in the securities or commodities markets or asset management services, including pension funds, foreign banking institutions established in Peru may not be established in the form of branches.

4.98. The provisions of the Law apply to branches of foreign banks, which enjoy the same rights and are subject to the same obligations as similar Peruvian establishments. There are no legal limitations on the number of banks that may operate in Peru or on the number of offices that a bank established in Peru may open. The services that banks can offer do not depend on the origin of their capital.[89]

4.99. Residents of Peru may make deposits in foreign banks without any official authorization or registration. Both companies and individuals may maintain and operate foreign bank accounts. There are no limits on the amount of transactions with entities abroad.

4.100. Banks may freely determine the interest rates, commission and fees for their transactions. Nevertheless, when setting interest rates they must respect the limits indicated by the BCRP, exceptionally, in accordance with its Organic Law.[90]

4.101. The SBS is responsible for monitoring and regulating against money laundering and the financing of terrorism in respect of the natural and legal persons within its sphere of competence.

[88] As of April-June 2013. The minimum capital requirement is updated quarterly.
[89] Article 22 of Law No. 26702.
[90] Article 9 of Law No. 26702. According to the authorities, the setting of interest rates has never been restricted for this reason.

It has issued supplementary rules on the prevention of money laundering and the financing of terrorism.[91]

4.102. Peru still imposes a tax on financial transactions, although the rate has been reduced from 0.08% in 2007 to the present 0.005%.[92] The authorities have indicated that the purpose of the tax on financial transactions is to serve as a source of information on tax evasion.

4.103. Banks may not engage in insurance activities. However, an investor may simultaneously hold shares in banking and insurance companies.

4.5.2.2 Insurance services

4.104. At the end of 2012, there were 14 insurance companies (13 in 2007), four of which were operating in general and life (mixed) branches, five in general branches and five in life branches. Foreigners hold stakes in the capital of ten of these 14 companies (in six cases majority holdings). In 2012, the insurance companies had assets worth S/.22 billion (twice the amount recorded in 2007). Thanks to the healthy general economic situation, the net value of insurance premiums stood at S/.7,906 million at the end of 2012, a little over twice the level in December 2007 (S/.3,712 million). However, there is little depth since insurance premiums account for only 1.5% of GDP.

4.105. All insurance activities, including social security services, are open to foreign investment. There are no limitations on Peruvian or foreign private capital holdings in insurance companies. Peruvian residents may take out insurance and reinsurance abroad.[93] Foreign companies may set up branches or subsidiaries in order to provide insurance services. Before setting up a branch or agency an insurance company must obtain prior authorization from the SBS.

4.106. There are no legal limitations on the number of insurance companies that may operate. Nor is there any limitation on the number of agencies they may open, although the SBS must be informed whenever an agency is opened or closed. There are no differences between the types of services which insurance companies with domestic or foreign capital may offer. Insurance companies freely determine the terms of their policies, their rates and other conditions, provided they comply with the legal provisions that govern the insurance contract.[94]

4.107. The minimum amounts of registered capital, in cash, required for insurance companies are as follows[95]: company operating in a single branch (general or life insurance) S/.4.5 million; company operating in both branches (general and life insurance) S/.6.2 million; insurance and reinsurance company S/.15.8 million; reinsurance company S/.9.6 million. The requirements concerning solvency margins and technical reserves laid down in the legislation apply equally to companies with Peruvian and foreign capital.

4.108. The SBS keeps a register of foreign reinsurance companies: in order to be listed in this register the company concerned must submit an application. In mid-2013, 16 companies were registered. However, in Peru insurance companies may also take out reinsurance with reinsurance companies not enrolled in the SBS Register, provided that at the time the latter have a "non-vulnerable" risk classification.

4.109. In Peru, there is a range of compulsory insurance, for example: (i) workers' life insurance[96]; (ii) supplementary occupational risk insurance[97]; and (iii) traffic accident insurance.[98]

[91] Approved by SBS Resolution No. 838-2008 of 28 March 2008.
[92] Law No. 29667.
[93] Article 10 of Law No. 26702.
[94] Law on the Insurance Contract (Law No. 29946).
[95] As of April-June 2013.
[96] The employer must insure the worker or employee. Legislative Decree No. 688, Law on the Consolidation of Social Benefits of 1 November 1991.
[97] Law No. 26790, Modernization of Social Security in Health and its implementing regulations, approved by Supreme Decree No. 03-98-SA of 13 April 1998. Provides coverage for work injuries and occupational diseases for workers and employees members of the Social Health Insurance scheme where the employer is engaged in high-risk activities described in Annex 5 to Supreme Decree No. 009-97-SA.
[98] General Law on Transport and Transit (Law No. 27181).

Under the Law on the Insurance Contract (Law No. 29946), compulsory insurance must be taken out with insurance companies established in Peru and duly authorized by the SBS.[99]

4.5.3 Telecommunications

4.110. Peru's telecommunications sector has continued to grow, particularly the mobile-cellular phone market, where penetration increased from 56% in 2007 to 97% in 2012 (Table 4.6). However, in 2012, only 17% of Peruvian households had access to the Internet and barely a quarter of households had at least one computer in the home. In general, the level of access to telecommunications services remains low in the country's poorest departments and poor urban sectors. According to the latest information from the International Telecommunication Union (ITU), Peru is in 86th place out of 155 countries in its ICT Development Index.[100]

Table 4.6 Selected telecommunications indicators, 2007-2012

	2007	2008	2009	2010	2011	2012
Fixed-telephony subscriptions[a]	2.8	3.1	3.2	3.2	3.3	3.4
Fixed-telephony subscribers[b]	10.28	10.69	10.78	10.66	10.85	11.28
Mobile-cellular telephony subscriptions[a]	15.4	21.0	24.7	29.1	32.5	29.4
Mobile-cellular telephony subscribers[b]	55.63	72.90	84.31	98.26	108.32	96.97
Internet subscriptions[a, c]	..	1.02	1.08	1.21	1.63	2.28
Internet subscribers[b, c]	..	3.54	3.69	4.09	5.42	7.53
Fixed-broadband subscriptions (thousands)	570	727	813	933	1,212	1,442
Fixed-broadband subscribers[b]	2.02	2.53	2.77	3.15	4.04	4.76

.. Not available.

a Millions.
b Per 100 inhabitants.
c Includes narrowband.

Source: ITU (2012a) and information provided by the Ministry of Transport and Communications.

4.111. Two institutions have regulatory and administrative responsibilities in the telecommunications sector. On the one hand, the Ministry of Transport and Communications (MTC) sets telecommunications policy; draws up regulations and plans for the various services, such as the National Frequency Allocation Plan; grants and cancels concessions, authorizations, permits and licences; administers and oversees the frequency spectrum and numbering; approves telecommunications equipment and represents the State in the competent international organizations. It also acts as the Technical Secretariat of the Telecommunications Investment Fund (FITEL). On the other hand, the Supervisory Authority for Private Investment in Telecommunications (OSIPTEL) is responsible for regulating interconnection, the quality of the service, the rights and obligations of operators and users, and tariffs; supervising the conduct of the operators; investigating and sanctioning breaches of the regulations; settling disputes between companies; and dealing with complaints from users.

4.112. The basic regulatory framework for the telecommunications sector is contained in the Single Harmonized Text of the Telecommunications Law and its implementing regulations[101], which classify telecommunications services into: (i) carrier services; (ii) teleservices or final services; (iii) distribution services; and (iv) value-added services. Within this regulatory framework, the following services require a special concession before they can be provided: carrier services; public teleservices or final services; and public distribution services. Enrolment in the public telecommunications services register is also required. To operate private final and radio-communications services and private distribution and broadcasting services an authorization, together with the corresponding permit and licence, is required. Value-added services need to be registered and those that require their own telecommunications networks, separate from those of the carrier services or teleservices, require special authorization from the MTC.

[99] According to the authorities, this provision is not intended to affect Peru's commitments under its regional trade agreements in respect of cross-border trade in financial services.
[100] ITU (2012b).
[101] The Single Harmonized Text of the Telecommunications Law was approved by Supreme Decree No. 013-93-TCC and its implementing regulations by Supreme Decree No. 020-2007-MTC.

4.113. Concessions are granted at the request of a party or following an open competition.[102] A single concession may comprise the possibility of providing more than one public telecommunications service. The allocation of a specific portion of the frequency spectrum allows it to be used in accordance with the provisions of the National Frequency Allocation Plan; allocation is by open competition or at the request of a party.

4.114. Legislation in the sector gives Peruvian and foreign investors the right to provide telecommunications services in the following forms: (i) public services, with no restrictions on foreign investment; and (ii) broadcasting services. To own a broadcasting service, legal persons must be domiciled and established in Peru.[103] In the previous review, foreign involvement in legal persons owning a broadcasting service could not exceed 40% of the total holdings, shares in the equity or number of partners. This was declared unconstitutional as contrary to the equal treatment of domestic and foreign capital.[104] The principle of reciprocity now applies. No call-back is allowed in international long-distance traffic.

4.115. In recent years Peru has taken, *inter alia*, the following steps to promote investment in the sector and encourage competition: (i) establishment of a special and temporary (up until 2016) regime for creating the infrastructure needed to provide telecommunications services[105]; (ii) regulation of access to and shared use of the telecommunications infrastructure managed by major providers (so far the major providers in the wholesale access market for Internet and data transmission services have been determined)[106]; (iii) promotion of the marketing and resale of services[107]; (iv) establishment of a special regime for promoting the development of public telecommunications services in rural areas and places of priority social interest[108]; and (v) prioritization of public frequency spectrum competitions which make it possible to promote the expansion of services in bands identified for public telecommunications services.[109]

4.116. Law No. 28295 declares that access to and shared use of public-use infrastructure is in the public interest and meets a public need. This Law requires the shared use of public-use infrastructure where the competent authority will not permit the building and/or installation of such infrastructure for environmental, public health, safety or land planning reasons. OSIPTEL can impose shared access to infrastructure under the rules on free competition.

4.117. Established in 1993, the Telecommunications Investment Fund (FITEL), part of the Ministry of Transport and Communications, seeks to promote universal access through private investment in regions where the demand does not guarantee profitability.[110] The Fund finances telecommunications services exclusively in rural areas and places of priority social interest, together with the infrastructure needed to guarantee access to those services. FITEL is financed through a contribution made by all companies in the sector (equivalent to 1% of the value of their sales) and other allocations such as 20% of the fee charged for the use of the frequency spectrum. In 2012, FITEL had S/.132 million to invest in various public telecommunications services projects.[111]

4.118. The fixed and mobile telephony markets continue to display a high degree of concentration. In December 2012, Telefónica del Perú had 72.2% (87.2% in 2007) of the total number of fixed telephony lines. The Spanish company Telefónica controls 96% of the shares of Telefónica del Perú under an administrative concession granted by the State, which gives it the right to utilize the public telecommunications services infrastructure and networks. This concession, renewed until 2027, is subject to specific obligations concerning third party access to the operator's basic infrastructure and network facilities. The rest of the fixed telephony market is divided up among 16 operators, led by América Móvil (14.4%)[112] and Telefónica Móviles (11.2%).

[102] Single Concession Law, Law No. 28737 of 18 May 2006.
[103] Article 24 of the Radio and Television Law (Law No. 28278 of 23 June 2004).
[104] Decision of the Constitutional Court, Case No. 13-207-PI-TC of 16 December 2007.
[105] Law No. 29022, as extended by Law No. 29868.
[106] Legislative Decree No. 1019, as supplemented by Resolution No. 020-2008-CD/OSIPTEL.
[107] Supreme Decree No. 003-2007-MTC.
[108] Supreme Decree No. 024-2008-MTC.
[109] Supreme Decree No. 003-2007-MTC.
[110] Law No. 28900.
[111] FITEL online information. Viewed at: http://www.fitel.gob.pe.
[112] In May 2012, América Móvil took over Telmex Perú.

4.119. At the end of 2012, the leading mobile telephony operators were Telefónica Móviles, with 50.6% (61.2% in 2007) of the lines in service, followed by América Móvil (43.8%) and Nextel (5.6%). The fourth mobile telephony operator, the Vietnamese company Viettel Perú, has had infrastructure since 25 January 2012, but is not yet operating commercially.

4.120. Subscription, pay and cable TV services are provided wirelessly through satellite technology and over wires through hybrid networks with coaxial and/or fibre optic cables. In 2012, there were around 1.46 million subscribers (0.8 million in 2007). Based on figures for the wired subscription TV market only, Telefónica Multimedia controlled 60.5% of the market, followed by América Móvil (12%), DirectTV (10.2%) and the rest of the 445 concession holders operating in the market.

4.121. In the broadband market[113], it is calculated that more than 60% of total connections are provided through fixed broadband and the rest through mobile broadband. There is a total of 31 operators, of which Telefónica del Perú has 56.1% of total connections, followed by América Móvil (22.9%), Nextel (0.9%) and Telefónica Móviles (8.8%).

4.122. In 2012, the Law on the Promotion of Broadband and Construction of the National Fibre-Optic Backbone Network was adopted for the purpose of encouraging the development and use of broadband throughout Peru, thereby facilitating social inclusion, socio-economic development, competitiveness, national security and the transition to an information and knowledge-based society. The Law also declared it a public need and in the national interest to link up Peru's 180 provincial capitals by building a fibre-optic backbone network, with high-capacity transmission lines (100 Gbps), a 13,395 km extension, and investment estimated at US$300 million.[114]

4.123. In accordance with the Single Harmonized Text of the Telecommunications Law, public telecommunication services concessionaires may set their tariffs freely, subject to a ceiling fixed by OSIPTEL. If the concession agreement establishes a specific rate-setting criterion, then it will be applied. The Law authorizes OSIPTEL to opt for not fixing ceiling rates if thanks to inter-company competition a reasonable tariff in favour of the user is guaranteed.

4.124. The rates charged by Telefónica del Perú are regulated by the clauses in the concession agreements signed by the Peruvian State in 1994. The rates for local and long-distance fixed telephony are adjusted quarterly by basket of services. Adjustments are made in accordance with a ceiling rate formula that takes into account inflation and a productivity factor reviewed every three years (5.98% a year from September 2010).[115]

4.125. Overall, Peru ranks 111th out of 161 countries in the ITU's ICT price basket. This study concluded that, measured as a percentage of per capita gross national income, the price basket for fixed-line, mobile and broadband services is relatively high.[116]

4.126. In 2012, OSIPTEL fined Telefónica del Perú S/.1.5 million for abuse of dominant position in the Internet market.[117] During 2007-2012, regulatory measures were also taken to promote competition in the telecommunications market, such as the rules on the elimination of preselection by default, the methodology and procedures for determining major providers, and the adjustment of various tariffs (data transmission by means of ATM circuits with ADSL access, regulation of

[113] Broadband, understood as high-speed Internet access, combines connection capacity (bandwidth) with data traffic speed (expressed in bits per second), enabling users to access various contents, applications and services.

[114] This project will be the subject of an open competition organized by PROINVERSIÓN.

[115] Resolution No. 070-2010-CD/OSIPTEL. In principle, rates rise in accordance with the average increase in cost level and fall with improvements in productivity.

[116] The ICT price basket measures the affordability of fixed telephony, mobile telephony and fixed broadband services. Greater market liberalization and the intensification of competition tend to reduce prices, which in turn leads to higher levels of assimilation of information and communication technologies. ITU (2012b).

[117] It was considered an anti-competitive practice for Telefónica del Perú to make the sale of its product Speedy (fixed Internet via ADSL) conditional upon the purchase of its fixed telephony service, that is to say, the company carried over its dominant position in the fixed Internet market to the fixed telephony services market.

interconnection charges, etc.). Moreover, it is intended to implement number portability within the fixed telephony service in July 2014.

4.5.4 Air transport

4.127. The airport network comprises 23 airports, of which 19 are operated under concessions and four are managed by the Peruvian Commercial Aviation Corporation (CORPAC), which is 100% State-owned. In addition, CORPAC manages 75 airfields and 18 heliports.[118] Air navigation services remain a State responsibility. Total air freight traffic increased from 224,831 tonnes in 2007 to 313,736 tonnes in 2012, of which 88% was international freight and 12% domestic.

4.128. In February 2001, a 30-year concession for Lima's Jorge Chávez International Airport was granted to the company Lima Airport Partners. The airport is the main base for airline operations, has become a South American hub[119] and has continued to modernize with a cumulative investment of almost US$300 million in December 2012. Committed investment amounts to US$1,062 million, which includes the construction of a second runway for 2014. In addition, Peru has another ten international airports[120] and is planning to build the new Chinchero-Cusco international airport with an investment estimated at US$556 million.

4.129. In December 2006, a 25-year concession for a first group of regional airports was granted to the company Aeropuertos del Perú, which undertook to invest an estimated US$232 million.[121] This investment may be confirmed or revised depending on the development of the respective master plans. In January 2011, a 25-year concession agreement for a second group of regional airports was signed with the Consorcio Aeropuertos Andinos del Perú, which undertook to invest an estimated US$257 million.[122] This investment also depends on the development of the master plans.

4.130. Every airport must have a master plan specifying the investment in construction, expansion, improvement and maintenance of the airport infrastructure, which must be approved by the DGAC.[123] So far, ten concession airport master plans have been approved. Public airfields are for public use; other airfields are classified as private.[124] Air transport is a public service serving the national interest and meeting national needs.[125] The DGAC is responsible for establishing, administering, operating and maintaining navigation aid, radiocommunication and air traffic control services and may delegate these activities to another State agency.[126]

4.131. In 2009, the infrastructure deficit (Chapter 1, section 1.4) related with air transport in Peru was estimated at almost US$3 billion.[127] To close this gap, the Multi-Annual Strategic Sector Plan for Transport and Communications 2012-2016 intends to promote greater private sector

[118] CORPAC operates, equips and maintains commercial airports open to air traffic; provides air navigation support, radiocommunication and air traffic control services at commercial airfields; establishes and maintains air traffic management; and regulates and controls overflight air traffic.

[119] Some 19% of passengers arriving at Jorge Chávez Airport on international flights make onward connections to other destinations. The airport concentrates, as either origin or destination, approximately 95% of domestic flights, 94.5% of the domestic passenger flow and 99.5% of the international flow. Ministry of Transport and Communications (2012).

[120] Located in Arequipa, Cusco, Chiclayo, Iquitos, Juliaca, Pisco, Pucallpa, Talara, Tacna and Trujillo.

[121] The airports are in Talara, Tumbes, Chachapoyas, Iquitos, Tarapoto, Pucallpa, Trujillo, Anta-Huaraz, Cajamarca, Pisco, Chiclayo and Piura.

[122] Located in Andahuaylas, Ayacucho, Arequipa, Tacna, Juliaca and Puerto Maldonado.

[123] Articles 44 and 49 of the regulations implementing Law No. 27261.

[124] Law No. 27261.

[125] Law No. 28525. The sites of airports for public use are defined as inalienable property. However, public airfields can be built, exploited, operated, equipped and maintained by public or private, natural or legal persons, under concessions. Peruvian or foreign individuals may also repair, build and offer technical maintenance services or provide ancillary or aircraft maintenance services.

[126] Law No. 27261.

[127] Of this deficit, US$71 million related to airport infrastructure (US$405 million was associated with airports operated under concessions and the rest with airports managed by CORPAC). Ministry of Transport and Communications (2012).

participation in the provision of air transport services through public-private partnerships (Chapter 2, section 2.4).[128]

4.132. The Ministry of Transport and Communications (MTC) is responsible for ensuring Peru's internal and external integration by regulating, promoting, building and supervising the transport and communications infrastructure. The Directorate-General of Civil Aviation (DGAC), which is part of the MTC, is responsible for civil aviation matters. The Supervisory Authority for Investment in Public Transport Infrastructure (OSITRAN), part of the Office of the President of the Council of Ministers, monitors investment in the transport infrastructure for public use.[129]

4.133. Passenger and freight air transport services are provided by private companies. In the case of a legal person, to own a Peruvian aircraft it is necessary to be established in accordance with Peruvian law and be legally domiciled in Peru. Foreign companies not established in Peru but with a domicile in Peru may only list and register aircraft if they are to be used for non-profit-making general aviation purposes. Foreign legal persons authorized to provide international air transport services, directly or indirectly, must have a domicile and a legal representative in Peru.[130]

4.134. Domestic commercial aviation is reserved for Peruvian natural or legal persons. For a company to be considered a Peruvian legal person, when it is set up at least 51% of its equity must be Peruvian-owned and it must be under the real and effective control of Peruvian shareholders or partners with a permanent domicile in Peru (Chapter 2, section 2.4). This restriction must remain in force for at least six months from the date on which the operating permit takes effect, after which the percentage of the equity owned by foreigners may rise to a maximum of 70%.[131]

4.135. Rates and fares for commercial aviation services, particularly domestic and international passenger, freight and mail transport, are freely determined by the operators. Exceptionally, and for reasons of national interest or public necessity, the authorities may set minimum and maximum rates for domestic or international air transport.

4.136. To undertake civil aviation activities an operating permit or a flying permit is required and the relevant operating approval and technical operating certification must also be obtained.[132] Operating permits are granted by the DGAC for up to four years and may be renewed. The Peruvian State grants routes, time-slots and commercial air rights to foreign carriers on the basis of the bilateral agreements it has signed. If there is no bilateral agreement, they are granted on the basis of reciprocity or subject to equivalent economic compensation for Peru.

4.137. Peruvian companies requesting a permit to operate international scheduled air transport services for passengers, freight and mail must also be operating domestic air transport services. The purpose of this provision is to ensure that Peruvian operators of international routes also provide a service at the domestic level to promote connections between cities in Peru's interior, bearing in mind that domestic commercial aviation (cabotage) is reserved for Peruvian companies.

4.138. Peru has signed a number of international agreements, including multilateral agreements[133] and 36 bilateral air transport agreements.[134]

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[128] Aeroperú ceased operating in 1999. Since then no other company has taken its place as the national carrier. The State has no commercial aviation company.

[129] OSITRAN is also responsible for regulating airport infrastructure and air navigation services and for supervising concession agreements and non-concession infrastructure managed by CORPAC, as well as for setting the tariffs for the use of that infrastructure.

[130] Law No. 27261.

[131] Article 160 of the regulations implementing Law No. 27261.

[132] Law No. 27261.

[133] Convention on International Civil Aviation, Chicago, 1944; Convention for the Unification of Certain Rules Relating to International Carriage by Air, Warsaw, 1929; The Hague Protocol, 1955; Convention Supplementary to the Warsaw Convention for the Unification of Certain Rules Relating to International Carriage by Air Performed by a Person Other than the Contracting Carrier, Guadalajara, 1961; and the Montreal Convention on Air Carrier Liability, Montreal, 1999.

[134] Argentina; Australia; Belgium; Plurinational State of Bolivia (CAN regime); Brazil; Canada; Chile; China; Colombia (CAN regime); Costa Rica; Cuba; Denmark; Dominican Republic; Ecuador (CAN regime);

4.139. The CAN member countries may mutually grant fifth freedom traffic rights for scheduled passenger flights; operate unscheduled passenger flights when there are no scheduled air services; and grant fifth freedom traffic rights for unscheduled cargo flights between member countries and third countries.[135]

4.5.5 Maritime transport

4.140. Peru has 45 ports, of which 40 are on the sea, four on rivers and one on a lake. The port of Callao moves about 70% of total cargo and 90% of national container port traffic and has positioned itself as the foremost container transhipment port on the west coast of South America. Its modernization is proceeding in stages.[136] In 2009, the Peruvian port infrastructure deficit was estimated at US$3.6 billion.[137]

4.141. Cargo traffic in the Peruvian port system rose from 43,224 thousand metric tons (TMT) in 2003 to 62,093 TMT in 2011. In volume terms, non-ferrous metals and iron ore are the main exports carried by sea. With regard to container traffic, in 2012 a little over two million TEUs were moved, of which 39% were exported, 38% imported, 17% transhipped, and 1% carried in cabotage, while the rest were in transit.

4.142. The ports are managed by the national port company Empresa Nacional de Puertos S.A. (ENAPU), which belongs to the National Fund for the Financing of State Business Activity (FONAFE), a public law entity attached to the MEF. The MTC's Directorate-General of Water Transport (DGTA) is responsible for promoting, regulating and administering the development of maritime, river and lake activities and for the development of waterways and multimodal transport. The National Port Authority (APN) is responsible for developing the National Port System (SPN), encouraging private investment in the ports and coordinating the various public and private actors.[138] The Government's competence in relation to port questions is exercised solely by the APN. The fees charged for port services are regulated by OSITRAN.[139]

4.143. The main objectives of the National Port Development Plan, the Multi-Annual Strategic Sector Plan for Transport and Communications 2012-2016 and the current Shipping Policy include encouraging the revival and development of shipping (maritime, river and lake) under a system of free competition; modernizing port infrastructure and technology; increasing the value-added component of port services; promoting the development of cabotage; and continuing to comply with the international agreements and rules on maritime and port safety.

4.144. To promote the development of Peruvian shipping companies with Peruvian vessels and be able to compete in world water transport markets, the following tax concessions are granted: (i) depreciation of vessels and ships for income tax purposes; (ii) exemption from the IGV and the selective consumption tax on the sale of fuels and lubricants; and (iii) exemption until the end of 2014 from income tax on the interest which Peruvian shipping companies pay to financial institutions abroad for operations relating to the purchase of ships for the Peruvian merchant marine.[140]

4.145. The Peruvian merchant marine has 13 companies, with 49 Peruvian-registered vessels, of which 21 are tugboats or pushers, 14 oil tankers, five passenger vessels, three general

France; Germany; Hong Kong, China; Mexico; Netherlands; Norway; Panama; Paraguay; Portugal; Singapore; South Africa; Spain; Sweden; Switzerland; Thailand; Turkey; United Arab Emirates; United Kingdom; United States; and Uruguay.

[135] CAN Decision No. 582.

[136] For example, in June 2010, work began on the first phase of the new south container dock for the port of Callao, with a committed investment of US$707 million, for the purpose of moving 850,000 TEUs a year. Likewise, in May 2011 a contract was signed with a private company to build the multi-purpose north terminal of the port of Callao, with a committed investment of US$749 million, to move 2.9 million TEUs a year.

[137] Ministry of Transport and Trade (2011).

[138] Law No. 27943 of 1 March 2003 (Law on the National Port System) and its implementing regulations (DS 003-2004-MTC).

[139] The fees approved by OSITRAN are recorded in the ENAPU in accordance with Board Resolution No. 001-99 CD/OSITRAN.

[140] Law No. 28583 (Law on the Revival of the Peruvian Merchant Marine) of 23 June 2005 has been amended by Law No. 29475.

cargo ships, two gas tankers, two barges, one container ship and one chemicals tanker.[141] The international maritime transport service is provided almost entirely by foreign shipping companies, while the passenger, cargo and mixed river transport services offered in Amazonia are largely informal, which adversely affects both the collection of taxes and the quality and safety of the services.

4.146. Maritime cabotage is very restricted due to the limited traffic between the main cargo generating and receiving centres in Peru and the competition from road transport, which offers a much more flexible service. In 2012 there were nine foreign companies operating vessels involved in Peru's foreign trade. In the case of maritime cabotage, 12 Peruvian shipping companies have operating permits for domestic and international transport and two Peruvian companies have operating permits for international transport only.

4.147. The charge for cabotage is at a preferential rate that may be negotiated, provided that this leads to an increase in the volume of cargo transported between Peruvian ports. In practice, there are no special rates for cabotage because there are no exclusive cabotage services. Cabotage rates are not subject to regulation because it is considered that there is a certain degree of competition between this service and land transport.

4.148. All Peruvian-registered vessels must be listed in the Ship Register of the National Supervisory Authority for Public Registers. Entry in the register requires, *inter alia*, that the Peruvian ship or Peruvian shipping company be in possession of a permit from the DGTA. If the ship is listed in a foreign register, that listing must be cancelled or suspended.[142]

4.149. After listing in the Ship Register, which confers ownership, the registration authority informs the Directorate-General of Harbour Authorities and Coastguards (DGCG) so that it can grant the registration certificate authorizing the Peruvian flag to be flown and free navigation inside and outside Peru's territorial waters. Peruvian-registered ships must have a Peruvian captain, except in exceptional circumstances, and at least 85% of the crew must be Peruvian nationals.[143] Most of the shipping fleet operated by companies established in Peru is foreign-registered.

4.150. Commercial water transport for domestic traffic is exclusively reserved for Peruvian-registered merchant vessels belonging to Peruvian ship owners or Peruvian shipping companies or operating under financial leasing or bareboat charter arrangements with a mandatory purchasing option (Chapter 2, section 2.4).[144] A Peruvian ship owner or Peruvian shipping company must be a natural person of Peruvian nationality or a legal person established in Peru, with its principal domicile and actual and effective head office in Peru. In the case of legal persons, at least 51% of the paid-up equity must be held by Peruvian nationals.[145]

4.151. if there are no Peruvian ships for transport by water between Peruvian ports, foreign-registered ships operated by Peruvian ship owners or Peruvian shipping companies may be chartered for a period not exceeding six months. For reasons of security and national defence, up to a maximum of 25% of the volumes of hydrocarbons transported are reserved for the Peruvian Navy on domestic or cabotage routes.

4.152. There is freedom of routes in Peruvian waters, that is to say, there are no restrictions limiting free access to traffic, services or routes to Peruvian vessels and Peruvian shipping companies.[146] Waterborne cargo generated by Peru's foreign trade may only be restricted in cases of national crisis and/or state of emergency; in application of the principle of reciprocity; where ships do not meet safety or environmental protection requirements; or where ships do not have protection and indemnity and/or civil liability coverage. The reciprocity principle requires that the

[141] The river transport fleet includes approximately 1,100 vessels, including "*motochatas*" (motorized flat-boats), barges, tugboats, river pushers, and river boats, more than 20 years old. Ministry of Transport and Communications (2012).

[142] Article 9 of Law No. 28583, as amended by Law No. 29475.

[143] Article 13 of Law No. 28583, as amended by Law No. 29475.

[144] Law No. 28583 establishes the conditions for cabotage (at national level).

[145] Moreover, the chairman of the board, a majority of the directors and the general manager must be Peruvians and reside in Peru.

[146] Law No. 28583, as amended by Law No. 29475.

share of foreign companies in Peru be equivalent to the share to which Peruvian companies are entitled in the foreign country concerned. The authorities have pointed out that Peru has not imposed any restrictive measures based on the reciprocity principle.

4.153. In the case of international transport by water, Peruvian ship owners and Peruvian shipping companies may charter foreign-registered vessels without prior authorization.[147]

4.154. The CAN countries are given preferential treatment for cabotage services within the Andean region.[148] Moreover, there is freedom of access for cargo originating in and intended for shipment within the Andean region on vessels owned, chartered or operated by shipping companies of the member countries and third countries. CAN members may act jointly against third countries which discriminate against maritime transport companies in one or more member States.[149] No CAN country has asked for restrictive measures to be imposed.

4.155. In general, Peruvian ports meet the standards of the ISPS Code.[150] The APN is responsible for this security code, while the DGCG is responsible for ensuring that ships comply with it. Although Peru does not form part of the CSI[151], preliminary measures were being taken with a view to its implementation.

[147] Law No. 28583, as amended by Law No. 29475.
[148] Decision No. 288 of 21-22 March 1991 of the Commission of the Cartagena Agreement.
[149] Decision No. 390 of 2 July 1996 of the Commission of the Cartagena Agreement.
[150] International Ship and Port Facility Security Code (ISPS Code).
[151] US Container Security Initiative.

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5 APPENDIX TABLES

Table A1. 1.Merchandise exports by product, 2007 2012

(US$ million and %)

Description	2007	2008	2009	2010	2011	2012
	(US$ million)					
Total	**28,085**	**31,288**	**26,738**	**35,205**	**45,636**	**45,604**
	(% of exports)					
Total primary products	73.1	69.1	62.5	67.2	67.5	67.0
Agriculture	14.9	16.9	18.2	16.9	17.3	16.8
Food	13.7	15.7	17.1	15.8	16.3	15.9
0814 Flours, meals and pellets, of meat or meat offal	4.4	4.6	5.4	4.6	3.9	3.9
0711 Coffee, not roasted, whether or not decaffeinated; coffee husks and skins	1.5	2.1	2.2	2.5	3.5	2.2
0567 Vegetables, prepared or preserved, n.e.s.	1.2	1.3	1.3	1.1	1.0	1.2
0363 Molluscs and aquatic invertebrates, fresh, chilled, frozen, dried, salted or in brine	0.6	0.6	0.7	0.8	0.9	1.0
0545 Other fresh or chilled vegetables	1.0	0.9	1.1	1.0	0.8	0.9
4111 Fats and oils and their fractions, of fish or marine mammals, whether or not refined, but not chemically modified	0.9	1.2	1.0	0.8	0.7	0.8
0575 Grapes, fresh or dried	0.2	0.3	0.5	0.5	0.7	0.7
Agricultural raw materials	1.2	1.2	1.1	1.1	0.9	0.9
2485 Wood of non-coniferous species (including strips and friezes for parquet flooring, not assembled), continuously shaped (tongued, grooved, rebated, chamfered, V-jointed, beaded)	0.2	0.2	0.2	0.2	0.1	0.2
Mining	58.1	52.2	44.3	50.3	50.2	50.2
Ores and other minerals	32.2	27.7	25.6	29.6	29.6	30.1
2831 Copper ores and concentrates	16.4	15.7	14.7	17.5	17.1	18.0
2874 Lead ores and concentrates	2.3	2.6	3.3	3.6	3.9	4.4
2875 Zinc ores and concentrates	8.3	4.1	4.2	4.2	2.6	2.3
2815 Iron ore and concentrates, not agglomerated	0.6	0.7	0.9	1.3	2.2	1.9
2891 Precious metal ores and concentrates	0.3	0.4	0.8	0.9	1.6	1.4
2878 Ores and concentrates of molybdenum, niobium, tantalum, titanium, vanadium and zirconium	3.5	3.4	1.0	1.4	1.3	1.0
Non-ferrous metals	17.4	15.4	11.0	11.2	9.6	8.6
6821 Copper, refined and unrefined; copper anodes for electrolytic refining; copper alloys, unwrought	9.2	8.7	7.4	7.6	6.3	5.0
6861 Zinc and zinc alloys, unwrought	1.2	0.9	0.6	1.0	1.2	1.1
6824 Copper wire	1.1	1.1	0.6	0.9	0.8	0.9
6811 Silver (including base metals clad with silver), unwrought, unworked or semi-manufactured	2.0	2.0	0.8	0.5	0.5	0.7
Fuels	8.6	9.1	7.7	9.5	11.0	11.5
334 Petroleum oils	6.3	7.2	5.8	6.5	6.4	7.0
3431 Natural gas, liquefied	0.0	0.0	0.0	0.8	2.8	2.9
3330 Petroleum oils and oils obtained from bituminous minerals, crude	2.2	1.9	1.3	1.4	1.3	1.3
Manufactures	12.0	13.2	12.2	10.9	10.7	11.6
Iron and steel	0.3	0.5	0.5	0.4	0.3	0.4
Chemicals	2.3	2.8	2.5	2.9	3.0	2.9
5822 Other plates, sheets, film, foil and strip, of plastics, non-cellular and not reinforced, laminated, supported or similarly combined with other materials	0.4	0.4	0.4	0.4	0.4	0.5

Description	2007	2008	2009	2010	2011	2012
5312 Synthetic organic products of a kind used as fluorescent brightening agents or luminophores, whether or not chemically defined; colour lakes and preparations based thereon	0.1	0.1	0.1	0.4	0.3	0.3
Other semi-manufactures	1.5	1.6	1.4	1.4	1.4	1.5
Machinery and transport equipment	0.6	0.8	1.1	0.9	0.8	1.0
Power-generating machinery	0.0	0.1	0.1	0.1	0.1	0.1
7165 Generating sets	0.0	0.1	0.1	0.1	0.1	0.1
Other non-electrical machinery	0.2	0.4	0.6	0.5	0.4	0.5
Office machines and telecommunications equipment	0.0	0.1	0.1	0.1	0.1	0.1
Other electrical machinery	0.2	0.2	0.2	0.1	0.1	0.1
7731 Insulated (including enamelled or anodized) wire, cable (including co-axial cable) and other insulated electric conductors, whether or not fitted with connectors; optical fibre cables	0.1	0.1	0.1	0.0	0.1	0.1
Automotive products	0.0	0.0	0.1	0.1	0.1	0.1
Other transport equipment	0.0	0.0	0.1	0.0	0.1	0.1
Textiles	0.9	1.0	1.0	0.8	0.8	1.1
Articles of apparel and clothing accessories	5.0	5.2	4.4	3.4	3.3	3.5
8454 T-shirts, singlets and other vests, knitted or crocheted	1.7	1.6	1.6	1.1	1.2	1.2
8437 Shirts	1.0	0.9	0.8	0.7	0.6	0.5
Other consumer goods	1.4	1.4	1.3	1.1	1.0	1.1
8931 Articles for the conveyance or packing of goods, of plastics; stoppers, lids, caps and other closures, of plastics	0.3	0.3	0.3	0.3	0.3	0.3
Other	15.0	17.8	25.3	22.0	21.8	21.5
Gold	14.9	17.7	25.3	21.9	21.8	21.2

Source: WTO Secretariat estimates based on data obtained from the Comtrade database (SITC Rev.3) and the Peruvian authorities for 2012.

Table A1. 2 Merchandise imports by product, 2007-2012

(US$ million and %)

Description	2007	2008	2009	2010	2011	2012
	(US$ million)					
Total	**20,368**	**29,953**	**21,814**	**30,030**	**37,747**	**42,157**
	(% of imports)					
Total primary products	31.7	30.8	27.6	27.4	28.7	26.8
Agriculture	12.0	11.4	12.4	12.0	11.9	11.4
Food	10.4	10.0	11.0	10.3	10.2	10.0
0449 Other maize, unmilled	1.6	1.3	1.4	1.5	1.6	1.3
0412 Other wheat (including spelt) and meslin, unmilled	0.9	1.6	1.5	1.2	1.3	1.3
0813 Oilcake and other solid residues (except dregs), whether or not ground or in the form of pellets, resulting from the extraction of fats or oils from oil-seeds, oleaginous fruits and germs of cereals	1.1	1.1	1.6	1.3	1.1	1.2
4211 Soya bean oil and its fractions	1.1	1.2	1.1	1.1	1.1	1.0
0989 Food preparations, n.e.s.	0.5	0.5	0.7	0.6	0.5	0.5
Agricultural raw materials	1.6	1.4	1.4	1.7	1.7	1.4
2631 Cotton (other than linters), not carded or combed	0.4	0.3	0.3	0.5	0.6	0.3
Mining	19.6	19.4	15.2	15.5	16.8	15.4
Ores and other minerals	0.3	0.8	0.7	0.9	0.6	0.6
2823 Other ferrous waste and scrap	0.1	0.3	0.2	0.4	0.2	0.3
Non-ferrous metals	0.5	0.4	0.4	0.4	0.4	0.4
6842 Aluminium and aluminium alloys, worked	0.2	0.2	0.2	0.2	0.2	0.2
Fuels	18.8	18.3	14.1	14.2	15.7	14.4
3330 Petroleum oils and oils obtained from bituminous minerals, crude	13.5	11.3	10.1	9.0	9.6	8.7
334 Petroleum oils	4.1	5.7	3.4	4.7	5.8	5.4
Manufactures	65.4	69.1	72.4	72.5	71.2	73.2
Iron and steel	5.4	6.9	5.3	5.8	5.5	4.7
Chemicals	14.6	13.6	15.1	14.7	14.5	13.9
5989 Chemical products and preparations, n.e.s.	0.4	0.3	0.7	0.7	1.3	1.1
5711 Polyethylene	1.1	1.1	0.9	1.1	1.0	1.0
5751 Polymers of propylene or of other olefins	1.0	0.9	0.7	0.9	0.9	0.9
5621 Mineral or chemical fertilizers, nitrogenous	1.2	1.2	1.0	0.8	0.9	0.8
5429 Medicaments, n.e.s.	0.9	0.7	1.1	0.8	0.8	0.7
Other semi-manufactures	7.1	7.1	8.1	7.9	7.5	8.2
6911 Structures (excluding prefabricated buildings of group 811) and parts of structures (e.g., bridges and bridge sections)	0.3	0.3	0.5	0.5	0.5	0.8
6255 Other new pneumatic tyres	0.4	0.3	0.4	0.4	0.4	0.5
Machinery and transport equipment	30.4	33.7	34.9	35.0	34.7	36.9
Power-generating machinery	0.9	1.6	1.5	1.1	1.8	1.3
7148 Gas turbines, n.e.s.	0.1	0.2	0.1	0.1	0.4	0.4
7165 Generating sets	0.2	0.6	0.4	0.2	0.4	0.3
Other non-electrical machinery	10.8	10.8	11.6	10.7	10.8	11.8
7232 Mechanical shovels, excavators and shovel-loaders, self-propelled	1.2	1.0	1.5	1.3	1.4	1.6
7283 Machinery (other than machine tools) for sorting, screening, separating, washing, crushing, grinding, mixing or kneading earth, stone, ores or other mineral substances, in solid (including powder or paste) form	0.6	0.4	0.6	0.7	0.7	0.8
Agricultural machinery and tractors	0.2	0.3	0.3	0.2	0.3	0.3

Description	2007	2008	2009	2010	2011	2012
Office machines and telecommunications equipment	7.1	8.1	8.1	7.8	7.6	7.6
7643 Transmission apparatus for radio	2.8	2.4	1.5	1.3	1.5	1.6
7611 Television receivers, colour (including video monitors and video projectors), whether or not incorporating radio-broadcast receivers or sound- or video-recording or reproducing apparatus	0.8	0.8	0.9	1.1	1.1	1.2
7522 Digital automatic data-processing machines, containing in the same housing at least a central processing unit and an input and output unit, whether or not combined	0.4	0.6	1.0	0.9	1.1	1.1
Other electrical machinery	3.2	2.9	3.9	3.7	3.7	3.6
7731 Insulated (including enamelled or anodized) wire, cable (including co-axial cable) and other insulated electric conductors, whether or not fitted with connectors; optical fibre cables	0.4	0.4	0.4	0.4	0.5	0.5
7726 Boards, panels (including numerical control panels), consoles, desks, cabinets and other bases, equipped with two or more apparatus of subgroup 772.4 or 772.5, for electrical control or the distribution of electricity	0.2	0.2	0.4	0.2	0.5	0.4
Automotive products	7.0	8.7	8.2	9.8	9.1	10.9
7812 Motor vehicles for the transport of persons, n.e.s.	2.4	3.0	3.3	3.7	3.3	4.2
7821 Motor vehicles for the transport of goods	2.2	2.7	2.4	3.3	3.1	3.7
7831 Motor vehicles for the transport of ten or more persons, including the driver	0.7	0.8	0.7	0.9	1.0	0.9
Other transport equipment	1.5	1.4	1.6	1.9	1.6	1.7
7851 Motor cycles (including mopeds) and cycles fitted with an auxiliary motor, with or without side-cars; side-cars	0.4	0.5	0.5	0.6	0.6	0.6
Textiles	2.3	2.1	2.1	2.4	2.4	
Articles of apparel and clothing accessories	0.9	0.8	1.2	1.2	1.3	2.4
Other consumer goods	4.6	4.9	5.8	5.5	5.4	1.4
Other	3.0	0.1	0.0	0.1	0.1	0.1

Source: WTO Secretariat estimates based on data obtained from the Comtrade database (SITC Rev.3) and the Peruvian authorities for 2012.

Table A1. 3 Merchandise exports by trading partner, 2007-2012

(US$ million and %)

Description	2007	2008	2009	2010	2011	2012
	(US$ million)					
Total exports	**28,085**	**31,288**	**26,738**	**35,205**	**45,636**	**45,604**
	(% of exports)					
America	46.9	45.6	41.6	42.8	40.0	40.6
USA	19.9	18.7	17.2	16.5	13.3	14.2
Other America	27.0	26.9	24.4	26.3	26.7	26.5
Canada	6.6	6.2	8.6	9.5	9.2	7.5
Chile	6.0	5.9	2.8	3.9	4.3	4.4
Brazil	3.3	2.9	1.9	2.7	2.8	3.1
Bolivarian Republic of Venezuela	2.7	3.5	2.3	1.5	2.0	2.7
Ecuador	1.4	1.6	2.2	2.3	1.8	2.0
Colombia	2.2	2.3	2.4	2.3	2.3	2.0
Plurinational State of Bolivia	0.8	1.1	1.2	1.1	1.0	1.2
Panama	1.4	0.9	0.3	0.7	0.7	1.1
Mexico	1.0	1.0	0.9	0.8	1.0	0.9
Argentina	0.4	0.5	0.3	0.4	0.4	0.4
Europe	26.7	29.0	30.9	29.1	31.3	28.4
EU(27)	18.0	17.7	15.8	17.9	18.2	17.0
Germany	3.3	3.3	3.9	4.3	4.2	4.1
Spain	3.5	3.3	2.8	3.3	3.7	4.0
Italy	2.9	3.0	2.3	2.7	2.8	2.2
Belgium	2.0	1.3	1.4	1.7	1.7	1.5
Netherlands	2.4	2.5	1.7	1.8	1.9	1.5
EFTA	8.5	11.1	14.9	11.0	13.0	11.3
Switzerland and Liechtenstein	8.3	10.9	14.8	10.9	12.9	11.1
Other Europe	0.2	0.2	0.2	0.2	0.1	0.2
Turkey	0.2	0.2	0.2	0.2	0.1	0.2
Russian Federation	0.0	0.1	0.1	0.2	0.2	0.2
Africa	0.8	0.5	0.5	1.0	1.0	0.7
South Africa	0.0	0.0	0.2	0.6	0.5	0.2
Middle East	0.1	0.1	0.1	0.1	0.1	0.1
Asia	25.1	24.2	26.2	26.1	26.8	29.2
China	10.8	11.9	15.3	15.4	15.3	17.1
Japan	7.8	5.9	5.1	5.1	4.8	5.7
Korea, Republic of	3.2	1.8	2.8	2.5	3.7	3.4
Chinese Taipei	1.4	1.9	1.0	0.8	0.8	0.6
Thailand	0.2	0.1	0.2	0.3	0.6	0.5
Hong Kong, China SAR	0.3	0.2	0.2	0.2	0.2	0.2
Malaysia	0.0	0.0	0.0	0.0	0.0	0.1
Singapore	0.0	0.0	0.0	0.0	0.0	0.0
Other Asia	1.5	2.3	1.5	1.7	1.5	1.7
India	0.8	0.9	0.4	0.6	0.5	0.8
Indonesia	0.1	0.1	0.2	0.1	0.1	0.2
Australia	0.3	0.3	0.4	0.3	0.3	0.2
Viet Nam	0.2	0.2	0.3	0.2	0.2	0.2
Other	0.4	0.6	0.6	0.7	0.7	0.8

Source: WTO Secretariat estimates based on data obtained from the Comtrade database (SITC Rev.3) and the Peruvian authorities for 2012.

Table A1. 4 Merchandise imports by trading partner, 2007-2012

(US$ million and %)

Description	2007	2008	2009	2010	2011	2012
	(US$ million)					
Total imports	**20,368**	**29,953**	**21,814**	**30,030**	**37,747**	**42,157**
	(% of imports)					
America	58.3	56.2	55.4	52.7	52.4	49.8
USA	17.6	18.9	19.8	19.5	19.7	18.8
Other America	40.7	37.4	35.6	33.2	32.7	30.9
Brazil	9.2	8.1	7.7	7.3	6.4	6.1
Ecuador	7.4	5.9	4.7	4.7	5.0	4.8
Argentina	5.5	5.3	4.0	3.7	4.9	4.6
Colombia	4.8	4.3	4.3	4.4	3.9	4.0
Mexico	3.7	3.9	3.4	3.8	3.7	3.7
Chile	4.3	4.0	4.6	3.5	3.5	3.0
Canada	1.6	1.5	1.9	1.8	1.5	1.4
Plurinational State of Bolivia	0.7	0.8	1.3	1.0	0.8	0.5
Paraguay	0.7	0.7	0.9	0.8	0.6	0.5
Bolivarian Republic of Venezuela	1.1	1.1	1.2	0.3	0.5	0.5
Europe	12.2	12.9	12.4	11.8	12.2	12.9
EU(27)	11.5	12.1	11.3	10.6	10.9	11.9
Germany	3.4	2.9	3.3	3.0	3.0	3.2
Italy	1.8	2.4	1.8	1.4	1.6	1.9
Spain	1.4	1.4	1.4	1.4	1.5	1.6
Sweden	0.8	0.8	0.7	0.9	1.0	0.9
France	0.9	0.9	0.9	0.8	0.8	0.8
EFTA	0.5	0.4	0.6	0.4	0.4	0.4
Switzerland and Liechtenstein	0.4	0.4	0.5	0.4	0.4	0.4
Other Europe	0.1	0.3	0.5	0.7	0.9	0.6
Turkey	0.1	0.3	0.5	0.7	0.9	0.6
Russian Federation	0.7	0.7	0.8	0.6	1.4	0.8
Africa	4.3	3.3	3.3	3.2	3.0	3.5
Nigeria	1.4	0.2	2.0	2.2	0.9	2.2
Angola	2.6	2.7	1.0	0.8	1.9	1.0
South Africa	0.2	0.1	0.1	0.2	0.2	0.2
Middle East	0.6	0.6	0.3	0.4	0.5	0.5
Saudi Arabia	0.1	0.2	0.0	0.1	0.1	0.2
Israel	0.2	0.2	0.2	0.1	0.1	0.1
Asia	23.7	26.1	27.7	31.1	30.3	32.3
China	12.1	13.6	15.0	17.1	16.7	18.5
Japan	3.9	4.3	4.2	4.6	3.5	3.6
Six East Asian Traders	5.4	5.5	5.8	6.6	7.0	6.8
Korea, Republic of	2.6	2.6	3.0	3.5	4.0	3.9
Chinese Taipei	1.3	1.0	1.2	1.1	1.2	1.1
Thailand	0.7	1.1	0.9	1.2	1.2	1.1
Malaysia	0.7	0.5	0.6	0.5	0.5	0.5
Singapore	0.2	0.2	0.1	0.1	0.1	0.1
Hong Kong, China SAR	0.1	0.1	0.1	0.1	0.0	0.0
Other Asia	2.3	2.8	2.6	2.8	3.1	3.4
India	1.2	1.7	1.4	1.7	1.6	1.8
Indonesia	0.3	0.3	0.3	0.4	0.6	0.6
Other	0.0	0.0	0.1	0.1	0.1	0.1

Source: WTO Secretariat estimates based on data obtained from the Comtrade database (SITC Rev.3) and the Peruvian authorities for 2012.

Table A2. 1 Selected notifications to the WTO, 2013[a]

WTO Agreement	Description of requirement	Frequency	Document
General Agreement on Tariffs and Trade			
Article XVII:4(a)	State trading enterprises	On a triennial and/or an annual basis	G/STR/N/14/PER 5 March 2013
Agreement on Agriculture			
Articles 10 and 18.2	Export subsidies (Table ES:1)	On an annual basis	G/AG/PER/11 8 July 2013
Articles 10 and 18.2	Domestic support (Table DS:1)	On an annual basis	G/AG/PER/8 21 October 2010
Agreement on the Application of Sanitary and Phytosanitary Measures			
Annex B, paragraph 3	Enquiry point	Once only, subsequently notification of changes	G/SPS/ENQ/26 11 March 2011
Annex B, paragraphs 5, 6 and 7	Proposed or emergency measures	Before or, in the case of urgent problems, immediately after the measure is taken	G/SPS/N/PER/458 12 November 2012
Agreement on Technical Barriers to Trade			
Article 10.6	Proposed and adopted technical regulations	Before or, in the case of urgent problems, immediately after the measure is taken	G/TBT/N/PER/44 3 December 2012
Article 10.1 and 10.3	Enquiry point	Once only, subsequently notification of changes	G/TBT/ENQ/38/Rev.1 8 July 2011
Article 15.2	Implementation and administration measures	Once only, subsequently notification of changes	G/TBT/2/Add.29 23 December 1996
Paragraph C of the Code of Good Practice for the Preparation, Adoption and Application of Standards	Standardizing bodies that have accepted the Code	Once only and when withdrawing from the Code	G/TBT/CS/N/7/Rev.1 23 January 1997
Agreement on Trade-Related Investment Measures (TRIMs)			
Article 5.1	TRIMs that are not in conformity with the provisions of the Agreement	Once only	G/TRIMS/N/1/PER/1 18 April 1995
Article 6.2	Publications in which TRIMs may be found	Once only, subsequently notification of changes	G/TRIMS/N/2/Rev.19/Add.4 19 August 2010
Agreement on Implementation of Article VI of the GATT 1994 (Anti-Dumping Agreement)			
Article 16.4	Anti-dumping actions	On a semi-annual basis	G/ADP/N/237/PER 19 March 2013
Article 16.5	Investigating authority	Once only, subsequently notification of changes	G/ADP/N/14/Add.33 G/SCM/N/18/Add.33 17 April 2012
Article 18.5	Laws and regulations	Once only, subsequently notification of changes	G/ADP/N/1/PER/2/Suppl.1 G/SCM/N/1/PER/2/Suppl.1 17 June 2009
Agreement on Implementation of Article VII of the GATT 1994 (Agreement on Customs Valuation)			
Article 22.2 and Decision of the WTO Committee on Customs Valuation (12 May 1995)	Legislation	Once only, subsequently notification of changes	G/VAL/N/1/PER/4 2 November 2010
Decision of the WTO Committee on Customs Valuation (12 May 1995)	Replies to the list of questions	Once only	G/VAL/N/2/PER/1 3 November 2010
Notifications on the implementation of Article VII of the GATT 1994	Laws and regulations	Once only	G/VAL/N/3/PER/2 2 November 2010
Annex III, paragraph 1	Special provisions available to developing country Members	Once only	G/VAL/W/31 1 April 1999

WTO Agreement	Description of requirement	Frequency	Document
Annex III, paragraph 3	Special provisions available to developing country Members (reversal of the order of Articles 5 and 6)	Once only	G/VAL/W/156 27 September 2006
Agreement on Preshipment Inspection			
Article 5	Laws and regulations	Once only, subsequently notification of changes	G/PSI/N/1/Add.10 19 July 2004
Agreement on Rules of Origin			
Article 6.1	Implementation of rules of origin	On an annual basis	G/RO/71 2 November 2011
Article 5.1	Non-preferential rules of origin	Once only, subsequently notification of changes	G/RO/N/77 12 March 2012
Annex II, paragraph 4	Preferential rules of origin	Ad hoc	G/RO/N/83 31 August 2012
Agreement on Import Licensing Procedures			
Articles 1.4(a) and 8.2(b)	Laws and regulations; rules and information concerning procedures for the submission of applications	Once only, subsequently notification of changes	G/LIC/N/1/PER/2/Rev.1 G/LIC/N/3/PER/3/Rev.1 31 May 2005
Article 7.3	Questionnaire	On an annual basis	G/LIC/N/3/PER/8 27 August 2012
Agreement on Subsidies and Countervailing Measures			
Article 32.6	Laws and regulations	Once only, subsequently notification of changes	G/ADP/N/1/PER/2/Suppl.1 G/SCM/N/1/PER/2/Suppl.1 17 June 2009
Article 25	Subsidies (new and full notification)	Once only	G/SCM/N/220/PER 20 December 2012
Article 25.11	Actions taken with respect to countervailing duties	On a semi-annual basis	G/SCM/N/250/PER 20 March 2013
Agreement on Safeguards			
Article 12.1(a)	Investigation	Once only, upon initiating an investigation relating to serious injury or threat thereof	G/SG/N/6/PER/2 25 March 2009
Decision of the Committee on Safeguards of 6 November 1995	Investigation	Once only, where an investigation is terminated with no safeguard measure imposed	G/SG/N/9/PER/2 2 November 2009
Article 12.6	Laws and regulations	Once only, subsequently notification of changes	G/SG/N/1/PER/2/Suppl.2 31 August 2004 G/SG/N/1/PER/2/Suppl.1 3 November 2003
Article 12.4	Measures	Once only	G/SG/N/7/PER/1/Suppl.2 15 December 2004
General Agreement on Trade in Services			
Article III:4	Enquiry point	Once only	S/ENQ/78/Rev.12 22 December 2010
Article III:3	New laws, regulations or guidelines	On an annual basis	S/C/N/611 28 November 2011
Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS)			
Article 63.2	Laws and regulations	Once only, subsequently notification of changes	IP/N/1/PER/U/3 13 August 2010
Article 69	Contact point	Once only, subsequently notification of changes	IP/N/3/Rev.2/Add.2 31 January 1997
Decision of the Council for TRIPS of 21 November 1995 (IP/C/5)	Checklist of issues on enforcement	Once only, subsequently notification of changes	IP/N/6/PER/1 16 August 2000
Article 4(d)	International agreements relating to the protection of intellectual property	Ad hoc	IP/N/4/PER/1 19 August 1997

a Regular notifications – refers only to the most recent notification.
Source: WTO Secretariat.

Table A2. 2 New regional trade agreements signed by Peru that have entered into force since 2007[a]

Agreement	Description
1. Free Trade Agreement with EFTA	
Date of signature/entry into force	Signed on 24 June 2010 by the EFTA States and on 14 July 2010 by Peru/ 1 July 2011 (Liechtenstein, Peru and Switzerland); 1 October 2011 (Iceland and Peru); and 1 July 2012 (Norway and Peru).
Implementing legislation	Supreme Decree No. 006-2011-MINCETUR of 25 June 2011 (for Switzerland and Liechtenstein); Supreme Decree No. 017-2011-MINCETUR of 30 September 2011 (Iceland); Supreme Decree No. 015-2012-MINCETUR of 30 June 2012 (Norway).
End of implementation period	2020, Iceland; 2021, Norway; and 2027, Switzerland and Liechtenstein.
Duty-free lines	97% of tariff lines in trade between Norway and Peru and Iceland and Peru and 98% of tariff lines in trade between Switzerland-Liechtenstein and Peru will be duty free. For Iceland and Norway, 34 of the 47 tariff headings subject to the price band system are excluded from preferential treatment, while for 13 headings only the *ad valorem* component is eliminated. For Switzerland and Liechtenstein, 34 headings of the 47 tariff lines subject to the price band system are excluded from preferential treatment, while for 8 headings only the *ad valorem* component is eliminated. 5 headings are subject to a tariff quota, hence the elimination of both the *ad valorem* and specific components of the price band system.
Goods-related provisions	Market access; customs procedures; rules of origin; technical regulations, technical barriers to trade; sanitary and phytosanitary measures; anti-dumping, countervailing and safeguard measures.
Services-related provisions	Commitment to negotiate a chapter on trade in services.
Other provisions	Bilateral agreements on basic agricultural products; investment; competition; government procurement; intellectual property; cooperation; dispute settlement. The Agreement establishes a Joint Committee to supervise the application of its provisions.
Notification to the WTO	WTO documents: WT/REG295/N/1 of 1 July 2011, WT/REG295/N/2 of 21 September 2011 and WT/REG295/N/3 of 19 June 2012.
Official websites	www.efta.int/free-trade/free-trade-agreements/peru.aspx www.acuerdoscomerciales.gob.pe/index.php?option=com_content&view=category&layout=blog&id=85&Itemid=108
2. Free Trade Agreement with Canada	
Date of signature/entry into force	29 May 2008/1 August 2009
Implementing legislation	Supreme Decree No. 014-2009-MINCETUR of 1 August 2009
End of implementation period	2025
Duty-free lines	98% of the tariff lines in Peru's schedule and 99% of the tariff lines in Canada's schedule will be duty free. Of the 47 tariff lines subject to the price band system, 26 headings are excluded from preferential treatment, while for 17 headings only the *ad valorem* component is eliminated. 4 headings are subject to tariff quotas, hence the elimination of both the *ad valorem* and specific components of the price band system.
Goods-related provisions	Market access; customs procedures; tariff quotas; rules of origin; technical regulations, technical barriers to trade; sanitary and phytosanitary measures; anti-dumping, countervailing and safeguard measures; export restrictions.
Services-related provisions	Liberalization of trade in services within the meaning of Article V of the GATS.
Other provisions	Accession; investment; competition; environment; government procurement; intellectual property; exceptions, general or relating to security; labour; mutual recognition (services); dispute settlement.
Notification to the WTO	WTO documents: WT/REG270/N/1 and S/C/N/508 of 4 August 2009.
Official websites	www.international.gc.ca/trade-agreements-accords-commerciaux/agr-acc/andean-andin/can-peru-perou.aspx?lang=en www.acuerdoscomerciales.gob.pe/index.php?option=com_content&view=category&layout=blog&id=60&Itemid=83
3. Free Trade Agreement with the Republic of Korea	
Date of signature/entry into force	21 March 2011/1 August 2011
Implementing legislation	Supreme Decree No. 015-2011-MINCETUR of 26 July 2011
End of implementation period	2027

Agreement	Description
Duty-free lines	99.9% of the tariff lines in Peru's schedule and 99.1% of the tariff lines in the Republic of Korea's schedule will be duty free. Of the 47 tariff lines subject to the price band system, four headings are excluded from preferential treatment, while for 43 subheadings only the *ad valorem* component of the price band system is eliminated.
Goods-related provisions	Market access; customs procedures; tariff quotas; rules of origin; technical regulations, technical barriers to trade; sanitary and phytosanitary measures; anti-dumping, countervailing and safeguard measures; export restrictions.
Services-related provisions	Liberalization of trade in services within the meaning of Article V of the GATS, including cross-border trade in services, financial services and telecommunications.
Other provisions	Investment; competition; environment; government procurement; intellectual property; exceptions, general or relating to security; labour; mutual recognition (services); balance-of-payment measures; dispute settlement.
Notification to the WTO	WTO documents: WT/REG298/N/1 and S/C/N/598 of 10 August 2011.
Official websites	www.fta.go.kr/new/pds/fta_korea/peru/eng.pdf www.acuerdoscomerciales.gob.pe/index.php?option=com_content&view=category&layout=blog&id=82&Itemid=105
4. Free Trade Agreement with Costa Rica	
Date of signature/entry into force	26 May 2011/1 June 2013
Implementing legislation	Supreme Decree No. 005-2013-MINCETUR of 31 May 2013
End of implementation period	2027
Duty-free lines	98.5% of the tariff lines in Peru's schedule and 98.7% of the tariff lines in Costa Rica's schedule will be duty free. Of the 47 tariff lines subject to the price band system, 25 are excluded from preferential treatment, while for 22 lines only the *ad valorem* component of the price band system is eliminated.
Goods-related provisions	Market access; customs procedures; tariff quotas; rules of origin; technical regulations, technical barriers to trade; sanitary and phytosanitary measures; anti-dumping, countervailing and safeguard measures; export restrictions.
Services-related provisions	Liberalization of trade in services within the meaning of Article V of the GATS, including cross-border trade in services, financial services and telecommunications.
Other provisions	Investment; competition; environment; government procurement; intellectual property; exceptions, general or relating to security; labour; mutual recognition (services); dispute settlement.
Notification to the WTO	WTO documents, WT/REG342/N/1 and S/C/N/696 of 6 June 2013.
Official website	www.acuerdoscomerciales.gob.pe/index.php?option=com_content&view=category&layout=blog&id=115&Itemid=138
5. Free Trade Agreement with Chile	
Date of signature/entry into force	22 August 2006/1 March 2009
Implementing legislation	Supreme Decree No. 010-2009-MINCETUR of 21 February 2009
End of implementation period	2016
Duty-free lines	99.9% of the tariff lines in Peru's schedule and 99.9% of the tariff lines in Chiles schedule will be duty free. For some tariff lines subject to the price band system, only the *ad valorem* component is eliminated.
Goods-related provisions	Market access; customs procedures; tariff quotas; rules of origin; technical regulations, technical barriers to trade; sanitary and phytosanitary measures; anti-dumping, countervailing and safeguard measures; export restrictions.
Services-related provisions	Liberalization of trade in services within the meaning of Article V of the GATS, including cross-border trade in services, financial services and telecommunications.
Other provisions	Accession; investment; competition; environment; government procurement; intellectual property; exceptions, general or relating to security; labour; balance-of-payment measures; mutual recognition (services); dispute settlement.
Notification to the WTO	WTO documents: WT/REG304/N/1 and S/C/N/613 of 1 December 2011.
Official websites	http://rc.direcon.cl/sites/rc.direcon.cl/files/bibliotecas/PER_TN_TLC_0309.pdf www.acuerdoscomerciales.gob.pe/index.php?option=com_content&view=category&layout=blog&id=72&Itemid=95
6. Free Trade Agreement with China	
Date of signature/entry into force	28 April 2009/1 March 2010
Implementing legislation	Supreme Decree No. 005-2010-MINCETUR of 25 February 2010
End of implementation period	2026

Agreement	Description
Duty-free lines	92% of the tariff lines in Peru's schedule and 95% of the tariff lines in China's schedule will be duty free. For the 47 tariff lines subject to the price band system, only the *ad valorem* component is eliminated.
Goods-related provisions	Market access; customs procedures; rules of origin; technical regulations, technical barriers to trade; sanitary and phytosanitary measures; anti-dumping, countervailing and safeguard measures; export restrictions.
Services-related provisions	Liberalization of trade in services within the meaning of Article V of the GATS, including financial services and telecommunications.
Other provisions	Investment; competition; intellectual property; exceptions, general or relating to security; balance-of-payment measures; mutual recognition (services); dispute settlement.
Notification to the WTO	WTO documents: WT/REG281/N/1 and S/C/N/537 of 3 March 2010.
Official websites	http://fta.mofcom.gov.cn/topic/enperu.shtml www.acuerdoscomerciales.gob.pe/index.php?option=com_content&view=category&layout=blog&id=42&Itemid=59
7. Trade Promotion Agreement with the United States	
Date of signature/entry into force	12 April 2006/1 February 2009
Implementing legislation	Supreme Decree No. 009-2009-MINCETUR of 17 January 2009
End of implementation period	2025
Duty-free lines	100% of the tariff lines in Peru's schedule and the United States' schedule will be duty free. For the 47 tariff lines subject to the price band system, both the *ad valorem* and specific components are eliminated.
Goods-related provisions	Market access; customs procedures; tariff quotas; rules of origin; technical regulations, technical barriers to trade; sanitary and phytosanitary measures; anti-dumping, countervailing and safeguard measures; export restrictions.
Services-related provisions	Liberalization of trade in services within the meaning of Article V of the GATS, including financial services and telecommunications.
Other provisions	Accession; investment; competition; environment; government procurement; intellectual property; exceptions, general or relating to security; labour; mutual recognition (services); dispute settlement.
Notification to the WTO	WTO documents: WT/REG260/N/1 and S/C/N/473 of 4 February 2009.
Official websites	www.ustr.gov/Trade_Agreements/Bilateral/Peru_TPA/Section_Index.html www.acuerdoscomerciales.gob.pe/index.php?option=com_content&view=category&layout=blog&id=55&Itemid=78
8. Economic Partnership Agreement with Japan	
Date of signature/entry into force	31 May 2005/1 March 2012
Implementing legislation	Supreme Decree No. 004-2012-MINCETUR of 13 February 2012
End of implementation period	2027
Duty-free lines	95.4% of the tariff lines in Peru's schedule and 88.2% of the tariff lines in Japan's schedule will be duty free. The 47 tariff lines subject to the price band system are excluded from preferential treatment.
Goods-related provisions	Market access; customs procedures; tariff quotas; rules of origin; technical regulations; sanitary and phytosanitary measures; safeguard measures; export restrictions.
Services-related provisions	Liberalization of trade in services within the meaning of Article V of the GATS, including cross-border trade in services, telecommunications, and the entry and temporary stay of nationals for business purposes.
Other provisions	Competition; government procurement; intellectual property; exceptions, general and relating to security; improvement of the business environment; dispute settlement. The Promotion, Protection and Liberalization of Investment Agreement between Peru and Japan is incorporated into the Agreement.
Notification to the WTO	WTO documents: WT/REG309/N/1 and S/C/N/617 of 24 February 2012.
Official websites	www.mofa.go.jp/region/latin/peru/epa201105/index.html www.acuerdoscomerciales.gob.pe/index.php?option=com_content&view=category&layout=blog&id=92&Itemid=115
9. Trade Integration Agreement with Mexico	
Date of signature/entry into force	6 April 2011/1 February 2012
Implementing legislation	Supreme Decree No. 001-2012-MINCETUR of 24 January 2012
End of implementation period	2023
Duty-free lines	97% of the tariff lines in Peru's schedule and 98% of the tariff lines in Mexico's schedule will be duty free. Of the 47 tariff lines subject to the price band system, 36 headings are excluded from preferential treatment, while for seven headings only the *ad valorem* component is eliminated. four headings are subject to tariff quotas, hence the elimination of both the *ad valorem* and specific components.

Agreement	Description
Goods-related provisions	Market access; customs procedures; tariff quotas; rules of origin; technical regulations, technical barriers to trade; sanitary and phytosanitary measures; anti-dumping, countervailing and safeguard measures; export restrictions.
Services-related provisions	Liberalization of trade in services within the meaning of Article V of the GATS, including cross-border trade in services, financial services and telecommunications.
Other provisions	Accession; investment; competition; environment; government procurement; intellectual property; exceptions, general or relating to security; labour; balance-of-payment measures; mutual recognition (services); dispute settlement.
Notification to the WTO	WTO documents: WT/REG308/N/1 and S/C/N/616 of 22 February 2012.
Official websites	www.economia.gob.mx/comunidad-negocios/comercio-exterior/tlc-acuerdos/america-latina www.acuerdoscomerciales.gob.pe/index.php?option=com_content&view=category&layout=blog&id=75&Itemid=98
10. Free Trade Agreement with Panama	
Date of signature/entry into force	25 May 2011/1 May 2012
Implementing legislation	Supreme Decree No. 008-2012-MINCETUR of 6 April 2012
End of implementation period	2029
Duty-free lines	98% of the tariff lines in Peru's schedule and 97% of the tariff lines in Panama's schedule will be duty free. Of the 47 tariff lines subject to the price band system, 33 headings are excluded from preferential treatment, while for eight headings only the *ad valorem* component is eliminated. six headings are subject to tariff quotas, hence the elimination of both the *ad valorem* and specific components.
Goods-related provisions	Market access; customs procedures; tariff quotas; rules of origin; technical regulations, technical barriers to trade; sanitary and phytosanitary measures; anti-dumping, countervailing and safeguard measures; export restrictions.
Services-related provisions	Liberalization of trade in services within the meaning of Article V of the GATS, including cross-border trade in services, financial services, maritime services and telecommunications.
Other provisions	Accession; investment; competition; environment; government procurement; intellectual property; exceptions, general or relating to security; labour; balance-of-payment measures; mutual recognition (services); dispute settlement; transparency. Creation of the Free Trade Commission to supervise the implementation and further development of the Agreement.
Notification to the WTO	WTO documents: WT/REG313/N/1 and S/C/N/642/Rev.1 of 1 May 2012.
Official websites	www.mici.gob.pa/detalle.php?cid=15&sid=57&clid=64&id=2737 www.acuerdoscomerciales.gob.pe/index.php?option=com_content&view=category&layout=blog&id=112&Itemid=135
11. Free Trade Agreement with Singapore	
Date of signature/entry into force	29 May 2008/1 August 2009
Implementing legislation	Supreme Decree No. 014-2009-MINCETUR of 1 August 2009
End of implementation period	2025
Duty-free lines	100% of the tariff lines in Peru's schedule and 100% of the tariff lines in Singapore's schedule will be duty free. For the 47 lines subject to the price band system, only the *ad valorem* component is eliminated.
Goods-related provisions	Market access; customs procedures; rules of origin; technical regulations, technical barriers to trade; sanitary and phytosanitary measures; anti-dumping, countervailing and safeguard measures; export restrictions.
Services-related provisions	Liberalization of trade in services within the meaning of Article V of the GATS.
Other provisions	Accession; investment; competition; government procurement; intellectual property; exceptions, general or relating to security; balance-of-payment measures; mutual recognition (services); dispute settlement.
Notification to the WTO	WTO documents: WT/REG269/N/1 and S/C/N/502 3 August 2009.
Official websites	www.fta.gov.sg/fta_pesfta.asp?hl=39 www.acuerdoscomerciales.gob.pe/index.php?option=com_content&view=category&layout=blog&id=65&Itemid=88
12. Protocol with Thailand to Accelerate the Liberalization of Trade in Goods and Trade Facilitation, and the Additional Protocols thereto	
Date of signature/entry into force	19 November 2005/31 December 2011
Implementing legislation	Supreme Decree No. 022-2011-MINCETUR of 28 December 2011
End of implementation period	2016

Agreement	Description
Duty-free lines	71% of the tariff lines in Peru's schedule and 72% of the tariff lines in Thailand's schedule will be duty free. The 47 lines subject to the price band system were not negotiated as part of this Protocol.
Goods-related provisions	Market access; customs procedures; rules of origin; technical barriers to trade; sanitary and phytosanitary measures.
Services-related provisions	Services-related provisions were not negotiated.
Other provisions	Dispute settlement.
Notification to the WTO	Not notified to the WTO.
Official website	www.acuerdoscomerciales.gob.pe/index.php?option=com_content&view=category&layout=blog&id=45&Itemid=69
13. Trade Agreement between Colombia and Peru and the European Union	
Date of signature/entry into force	26 June 2012/1 March 2013 for the European Union and Peru
Implementing legislation	Supreme Decree No. 002-2013-MINCETUR of 28 February 2013
End of implementation period	2030
Duty-free lines	98% of the tariff lines in Peru's schedule and 95% of the tariff lines in the European Union's schedule will be duty free. Of the 47 lines subject to the price band system, three headings are excluded from preferential treatment, while for nine headings only the *ad valorem* component is eliminated and for 17 headings both the *ad valorem* and specific components are eliminated. 18 headings are subject to tariff quotas, hence the elimination of both the *ad valorem* and specific components.
Goods-related provisions	Market access; customs procedures; tariff quotas; rules of origin; technical regulations, technical barriers to trade; sanitary and phytosanitary measures; anti-dumping, countervailing and safeguard measures; export restrictions.
Services-related provisions	Liberalization of trade in services within the meaning of Article V of the GATS, including cross-border trade in services, financial services and telecommunications.
Other provisions	Investment; competition; environment; government procurement; intellectual property; exceptions, general or relating to security; labour; mutual recognition (services); dispute settlement.
Notification to the WTO	WTO documents: WT/REG333/N/1/Rev.1 and S/C/N/681/Rev.1 of 21 March 2013.
Official websites	http://eur-lex.europa.eu/JOHtml.do?uri=OJ:L:2012:354:SOM:EN:HTML http://trade.ec.europa.eu/doclib/press/index.cfm?id=691 www.acuerdoscomerciales.gob.pe/index.php?option=com_content&view=category&layout=blog&id=52&Itemid=75

a Not including the Partial Scope Trade Agreement with the Bolivarian Republic of Venezuela, which entered into force on 1 August 2013, after the deadline for the completion of this report.

Source: WTO Secretariat, based on information provided by the authorities.

Table A3. 1 Principal origin criteria under the regional agreements signed by Peru since 2007

Agreement	Change of classification[1]	Value added criterion	Main products subject to specific requirements
Free Trade Agreement with EFTA (Iceland, Liechtenstein, Norway and Switzerland)	Change of chapter, heading and subheading	In general, 50% of the ex-works price of the product	Specific origin requirements for the entire tariff universe
Free Trade Agreement with Canada	Change of chapter, heading and subheading	In general, 65% of the transaction value of the product. Provides for a method whereby the value of non-originating materials does not exceed a certain percentage of the transaction value. For goods classified under headings 8701 to 8709, it is also possible to apply the net cost method.	Specific origin requirements for the entire tariff universe
Free Trade Agreement with the Republic of Korea	Change of chapter, heading and subheading	In general, 50% of the f.o.b. value of the product. Provides for the build-up and build-down method.	Specific origin requirements for the entire tariff universe
Free Trade Agreement with Costa Rica	Change of chapter, heading and subheading	In general, 50% of the f.o.b. value of the product. Provides for the build-down method.	Specific origin requirements for the entire tariff universe
Free Trade Agreement with Chile	Heading (general rule)	50% of the f.o.b.value of the product (general rule)	Textiles and clothing, products derived from zinc and copper, pharmaceuticals, agri-chemicals, fruit juices and nectars
Free Trade Agreement with China	Change of chapter, heading and subheading	In general, 50% of the f.o.b. value of the product. Provides for the build-down method.	Specific origin requirements for the entire tariff universe
Trade Promotion Agreement with the United States	Change of chapter, heading and subheading	In general, 35% (build-up) and 45% (build-down) of the adjusted value of the product, using the build-up and build-down formula, respectively. Provides for the net cost method for the automotive industry.	Specific origin requirements for the entire tariff universe
Economic Partnership Agreement with Japan	Change of chapter, heading and subheading	In general, 50% of the f.o.b. value of the product. Provides for the build-down method.	Specific origin requirements for the entire tariff universe

[1] Under all the agreements signed by Peru, certain goods must be produced using materials originating in the Parties.

Agreement	Change of classification[1]	Value added criterion	Main products subject to specific requirements
Trade Integration Agreement with Mexico	Change of chapter, heading and subheading	In general, 50% of the transaction value of the product. Provides for the build-down method.	Specific origin requirements for the entire tariff universe
Free Trade Agreement with Panama	Change of chapter, heading and subheading	In general, 50% of the f.o.b. value of the product. Provides for the build-down method.	Specific origin requirements for the entire tariff universe
Free Trade Agreement with Singapore	Change of chapter, heading and subheading	In general, 40% and 45% of the f.o.b. value of the product. Provides for the build-down method.	Specific origin requirements for the entire tariff universe
Protocol with Thailand to Accelerate the Liberalization of Trade in Goods and Trade Facilitation, and the Additional Protocols thereto	Change of chapter, heading and subheading	In general, 35% and 45% of the f.o.b. value of the product.	Products subject to tariff liberalization due to an early harvest
Trade Agreement with the European Union	Change of heading	In general, the value of the materials used must not exceed 40% of the ex-works price of the product.	Specific origin requirements for the entire tariff universe

Source: Information provided by the Peruvian authorities.

Table A3. 2 Preferential quotas, 2012

Tariff subheading	Product	Country subject to the quota	Tariff quota		Quota volume	Percentage of quota not used
			In	Out	(tonnes)	(%)
0210200000	Meat of bovine animals	Switzerland	0	11	100	100.0
0406100000	Cheese	Switzerland	0	0	500	100.0
0406200000			0	0		
0406300000			0	0		
0406400000			0	0		
0406904000			0	0		
0406905000			0	0		
0406906000			0	0		
0406909000			0	0		
0203110000	Meat of swine	Canada	0	6	376	100.0
0203120000			0	6		
0203191000			0	6		
0203192000			0	6		
0203193000			0	6		
0203210000			0	6		
0203220000			0	6		
0203291000			0	6		
0203292000			0	6		
0203293000			0	6		
0203299000			0	6		
0206300000			0	0		
0206410000			0	0		
0206490000			0	0		
0209101000			0	11		
0209109000			0	11		
0209900000			0	11		
0210110000			0	6		
0210120000			0	6		
0210190000			0	6		
0201300090	Meat, boneless, rib cut	Canada	0	11	116	100.0
0202300090			0	11		
0206100000	Offal	Canada	0	0	5,788	100.0
0206210000			0	0		
0206220000			0	0		
0206290000			0	0		
0207130011	Chicken leg quarters (with bone in)	USA	0	6	15,117	85.0
0207140021			0	6		
1602321011			0	6		
1602329011			0	6		
0201300010	Standard quality meat of bovine animals	USA	0	11	953	56.6
0201300090			0	11		
0202200000			0	11		
0202300010			0	11		
0202300090			0	11		
1005901100	Yellow maize	USA	0	0	595,508	100.0
0206210000	Offal of bovine animals	USA	0	0	11,910	100.0
0206220000			0	0		
0206290000			0	0		
0504001000			0	0		
1507901000	Refined soya-bean oil	USA	0	0	8,103	100.0
1507909000			0	0		

Tariff subheading	Product	Country subject to the quota	Tariff quota		Quota volume	Percentage of quota not used
0402101000	Powdered milk	USA	0	0	6,505	0.0
0402109000			0	0		
0402211100			0	0		
0402211900			0	0		
0402219100			0	0		
0402219900			0	0		
0402291100			0	0		
0402291900			0	0		
0402299100			0	0		
0402299900			0	0		
0402911000			0	0		
0402919000			0	0		
0402991000			0	0		
0402999000			0	0		
0403100020	Yogurt	USA	0	0	93	100.0
0403100090			0	0		
0405100000	Butter	USA	0	0	666	100.0
0405200000			0	0		
0405902000			0	0		
0405909000			0	0		
0406100000	Cheese	USA	0	0	3,512	98.5
0406200000			0	0		
0406300000			0	0		
0406400000			0	0		
0406904000			0	0		
0406905000			0	0		
0406906000			0	0		
0406909000			0	0		
2105001000	Ice cream	USA	0	0	399	93.1
2105009000			0	6		
0403901000	Processed milk products	USA	0	0	2,662	99.3
0403909010			0	0		
0403909090			0	0		
1901101000			0	0		
1901109100			0	0		
1901109900			0	0		
1006109000	Rice	USA	0	0	89,457	100.0
1006200000			0	0		
1006300000			0	0		
1006400000			0	0		
0402911000	Evaporated milk and *dulce de leche*	Mexico	0	0	1,833	100.0
1901902000			0	0		
0713339100	Beans	Mexico	0	6	1,833	43.9
0713339200			0	6		
0713339900			0	6		
0803901100	Bananas	Mexico	0	6	1,833	100.0
0804400000	Avocados	Mexico	0	6	7,333	100.0
0805100000	Oranges	Mexico	0	6	1,512	100.0
0805400000	Grapefruit and lemons	Mexico	0	6	1,008	100.0
0805501000			0	6		
0805502100			0	6		
0805502200			0	6		

Tariff subheading	Product	Country subject to the quota	Tariff quota		Quota volume	Percentage of quota not used
0904211010	Dried chillies (paprika)	Mexico	0	0	3,666	100.0
0904211090			0	0		
0904219000			0	0		
0904221000			0	0		
0904229000			0	0		
1005901100	Maize	Mexico	0	0	91,666	100.0
1005901200			0	0		
1005902000			0	0		
1005903000			0	0		
1005904000			0	0		
1005909000			0	0		
1801001100	Cocoa beans	Mexico	0	6	916	100.0
1801001900			0	6		
1801002000			0	6		
1803100000	Cocoa paste, butter, fat, oil and powder	Mexico	0	6	1,833	100.0
1803200000			0	6		
1804001100			0	6		
1804001200			0	6		
1804001300			0	6		
1804002000			0	6		
1805000000			0	6		
1901101000	Dairy preparations	Mexico	0	0	2,440	100.0
1901109100			0	0		
1901109900			0	0		
6402190000	Footwear (pairs)	Mexico	0	11	183,333	100.0
6402200000			0	11		
6402910000			0	11		
6402991000			0	11		
6402999000			0	11		
6404200000			0	11		
6405200000			0	11		
0201100000	Meat of bovine animals	Panama	0	11	599	100.0
0201200000			0	11		
0201300010			0	11		
0201300090			0	11		
0202100000			0	11		
0202200000			0	11		
0202300010			0	11		
0202300090			0	11		
0210110000	Ham	Panama	0	6	67	100.0
0402991000	Condensed milk	Panama	0	0	67	100.0
1103130000	Maize and potato starch	Panama	0	0	67	100.0
1108120000			0	6		
1108130000			0	6		
1901902000	*Dulce de leche*	Panama	0	0	33	100.0
2309909000	Food for animals	Panama	0	0	3,333	100.0

Source: WTO estimates based on data from the authorities.

Table A3. 3 State enterprises, 2012

Operating enterprise		Attached to	State participation %
Mining			
Activos Mineros S.A.C.	ACTIVOS MINEROS	Ministry of Energy and Mining	100.00
Perupetro S.A.	PERUPETRO	Ministry of Energy and Mining	100.00
Petróleos del Perú S.A.	PETROPERU	-	100.00
Finance			
Banco Agropecuario S.A.	AGROBANCO	-	100.00
Banco de la Nación	BANCO DE LA NACIÓN	Ministry of the Economy and Finance	100.00
Corporación Financiera de Desarrollo S.A.	COFIDE	Ministry of the Economy and Finance	98.95
Electricity and water			
Empresa de Administración de Infraestructura Eléctrica S.A.	ADINELSA	Ministry of Energy and Mining	100.00
Empresa de Generación Eléctrica de Arequipa S.A.	EGASA	Ministry of Energy and Mining	100.00
Empresa de Generación Eléctrica Machupicchu S.A.	EGEMSA	Ministry of Energy and Mining	100.00
Empresa de Generación Eléctrica del Sur S.A.	EGESUR	Ministry of Energy and Mining	100.00
Empresa Regional de Servicio Público de Electricidad del Oriente S.A.	ELECTRO ORIENTE	Ministry of Energy and Mining	100.00
Empresa Regional de Servicio Público de Electricidad del Sur Este S.A.A.	ELECTRO SUR ESTE	Ministry of Energy and Mining	99.63
Empresa Concesionaria de Electricidad de Ucayali S.A.	ELECTRO UCAYALI	Ministry of Energy and Mining	99.91
Empresa Regional de Servicio Público de Electricidad del Centro S.A.	ELECTROCENTRO	Ministry of Energy and Mining	100.00
Empresa Regional de Servicio Público de Electricidad Electronoroeste S.A.	ELECTRONOROESTE	Ministry of Energy and Mining	100.00
Empresa Regional de Servicio Público de Electricidad del Norte S.A	ELECTRONORTE	Ministry of Energy and Mining	99.99
Empresa de Electricidad del Perú S.A.	ELECTROPERU	Ministry of Energy and Mining	21.57
Empresa Regional de Servicio Público de Electricidad de Puno S.A.A.	ELECTROPUNO	Ministry of Energy and Mining	99.61
Empresa Regional de Servicio Público de Electricidad S.A.	ELECTROSUR	Ministry of Energy and Mining	100.00
Empresa Regional de Servicio Público de Electricidad Electro Norte Medio S.A	HIDRANDINA	Ministry of Energy and Mining	95.18
Empresa de Generación Eléctrica San Gabán S.A.	SAN GABAN	Ministry of Energy and Mining	100.00
Sociedad Eléctrica del Sur Oeste S.A.	SEAL	Ministry of Energy and Mining	87.44
Servicio de Agua Potable y Alcantarillado de Lima S.A.	SEDAPAL	Ministry of Housing, Construction and Sanitation	100.00
Transport and infrastructure			
Corporación Peruana de Aeropuertos y Aviación Comercial S.A.	CORPAC	Ministry of Transport and Communications	100.00
Empresa Nacional de Puertos S.A.	ENAPU	Ministry of Transport and Communications	100.00
Fondo Mivivienda S.A.	FONDO MIVIVIENDA	Ministry of Housing, Construction and Sanitation	100.00
Other			
Fábrica de Armas y Municiones del Ejército S.A.C.	FAME	Ministry of Defence	100.00

Operating enterprise		Attached to	State participation %
Servicios Industriales de la Marina S.A.	SIMA PERU	Ministry of Defence	100.00
Servicios Postales del Perú S.A.	SERPOST	Ministry of Transport and Communications	100.00
Editora Perú S.A.	EDITORA PERU	-	100.00
Empresa Nacional de la Coca S.A.	ENACO	-	100.00

Source: FONAFE and PETROPERU.

Table A4. 1 Analysis of the MFN tariff, 2013

Product description	Applied tariff				Bound tariff[a]
	No. of lines	Average	Range	Coefficient of variation	
		(%)	(%)	(CV)	(%)
Total	**7,554**	**3.2**	**0 - 11**	**1.2**	**0 - 68**
By WTO category					
Agricultural products	1,043	3.9	0 - 11	0.8	30 - 68
- Animals and animal products	141	5.3	0 - 11	0.6	30 - 30
- Dairy products	38	0.0	0 - 0	...	30 - 68
- Fruit, vegetables and garden produce	297	5.2	0 - 11	0.6	30 - 30
- Coffee and tea	32	6.3	0 - 11	0.5	30 - 30
- Cereals and cereal preparations	136	2.4	0 - 11	1.3	30 - 68
- Oilseeds, fats and oils and their products	113	2.3	0 - 6	1.3	30 - 30
- Sugar and confectionery	28	0.9	0 - 6	2.4	30 - 68
- Beverages, alcohol and tobacco	73	6.1	0 - 11	0.2	30 - 30
- Cotton	8	6.0	6 - 6	0.0	30 - 30
- Other agricultural products n.e.s.	177	2.9	0 - 6	1.0	30 - 30
Non-agricultural products (including petroleum)	6,511	3.0	0 - 11	1.3	0 - 30
- Non-agricultural products (excluding petroleum)	6,463	3.1	0 - 11	1.3	0 - 30
- - Fish and fish products	271	0.4	0 - 6	3.6	30 - 30
- - Mineral products and metals	1,104	1.5	0 - 6	1.8	15 - 30
- - Chemicals and photographic products	1,569	2.1	0 - 6	1.4	0 - 30
- - Wood, wood pulp, paper and furniture	369	4.0	0 - 6	0.7	30 - 30
- - Textiles	690	8.4	0 - 11	0.4	30 - 30
- - Clothing	285	11.0	6 - 11	0.0	30 - 30
- - Leather, rubber, footwear and travel articles	215	4.1	0 - 11	1.0	30 - 30
- - Non-electrical machinery	777	0.6	0 - 11	3.7	0 - 30
- - Electrical machinery	397	2.1	0 - 6	1.4	0 - 30
- - Transport equipment	214	1.1	0 - 6	2.1	30 - 30
- - Non-agricultural products n.e.s.	572	3.6	0 - 6	0.8	0 - 30
- Petroleum	48	0.0	0 - 0	...	30 - 30
By ISIC sector[b]					
Agriculture and fishing	484	3.3	0 - 11	0.9	30 - 68
Mining	112	2.7	0 - 6	1.1	30 - 30
Manufacturing	6,957	3.2	0 - 11	1.2	0 - 68

a Range. The bindings are in Harmonized System 2002.
b ISIC (Rev.2), excluding electricity (one line).

Source: WTO Secretariat estimates based on data provided by the authorities.

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