

Peru: Investment Spot

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Last week I mentioned the nowadays common missions from businessmen from the region that are beginning to notice Peru as an interesting investment destination, mainly due to the macroeconomic stability and the surprising steps taken by our country in commercial integration. Then, businessmen from Ecuador, Colombia, Venezuela and Bolivia start to invest in Peru, not only with the intention of taking advantage of the increasing local demand but also with the objective to access important markets that soon will have preferential agreements in force with Peru like United States, China and the European Union.

It is important to remember that Peru is today the only Andean country with a free trade agreement with United States with a close entry into force, even when Colombia negotiated at the same time a similar agreement. However, given several internal issues, Colombia suffered a delay that resulted today in a very complicated process to pass the agreement through the U.S. Congress. Additionally, Ecuador was also part of the negotiation of the Andean countries with United States but the changes observed in the government interrupted the process and today, this country and Bolivia, have no agreements at sight with an important partner and their exports to the market depend only on the preferential access of the -soon to expire- ATPDEA. Therefore, it is not surprising that, given this complicated scenario, our neighbours have turned to Peru as a strategic ally and our country, far from pushing this investment away with protectionist measures, should encourage them.

To prove our point we would like to share some examples. The Bank of Pichincha for instance, established in 1996 through the investment of almost 11 million dollars in the Banco Financiero but today the investment of this Ecuadorian company reaches 67 million dollars. According to the Ecuadorian Embassy in Lima, in the last years over 30 companies from this country have opened offices or plants in our country, overcoming the 53.5 million dollars in 2007. The sectors where the Ecuadorian investment is located are diverse but the most important are finance, construction, commerce and services, being the most notable companies Banco de Pichincha, Confiperú, FV Franz Viegner, Fadesa, Maratón Sports, Hidalgo Hidalgo, Indurada, La Llave, Novopan, OPPFilm, Carsa y Servicios Técnicos Petroleros, between others.

All this is logic if we consider that Peru grew 9% in the last year and had the lowest inflation in the region and the perspectives are still optimistic despite the global slowdown and the increase in oil prices and inputs.

Then, it is evident that our country is going through a favorable economic period that allows us to attract more – regional and global - investment than ever, and we cannot waste the opportunity to establish solid foundations that will later permit a sustained growth. Then, it is clear that Peru should not only maintain the rules of game but also take actions in the pending agenda to improve competitiveness as infrastructure investment, labor and judiciary reforms, between many others.

Source: LivinginPeru.com