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Welcome to Peru

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# Agenda

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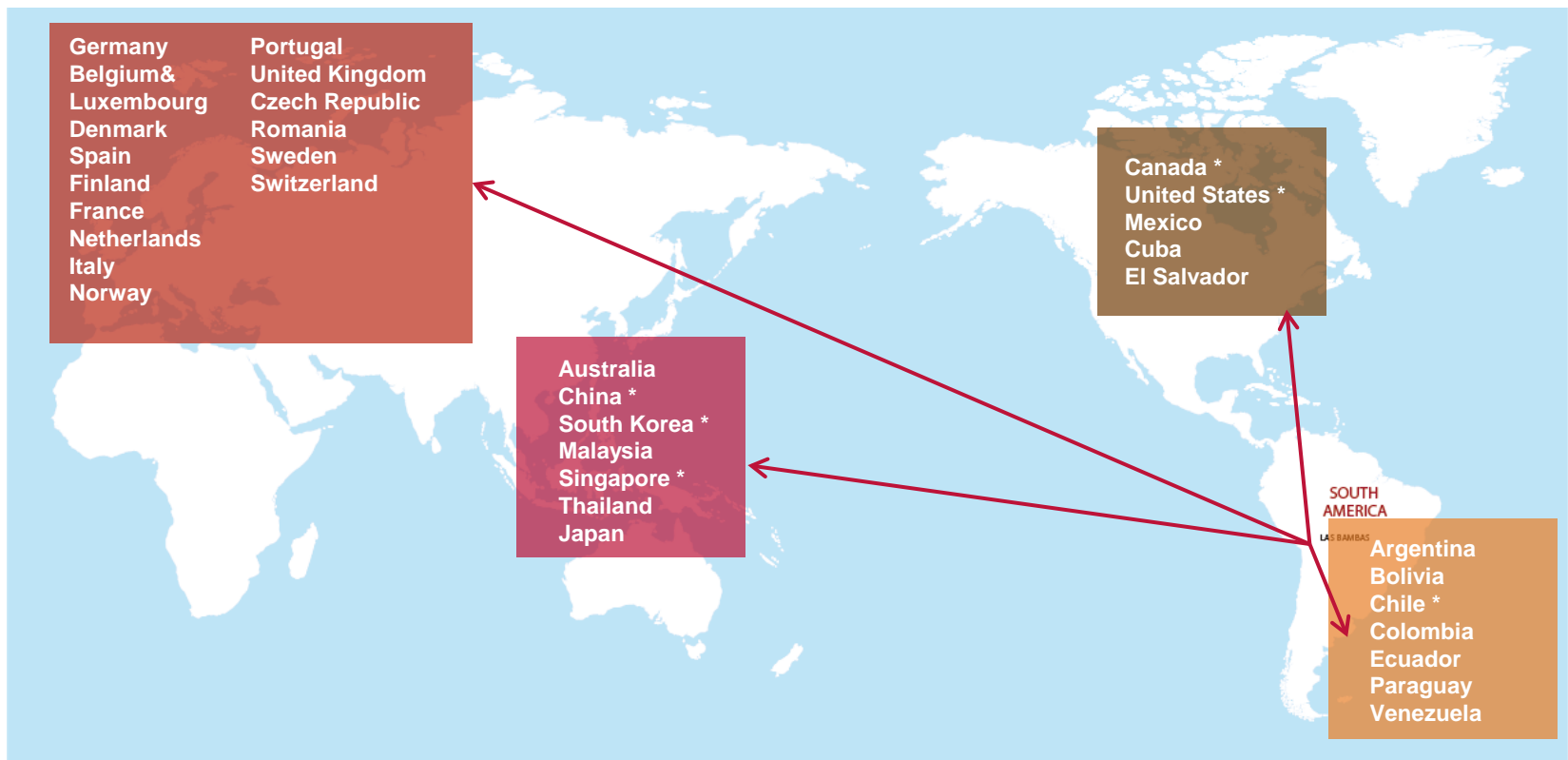
1. Peru and Lima
2. Politics
3. Economics
4. Mining in Peru
5. Social Outlook



# 1. Peru and Lima

# Peru has a strategic location, central to many markets

Peru has an strategic location that allows easy access to Southeast Asian markets and the United States. It is also a member of the Asia-Pacific Economic Cooperation (APEC).





# Peru

<b>Capital and largest city:</b>	<b>Lima</b>	
<b>Official languages:</b>	Spanish	84.1%
	Quechua	13%
	Aymara	1.7%
	(2007 census)	
<b>Demonym:</b>	Peruvian	
<b>Government:</b>	Constitutional Republic	
<b>Legislature:</b>	Congress	
<b>Independence day :</b>	July 28, 1821	
<b>Area:</b>	1,285,216 km <sup>2</sup>	
	Water (%):	0.41
<b>Population:</b>	2014 estimate:	30,814,175
	2007 census:	28,220,764
	Density:	23/km <sup>2</sup>
<b>Currency:</b>	Nuevo sol (PEN) (T.C: 1US\$:3.05 PEN)	



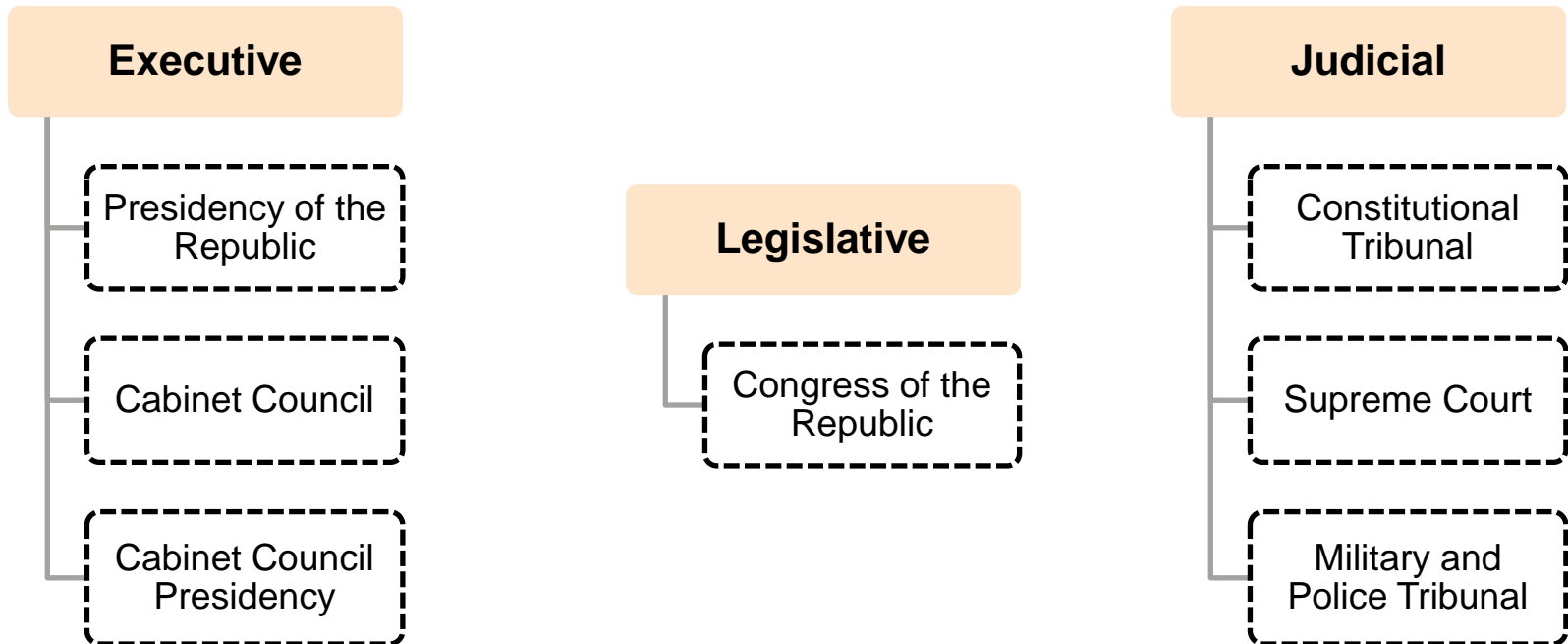


## 2. Politics

# Introduction to the Peruvian government

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Presidential system with three state powers:





# Peru is divided into 25 Regions

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- Regional Governments 2015 – 2018.
- The majority of Regional Presidents are from local political groups.



- 25 regions
- 190 provinces
- 1800 districts

# The Apurímac Region

Regional President



**WILBER VENEGAS**

## KEY REGIONAL INFORMATION (2013)

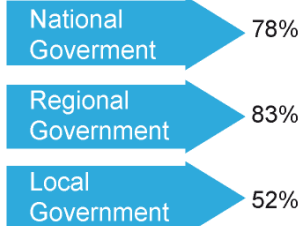
POPULATION 457,000

Socio-economic Level A/B/C (% urban population) 28%

Formal Employment % 14%

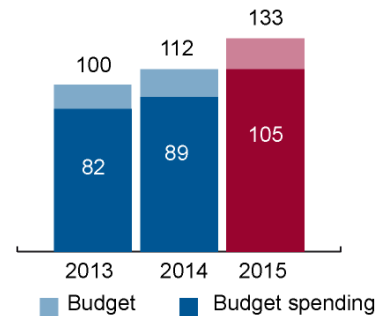
Default Ratio 4.2%  
(As of September 2014)

RATIO OF PUBLIC SPENDING (AS OF 14 DECEMBER 2014)



THE PUBLIC SECTOR ACCOUNTS FOR 65% OF REGIONAL GDP

### PUBLIC SPENDING (Budget 2013=100)



INFRASTRUCTURE PROJECTS UP FOR BID IN 2015

- 1 SIERRA HIGHWAY SECTION 4 [up for bid]
- 2 PRODUCTION OF NATURAL GAS [up for bid]
- 3 INSTALLATION OF OPTICAL FIBER (Public Works - up for bid)

## KEY FACTORS

Development of infrastructure works financed by Las Bambas Social Fund and financial transfers from the Central Government to the regional in advance of future mining *canon* collected. Mining production will gain importance in the region beginning in 2H2016.



# 3. Economics

# Macroeconomic Indicators

## MAIN MACROECONOMIC INDICATORS (1)

	2010-2012 average	2013	2014	2015	2016
<b>I. Real sector ( % change)</b>					
<b>GDP</b>	7.0	5.8	2.4	4.0	5.0 – 5.5
<b>Domestic demand</b>	10.0	7.4	2.0	3.9	4.3
<b>Urban formal employment (2)</b>	4.7	2.9	1.9	2.0	2.3
<b>II. Macroeconomic balances</b>					
<b>Fiscal balance (% of GDP)</b>	1.4	0.9	-0.1	-1.7	-1.5
<b>Current account (% of GDP)</b>	-2.3	-4.4	-4.1	-4.1	-4.5
<b>Net International Reserves (% of GDP)</b>	29.0	32.0	31.0	30.0	27.5
<b>III. Monetary sector</b>					
<b>Annual inflation, CPI(%)</b>	2.9	2.9	3.2	2.0	2.0
<b>Exchange rate eop (S/. per dollar) (3)</b>	2.69	2.80	2.98	3.15 - 3.20	3.30

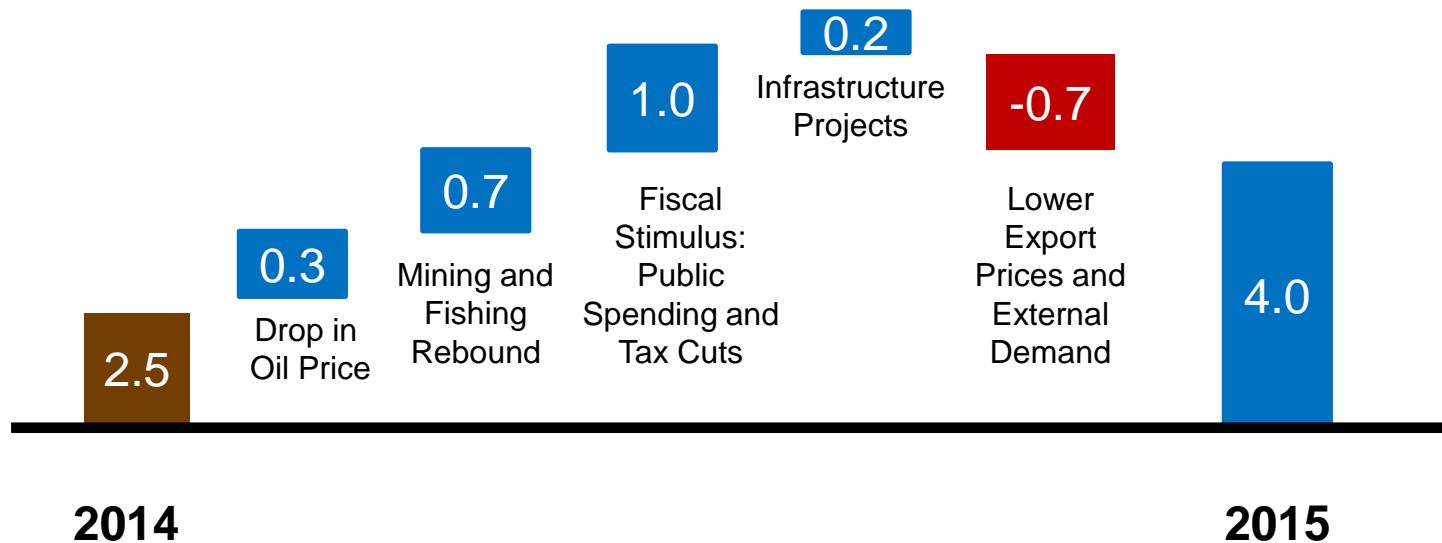
(1) Forecasts starting in 2015. As of February 2015.

(2) Formal employment in companies of 10 or more employees.

(3) eop: end of period.

Source: BCR, Mintra, Apoyo Consultoría.

# GDP is expected to grow by 4% in 2015





# 4. Mining in Peru



# Peru is a Mining Country:



Pre Inca

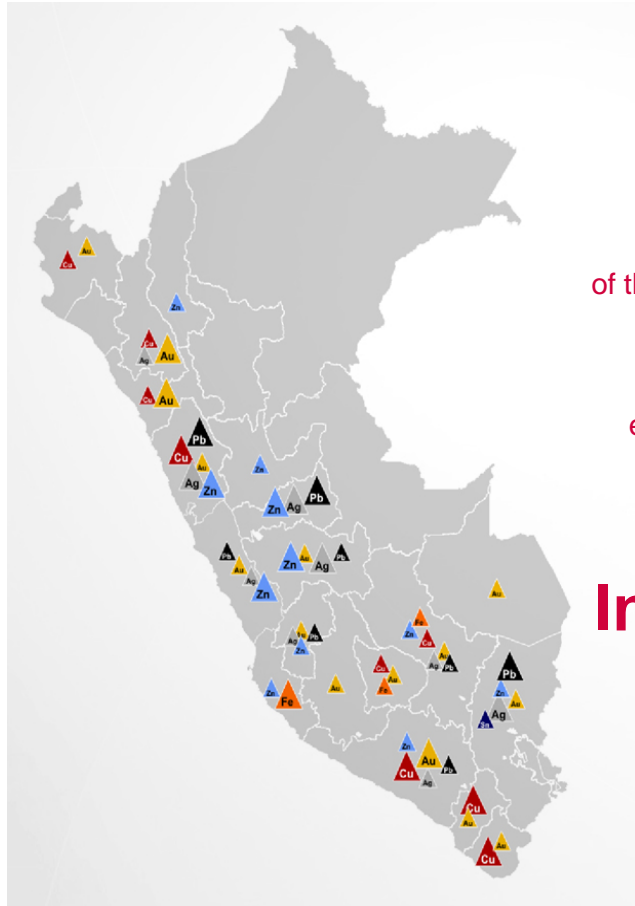
Inca

Colony

Republic

Today

# Possibilities and Opportunities:



**30.7%**

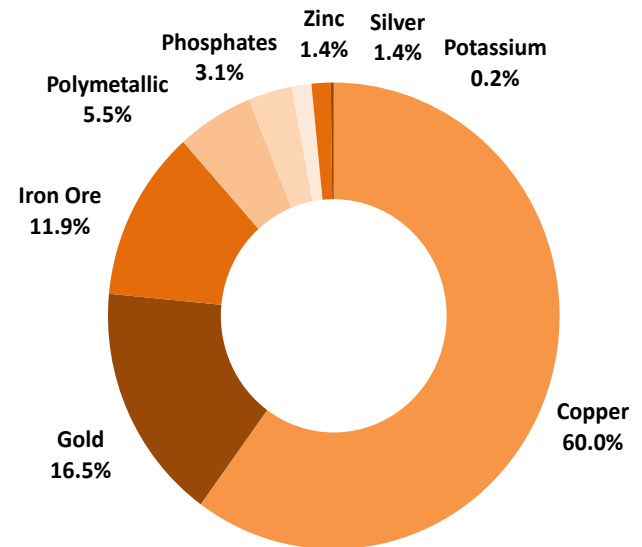
of the land is available for mining activities.

Only 1.2% is used in exploration and mining.

**Investment portfolio**

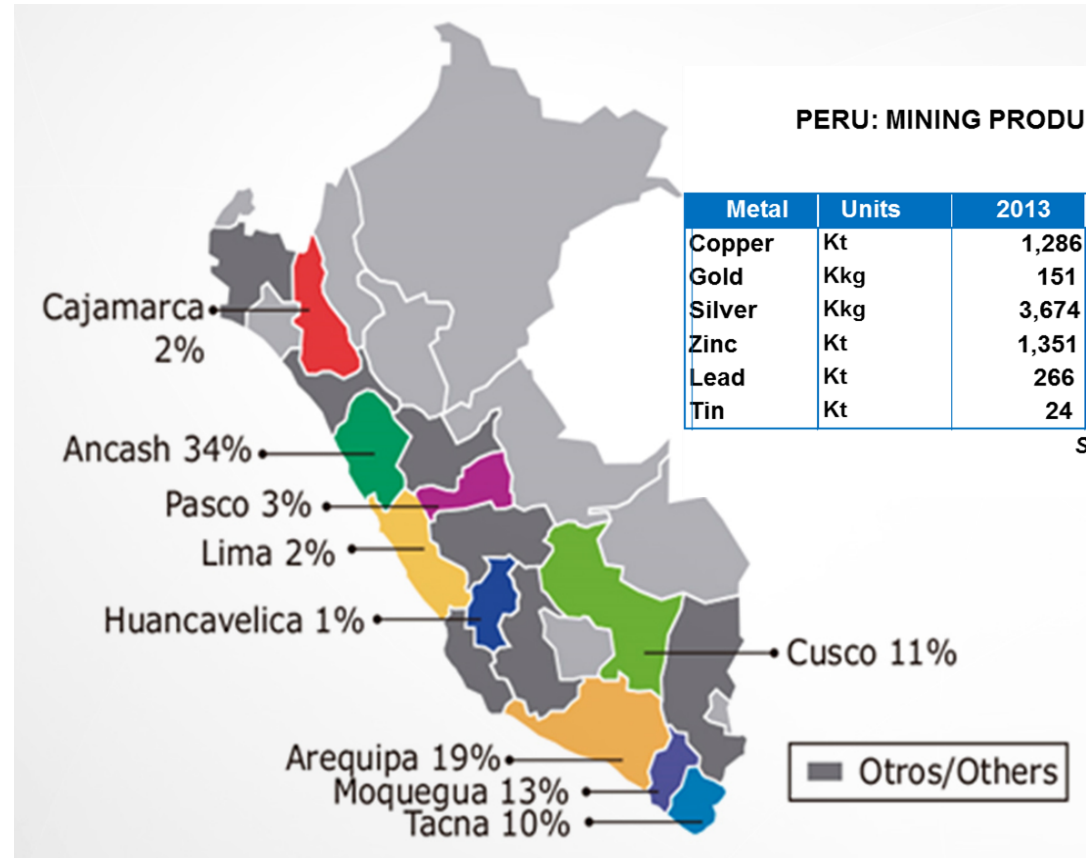
50 projects  
US\$ 59.6 billion

Types of Project by mineral



# Mining country today:

## Copper: World's 3rd largest producer



PERU: MINING PRODUCTION

Metal	Units	2013	2014
Copper	Kt	1,286	1,296
Gold	Kkg	151	141
Silver	Kkg	3,674	3,849
Zinc	Kt	1,351	1,319
Lead	Kt	266	278
Tin	Kt	24	23

Source: Minerr.

PERU IN THE 2014 MINING PRODUCTION RANKING 2014 GLOBAL RESERVES

World	Latin America	%
3	2	10
6	1	4
3	2	19
3	1	13
4	1	8
3	1	2

Source: USGS

Source: USGS

# Mining sector overview:

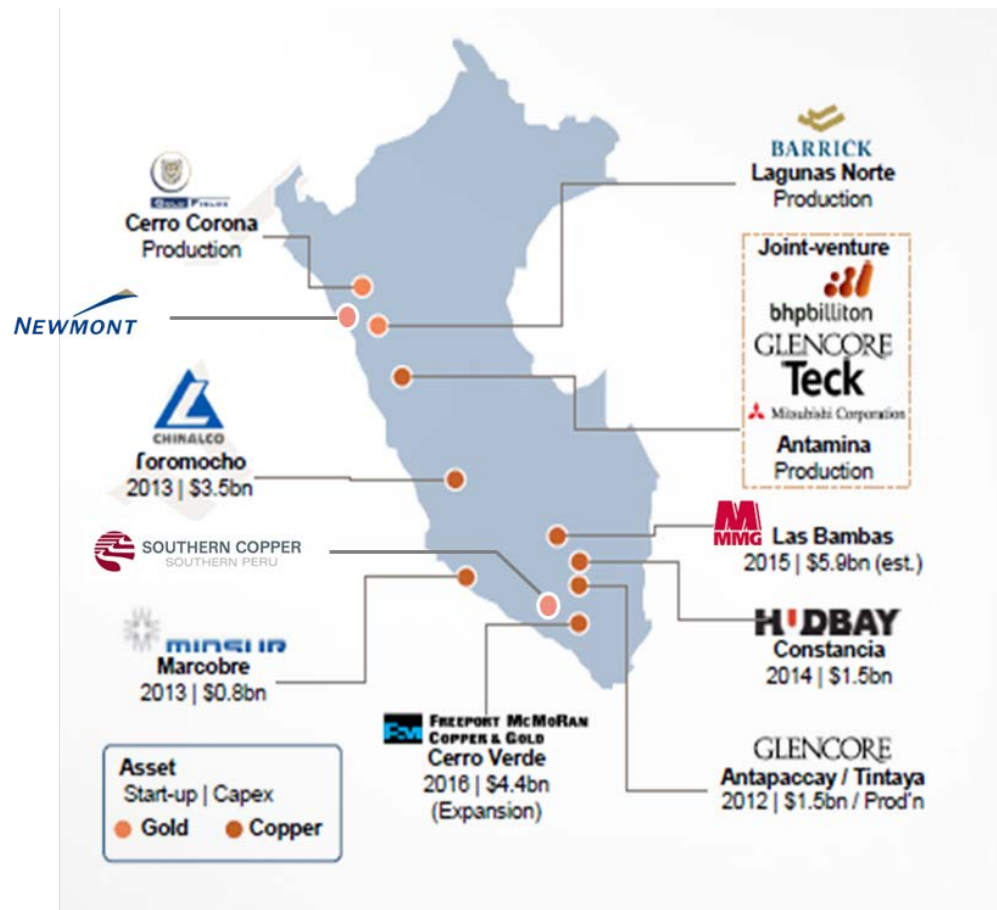


## New projects

and expansions for 2014 - 2018

# The leading mining companies have a presence in Peru

Highly attractive mining location due to investor - friendly legal framework and stable macroeconomic conditions.





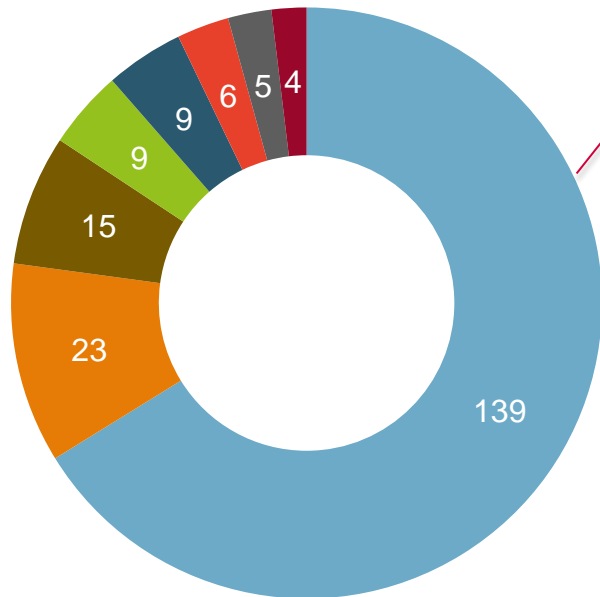


# 5. Social Outlook



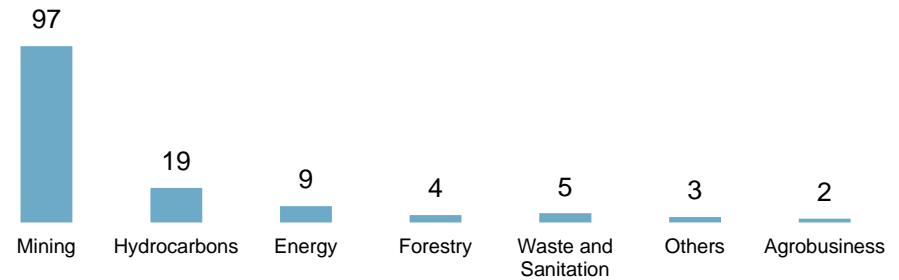
# Social conflicts in Peru

## Conflicts according to type



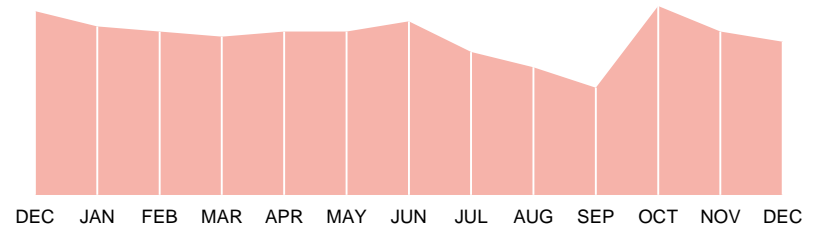
- Socio-environmental
- Local Government affairs
- Territorial Boundaries
- Community
- National Government affairs
- Other affairs
- Labour
- Regional Government affairs

## Socio-environmental conflicts by activity



## Frequency of social conflicts

### Cases registered month by month (December 2013 – December 2014)



Source: Ombudsman's Office



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