



Peru P3 Market Snapshot

Peru is a strategic partner for Canada in the Americas, with significant commercial opportunities unlocked by the 2009 Canada-Peru Free Trade Agreement. Canada and Peru are mutually committed to long-term partnership in order to expand trade and investment opportunities. Peru is Canada's third largest bilateral trading partner and third largest destination for Canadian direct investment in South and Central America. In 2017, Canadian exports to Peru reached almost \$710 million, doubling pre-free trade agreement levels from 2008. Canadian foreign direct investment in Peru totalled \$11.1 billion in 2017.

Peru's economic growth and investor friendly policies, combined with the Canada-Peru Free Trade Agreement, encourage Canadian investors to enter the country. Peru's sizable infrastructure gaps (approximately US\$160 billion, 2016-2025) generate significant opportunities for Canadian firms operating in the infrastructure sector. Peru has been modernizing its framework for Public Private Partnerships. It is actively seeking to improve the quality of projects it is putting to market by hiring international financial, technical and legal advisors. It hopes that this strategy will increase competition, diversify the origin of investments and lure better companies to the market. The relative openness of its capital markets and its history of strong economic growth make it one of the most attractive markets in South America for attracting private sector investment.

Peru's P3 framework separates projects into three categories – self-sustaining, co-financed, and works-for-taxes. Self-sustaining projects are carried out by the private sector, self-funded by the fees, prices or fares paid by the final users of a service. Co-financed projects require co-financing by the Government or the granting of financial or non-financial guarantees that may involve the use of public resources. In both categories, private developers are required to finance at least a portion of the project. The work-for-taxes mechanism allows private corporations to offset a portion of income taxes by carrying out public investment projects. ProInversion, an agency created by the Government of Peru, is in charge of procuring the P3s that it has been assigned by government ministries and also those that are received via private initiative. Private initiatives are projects formulated by the private sector and incorporated into the project pipeline if deemed viable by the competent government authorities and ProInversion.

ProInversion has an ambitious pipeline of projects, ranging from ones that are planned to others that are in the transaction stage, that they hope to adjudicate between 2018 and 2021. The pipeline includes 50 projects valued at US\$11.15B.

- Transport - 40% at US\$4.432B
- Mining - 23% at US\$2.5B
- Health - 10% at US\$1.122B
- Water and Sanitation - 9% at US\$1.096B
- Energy - 8% at US\$920M
- Irrigation - 4% at US\$399M
- Telecommunications - 3% at US\$359M
- Education - 3% at US\$329M



The full P3 pipeline can be found at:
<http://www.proinversion.gob.pe/peruinvest/>

For Canadian companies looking to enter Peru's P3 market, the opportunity to work with ProInversion as a technical, financial or legal advisor offers a low-risk opportunity to learn about how to do business in Peru and to gain deeper insights into its P3 system. Given Canada's clear track record for formulating and executing world class P3 projects, its companies are seen by Peru as industry leaders.

Peru is committed to improve its infrastructure in various areas and is willing to see more Canadian companies developing those projects. The decision is yours!

For additional information please contact:
Caroline.Vanderloo@international.gc.ca

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