

"Peru: A strategic partner in the Americas", artículo preparado por el Canciller para el semanario canadiense Embassy

Oficina de Prensa y Difusión

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After a decade of consistent growth, Peru's economy has reached a turning point. The country has a healthy economic environment, with a significant majority of the population having benefited from a liberal economic model accompanied by social policies that have brought higher employment rates, greater purchasing power, and more confidence that each generation's well-being will be higher than that of the generation before.

In this electoral year, it is important to underline that while there's still a lot to be done, what we have already accomplished (an average GDP growth of 8%, reaching 9.1 % in 2010, and poverty reduction from 48% to 34% in the last four years) has generated confidence in our development model on the part of Peruvian consumers, producers, and investors alike. This has been the case since the 1990s, regardless of the political slant of any given governing party.

In this context, Peruvian-Canadian relations offer a myriad of possibilities which can benefit Canadian investors and consumers while boosting our efforts to eradicate poverty and achieve sustainable development. Prime Minister Stephen Harper has often stressed the new role Canada wants to play in the region as a constructive partner for like-minded countries. From our perspective, the signing and implementation of the Free Trade Agreement (FTA) is a clear expression of the commitment of Canada to strengthen relations with Latin America as a whole, and with Peru in particular.

We expect that the FTA will open the Canadian market to Peruvian goods other than gold, which currently accounts for more than 70% of our total Canadian export income. Our main non-traditional exports to Canada are coffee and a few fresh fruits, but there is a lot of potential in other agricultural products, fish products, and textiles.

Many challenges lie ahead in our quest to ensure that Peruvian business, comprised mainly of small and medium-sized enterprises, will be able to take advantage of the new opportunities created by the FTA. Peru Expo, a mega-event that will take place in Toronto on May 9-10, will showcase the vast array of products offered by Peruvian businesses.

We also face the challenge of attracting investment in sectors other than mining, particularly in sectors which will better help us meet our goal of sustainable development. This is likewise one of the objectives of Peru Expo: to attract Canadian investors in new areas such as agribusiness, infrastructure, energy and tourism, among others.

Like the rest of the Latin American region, in terms of absolute value Peru has received a substantial increase in FDI inflows over the last decade, but investment in the region has remained concentrated in extractive industries with little or no added value. Canada is currently the 11th biggest investor in Peru, with concentrations in mining, energy, and (most recently) finance.

Peru has actively participated in the Convention of Prospectors and Developers of Canada (PDAC), the biggest mining industry event in the world. At the most recent convention, Peru stressed its partnership with Canada in continuing to develop our extractive sectors within the framework of Corporate Social Responsibility (CSR). Canadian investment in the mining sector has been quite significant for the development of major Peruvian mining projects. Nonetheless, we must make sure to bear in mind that respect for the environment and a fair distribution of the benefits of economic activity have become priorities for our leaders and citizens.

Furthermore, for developing countries, foreign direct investment (FDI) represents an efficient opportunity for technology transfer. However, that depends as much on the type and strategy of the investing companies as on the local absorption capacity, which correlates to local human capital. Therefore, development cooperation is likewise of great importance for both social and long-term economic development.

We recognize the significant contributions made by the Canadian International Development Agency (ACDI) and other Canadian organizations in helping to strengthen our capacities in education, health and

other social areas, as well as their cooperation with our regional entities. We would also like to count on Canadian support and expertise as regards solving conflicts that arise in the extractive industries.

Last but not least, this is the moment to encourage contact between Canada's provinces and our regions. As part of our process of decentralization, Peruvian regions are acquiring both more power and more responsibilities. Strengthening ties with Canada's economically and culturally vibrant provinces could have a very positive impact as regards more homogenous development throughout our country, and could promote more exchanges between our civil societies.

Even though our bilateral relationship is based above all on our economic, commercial and cooperation ties, we would also like to emphasize the importance of the political and diplomatic ties between our countries, as was evident during the 5th Meeting of the Peru-Canada Coordination and Consultation Mechanism, which took place last February in Lima, during which we signed the Memorandum of Understanding on Cooperation.

On that occasion, both countries engaged in an open and wide-ranging dialogue on topics including bilateral development cooperation, trade and economic affairs, security and defense, and consular affairs, as well as on regional and multilateral issues. In these two latter areas, once again both sides shared a common approach to key international and hemispheric issues and reiterated their commitment to democracy, human rights, corporate social responsibility, and sustainable development.

Finally, we would like to stress that all these developments reveal the willingness of both countries to deepen our bilateral relations and confirm the importance that both Governments attribute to their mutual relations, as reflected in the desire to promote political dialogue and official visits at the highest levels. Therefore, Peru finds in Canada a trustworthy partner not only in the commercial arena but also in political affairs of particular importance for the regional and global agenda. Similarly, Peru has become more relevant to Canada, to the extent that it is now, dare I say it, one of the top priorities of Canada in the Latin American region.

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