

PERU

FOUNTAIN OF GROWTH IN SOUTH AMERICA

Consistent economic growth has set Peru apart from its neighboring countries and attracted trade agreements and business opportunities from all over the world



From the 16th to the 23rd of November, political and business leaders from the member countries of the Asia Pacific Economic Cooperation (APEC) are in Lima, Peru, for the organization's annual Leaders' Week. The event is the culmination of Peru's "Year of the International Summits", which also welcomed the E.U.-Latin America Summit back in May, and more than 50 APEC-related events. It is also a golden opportunity for Peru to showcase its past growth and potential for further investment in sectors ranging from infrastructure to mining, energy and textiles.

Peru's GDP has increased annually for the last nine years, and the IMF predicts more growth in both 2008 and 2009. Meanwhile, exports came to more than \$27 billion in 2007, almost four times as much as in 2000. These positive elements are therefore consolidating confidence in Peru and the country's stability—both essential elements for encouraging further foreign investment, especially from APEC partners. Minister of Foreign Affairs, José Antonio García Belaunde says, "Peru is going through an extraordinary period. The International Monetary Fund has said that it is the best-positioned country in Latin America in terms of resisting an international crisis."

Increasing trade and maintaining good

relations with the U.S. is an important part of Peru's growth strategy. While the potential of the Free Trade Agreement between the two countries that will come into effect in January 2009 could be affected by the current international economic situation, this relationship should still be fruitful. "One of the top priorities of the Peruvian government is to become an attractive and trustful regional hub for foreign investment," says Felipe Ortiz de



Felipe Ortiz de Zevallos
Ambassador of Peru to the U.S.

Zevallos, Peru's Ambassador to the U.S. And the U.S. is a leading factor in that ambition.

Peru is also hoping that Asian companies will consider investing after APEC, says Vice President Luis Giampettri. "Pacific Asia has enormous importance for us." However, he emphasizes, "we must find niches, we cannot compete with China in terms of price."

Whether with quality textiles or commodities ranging from natural gas to copper, during the APEC summit, Peru will show its potential and the momentum that exists there to keep on growing. As Jaime Cáceres, President of the private enterprise confederation CONFIEP, says, "If you open a newspaper here you can read about new big investment projects every day." After APEC, Peru is hoping that the good news will keep on coming. ■

U.S. FREE TRADE AGREEMENT

When President Alan García signed the Free Trade Agreement between Peru and the U.S. in December 2007, he declared that it was the recognition of "Peru's potential as a world trade partner," and hopes are that this connection will allow Peru to compete against its neighbors and take advantage of its strategic position on the American continent.



Aldo Defilippi
Executive Director, American Chamber of Commerce, Peru

"In the coming years, the FTA is going to enable major investment opportunities from the United States," says Aldo Defilippi, President of the American Chamber of Commerce in Peru. And one of the FTA's major benefits is a joint effort in targeting Asia: "I think that this is an opportunity for joint companies to be set up between the United States and Peru in order to export to Asian markets."

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PERU

"WE ARE DEALING WITH IMMENSE GROWTH"

Banco de Crédito del Perú's CEO Walter Bayly explains the bank's successes and lays out its future plans

As with other sectors that form the backbone of Peru's economy, the banking sector has earned international interest in recent years thanks to its sustained growth rates. The arrival of foreign banks has brought further competition to the sector, which is constantly identifying new opportunities for growth in the industry, including retail and corporate banking.

Stability in the banking sector thanks to the supervision of the Superintendency of Banking, Insurance and Pension Fund Administrators, means that the leading Peruvian banks are not only facing up to the challenge of growth, but can also now consider their own consolidation as industry leaders. Banco de Crédito del Perú (BCP) is the country's oldest and biggest financial institution and has a major market share in both deposits and corporate banking. Walter Bayly, BCP's CEO since May 2008, is confident that the bank can maintain its position in the future.

How would you describe BCP?

BCP is so much more than the largest bank in Peru. It has set the standard and is a ref-

erence point for the modeling of management, liability and community participation. It is an institution that has been a leader in the financial system for over 100 years but it's an institution that has managed to reinvent itself three or four times over the years. It is a combination of traditions with constant renovation due to the quality of its people.

What is the most important elements of BCP's success?

In a service-based institution, people are everything. At the end of the day what makes the difference is the quality of the team that we have. I am absolutely convinced that our management team is comparable to the best institutions in the world. We make a serious and consistent effort at all times to ensure that we have the best team possible.

Promoting bank usage is perhaps one of your greatest challenges at the moment. How is BCP presenting itself as a necessary element in Peruvian people's lives?

For many years the whole financial system has been looking towards the formal economy. We have grown and managed to penetrate the formal economy, but it only equals a third of the economically active population. The only way we'll be able to grow in an important way is by learning to work with the informal economy, developing business

models that allow us to increase bank usage and earn money. This is a combination of products and their prices and distribution channels. The bank that manages to design this proposal will be the bank that can grow in an important way.

And what is BCP's proposal?

We have to have a distribution network that is highly capable of reaching many places through a device we've developed called Agent BCP. It's what you could call a modified ATM. We've already installed 1,500 of these machines, where you can make deposits, withdraw money, pay your water, light and telephone bills, receive a transfer or disburse credit for micro-

businesses. The first time we saw it was in South Africa. They have some of the challenges of the informal economy and they developed this. Micro-financing and bank usage are issues that have resounded worldwide so we are constantly looking to other countries' experiences in order to capture models and ideas and apply them here.

What opportunities do summits like the APEC present to BCP?

Our desire is to participate in the project that is Peru. The truth is that if Peru does well, BCP will do well. Our idea is to help these events to remain amicable, that the people who come are received well. It is important that they come, because they are ambassadors for Peru.

And your hopes for the future?

We are dealing with immense growth. Today, Peru is the most important banking market in Latin America. I am sure that BCP will fight with all the necessary weapons, tools, skills and talent to defend its market share. I have the means to do it and we're going to do it. ■



Walter Bayly,
CEO, Banco de
Crédito del Perú



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PERU

FROM AIR, LAND AND SEA: A FULL-SERVICE LOGISTICS FIRM

Neptunia takes logistics to another level, offering top-to-bottom services and constantly expanding storage space

In recent years, products from Peru have found their way onto international markets at a staggering rate. From 2004 to 2006, exports grew at a yearly rate of 30%, with a more moderate 16.3% increase in 2007, and leading products include foodstuffs and metals. Through ports such as Callao, to the west of Lima, access to Asia is guaranteed, and recently signed Free Trade Agreements also mean that access to countries such as Canada and

the United States should increase in the coming months.

Major infrastructure projects, including the 222-km Interoceanica highway linking Peru and Brazil, are taking off throughout the country and will inevitably facilitate smoother trade. In light of this logistics experts, like Neptunia, are seeing plenty of new opportunities for growth.

With 35% of the market share through its storage terminal in the port of Callao,

Neptunia is one of Peru's leading storage and logistics companies, which since its founding in 1980 has consistently innovated to provide its clients with an integrated import-export service.

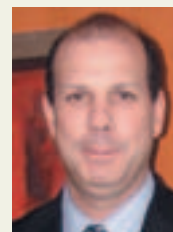
Carlos Vargas Loret de Mola, General Manager of Neptunia, is proud of the leadership that the company has shown in its 28-year history. "The company has played an important role in the country's port and logistics services," he says.

The company's assets include over 430,000 m² of space in Callao, including the Logistics Center and the import and export container terminals, the Metallurgy Logistics Center, with its own rail access, and over 40,000 m² of space in the port of Paita, Peru's third most important port, in the north of the country.

Technological development and added value services have also formed an important part of the company's approach to business. At its Callao port, Neptunia

offers "a complete service, from picking up the container to loading it," and has Customs Offices in each terminal, facilitating swift and smooth inspections. Since 2000, the company has developed and diversified its business even further, creating a one-stop-shop for logistics. "We started providing an increasingly more sophisticated logistics service, administering the inventory and delivering to shops," explains Loret de Mola. And along with its constant fight to provide better, more innovative services to customers, perhaps Neptunia's most exciting development at the moment is the Ventanilla Port Terminal Project, 12 km from Callao, worth \$60 million.

These developments have all contributed to the competitiveness of the infrastructure and logistics sector in Peru. And this thirst for constant growth means that Neptunia is well placed to capitalize on the infrastructure improvements and growing demands on import-export services still to come. ■



Carlos Vargas
Loret de Mola
General Manager

ODEBRECHT
BUILDS PERU'S
FUTURE PATHS

Infrastructure development in Peru nowadays is all about movement. After years of under-investment, the private and public sectors have come together to create major infrastructure development projects, which include better highways, providing more sectors with opportunities to contribute to the economy.

One company that is playing a fundamental role in the development of Peru's infrastructure is Odebrecht, an international expert in engineering and construction, currently managing 6 major infrastructure projects, including work on the Interoceanica southern highway, in which a more than



Jorge Barata
Superintendent,
Odebrecht Peru

7,000-person team is involved, and the improvement in drinking water supplies in Iquitos, the most important city in the Peruvian Amazon region. Jorge Barata, Superintendent of Odebrecht Peru, is aware of the benefits of the company's commitment to Peru: "It's fundamental to guaranteeing success", he says. Meanwhile, the company is also aware of the benefits that Odebrecht's work will bring to the country itself. "Growth makes many demands on a country – jobs, roads, water supplies, water treatment – they're all necessary and important for reducing costs and making the country more competitive," he admits.

EMPOWERMENT
THROUGH
EDUCATION

The Don Ignacio Culinary Arts School, recently opened in Miami, FL, is just one of former Peruvian Vice President Raúl Díez Canseco's attempts to empower through education. The school is part of the San Ignacio de Loyola Educational Organization, founded more than 40 years ago, which consists of several institutions, including the Universidad de San Ignacio Loyola (USIL) in Lima.

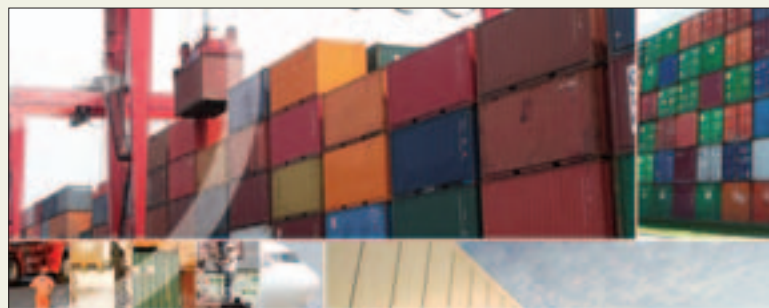
Entrepreneurship through education is the philosophy behind this organization, and through USIL, Díez Canseco is trying to empower a generation of Peruvians to use their studies to create companies that will drive their country's economic growth.

"When I studied at university, I was trained to look for a job," says Díez Canseco. "Nowadays we must train professionals to create their own companies. This is the message we promote in this competitive world."

USIL provides its 8,000 students with more than 15 degree schemes, including the bilingual International Business and Business Psychology schemes, and courses focusing on Architecture, Tourism Management and ICT. Agreements with other universities worldwide also allow students to enrich their studies with international experiences, adding another edge to their competitiveness.



Raúl Díez
Canseco
President, USIL



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FOR THE PAST 27 YEARS, we at Neptunia have proven to be the leading terminal operator and logistics services provider in Peru's foreign maritime trade sector. Our investment in personnel training, technological innovations and infrastructural improvements have paid off: we boast a historical market share of 35%. At Neptunia, we take good care of your cargo and make sure it arrives fresh and safe.



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PERU

THE SMART WAY TO KEEP INVESTMENTS ON TRACK

Servicios Aéreos de los Andes has cornered a vital niche of the growing oil and gas industry in Peru

The oil and gas sector in Peru has been a considerable contributor to the country's impressive economic growth in recent years. While still relying on oil imports to satisfy domestic demand, it is hoped that by 2011 Peru will be a net exporter of hydrocarbons, thanks to further exploration of oil reserves and effective investment in extracting, transporting and exporting liquefied natural gas.

New projects, including a gas pipeline to supply the southern regions and the auctioning of 17 new oil exploration projects in September 2008, mean that there are plenty of opportunities for foreign energy giants, including Indian and Chinese companies, to invest in Peru. The star of the show is undoubtedly the staggering Camisea natural gas field, which was inaugurated in 2004 and which has a proven reserve amount of over 8.7 trillion cubic feet. Meanwhile, Peru's biggest ever FDI scheme, worth \$3.8 billion, is the Peru LNG Consortium's project to build an LNG export terminal that will



The company's fleet of helicopters and light aircraft transport investors to Peru's remoter regions

help to cement a new export relationship with the country's gas-hungry northern neighbors.

While the sector is booming with future promise, infrastructure deficiencies in the present are gradually being solved. One company that is, in the meantime, quickly transporting foreign and national oil and gas investors to strategic locations around the country is Servicios Aéreos de los Andes, a regional air transport company established in 2004.

With its young fleet of light- to medium-weight helicopters—which will be augmented by the imminent arrival of three new machines and will eventually feature heavier craft – Servicios Aéreos de los Andes' clients include Hunt Oil, Perú LNG and COGA/TGP. "Today there are a lot of foreign companies that have received concessions on land in the jungle," says company CEO Walton Mery. "They have to get there by air because there is no other means of access without obviously affecting the same jungle, forest and fauna which remains."

Neither are the company's aircraft strangers to VIPs and tourists. The inaugural flight for Brazilian investor Vale do Rio Doce to the phosphate fields of the north in September, with President Alan García on board, is just one example of the company's recent contracts. "We are carrying out these types of flights extremely frequently – at least seven or eight flights per month – and it's increasing." Economic growth, which includes the oil

and gas boom, means that more people are traveling around the country and the services of Servicios Aéreos de los Andes are therefore in demand. "In this day and age there are definitely many more people traveling by plane as compared to five, six or seven years ago," confirms Mery. "More sectors have entered the market and flight frequency has increased."

No matter how high the demand, however, safety remains Mery's number one priority. "We have worked hard and invested heavily in our human resources over the last two years, in the areas of quality, pilot training and mechanics."

With exploration and extraction to continue for many years, Servicios Aéreos de los Andes will continue to lend its services to the oil and gas sector, while also developing long-term strategies in other sectors such as tourism. And Mery is convinced that, whatever the purpose of a flight, the company will ensure that investment lands safely in Peru. "I believe that a company like ours can contribute to significantly minimizing the effect of the lack of infrastructure that exists today." ■

PERU
A VIEW FROM THE AIR

Servicios Aéreos de los Andes

We are present in the most important petroleum, gas and mining projects in Peru as strategic partners of our clients, providing trustworthy air transportation for passengers and equipment with helicopters and airplanes. We apply our full understanding and expertise to manage and confront the amazing Peruvian challenges, using the most advanced safety and quality standards.

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