

# EXPORT RÅDDET

SWEDISH TRADE COUNCIL

# The Mining Sector in Peru

## Fact Pack

Swedish Trade Council in Chile  
December 2008

# THE SWEDISH TRADE COUNCIL MAKES IT EASIER FOR SWEDISH COMPANIES TO GROW INTERNATIONALLY

## Sweden:

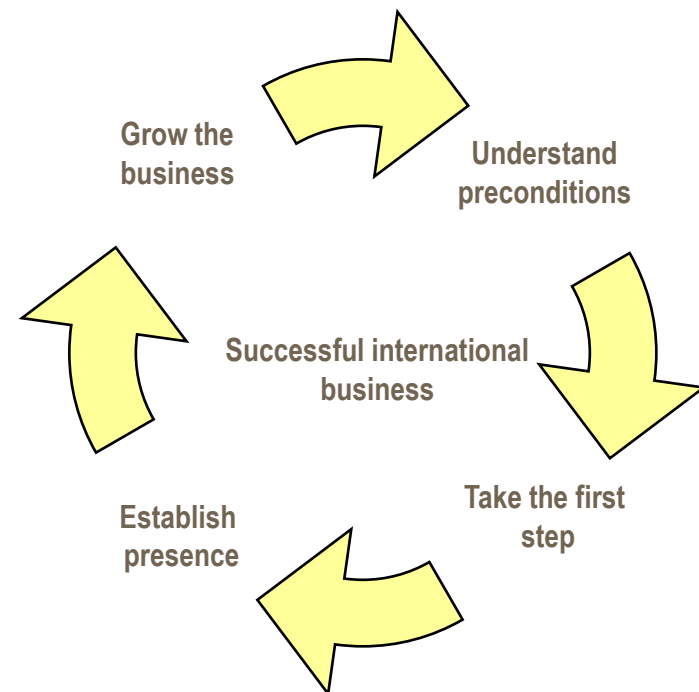
- Headquarters in Stockholm, 80 employees
- 22 regional export advisers
- All Trade Commissioners regularly visit different parts of Sweden

## Abroad:

- 65 offices with 400 employees in 55 countries
- Through partners and networks we cover more than 100 countries

## Southern Cone (Argentina/Chile/Peru/Uruguay):

- Offices in Buenos Aires and Santiago
- 8 employees



STC is the primary consulting partner for Swedish companies  
doing business in Peru

# PERU IS THE FASTEST GROWING ECONOMY IN THE AMERICAS

**Area:** 1.285.215 km<sup>2</sup>

**Inhabitants:** 29.2 million

**Constitution:** Democratic republic

**Head of State:** President Alan Garcia

**Languages:** Spanish, Quechua, (official), Aymara, English  
(increasingly favored as second language)

**Inhabitants per km<sup>2</sup>:** 23/km<sup>2</sup>

**Currency:** Nuevo Sol

**GDP 2007:** 109.1 BUSD

**GDP per capita 2007:** 7600 USD

**Real GDP growth (2007):** 9.0%

**Inflation(2007):** 1.8 %

**Main exports:** Mining products

**Main imports:** Industry inputs

**Swedish Exports to Peru 2007:** 1000 MSEK

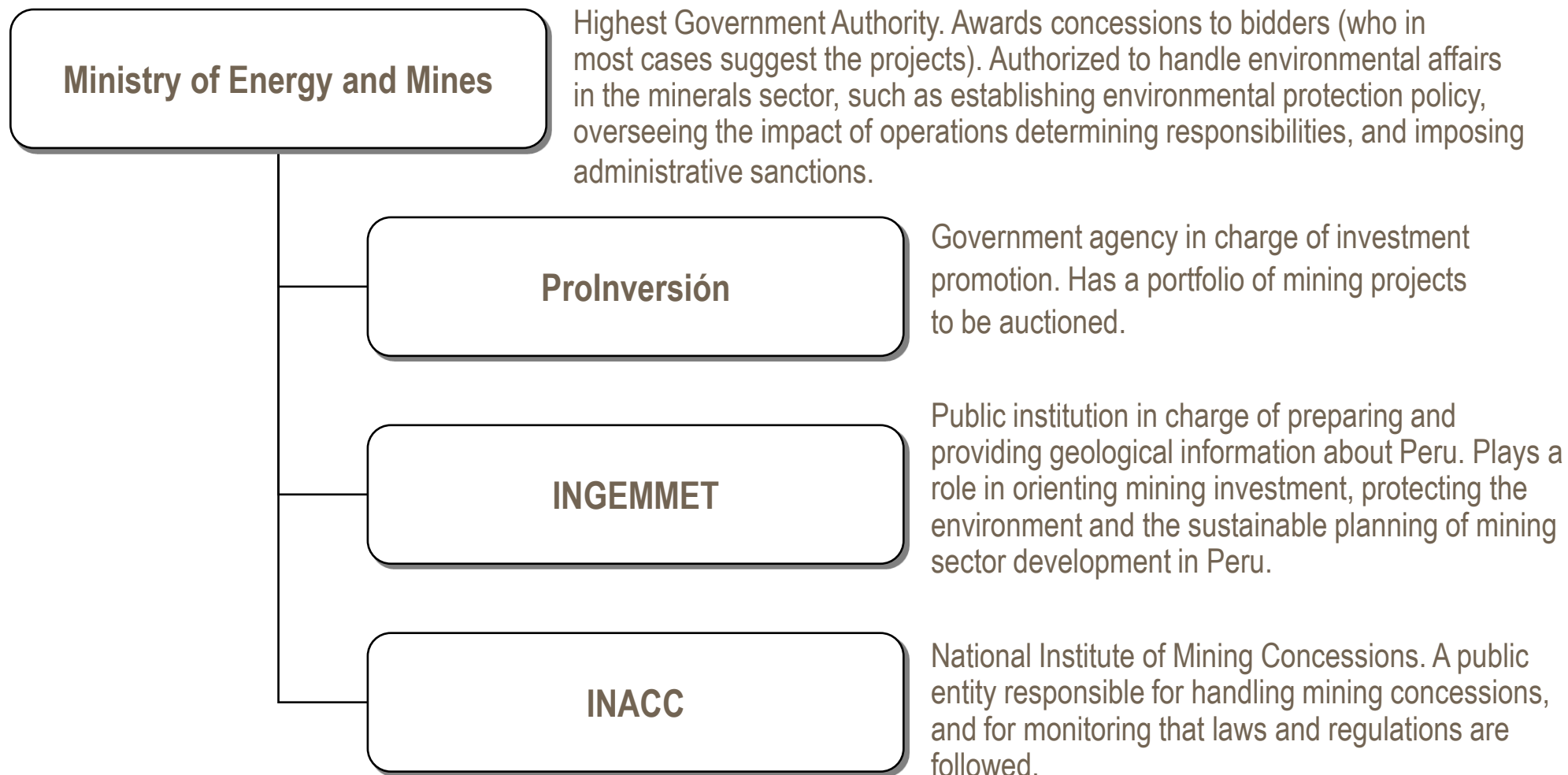
**Swedish imports from Peru 2007:** 611 MSEK



Source: CIA World Fact Book, INEI, Central Bank of Peru, World Bank, STC Trade Profiles

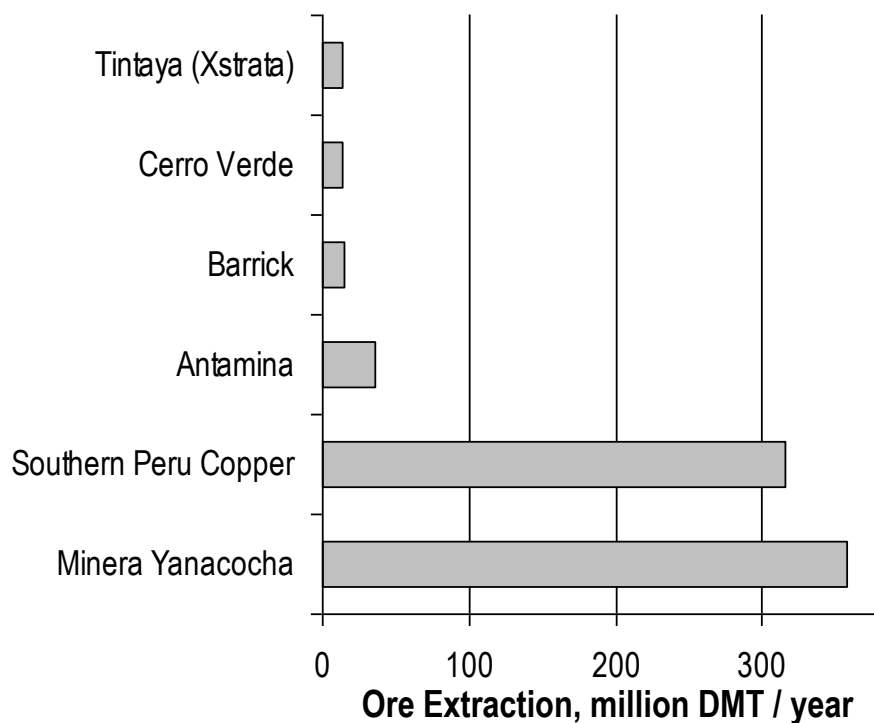
# STRUCTURE OF PERU'S MINING INDUSTRY

## - Government authority and agencies



# PERU'S MINING INDUSTRY IS RANKED AMONG THE WORLD'S TOP FIVE COUNTRIES FOR MINERALS SUCH AS SILVER, COPPER AND LEAD

5 largest mining companies in Peru



Peru is the largest producer of silver in the world

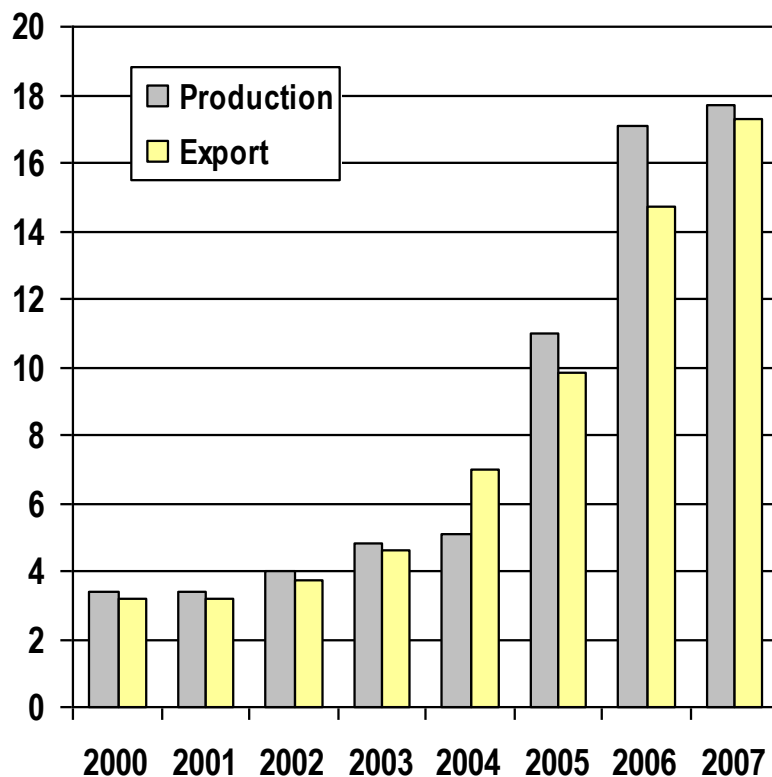
| Production Rankings 2007 |               |       |
|--------------------------|---------------|-------|
| Type of ore              | Latin America | World |
| Copper                   | 2             | 2     |
| Gold                     | 1             | 5     |
| Zinc                     | 1             | 2     |
| Silver                   | 1             | 1     |
| Lead                     | 1             | 4     |
| Bismuth                  | 2             | 3     |

Source: STC Interviews, Mining Engineers of Peru, Ministry of Energy and Mines, US Commercial Service, Proinversion, U.S.G.S, Mineral Commodity Summaries 2007

# STEADY INCREASE IN PERU'S MINERAL PRODUCTION AND EXPORT

## Peru's production and export of minerals

Billion USD

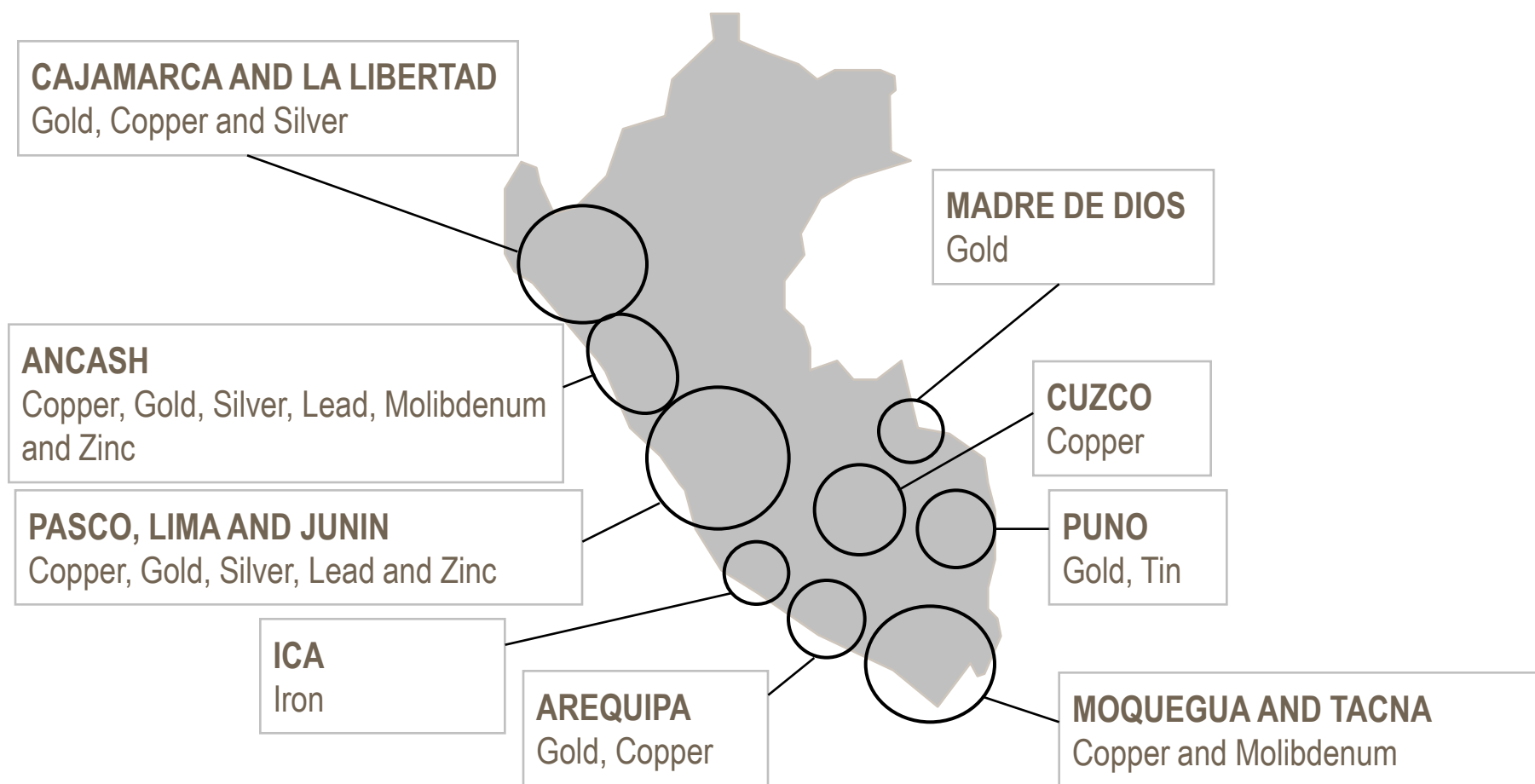


## Higher prices and volumes increase value

- a. Mining production shows a steady growth in the last years. (Increase of 6.3 times in 10 years).
- b. Total exports grew by 37% in 2006. Exports of mining products grew at twice this rate (65%). The most important destinations of such exports are the USA and China.
- c. Gold is the leading mining product exported, with 17% share of total exports of goods. In 2006, exports of gold were 2.7 times those in 2002.
- d. The higher prices for Peru's major mineral exports were, in order of value: gold, silver, copper, tin, and zinc.

The putting in operation of Antamina boosted copper production in 2005

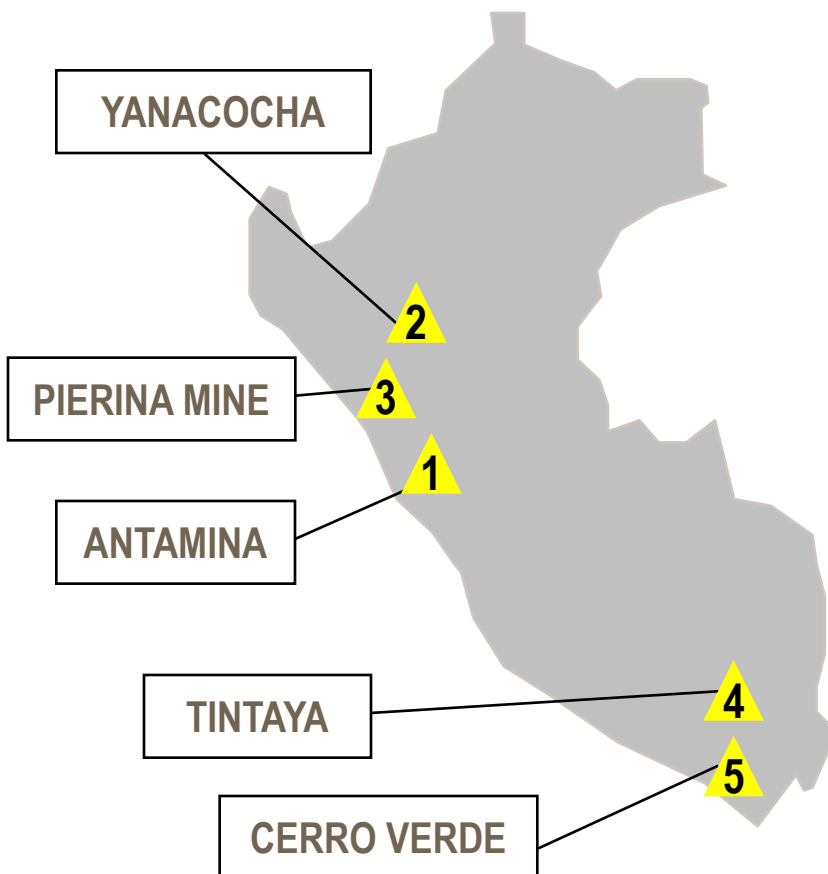
# CURRENT MAJOR MINING HOT-SPOTS IN PERU



Peru is one of the most diversified mineralized regions in the world

Source: STC Interviews, Ministry of Energy and Mining

# THERE ARE FIVE MAJOR MINES IN PERU



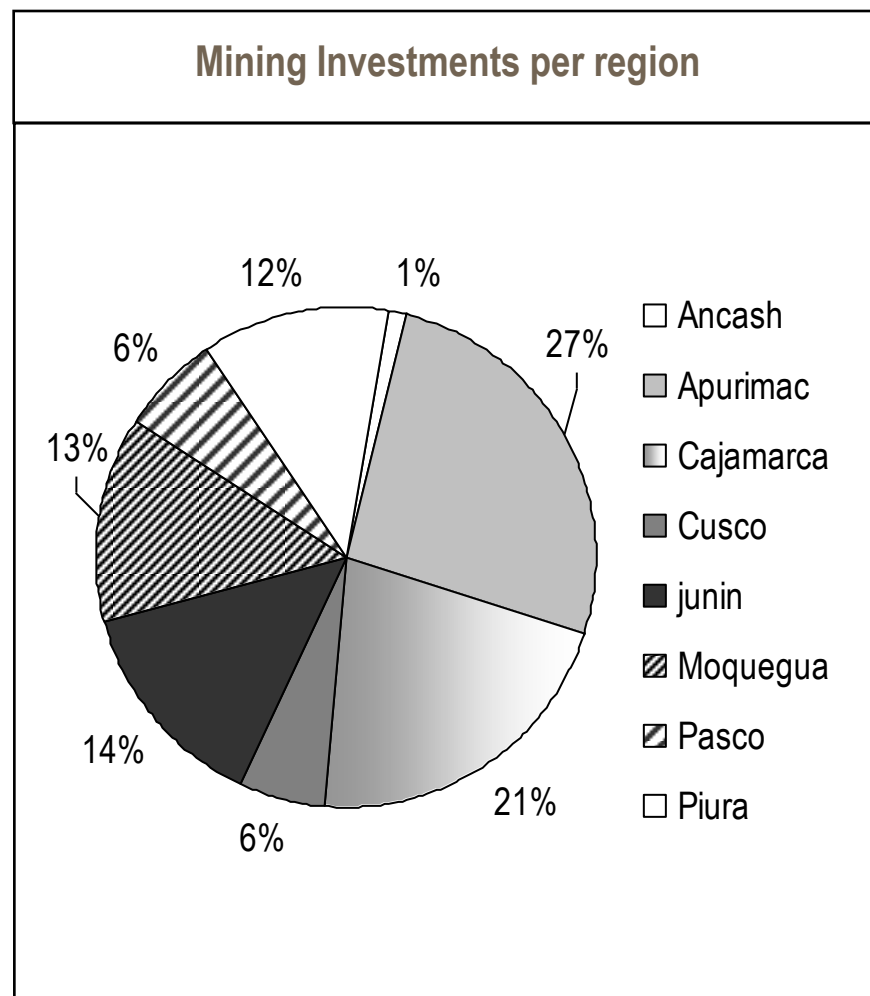
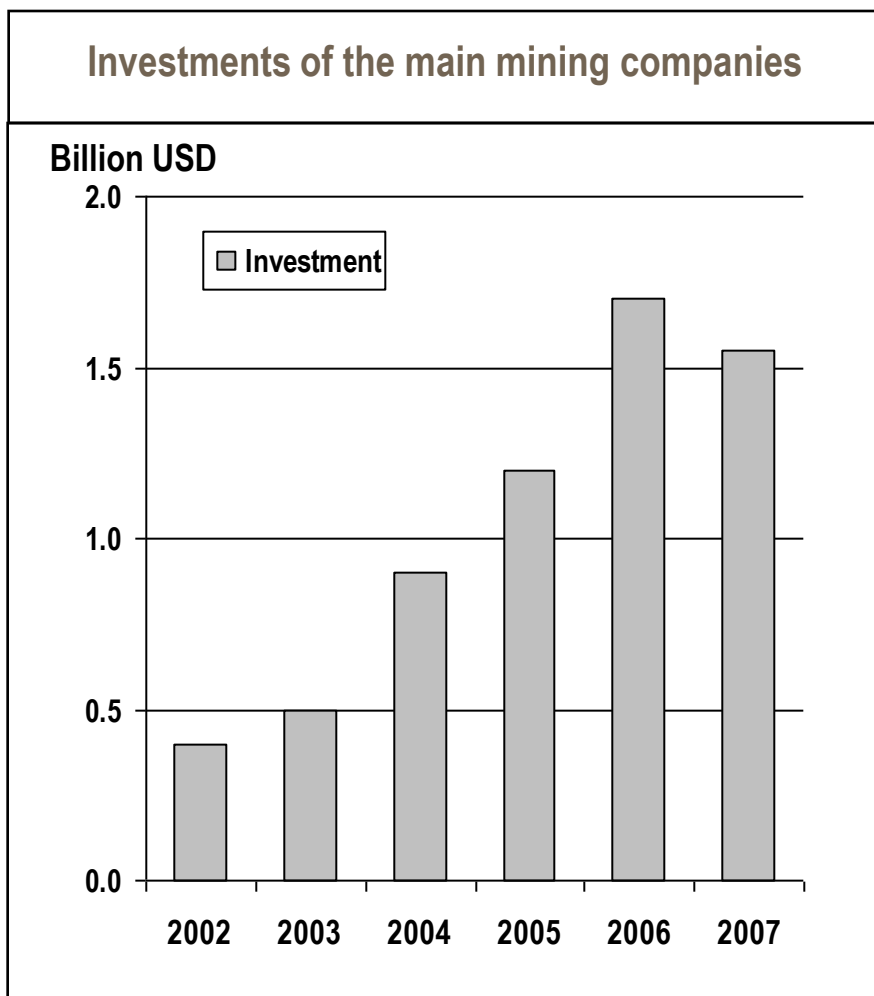
| Mining project<br>(Company)                                               | Minerals                     | Production volume<br>2006                               |
|---------------------------------------------------------------------------|------------------------------|---------------------------------------------------------|
| <b>1. Antamina</b><br>(Xstrata, TeckCominco,<br>BHP Billiton, Mitsubishi) | Copper<br>Zinc<br>Molybdenum | 384 200 ton /year<br>156 100 ton/year<br>7 730 ton/year |
| <b>2. Yanacocha</b><br>(Newmont Gold, BRGM<br>Peru, Buenavetura, IFC)     | Gold                         | 2,7 Moz/year                                            |
| <b>3. Pierina Mine</b><br>(Barrick Gold)                                  | Gold                         | 628 000 oz /year                                        |
| <b>4. Tintaya</b><br>(Xstrata)                                            | Copper<br>Gold               | 120 000 tons/year<br>25 000 tons/year                   |
| <b>5. Cerro Verde</b><br>(Phelps Dodge,<br>Sumitomo, Buenaventura)        | Copper                       | 240 000 tons/year                                       |

Cerro Verde is predicted to produce 300 000 tons of copper per year by 2007.

Pierina Mine is the largest but will close in 2009

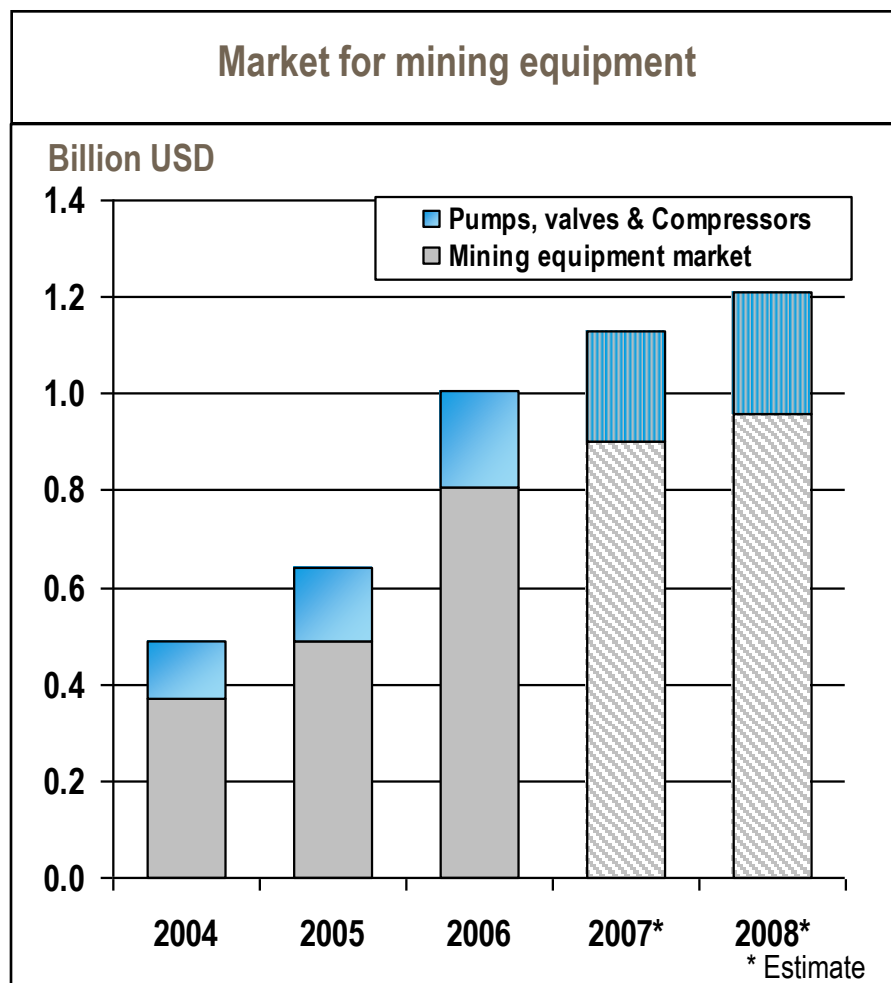
# INVESTMENTS IN MINING PROJECTS AMOUNT TO ABOUT 1,5 BUSD

- Peru copper and xstrata are carrying out the largest investments



# PERU OFFERS AN ATTRACTIVE MARKET FOR MINING EQUIPMENT

- Market size increased by 65% from 2005 to 2006



## Demand is mainly satisfied with imports

- a. Main foreign providers of mining equipment in 2006 were: US (36%), Brazil (21%), Germany (7%), Japan (6%) and Sweden (5%).
- b. The US provides almost 50% of pumps, valves and compressors foreign demand, being particularly strong in the oil and mining sectors.
- c. Mining and construction machinery is the main export from Sweden to Peru. It summed 18 MUSD in 2006, 41% higher than in 2005.
- d. In general, spare parts and high-technology equipment comes from abroad, while there is some local production of metalworking products and pumps and valves.

# THERE ARE MORE THAN 20 MINING EQUIPMENT SUPPLIERS PRESENT IN PERU

## International Equipment suppliers\*

- There are approximately 20 international equipment suppliers to the mining industry present in Peru
- The main brands have representatives in Lima to deal directly with the end users
- There is an increasingly strong demand for environmental technology equipment as well as for equipment used for monitoring environmental standards.
- The international suppliers mostly come from USA, Brazil, Sweden and Germany.

## Local mining Equipment suppliers

- There are very few local mining equipment suppliers for the mining industry in Peru.
- Peruvian manufacturers of mining equipment are mainly found in the light mining equipment segment.
- The majority of the local companies are located in the mining regions.

\*The company was founded outside of Peru and the headquarter is located outside of Peru

# PERU PROVIDES CONSIDERABLE BUSINESS OPPORTUNITIES FOR SWEDISH COMPANIES

- Minimum trade restrictions and promotion of FDI
- Fast growing economy, GDP growth amounted to 9% in 2007
- Low inflation
- Politically stable
- Increasing investments and domestic demand
- Import from Sweden grew 75% in the first semester of 2007

... which has contributed to...

...the fact that more than **15** Swedish companies are registered in Peru and many others are present through suppliers and distributors.

STC is the natural partner for all Swedish companies who want to establish or develop their business in Peru

# USEFUL CONTACTS

- Proinversion [www.proinversion.gob.pe](http://www.proinversion.gob.pe)
- Customs [www.aduanet.gob.pe](http://www.aduanet.gob.pe)
- Mining Ministry [www.minem.gob.pe](http://www.minem.gob.pe)
- Mining, Oil and Energy Society [www.snmpe.org.pe](http://www.snmpe.org.pe)
- Peruvian Mining Engineers Institute [www.iimp.org.pe](http://www.iimp.org.pe)
- Mining Cadastre Institute [www.inacc.gob.pe](http://www.inacc.gob.pe)
- Geological and Metallurgist Institute [www.ingemmet.gob.pe](http://www.ingemmet.gob.pe)
- Certification Institute (INDECOPI) [www.indecopi.gob.pe](http://www.indecopi.gob.pe)

**Swedish Trade Council in Chile**

Rosario Norte 615, Office 1101, Las Condes, Santiago

[www.swedishtrade.se/chile](http://www.swedishtrade.se/chile)

+56 2 925 1900

[chile@swedishtrade.se](mailto:chile@swedishtrade.se)