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THE SOUTH AMERICAN ECONOMY READY FOR TAKEOFF

With gross domestic product growing uninterruptedly at an annual average of 5.3 percent over the past 15 years, the Peruvian economy has impressed its neighbors, as well as countries around the world. Now Latin America's leading emerging market, Peru has positioned itself well as an investment hub and an ideal gateway to the world.

To further strengthen its position, the country of 32 million people joined the Pacific Alliance, an economic bloc that is composed of Mexico, Chile and Colombia and is party to 50 different free trade agreements with countries in Latin America and the rest of the world.

Following a close election in April, **President Pedro Pablo Kuczynski** vowed that his government would expand Peru's economic base. Elaborating on that promise, **Minister of the Economy and Finance Alfredo Thorne** underscored the need for the government to diversify the country's economy.

"Our focus is on finding new drivers for our economic growth. We are an economy that is very dependent on mining. With commodity prices coming down, we are aiming at new domestic drivers for expansion. Two that we have identified are infrastructure investment and productivity growth," Thorne said.

DIVERSIFICATION IS KEY

Traditionally the backbone of Peru's economy, mining has contributed greatly to the country's economic strength over

the years. However, with the slump in global commodity prices, the urgency to diversify the economy is paramount.

In this situation, industries such as agriculture, construction and tourism have become more important. Meanwhile, as the middle class grows wealthier, the automotive industry has also provided the impetus to boost the manufacturing sector and domestic spending.

"After mining, we are the second-largest sector in Peru. We offer a lot of opportunities in Peru compared to other countries because the level of motorization is very low," said **Automotive Association of Peru General Manager Enrique Prado**.

Recognizing the potential of the automotive sector, some Asian carmakers have already set up shop in Peru. Japanese giants Honda and Toyota have gained a head start over their global rivals and asserted their dominance in this market.

Honda, in particular, is already a household name in Iquitos, where it operates the country's largest manufacturing plant. Providing jobs to the local community, the Japanese company has become an integral part of life in the far-flung Amazon region.

"Without our people, we cannot get things done," stressed **Honda del Perú President Makoto Toyoda**.

Amid the continuing economic and social modernization, Peru has also seen the rise of startups, particularly in the tourism sector.

However, the industry attracting the

most attention because of the need for foreign capital and expertise is infrastructure. With economic growth expected to continue, the government says the country needs new airports, seaports, roads and bridges, which will support the growth of a logistics industry that will, in turn, result in increased productivity and higher employment.

And overseeing all these developments is ProInversion, an agency under the ministry of economy and finance dedicated to attracting more foreign investors to the country.

"The main objective of the government of Peru until 2021 is first to reduce the gap that we have in infrastructure by half. That means a large share of what needs to be done must be processed by ProInversion. This will happen through different ways, but mostly through public-private partnerships," explained **Proinversion Executive Director Alvaro Quijandria**.

But Quijandria also stressed the importance of strengthening agricultural exports. He said, "Peru is growing quite strongly in terms of agribusiness, partly because of exports to Japan that remain very strong and promising."

And blessed with the most microclimates in the world, Peru allows for the cultivation of a very diverse variety of agricultural products all year round.

LONG-TERM PARTNERSHIP WITH JAPAN

As the first country in Latin America to

formally establish diplomatic relations with Japan, Peru has a special bond with the Asian economy. That shared bond is also traced to the rich heritage of Peruvians with Japanese ancestry.

On the economic front, Peru is seeking the assistance of an old, trusted ally in its bid to join the Organization for Economic Cooperation and Development. The two countries are also negotiating a tax treaty that would enhance bilateral trade.

Norihide Tsutsumi, the president of Mitsubishi's Peruvian operations and head of the Peru-Japan Chamber of Commerce and Industry, is actively promoting those two causes.

"Peru needs a great deal of investment. It is promoting itself and asking China, Japan, Korea and the U.S. to come and invest, but without a tax treaty, it becomes more difficult. A tax treaty between Peru and Japan will definitely enhance exports of Japanese infrastructure through investment in the sector," Tsutsumi said.

After successfully hosting last year's Asia-Pacific Economic Cooperation summit, Peru hopes to forge more free trade agreements with members of the group. And with the future of the Trans-Pacific Partnership (TPP) uncertain under the administration of U.S. President Donald Trump, the Peruvian government believes bilateral deals are the way to go for now.

While there is talk to carry on with the TPP — even without the participation of Washington — Peru and Japan are determined to deepen their relations and forge ahead regardless. ■

HONDA SETS UP FACTORY AT THE HEART OF THE AMAZON



Honda del Perú President Makoto Toyoda

Honda del Perú's factory in Iquitos

Honda Motor Co. first exported motorcycles to Peru in 1961. Because of the consistently growing popularity of its motorcycles in the country, the Japanese giant built a factory to consolidate its presence in the market. Now, the country's oldest maker of motorcycles enjoys a 20 percent market share in its segment.

With an output capacity of 55,000 units a year, Honda's production facility is the largest of its kind in Peru. Operating since 2007, the factory celebrates its 10th anniversary this year.

And while it may not come as a surprise that Honda del Perú's production facility boasts the latest technology, the factory's location has certainly caused amazement. Honda del Perú built its facility in Iquitos, a port city in the Peruvian Amazon that is inaccessible by road.

"Why the jungle? We saw the huge potential there even as far back as 34 years ago. We realized having the factory in Iquitos is part of our commitment for this country," said **President Makoto Toyoda**.

Embracing the concept of *omotenashi* or Japanese-style hospitality, Honda has put the customer first in this highly competitive market. That commitment to customer service has made Honda a household name not only in Iquitos, but across the country.

"For Honda, price is important, but what is more important is the trust of our customers," Toyoda said.

This year, Honda will focus on improving its operations and growing with the Peruvian economy and its people.

"In terms of growth, our opportunity will be in automobiles. We think that the Peruvian automobile market will recover over the next two to three years. So, there is huge potential. In this sense, we are very much open to all investors, not necessarily limited to Japanese or Peruvian. What is important is that we share corporate values and the Honda philosophy. This is the key for success," Toyoda said. ■

→ www.honda.com.pe

LOGISTICS TAKES CENTER STAGE IN PERU

While mining remains the dominant industry in Peru, many take for granted the other sectors that support mining operations from behind the scenes to ensure that they run smoothly. And among these low profile, but vital sectors, is the logistics industry.

Grupo COISAC has been providing logistics support to many of Peru's largest companies for over 55 years. Specializing in nationwide heavy load logistics, COISAC has worked with the likes of Cerro Verde, Antamina

and Grana y Montero. "We build trust with our clients. We have worked for 18 years with Grana y Montero and for 16 consecutive years with Red de Energia del Peru of the ISA Group," said **General Manager Yolanda Idrogo**.

Because of time-sensitive demands, trust is vital to the success of all logistics companies. COISAC has built a reputation of reliability because of its committed and hardworking staff and managers.

"The trust that our clients

place in us is very humbling and honorable. They appreciate our punctuality, traceability and security in our operations and services," Idrogo said.

At the start of 2017, Idrogo remains optimistic about the opportunities available to all foreign investors in Peru.

"We want future international clients to choose COISAC as their logistics operator," said Idrogo. "Leave all of your problems to us and we will solve them." ■

→ www.coisacperu.com



COISAC General Manager Yolanda Idrogo

EXALMAR, 3RD LARGEST FISHMEAL AND FISH OIL PRODUCER, LOOKING FOR NEW MARKETS IN JAPAN



Pesquera Exalmar CEO Rossana Ortiz Rodriguez

For more than 40 years, **Pesquera Exalmar** has supplied high-quality fish feed and seafood products to Japanese aqua feed producers. Buoyed by its continuous success in Japan and in other parts of the world, the company was confident enough to go public in 2010 and listed its shares on the Lima Stock Exchange, later issuing corporate bonds in the international market.

Through sustainable fishing and socially conscious business practices, the company has become the world's third-largest fishmeal and fish oil producer. And **Pesquera Exalmar** remains very optimistic about its long-term future in Japan, whose market is one of the world's most

Four years ago, to further expand its revenue sources, **Exalmar** launched a new "direct human consumption" business unit, in the categories of frozen products (giant squid, mackerel, jack mackerel, mahi mahi, squid, scallops, silver smelt, anchovies and swordfish) and value-added products made from giant squid (breaded sticks and burgers, nuggets, non-breaded burgers and a seafood mix).

The company sees Japan as a market for fishmeal and fish oil, as well as for giant squid and value-added products.

"The Japanese market is attractive for us because it lines up with our values. They are very open and direct, and they cherish long-term relationships. A long-term partnership with Japan is a win-win for both parties," said Ortiz, who has lived in and learned much about the country, thanks to the Japanese International Cooperation Agency's Japan Exchange and Teaching program.

"My vision for Exalmar is to strengthen our relationship with Japanese and Asian partners. Peru is the base of the fishmeal and fish oil value chain and other products for human consumption. Our commitment is to deliver healthy food with high quality and protein value to our Japanese partners," she added. ■

→ www.exalmar.com.pe



Maquinarias Managing Director Carlos Chiappori

NISSAN'S TRUSTED PARTNER IN LATIN AMERICA

For over half a century, **Maquinarias S.A.** has brought top-quality Japanese vehicles to the Peruvian market. Working with Marubeni and Nissan, Maquinarias began importing Datsun automobiles in 1957.

Currently with an 8 percent market share in the country and the second-largest seller of Japan-made vehicles, Maquinarias, according to **Managing Director Carlos Chiappori**, is single-minded about growing its business. Chiappori believes that he can achieve further growth mainly

by nurturing its long-running relationship with its Japanese partners.

"You cannot have a partnership of so many years unless you have confidence and trust and are willing to understand the other side's position. When you have those three factors, you can only have progress," said Chiappori.

Staying faithful to the customer-focused ethos that is deeply ingrained in Japan, Maquinarias has received top marks in customer satisfaction in both service and sales.

"We do not sell by price. We sell by the support we give to all our customers," Chiappori said.

With plans to expand its nationwide network of 23 dealerships and add new models to its product line, such as the best-in-class NP300 pickup and the upcoming KICKS mini SUV, Maquinarias is setting its sights on double-digit growth.

"Being Nissan's official partner, we have to make sure the brand is well represented. That's our responsibility. We have to be the best," Chiappori said. ■

→ www.maquinarias.pe

RESTAURANT FUJI

BRINGING TRADITIONAL JAPANESE CUISINE TO LIMA FOR MORE THAN 40 YEARS



Culinary pioneer: Muneaki Fukasawa introduced authentic Japanese cuisine to Peru in the 1970s.

Arriving in Lima from Japan's Shizuoka Prefecture in 1973, **Muneaki Fukasawa** and his wife came upon an opportunity to open a new business in Lima and decided to introduce the art of Japanese cuisine to this distant South American country.

Fukasawa named his Japanese restaurant **FUJI**, in honor of his hometown close to where the iconic Japanese mountain is located. FUJI opened to much acclaim as residents of Lima welcomed an authentic

Japanese restaurant, which soon attracted many Japanese businesspeople, diplomats and tourists.

"Fusion cuisine is getting very popular, but I think, it is important to let the Peruvian public know what real traditional Japanese cuisine is," Fukasawa explained.

Having nurtured close relationships with the largest Japanese multinationals in the city, FUJI not only counts Japanese businesspeople as its guests, but also local ex-

ecutives and tourists from around the world. In recognition of his outstanding contribution to the promotion of Japanese cuisine overseas, Fukasawa, in 2015, received an award from the Japanese government.

And, as an ambassador of the "Cool Japan" project of Japan's Ministry of Agriculture Forestry and Fisheries, Fukasawa continues to promote Japanese cuisine in Peru and other South American countries. ■

→ www.restaurantfujiperu.com

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60 YEARS

HONDA
The Power of Dreams

43 years

Honda, 43 years powering Peruvian dreams.