

Peruvian president's visit

Humala visits Japan, gateway to Asia

Elard Escala
AMBASSADOR OF PERU

Today, Peruvian President Ollanta Humala and his wife are coming to Asia on an official visit for the first time since taking office last July, and they have chosen Japan as their gate to this region. Three state ministers, government officials and more than 30 of the most representative Peruvian businesspeople, members of the Japan-Peru Business Committee (CEPEJA), are coming along.

It is not a coincidence that Japan has been chosen as the first Asian country on the list. In 1873, Peru was the first country in Latin America to establish

diplomatic relations with Japan, and in 1899, Peru became the first South American country to receive Japanese immigrants. Since then, very valuable friendships and cooperation between the governments and peoples of both countries have been increasing.

For instance, on the economic and commercial level, both economies are now further opening up their possibilities to boost their trade and investment on the basis of the Agreement on the Promotion and Reciprocal Protection of Investments (BIT), in force since the end of 2009, as well as the Economic Partnership Agreement Peru-Japan (EPA), in force since March 1, 2012. Last year's trade reached \$3.3 billion, a positive balance for Peru despite the global financial crisis. Japan's interest to expand its portfolio

of investments in Peru, for example, in phosphate deposits in Bayovar (Piura, northern coast), its participation in copper and molybdenum mining projects in Quellaveco (Moquegua, southern coast), as well as in the financial sector — with The Bank of Tokyo-Mitsubishi UFJ and Sumitomo Mitsui Banking Corp. opening new branches in Lima — speaks of Peru as a country with many opportunities for investment, showcasing a strong macroeconomic environment and legal stability. Peru has consolidated itself as a reliable partner and has turned into a prestigious, attractive business partner for Japan and the world.

Since our histories and societies are already intertwined, we should keep making efforts toward a shared future of peace, social inclusion and prosperity.



President Ollanta Humala of Peru

Brief profile and agenda of President Humala

President Ollanta Humala was born on June 27, 1962, in Lima.

Humala is married to Nadine Heredia and has three children: Illary, Nayra and Samin.

In 1979, he started his studies at the Army School of Officers, obtaining his bachelor's degree and becoming an artillery officer in 1983.

In 2002, he obtained his master's degree in national defense at the Center for National Studies. In the same year, he started a master's degree program in political science at the Pontifical Catholic University of Peru.

In 2003, he was appointed as military attaché at Embassy of Peru to the French Republic.

That same year, he was chosen as a Ph.D. candidate at the Center of Latin American Studies of the Sorbonne university in Paris.

In 2004 he was appointed as military attaché at the Embassy of Peru to South Korea. During his time in South Korea, he paid a visit to Japan with his wife, making a tour of Hiroshima.

In 2005, he founded with his wife the political party the Peruvian Nationalist Party.

He was elected president of the Republic of

Peru in June 2011, winning over 51 percent of the vote in a runoff.

Humala campaigned as a center-left leader with the desire to help create a more equitable framework for distributing wealth from the country's key natural resources, with the goal of maintaining foreign investment and economic growth in the country while working to improve the condition of an impoverished majority.

On July 20, 2011, the Peruvian government decorated President-elect Humala with the highest honor in Peru, the Order of the Sun: Grand Cross with Diamonds.

On July 28, 2011, Humala was inaugurated as president.

From May 8 to 10, President Humala is undertaking an Official Working Visit to Japan.

In the course of his visit, the president will pay a State Call on His Imperial Majesty Emperor Akihito, who will be hosting a Court luncheon in his honor.

President Humala will also have a summit meeting with Prime Minister Yoshihiko Noda to further strengthen the friendly relations between Japan and the Republic of Peru.

Recent developments bring Peru closer

Shimpei Miyamura
CHAIRMAN, JAPAN-PERU BUSINESS COMMITTEE

On behalf of the Japan-Peru Business Committee (CEPEJA), I am most delighted to extend a hearty welcome to H.E. President Ollanta Humala of the Republic of Peru on his first official visit to Japan from May 8 to 10, 2012. It is my sincere wish that President Humala thoroughly enjoys this beautiful season in Japan.

Taking this important opportunity, I would like to touch on some of the recent economic developments that have taken

place between Japan and Peru.

On March 1, the long-awaited economic partnership agreement (EPA) between the two countries entered into force. The EPA is a testament to the strong mutual confidence that characterizes the relationship between the two economies, with their sound growth in trade and investment in recent years. We expect that the EPA will provide a boost to both Japan and Peru, as it will eliminate tariffs on more than 99 percent of bilateral trade within 10 years, thereby improving foreign market access for exporters, promoting economic growth and creating jobs in both countries.

In addition, I would also like to highlight the potential leverage that the Japan-Peru EPA offers for the future. The EPA

would allow the two countries to work proactively in a multilateral arena. For instance, Peru, together with Mexico, Colombia and Chile, is on its way to forming the Pacific Alliance, a new integrated market with a reach that includes 200 million people. I believe our EPA should work as a bridge linking the two major regional economies of Asia and Latin America. This can serve as a prelude to the even broader regional cooperation represented by the Trans-Pacific Partnership, in which Japan has already indicated its wish to participate.

In closing, please allow me to express my high hopes for the ability of both countries to tackle new challenges together for even stronger economic relations in the future.

Alicia Garcia-Herrero and Hugo Perea
CHIEF ECONOMIST FOR EMERGING MARKETS AND CHIEF ECONOMIST FOR PERU, BBVA RESEARCH

Since the beginning of the past decade, the Peruvian economy has recorded an outstanding performance. As a result of rapid GDP growth within a context of low inflation and sound fiscal and external accounts, income per capita has almost tripled in the last 10 years and the poverty ratio has sharply declined by around 30 percentage points.

On the brink of disaster at the end of the '80s, with huge fiscal deficits, protracted hyperinflation and political instability, what changed in Peru? First, Peruvians have realized — after suffering from a terrible economic situation in the '80s — that macroeconomic stability is a necessary condition for sustained growth. This explains the large number of regulations set up to restrict



Garcia-Herrero Perea

the authorities' discretion on the fiscal and monetary side. In particular, the public deficit has been capped to 1 percent of GDP and price stability is now the unique goal of the Central Bank of Peru. Such a stable macroeconomic environment has drastically reduced uncertainty, supporting private investment and capital accumulation, which are fundamental determinants of economic growth. Second, a large number of structural reforms have been introduced during the last 20 years, drastically increasing the efficiency of the Peruvian economy relative to its peers in the Latin American region. Among key reforms are trade and financial liberalization and the privatization of state-owned enterprises.

For the next years to come, Peru is expected to remain as one — if not the most — dynamic economies in Latin America, which brings Peru much closer to Asian than Latin American standards. There is no doubt that international investors will continue to find attractive opportunities in Peru. The mining sector will continue to be the shining star, as Peru is one of the most important copper and gold exporters in the world. Another attractive invest-

ment opportunity is bound to be infrastructure (transport, energy and telecommunications), given Peru's infrastructure gap of about 40 percent of GDP, or \$70 billion).

While Peru and Japan have strong longstanding relations, economic ties are still embryonic: Japanese foreign direct investment in Peru is just 1 percent of Peru's foreign direct investment stock. In addition, Peruvian exports to Japan represent just 5 percent of that total and are mainly concentrated on minerals. Imports from Japan are 3.5 percent of total purchases from abroad but are bound to increase rapidly with the concentration on durable consumer goods for



EMBASSY OF PERU

Peru's fast-growing middle class, namely cars and electronic appliances. The free trade agreement signed last year between Japan

and Peru should be the trigger point for such economic relations to strengthen rapidly in the next years to come.

Peru: Facts & Figures

Concept	Figure	Comment
Population	30 million	
GDP (cumulative growth 2002-2010)	73.2%	Eighth in world ranking
Annual estimated growth (2012-2014)	6.0%	The largest in L.A.
Foreign direct investment (2011)	\$38.1 billion	
Exports (2011)	\$46,268,000	30% more than 2010
Average annual inflation (2002-2011)	2.5%	Lowest in L.A.
Average annual inflation forecast (2012-2014)	2.0%	
Public debt 2011	21.0% of GDP	In 2003 47.1% of GDP
Net international reserves forecast (2012)	\$55.0 billion	In 2003 \$10.2 billion
Annual poverty rate	Under 30.0%	In 2006 46.0%
Investment rating grade	BBB by S&P, BBB by Fitch and Baa3 by Moody's	Peru's ratings are coming closer to industrialized countries' ratings.
Trade agreements (in force)	19 (93% of all Peruvian commerce)	With Japan: BIT & EPA
Concluded trade agreements (and in negotiation)	7	
Global entrepreneurship ranking (2011)	First	Global Entrepreneurship Monitor 2011 Global Report

SOURCE: EMBASSY OF PERU

Strengthening bonds and cooperation into the future

Masahiko Komura
PRESIDENT, JAPAN-PERU PARLIAMENTARY FRIENDSHIP LEAGUE

The upcoming visit of Peruvian President Ollanta Humala, the first to Asia since taking office, is a clear and definite political signal showing Japan and Peru are interested in continued steps toward an optimal development of bilateral relations. This political gesture, viewed from a medium and long term standpoint, will enhance Peru's position as



a strategic partner and as a reliable and stable country. In recent years, I have witnessed the Peruvian government's efforts to be seen as a trusted counterpart within a "win-win" relationship. At the same time, since the Japan-Peru Parliamentary Friendship League was reactivated in February 2009, Peru

has enhanced its international reputation as a legally stable Latin American country with a solid and consistent economic policy by allowing business opportunities to flourish, attracting foreign investment. This has created many potentials for development and had a positive impact on Peruvian living standards.

In this regard, bilateral economic agreements such as the Agreement on the Promotion and Reciprocal Protection of Investments (BIT) — in force

since the end of 2009 — and the Economic Partnership Agreement between Peru and Japan (EPA) — approved by the House of Representatives on December 9, 2011, and in force since March 1 — along with the implementation in Peru of Japanese technical standards, such as the Integrated Services Digital Broadcasting-Terrestrial (IS-DB-T) standard, will surely help strengthen trade and increase investment opportunities in the

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Heartiest Welcome
to His Excellency Ollanta Humala,
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His First Official Visit to Japan



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President of the Republic of Peru,
on the Occasion of
Your Official Visit

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Peruvian president's visit

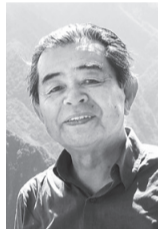


Once in a lifetime: After Hiram Bingham arrived at Machu Picchu on July 24, 1911, expeditions by his team led to worldwide publicity of the site, which today is a UNESCO World Heritage and one of the New Seven Wonders of the World. EMBASSY OF PERU

Building mutual trust through archaeology

Yoshio Onuki
PROFESSOR EMERITUS, THE
UNIVERSITY OF TOKYO

It was only 13 years after the disastrous end of World War II that a group of specialists from The University of Tokyo launched a bold research project to tackle the issue of the origin of the Andean civilization.



Intensive as well as extensive excavations continued since then, principally in the northern highlands of Peru, initiated at the sites of Kotosh in Huanuco, then moved to La Pampa in Ancash and to Cajamarca, excavating at least 15 sites. The pre-ceramic culture, with stone masonry such as the Temple of Crossed Hands, was one of the important discoveries in Huanuco in the 1960s.

Then, since 1979, new projects were carried out in Cajamarca, which firmly established a detailed chronology of cultural succession from the earliest sedentary life to the integration into the Inca empire. The excavations at Kuntur Wasi on the western slope of the Cajamarca mountain range also brought about new data, discovering the oldest artistic objects of gold, not only

in Peru but also in the Americas.

A Japanese team made every effort to build a museum for those findings and donated it to the local people of a small agricultural village, who take good care of the museum. A UNESCO project with Japanese trust money carried out the restoration work of the site, and today Kuntur Wasi is one of the most important cultural heritages in Cajamarca.

During the half-century of archaeological activities, specialists of both countries have established and strengthened the relationship of mutual understanding and friendship. The real sense of mutual trust has been shared by both sides, including the local people. The goodwill of the Japanese people has organized a small association, Keunokai, to help the Kuntur Wasi museum and local people toward self-education and socio-economic improvement.

Several new projects are still under way in Cajamarca, by Japanese specialists together with Peruvian ones, at Pacopampa, Palacio de Miraflores near Otusco, and around Tembladera in the middle of the Jequetepeque Valley, for example. Their contributions to science and Peruvian society will be even greater than the ones done in the past 50 years.

Stronger bonds, cooperation

CONTINUED FROM PAGE 6
coming future.

Furthermore, I believe our countries' broad political agreement on relevant topics on the international agenda and a willingness shown by authorities of both countries to share experience and knowledge about such things as good practices in environmental issues, climate change mitigation, and management and prevention of natural

disasters will open up possibilities for a more dynamic political dialogue.

I would like to convey my wish that these significant guidelines, together with the close contact among our peoples over 138 years of diplomatic relations and permanent mutual interests on history, culture and traditions shall deepen and strengthen even more our bonds and cooperation into the future.



New light: Excavations at Kuntur Wasi, on top of the slope, found some of the oldest gold artifacts in the Americas, housed in a museum at the foot of the hill. YOSHIO ONUKI

Exhibit showcases Peru's riches

Continuing the celebrations on the centennial commemoration since American academic and explorer Hiram Bingham revealed to the public the existence of the Machu Picchu citadel in a National Geographic issue worldwide, the National Museum of Nature and Science in Ueno Park, Tokyo, brings closer to the Japanese public the ancient cultural richness of Peru by showcasing one of its most emblematic civilizations: the Incas.

Through June 24, millenary Peruvian knowledge is explained in detail regarding developments in engineering, architecture, astronomy and agriculture achieved by the Incas through efficient use of natural resources and harmonious coexistence with their environment. Visitors can have a glimpse of the artistic talent left by ancient Peruvians in their pottery, textiles and metal objects. One may also learn how rulers of the Inca empire, or "Tahuantinsuyo," were able to articulate and integrate most of the wide South American Andes territory, through a 40,000-km-long road system called "Qhapaq Nan," or the Great Inca Trail, by creatively overcoming climate challenges and geographical barriers.

As a tribute and a symbol of solidarity to the people affected by the Great East Japan Earthquake, this exhibition will be traveling to Sendai this summer, from July 6 through Sept. 9. Thus, Peru will pay tribute to the stoicism and exemplary civic spirit shown by the Japanese when they were faced with one of the worst natural disasters in their history.

After Sendai, the exhibit will go to Shizuoka, from Nov. 27 through Jan. 27, 2013.

This exhibition is one of the most representative presentations on Peruvian history and culture to come to Japan and Asia in recent years.

The Inca Empire Revealed: Century After the Machu Picchu 'Discovery' is showing at the National Museum of Nature and Science (Ueno, Tokyo) through June 24. The museum is open from 9 a.m. to 5 p.m., until 8 p.m. on Fridays. Closed on Mondays. For more information, see www.kahaku.go.jp.

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