

Mining market in Peru

Peru is the world's second-largest producer of copper, silver and zinc as well as Latin America's largest producer of gold, zinc, lead, boron, indium and selenium. The country has robust macroeconomic institutions and business-oriented policies that provide trade opportunities to Canadian mining operators and suppliers. Peru is a strategic hub on the Pacific (for regional neighbours). Canada is among the top foreign direct investors in a key Peruvian industry: manufacturing minerals and metals.

Key opportunities for Canadian mining suppliers

Mining portfolio

Despite the pandemic, Peru managed to ramp up a new mine and is soon to conclude the construction of another. In addition, they have expanded several mines and received approval to start new mining projects. This translates into solution offerings by Canadian mining supply and services (MSS) firms in:

- productivity advancements for automation
- environmental and engineering services
- geophysical instrumentation
- mining equipment

Mineral processing

Mining companies operating in Peru seek to improve productivity by increasing automation/digitalization and energy efficiency of mine operations. With the grades of new mines being lower than previous operations, many brownfield projects dominate Peru's exploration portfolio. Opportunities exist for Canadian MSS companies offering solutions to convert operations into intelligent mines, particularly:

- safety monitoring of mobile equipment fleet operators
- mining truck fuel consumption/efficiency
- machine learning for monitoring mining assets
- monitoring haulage to prevent damage to structures
- automation of monitoring systems

Most mines are off-grid and either need to build their own electricity plant or depend on diesel-fuelled generation.

Industry highlights	
Open Export Development Canada's position	3.9% Global exploration share
68.7 World Bank Ease of Doing Business score	Copper, silver and zinc lead Peru's mining sector
Can\$9.9 billion Peru ranks 5th overall in Canadian mining assets abroad	71 Canadian companies operating in Peru
0.4% 5-year compound annual growth rate of industry	- 2.8% 5-year production compound annual rate of change
US\$24.8 billion National mining revenues	

Health and safety

Mining companies operating in Peru are looking to improve mine-site health and safety. While that has improved exponentially in the last six years, ventilation, rock stability and tailings management continue to be challenging. This presents export opportunities for Canadian MSS companies offering:

- technology systems associated with toxic gas/harmful vapour sensors
- fatigue management
- advanced occupational health
- safety training systems
- rock engineering solutions

Canadian MSS firms offering water/wastewater management services are also desired as Peru has numerous tailings deposits throughout the country.

Environment

Peru's polymetallic (copper, cadmium, indium, iron, steel, lead, silver and zinc) endowment positions it well in the global transition to a low carbon economy, including:

- supply of minerals and metals required for electric vehicle production
- wind and solar generation
- energy storage

The Peruvian government set a collective target of 70% renewable energy use by 2030, opening an opportunity for the Canadian MSS sector to help with adaptation strategies for climate change risks.

Notable challenges for Canadian mining suppliers in Peru

- Legislative:
 - Modified mine closure regulation—once in effect, mining companies will need to adapt their operations to comply
 - The outsourcing contractors regulation, *Tercerizacion de contratistas*, limits the ability of mining companies to outsource to local or foreign companies.
 - Proposed headwaters restrictions, the *Cabeceras ce cuencas*, limit exploration in geological zones rich in metals/minerals.
- Political: Social conflict including blockades trigger temporary shut down of operations and can impede contract fulfillment as distribution avenues are blocked or client purchase orders are stalled.

Peru business landscape

- Canada and Peru have existing trade ties through the Canada-Peru Free Trade Agreement (2009) and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (2021).
- Peru is Canada's second-largest bilateral trading partner and Canada's second-largest destination for direct investment in Central and South America.
- Peru is ranked second to Chile in Latin America in ease of doing business and fosters an open investment environment, which includes strong protections for contractual and property rights.
- Given its investor-friendly policies, expansive mining sector and location, Peru's market is ideal for business development in mining.

Request a meeting

To learn more about the mining industry in Peru, please request an in-person meeting with a Trade Commissioner on the Business-to-Trade Commissioner scheduling platform ahead of PDAC 2022. <https://go.b2b-2go.com/en/canadapdac-2022/>