



Australian Government

Australian Trade and Investment Commission



LATAM MARKETS - PERU

MARKET OVERVIEW

Peru is Latin America's best performing mining market, with existing mines in growth mode, a strong pipeline of new mine construction and solid prospects for further growth thanks to the country's diverse mineral base, foreign investment, low energy and operating costs and largely under-explored territory.

Peru is considered highly geologically prospective, 14 per cent of the land is currently under concession and available for exploration and only less than 2 per cent is currently undergoing mining activity. It is also blessed with reserves of copper, gold, tin, silver, mineral sands, lithium, uranium and iron ore.

Peru is the world's second largest producer of copper, silver and zinc, and sixth largest of gold. Mining accounts for around 10 per cent of Peru's GDP, 12 per cent of private investment and 60 per cent of the country's exports.

The mining sector has been the engine of Peru's strong economic performance, growing continuously for the past 16 years, notwithstanding the global downturn and overall metal prices cycles. Operating in the most remote areas of the country, mining also plays an important role in the decentralization process, productive diversification and generation of employment in Peru.

Forty-eight major mining construction projects worth over US\$58 billion are forecast for the next decade. This pipeline includes new mines, expansions and reprocessing of tailings.

There are around 80 Australian mining and METS companies' active in the market. Total Australian investment in Peru is estimated at close to US\$6 billion. Mining and METS firms with a more visible presence include Sino-Australian fMMG, BHP, Rio Tinto, Ausenco, Orica, Worley and Hoffman Engineering, amongst others.

MARKET OPPORTUNITIES

The mining sector in Peru has moved from a preoccupation with cost minimisation to mine optimisation. Peru-based mining firms are well disposed to Australian innovation and are actively seeking solutions to improve production, position for further growth and raise operational standards.

Clear opportunities to win business are available to those offering solutions to deliver overall mine efficiency and performance improvements including:

- › *Technology and Innovation (including automation and robotics)*
- › *Environment (water, tailings, land rehabilitation and mine closure)*
- › *Social responsibility and community engagement*
- › *Mine safety (including skills and risk management)*

MAIN CHALLENGES

The greatest risk of growth in the mining sector in Peru is social licence. The majority of social conflicts currently active relate to mining and they intersect with environmental concerns and the legacy of historically poor practice and land access.

Other challenges include the political will unblock paralyzed mega projects with strong commercial prospects but with legacy issues, bureaucracy and delays in the permitting process, regulatory coordination in respect of environmental protections, and the infrastructure gap, which is estimated at US\$160 billion.

KEY CUSTOMERS

Peru is home to 13 ICMM member mining companies who are currently driving the effort to elevate standards and introduce best practices for a more sustainable mining industry.

Flagship under-construction copper projects in Peru include: Anglo-American's Quellaveco Mine in Moquegua (US\$5.3 billion) to start production in early 2022 and Marcobre's Mina Justa in Ica (US\$1.6 billion) scheduled to start producing in late 2020.

According to the Ministry of Energy and Mines 5 projects of a total investment of US\$ 3.9 billion are due to start in July 2021.



These projects are:

- › Buenaventura's San Gabriel gold project (US\$431m)
- › Newmont's Yanacocha sulfides expansion (US\$2.1bn)
- › Bear Creek's Corani silver project (US\$586m)
- › Hochschild's gold Inmaculada optimization (US\$136m)
- › Shougang's iron ore Marcona tailings project (US\$140m)

START THE CONVERSATION

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