

Peru to Award \$10 Billion in 2013 Infrastructure Contracts

By Alex Emery on July 29, 2012

Peru's government plans to award \$10 billion in infrastructure contracts for roads, airports and natural-gas pipelines next year in a bid to make the Andean nation's exports more competitive, President Ollanta Humala said.

Private companies will be able to use infrastructure investments as a tax write-off, Humala said. Projects will include a second gas conduit linking the coast to production fields in jungles in Peru's south, irrigation for 100,000 hectares (247,000 acres) of arable land, and 500 kilometers (300 miles) of roads, he said.

"We've launched an aggressive concession program to reduce the infrastructure deficit," Humala said yesterday a speech to the nation's congress. "The participation of the private sector in public projects is crucial for the country's development."

Peru, which boosted exports fivefold in the past decade on surging metals prices, posted its biggest trade deficit since 2008 in May as a faltering global recovery curbed demand for copper and gold. Falling metal prices will trigger a decline in Peru's exports this year for the first time since 2009, the central bank said June 15, and the government increased its stimulus package by \$750 million last month.

Private investment climbed 12 percent in the first half, while bank lending rose 16 percent and construction expanded 15 percent, Humala said. Mining investment commitments including projects by Anglo American Plc (AAL) and Xstrata Plc (XTA) total \$30 billion through 2017, he said.

Inflation, which was running at a 4 percent annual rate through June, will slow to between 1 and 3 percent this year, the central bank's target, Humala said.

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