

LatinInvest

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PAINTING PERU



Multicolor Jungle by Macedonio de la Torre (1893-1981)

Anybody looking for an artist whose *oeuvres* symbolized the many aspects of Peru could do worse than study the works of Macedonio de la Torre. Born in 1893 in Trujillo (significantly, also Simón Bolívar's headquarters during the struggle for independence from Spanish rule), de la Torre combined a love and appreciation of the variety of landscapes inherent in his native Peruvian countryside with an enthusiasm for the international art movements that evolved during his lifetime. During his mid-twenties he was part of Grupo Norte, the most important Peruvian intellectual group in the first two decades of the last century, before traveling to Europe and starting a life-long allegiance to impressionism, surrealism, and the Die Broke tendency. It was in Paris in 1929 that he first received critical acclaim, and he caused quite a sensation on his return to Lima the following year with his audacious plastic masterpieces. He later traveled to New York where he exhibited at the United Nations building. During his long career, de la Torre set a variety of motives on canvases ranging from his representations of shanty towns to coastal and Andean landscapes and the colorful foliage found in jungle scenes, as in this *Multicolor Jungle*. He was a popular figure on the streets of Lima until his death in 1981; an avuncular mentor to successive generations of artists who followed in his footsteps.

Plastic fantastic

■ Last year, 750,000 US citizens traveled abroad for medical procedures – with costs a fraction of what they are in the US, medical tourism is a booming industry.

Plastic surgery in Peru is well represented by Dr Otto Ziegler MD. A graduate of Georgetown University Hospital, Washington DC, he has been a member of the Peruvian Plastic Surgery Society since 1992, and a member of the American Society of Plastic Surgeons (ASPS) since 1998. Dr Ziegler has learned from the best international plastic surgeons and his practice fuses the best surgical techniques, using the synergies between them to achieve excellent results in a single procedure. This, added to the vast experience gained from operating on a great number of cases, means the surgeon is widely regarded as an expert. His clinic has a 'Recovery House' next door with a comfortable atmosphere and personnel who offer warm and professional attention, equipped with diode laser and external ultrasound for a fast and safe recovery.

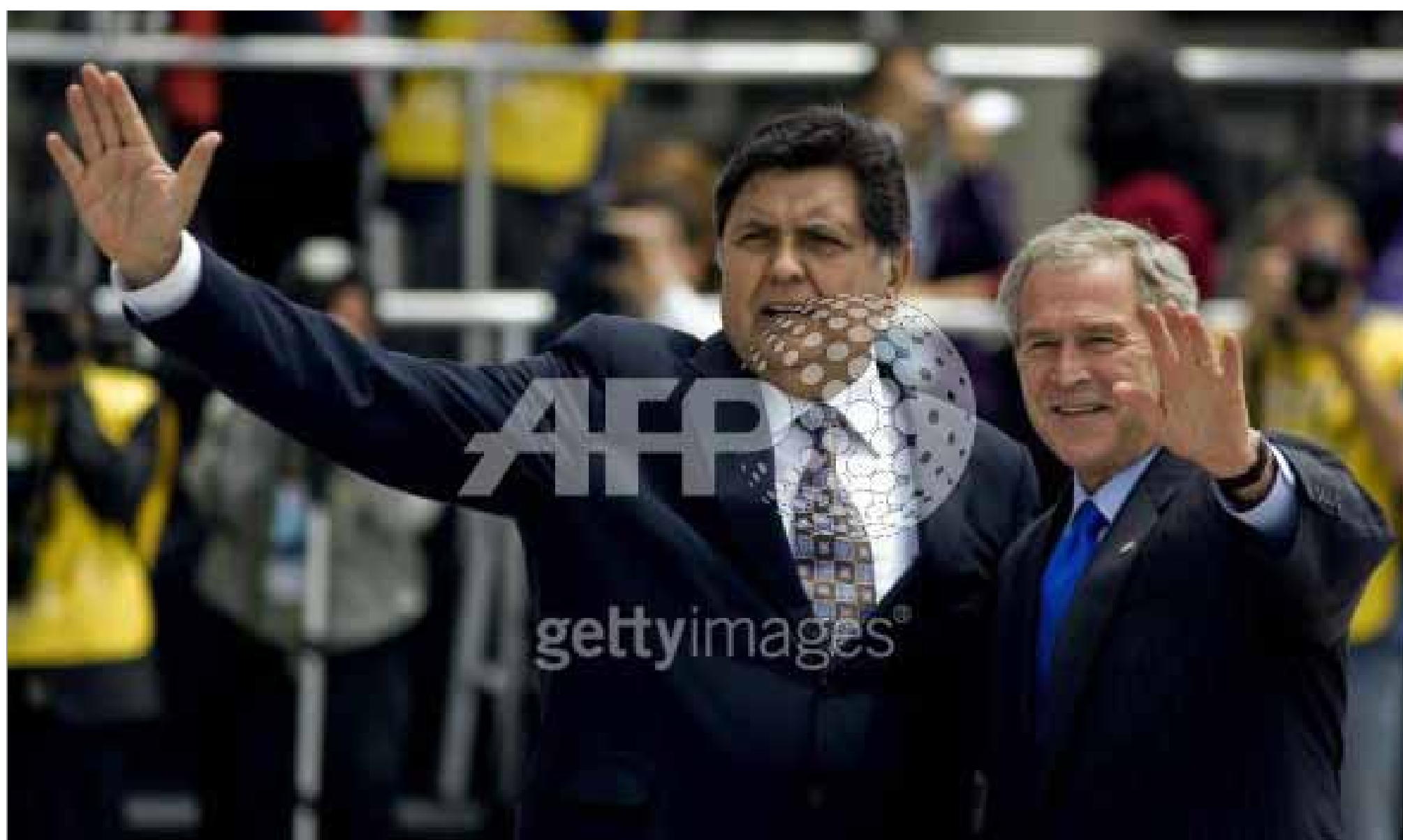
Public-sector spending paves way for growth

■ Although Peru looks set to weather the current economic storm better than most, its government is taking nothing for granted.

In December last year, President Alan García announced that his administration would be injecting up to \$13.2bn into

housing, highways, and other projects to maintain growth amid the global slowdown. In political terms the major beneficiary of this package will be the Ministry of Transport and Communications and Enrique Cornejo, the minister in charge, is suitably upbeat. "Investments in infrastructure are very important at the best of times as they guarantee sus-

PERU TAKES CENTRE STAGE



You say goodbye, I say hello. US President George W Bush (right) and Peruvian President Alan García upon arrival at the APEC Leaders Retreat I, on November 22, 2008 in Lima

■ With a flourish of recently signed international free trade agreements (FTAs), Peru has opened her doors to increased business from the US, China, Canada, and the EU. Such FTAs should further fuel the Latin American nation's recent growth.

Last year was Peru's turn to take on the presidency of the Asia Pacific Economic Council (APEC) and to host its annual summit. The knock-on effects of this could be significant. According to the consulting firm Maximix, APEC's impact on foreign direct investment (FDI) flows into Peru could amount to US \$2bn this year, and as much as \$10bn in 2011. That prediction may not be as fanciful as it sounds; Peru joined APEC in 1998 and its trade with the Asia Pacific region grew by over

300% between 2000 and 2007. Peru also has plans to take full advantage of its Pacific coastline to position itself as the bridgehead for Asian countries (including China) seeking to access other South American markets, not least Peru's eastern neighbor, Brazil. This goal will receive a massive shot in the arm in early 2011 with the completion of the Peru-Brazil Inter-Oceanic Highway. Seen by many (and with some logic) as the most important road project in South America, the highway will connect the Brazilian region of Acre to Peru's southern coast, from the Peruvian ports of Ilo, Matarani, and Marcona to the Brazilian ports of Rio de Janeiro and Santos. The lion's share of the construction work for the highway has fallen to Peru due to the superior nature of Brazil's existing road network, and the \$1.6bn project has included the renovation and

construction of approximately 2,600 km of roads and 22 bridges. A further project to build a 5,600-km rail link to connect the Brazilian Atlantic and the Peruvian Pacific coasts is also being scrubbed. In the meantime, Peru is considering extending its railway network to the Brazilian border at the cost of a further \$1.1bn. The captains of industry are suitably appreciative. Among them is Juan Manuel Peña Roca, President of La Positiva Seguros, one of Peru's most prominent insurers with over two million clients and a network of brokers across the country. He firmly believes that the government's strategy is showing them a way out of the current crisis. "This political line of attack is inspiring our economy," he says. "We are blessed with a government that has promptly identified opportunities for exports. This will allow the country to grow healthily and give

foreign investors confidence." This energetic approach to FDI has been complemented by a prudent domestic fiscal policy. Following a severe liquidity crisis in the late 1990s, a new supervisory body was established to monitor and categorize credit risks according to types of loans and market segments. Additional liquidity and capital ratio requirements – well above those of Peru's own banking law and international requirements – were also introduced. Peru's banks have risen to these twin challenges of fiscal discipline and the injection of new flair and foreign capital into the system. This especially goes for BCP (Banco de Crédito del Perú), Peru's oldest and largest bank, which has been instrumental in nurturing the new entrepreneurial spirit permeating the country. "For many years BCP was essentially focused on servicing major

companies and representatives of the corporate sector," explains BCP's General Manager, Walter Bayly. "But over time our policy has changed and now we also assist small companies and entrepreneurs." BCP now boasts 237 branches, 786 ATMs, 1,400 agents, and over 10,000 employees. BCP's change of strategy looks set to stand it in good stead. With sound public finances and a cushion of international reserves, the authorities are in a comfortable position to deal with an economy not immune from global forces, and its fiscal stimulus plan has injected new life into infrastructure projects, low-cost housing, and other social programs. Latest forecasts indicate that Peru's economy will buck global trends this year to grow at over 3%, reinforcing its reputation as one of the fastest-growing in the region – and, perhaps, as an entrepreneurial hub.

Hosting the world

■ The choice of Lima as the venue for Asia Pacific Economic Council annual summit last year proved to be highly appropriate.

In November 2008, as the full extent of the financial crisis became clear, the leaders of the 21 member states of the Asia Pacific Economic Council found themselves congregating in one of only a handful of countries that look set to survive the current downturn relatively unscathed. The APEC countries account for over 60% of the world's GDP – and the attendees cannot have failed to note the healthy condition Peru has attained under the watchful eye of President Alan García. Over the last seven years, growth has exceeded that of most other countries in the

region and, although this had slowed to just under 7% by the end of 2008, many of President García's guests would have happily swapped their problems for his; according to the World Economic Forum, Peru is the 27th most macro-economically stable country in the world. To put that in perspective, Canada sits at 44 in this particular league and the United States at 97. Strategically positioned on the Pacific Rim, Peru is South America's third largest country – yet until recently it appeared to be punching below its weight in global terms. However, with a raft of new trade agreements on the table and an economy that is proving resilient to the general worldwide economic malaise, Peruvians can be forgiven for having high expectations for the future.

Much more than Magic Mountain

■ When Machu Picchu won the global vote in 2007 to be named one of the Seven Wonders of the Modern World, the triumph prompted a euphoric celebratory explosion of national pride that swelled and pulsed the length and breadth of the country.

The victory came after a huge international marketing campaign to promote the majestic Inca ruins that have long been recognized as a UNESCO World Heritage Site. Minister of Trade and Tourism, Mercedes Araoz, is intensely proud as she states, "It is an example of what we Peruvians can achieve when we unite."

The accolade firmly established Machu Picchu as one of the world's most desired places to visit. A fact reflected in a huge upswing in the arrival of international tourists, which last year exceeded one million – helping the tourist industry's contribution to GDP reach US\$6m. Built in the mid-15th century by the Inca ruler Pachacutec, Machu Picchu owes its reputation not just to its magnificent architecture and the breathtaking beauty of its natural surroundings, but also to the fact that it was never discovered and subsequently plundered by the Spanish. The listing also had a significant knock-on effect on the popularity of Peru's other major tourist attractions. Not least amongst these is Cuzco itself, the capital of the Inca dynasty and now the oldest inhabited city of the Americas. Traditionally a stop-over on the way to the Lost City, it has become a travelers' destination in its own right and with good reason, as it is a showcase of pre-Inca, Inca, Colonial, and Republican architecture and culture. Also up at the top of the must-see league – and testament to the sheer diversity of Peru's tourist attractions – is Lake Titicaca, the world's highest navigable lake that straddles Peru's border with Bolivia. The lake is of as much interest to enthusiasts of anthropology as of Inca legend and archaeology, dotted as it is with some 41 islands, many of which are populated. Of these, the floating islands that are home to the Uros tribe are probably the most curious, as the Uros people continually make and re-make their buoyant dwellings from *tortora* reeds. A train journey to these and some of Peru's other major tourist attractions, which include the Sacred Valley and Colca Canyon, is recommended by many seasoned travelers as part of the experience. In Machu Picchu's case this has generally meant using the services of PeruRail, which is operated by the Orient Express Hotels chain. In order to ensure that the ever-growing number of visitors can get

to their destinations with relative ease and in comfort, the government has now begun to open up some of the more popular destinations to competition, starting with the Machu Picchu line. This has generated a great deal of interest, but PeruRail welcomes the competition. "We have three major advantages that the new train companies don't have – ten years of experience in Peru, proven high-security standards, and the support of the Orient Express organization behind us," explains marketing director Monica Flores. "We actually expect to increase the number of passengers by offering higher-quality services." Either way, increased competition will be good news for Peru-bound tourists. Another organization with no fear of increased competition is the Swissotel Hotels and Resorts chain. Located in the capital's upmarket San Isidro district and a seven-mile drive from the Jorge Chavez International Airport, Swissotel Lima is currently the hotel of choice for visiting business executives as it also offers easy access to Lima's center, with its colonial architecture. Among the first to offer high-end services when it opened up ten years ago, its general manager Frank Spiehvogel believes others will soon follow. "There's a massive interest from foreign investors towards our country," he says. Along with the quality of attractions and government support, there are two further reasons for Peru's tourist sector to feel confident about its future – the fact that the vast majority of visitors to the country still come from South America, and the sheer untapped diversity of the countryside. Unlike other equatorial countries, Peru does not have an exclusively tropical climate; and the influence of the Andes and the oceanic Humboldt Current means that the country boasts 83 of the world's 104 microclimates and has an interior largely unexplored by tourists. As a consequence, Peru has both a global tourist base and a vast array of destinations for them to visit, both with considerable untouched potential.



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WALKING IN WONDERLAND

■ David Woodward traveled to Peru with adventure tour operator Conandes.

Climbing into muddy, damp clothes at 3.45 am may not seem like a great way to start another day when you're on vacation, but despite the sore muscles and the slight headache from the previous night's therapeutic *cervezas*, I couldn't contain my excitement. Today we would be climbing 800 meters from Aguas Calientes on the last leg of our four-day expedition, and arriving at Machu Picchu – the mystical homeland of the Incas. Our journey so far had seen us embark on mountain bikes from a summit of 4,200 meters, surrounded by freezing mist that froze the eyelashes and soaked the skin while making it impossible to see further than a couple of meters ahead as we hurtled around the hairpin bends and down into the void. Two hours later we'd arrived at the relatively balmy altitude of 2,000 meters, having left the freezing cloud far above and descended into a verdant valley with brilliantly colored butterflies and hummingbirds for company. For the next two days we abandoned the bikes to hike across the

mountains, as we followed the ancient Inca trail to their greatest architectural accomplishment. The energy and mystique that surrounds Machu Picchu has been well documented, but not until you actually arrive there can you truly appreciate the magnetic attraction that every year pulls thousands of international visitors. It could be the mystery of the Incas and the logic-

defying precision of their stonemasonry, or the awe-inspiring scale of their creations, or just the natural beauty of the area. I would say that, like anything in life, the sense of satisfaction on arrival is in direct proportion to the difficulty of the journey to arrive there. And so having scrambled and tumbled and finally completed the four-day hike with my new best friends,

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