

Summary

- ◆ The total market for plastic materials and resins (PMR) in Peru was US\$ 472.2 million in 2004 and increased to US\$ 581.2 million in 2005.
- ◆ For the most part, the market consists of imports; local production accounts for 14% of the total market, and exports represent 93% of local production.
- ◆ Resins are not manufactured locally.
- ◆ In spite of the inroads made by Asian suppliers, the U.S. was the main supplier of plastic raw material and inputs, holding 30.2% share of the import market during 2004-2005.
- ◆ The estimated increase in the demand for plastics and resins will reach 15% in the coming years (2006-2007).
- ◆ New uses for plastic products, especially in packaging and building sectors, will drive the demand of plastic materials and resins.

Market Demand

- ◆ In 2005, two factors made it difficult for local producers to meet the 15% increase in demand. The first was the dynamism of local industry, which led to higher internal consumption. The second factor was exports of plastic materials to Andean Community countries.
- ◆ Peru's industry became 99% dependent on imports in 2005. This trend is likely to continue in the foreseeable future (2006-2007), as Peru's agribusiness export, mining, food and beverage packaging, and building and construction sectors continue to grow.
- ◆ Polymers, in high demand, are: Polyethylene (LDPE and HDPE), used for bag-in-box applications, heavy-duty bags, films for perishable and non-perishable goods; polyester (primarily PET resin for carbonated soft drinks bottles); polypropylene for sacks and flat fabrics; bi-axially orientated polypropylene (BOPP film), which is used for soft drink labels, packages for snacks and pasta; polyamides (nylon); and unmixed PVC (especially for tubes and pipelines).



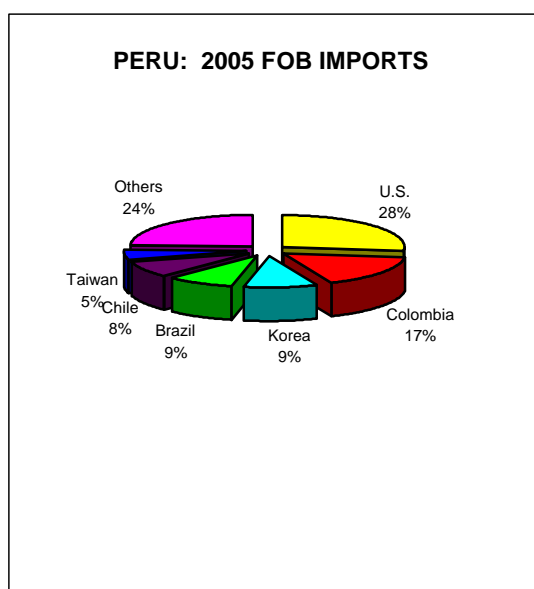
MARKET SIZE

	2004	2005	2006F	Avg. Annual Growth Rate
Imports	459.2	575.4	602.9	15.0%
Local Production	62.7	82.3	108.0	31.3%
Exports	49.7	76.5	100.4	20.0%
Total Market	472.2	581.2	610.5	15.0%
Imports from U.S.	155.5	154.8	146.7	15.0%

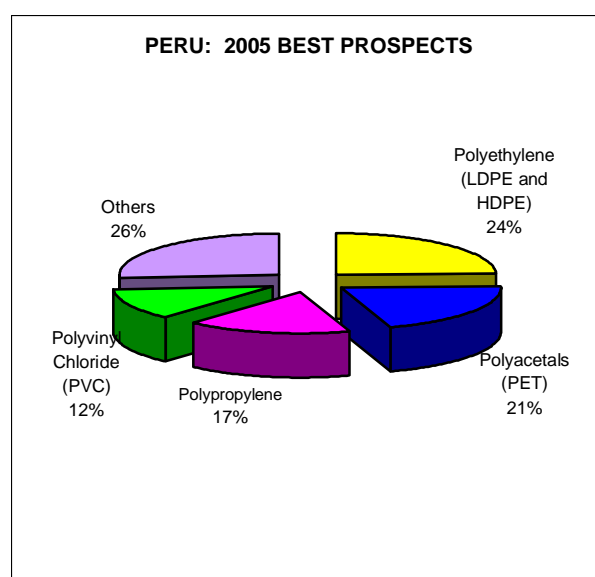
Source: Peruvian Customs – SUNAT and Vice-Ministry of Industry

Market Data

- ◆ Imports totaled US\$ 459.2 million in 2004 and US\$ 575.4 million in 2005. A 15% increase is estimated in imports for the coming years (2006-2007) driven by increased local industrial activity and rapidly increasing exports of agribusiness, packaged food and beverages, and building goods.
- ◆ The U.S. retained its position as the major supplier of plastic materials and resins, holding 30.2% of all imports during 2004-2005.
- ◆ As resin-manufacturing plants are migrating from the U.S. to Asian countries, imports are also coming from Korea and Taiwan. These facility relocations are likely to continue in the short and medium term.
- ◆ The U.S. remained as the main supplier of LDPE, HDPE and bottle-grade PET resin during 2005. This trend is expected to continue.
- ◆ In 2005, overall major importers of plastics materials and resins were:
 - Ø San Miguel Industrial S.A. (9.2%)
 - Ø Amcor PET Packaging del Peru S.A. (5.5%)
 - Ø Unimar S.A. (5.1%)
 - Ø OPP Film S.A. (2.8%)
 - Ø PeruPlast S.A. (2.5%)



Source: Peruvian Customs – SUNAT



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Market Issues & Obstacles

- ◆ On April 12, 2006, the United States and Peru signed a bilateral free trade agreement (U.S.-Peru TPA). The US-PTPA will eliminate tariffs and other barriers to goods and services and expand trade between the two nations. This means that the duties on US-origin plastic materials and resins should be reduced significantly and eventually eliminated. The PMR import market is free and open to any brand or technology.
- ◆ The products covered in this report, which correspond to plastic materials and resins, are levied a 4% or 12% Ad-Valorem duty. Imports are also subject to a 19% value added tax, as are domestically produced goods.

For More Information

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