



Export Development Canada

Business Opportunities in Peru and Colombia

February 2012

About EDC

- ▶ Canada's Export Credit Agency
- ▶ Crown corporation wholly owned by Government of Canada
- ▶ Financially self-sustaining
- ▶ Operates on commercial principles



EDC's Role

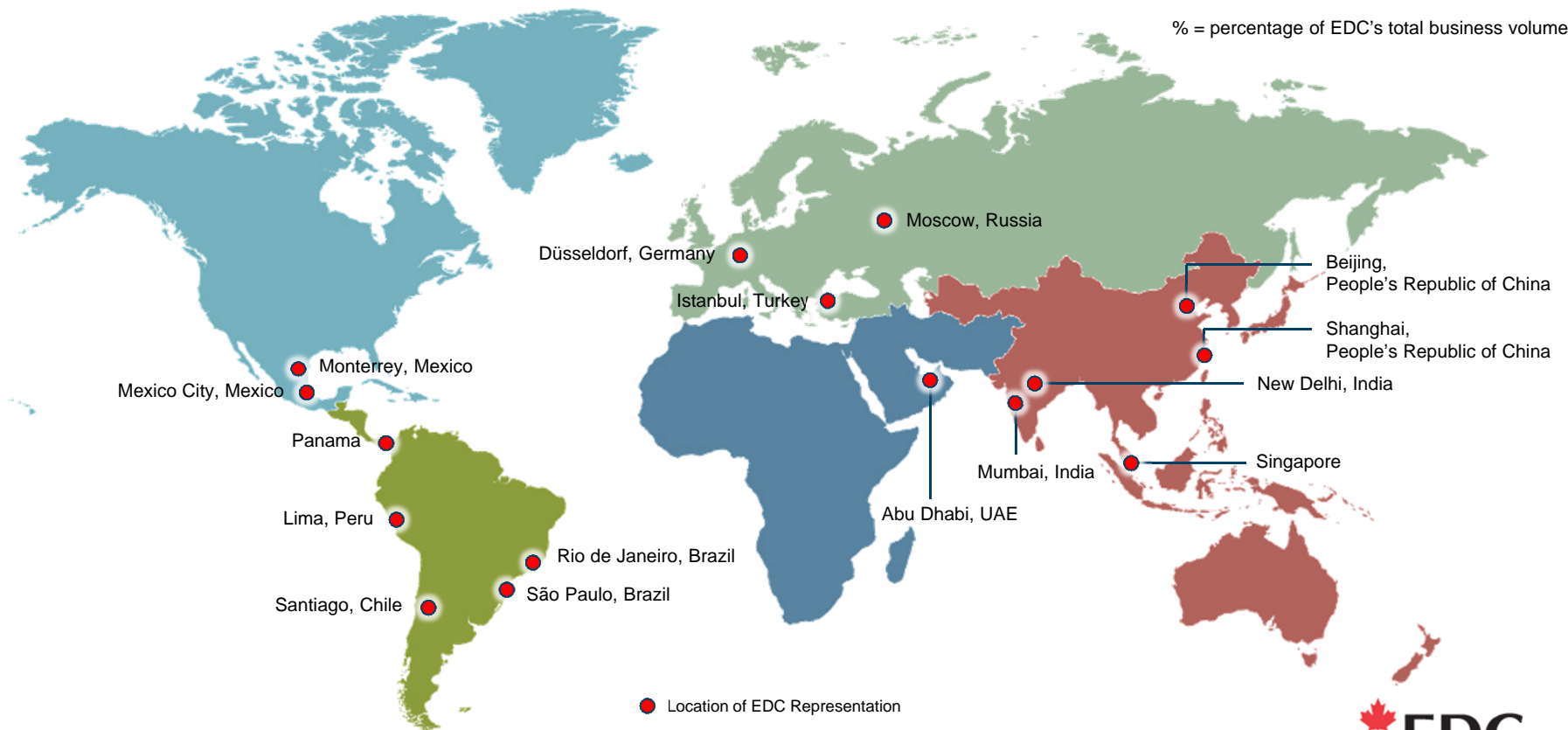


- ▶ To support and develop Canada's export trade and international business efforts
- ▶ Financing and insurance solutions for Canadian exporters and investors

Supporting Business Worldwide

EDC's foreign representation

- North America / Caribbean \$47.5B (56%)
 - Asia-Pacific \$15.2B (18%)
 - Europe \$10.7B (13%)
 - South / Central America \$5.5B (7%)
 - Africa / Middle East \$5.4B (6%)
- % = percentage of EDC's total business volume



Overview of EDC Products



Accounts Receivable Insurance

- ▶ Protect against foreign buyer's failure to pay
- ▶ Enter and expand into new markets
- ▶ Offer more flexible payment terms
- ▶ Increase access to working capital



Bonding Services



- ▶ EDC provides a guarantee to your bank so it can issue guarantees to your customers and suppliers
- ▶ EDC shares the risk with your surety company
- ▶ Protect yourself from wrongful calls
- ▶ Get bonds without tying up cash

Export Guarantee Program



- ▶ EDC provides your bank with loan guarantees to finance your export contracts
- ▶ Get capital you need from your bank
- ▶ Free up your line of credit
- ▶ Meet up-front costs of export contracts

Political Risk Insurance

- ▶ Coverage for various political risks
- ▶ Protects your assets, investments from certain political events
- ▶ Increases access to cash from financial institution
- ▶ Helps attract additional project capital



Foreign Buyer Financing



- ▶ Direct financing to your foreign customer
- ▶ Loan or guarantee to another financial institution
- ▶ Lines of credit
- ▶ Flexible financing options for foreign buyers
- ▶ EDC assumes risk of non-payment

Statement of Commitment to CSR

- ▶ At EDC we are committed to carrying out our mandate in a socially responsible manner consistent with our corporate values.

CSR Operating Principles



Business Ethics



Environment



Transparency



Community Investment



Employee Engagement

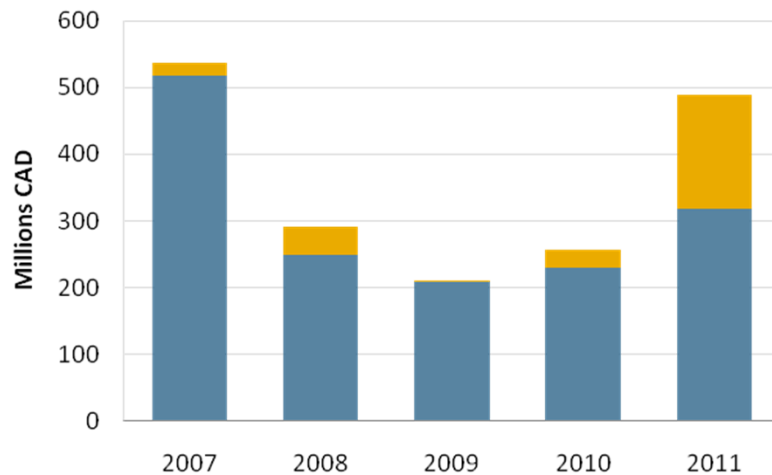
Vision / Core Values

EDC in the Andean

- ▶ **In market representation** since 2008
 - ▶ Office in Lima covers Peru, Colombia, Bolivia, Ecuador, Venezuela
- ▶ **EDC Position:** Colombia and Peru – open under all programs with both the Private and Public sectors.
- ▶ **Key Sectors of Focus:** Mining, Oil & Gas, Infrastructure & Environment, Transportation
- ▶ **Business Strategy:** engage directly with project sponsors in the Extractive and Infrastructure sectors
- ▶ **Major Buyers:** E.g.: Petrominerales, Ecopetrol, EPM, ISA, Antamina, Graña y Montero, Yanacocha, Odebrecht

EDC Business Volumes by Product

Peru



■ Insurance ■ Financing

Customers Served 2007: 110
2011: **155**

Colombia



■ Insurance ■ Financing

Customers Served 2007: 126
2011: **195**

Market Environment - Peru & Colombia

- ▶ Credible macroeconomic policies – investment grade ratings
- ▶ Political stability
- ▶ Business friendly environments

	Colombia	Peru	Chile	Brazil
(Ease of) Doing Business Rank	42	41	39	126
Starting a Foreign Business				
Procedures	13	11	11	17
Time in days	27	43	29	166
Ease of Establishment	68.4	72.5	63.2	62.5
Global Competitiveness	68	67	31	53

Sources: IFC/World Bank, WEF

Opportunity Overview



Extractive Sector – Colombia and Peru

- ▶ Oil & Gas - Colombia
 - ▶ Foreign Direct Investment in Colombia's O&G sector reached US\$6.5b by September 2011
 - ▶ Ecopetrol plans to invest US\$80b between 2011 and 2020
- ▶ Mining - Peru
 - ▶ One of the top producers of Gold, Copper, Zinc, Silver, and Tin
 - ▶ Planned private investment over next decade = \$51b
 - ▶ Opportunities in cleaner production

Health Sector - Peru

- ▶ Construction and upgrade of hospitals
- ▶ Investment portfolio for next four years = US\$2.5b
- ▶ Opportunities for medical devices
- ▶ Target buyers include
 - ▶ Ministry of Health
 - ▶ Grupo Salud
 - ▶ Clinica Internacional

Information and Communication Technology

- ▶ Opportunities for Security Equipment, Geomatics, e-Health, and Telecommunication Equipment
- ▶ **Peru**
 - ▶ Claro - US\$1b planned investment between 2011 and 2014
 - ▶ Telefonica Peru - US\$1.5b planned investment by 2013
 - ▶ Nextel Peru's CAPEX for 2011 = US\$1.6b
- ▶ **Colombia**
 - ▶ ICT is a pillar of the national development plan
 - ▶ Goal is to increase connectivity
 - ▶ Leverage connectivity for e-health, e-learning, e-government, and e-business services

Water & Sanitation and Renewable Energy - Peru

▶ **Water Sanitation**

- ▶ Government plans to invest ~ US\$3.5bn to expand water and sanitation coverage
- ▶ IDB and World Bank programs
 - ▶ Water treatment
 - ▶ Waste-water treatment
 - ▶ Water distribution

▶ **Renewable Energy**

- ▶ Wind power
- ▶ Biomass
- ▶ Mini-hydro

Power - Colombia

- ▶ Wind farms
- ▶ Hydro generation
 - ▶ Tunneling
 - ▶ Turbines
 - ▶ Environmental assessments
 - ▶ Detailed engineering
- ▶ Top firms: EPM, ISA, ISAGEN, Electricas Medellin
- ▶ Antioquia – cluster of service and equipment providers

Strategies to Succeed and Challenges

Market Strategies to Succeed

- ▶ Be committed to the market over the long-term
- ▶ Develop a local presence for visibility with key clients and for after-sales service, technical assistance and spare parts delivery & installation
- ▶ Invest in local partnerships : JVs, MOUs, Strategic Alliances
- ▶ Get good advice: Legal, Accounting
- ▶ Collaborate with DFAIT, Sector Associations, Chambers of Commerce, other companies with market experience

Challenges

- ▶ Strong presence of local and international competitors
- ▶ Weak Supply Chains
- ▶ Labour
- ▶ Education
- ▶ Infrastructure

Useful Sources of Information

Colombia

- ▶ [Departamento Nacional de Planeacion](#)
- ▶ [Agencia Nacional de Infraestructura](#)
- ▶ [Unidad de Planeacion Minero Energetica](#)
- ▶ [Cámara Colombiana de la Construcción](#)

Peru

- ▶ [Proinversion](#)

EDC → www.edc.ca/infrastructure

DFAIT → www.tradecommissioner.gc.ca

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