

GENERAL AGREEMENT ON

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TARIFFS AND TRADE

Limited Distribution

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STATE TRADING

Notification Pursuant to Article XVII:4(a)

PERU

The following communication, dated 10 August 1988, has been received from the delegation of Peru. The communication contains Peru's complete notification for the period 1983-86, and updates it for 1987.

In accordance with Article XVII:4(a) of the General Agreement on Tariffs and Trade, the Government of Peru hereby submits its notification on State trading.

This communication contains the full notification for the period 1983-1986, as well as the basic notification for 1987.

I. Enumeration of State-Trading Enterprises

Monopolies are forbidden in Peru under Article 133 of the Constitution; exceptionally, economic activities declared to be of public interest or affecting national security are reserved for the State under Article 144. On this basis there are seven State-owned enterprises which have been granted certain concessions for the marketing of specified products. These enterprises are the following:

- A. Empresa Comercializadora del Arroz (ECASA) (Rice Marketing Corporation): Rice
- B. Empresa Nacional de Comercialización de Insumos (ENCI) (National Inputs Marketing Corporation): Basic agricultural food products, agricultural inputs for industrial use and inputs for agricultural use.
- C. Empresa Nacional de la Coca (ENACO) (National Coca Corporation): Coca leaf and products thereof.
- D. Minero Perú Comercial (MINPECO) (Mined Products Marketing Corporation): Mining and metallurgical and related products.

- E. Petróleos del Perú (PETROPERU) (Peruvian Oil): Crude petroleum and petroleum products.
- F. Empresa Nacional Pesquera (PESCA PERU) (National Fisheries Enterprise): Fish-meal, fish oil and island guano.
- G. Empresa Siderúrgica del Perú (SIDER PERU) (Iron and Steel Corporation of Peru): Iron and steel and related products.
- II. Reason and Purpose for Introducing and Maintaining State-Trading Enterprises
- A. Empresa Comercializadora del Arroz (ECASA) (Rice Marketing Corporation):
- To ensure the distribution and adequate supply of rice at national level;
 - To guarantee producer costs through a fair price fixed by the State.
- B. Empresa Nacional de Comercialización de Insumos (ENCI) (National Inputs Marketing Corporation):
- To ensure the supply of basic agro-industrial products and inputs for the producing sectors concerned;
 - To channel trade agreements and/or credit lines granted to Peru for imports and/or exports;
 - To reduce to a minimum the marketing costs for food products and inputs.
- C. Empresa Nacional de la Coca (ENACO) (National Coca Corporation):
- To take responsibility for, maintain and control in full the domestic and foreign marketing of coca leaf and products thereof;
 - To promote, develop and carry out applied research on the industrial use of coca leaf;
 - To promote the social, cultural, vocational, technical and human development of the workers concerned;
 - To encourage rural development in areas where programmes for the eradication and/or substitution of coca cultivation are being carried out, inter alia by financing agricultural development programmes;
 - ENACO was set up on 5 December 1978 by Decree Law No. 22370.

D. **Minero Perú Comercial (MINPECO) (Mined Products Marketing Corporation):**

- To sell on the best terms the national mining and metallurgical and related products produced by the State mining corporations;
- To ensure a steady development of expertise in the marketing of mining products;
- To act as an instrument to enhance the State's trade management and bargaining power;
- To develop and ensure the defence of the country's interests in international forums and bodies.

E. **Petróleos del Perú (PETROPERU) (Peruvian Oil):**

- To ensure the domestic supply of petroleum and oil products, which are considered essential and strategic products;
- To maintain the utilization of production plants.

F. **Empresa Nacional Pesquera (PESCA PERU) (National Fisheries):**

- To carry out production activities relating to the processing of fishery products for direct and indirect human consumption and for industrial use;
- To market fish-meal and oil at home and abroad.

G. **Empresa Siderúrgica del Perú (SIDERPERU) (Iron and Steel Corporation of Peru):**

- To carry out all activities for the manufacture and marketing of iron and steel and related products.

III. Description of the Functioning of the State-Trading Enterprises

A. **Empresa Comercializadora del Arroz (ECASA) (Rice Marketing Corporation):**

- Carries out rice-importing operations in accordance with the Annual Import Programme.
- Import volumes are fixed in accordance with domestic consumer supply needs.
- Import prices are established by invitation to tender and/or public auction.
- Private traders may import special types of rice but cannot export.
- The Corporation does not engage in long-term operations.

B. Empresa Nacional de Comercialización de Insumos (ENCI) (National Inputs Marketing Corporation):

- Carries out export operations for coffee, cotton, alpaca fibre, "loc tao" beans etc., and import operations for basic agricultural food products, agricultural inputs for industrial use and inputs for agricultural use.
- Private traders compete with ENCI in cotton and coffee export operations, while ENCI has sole responsibility for imports of basic food inputs and products.
- Import volumes are based on the Annual Import Programme, which is drawn up according to national supply needs. Export volumes are fixed according to the surplus available after domestic demand has been met.
- The Corporation is empowered to negotiate short-, medium- and long-term contracts.

C. Empresa Nacional de la Coca (ENACO) (National Coca Corporation):

- Carries out export operations for coca leaf and basic cocaine for medicinal purposes.
- Private traders are not authorized to engage in export operations for these products.

D. Mineo Perú Comercial (MINPECO) (Mined Products Marketing Corporation)

- Carries out export operations for the mining and metallurgical and related products of the State-mining corporations and other corporations in which the State or State entities are majority shareholders. In addition, MINPECO may market such products on the domestic or international markets for other corporations which so request.
- Small- and medium-sized mining enterprises as well as the Southern Peru Copper Corporation are authorized to sell their products directly or through traders, with free competition between the private sector and MINPECO.
- In the case of concentrates, export volumes are fixed according to stocks once the needs or requirements of refineries, foundries and processing plants have been met.
- The prices for mining and metallurgical products (with the exception of iron) are calculated on the basis of prices on the London Metals Exchange, the New York Comex Exchange, European producers' prices, United States producers' prices etc., depending on the product and the market to which it is exported.
- Concentrates are usually sold on the basis of long-term contracts, whereas refined products are sold on the "spot" market

or on the basis of contracts of one year or more with regular deliveries.

E. **Petróleos del Perú (PETROPERU) (Peruvian Oil):**

- Exports and imports petroleum products.
- No other enterprise may engage in the export or import of such products, for strategic national security reasons.
- The criteria for the determination of export volumes are based on the surpluses available after domestic demand has been satisfied; import volumes are fixed according to the shortfall in covering domestic demand.
- Export and/or import prices are adopted by the Corporation taking account of the best bid received in international invitations to tender.
- Operations are usually on a "spot" basis.

F. **Empresa Nacional Pesquera (PESCAPERU) (National Fisheries Corporation):**

- Carries out export operations for fish-meal, fish oil and island guano.
- Private fishing enterprises may freely compete with PESCAPERU in the foreign and domestic marketing of fish-meal and fish oil.
- Export volumes are determined according to demand, price levels, stock maintenance and contractual commitments.
- Export marketing is conducted through direct negotiations and contracts at government level.
- The Corporation carries out long-term operations and end-market sales.

G. **Empresa Siderúrgica del Perú (SIDERPERU) (Iron and Steel Corporation of Peru):**

- Private companies may compete with SIDERPERU in the domestic and foreign marketing of iron and steel products.
- Export operations are exceptional, on the basis of production surpluses, which only occurred in 1985.
- Bobbins and steel used in the manufacture of tin plate are regularly imported.
- Import volumes are determined according to national supply requirements.

IV. Statistical information

A. Empresa Comercializadora del Arroz (ECASA) (Rice Marketing Corporation)

RICE IMPORTS, 1984-1987

Year	Volume (MT)	Value (c.i.f. US\$)
1984	26,596.00	11,917,667.60
1985	187,967.54	38,499,511.54
1986	209,877.43	40,716,221.42
1987*	104,535.02	18,085,716.68

* In the form of counter trade - only includes C&F value

Source: ECASA

B. Empresa Nacional de Comercialización de Insumos (ENCI) (National Inputs Marketing Corporation)

EXPORTS 1984-1987

Product	1984		1985		1986		1987	
	Volume (MT)	Value f.o.b. US\$ '000	Volume (MT)	Value f.o.b. US\$ '000	Volume (MT)	Value f.o.b. US\$ '000	Volume (MT)	Value f.o.b. US\$ '000
Cotton	5,943	11,418	13,938	24,406	13,295	23,066	5,293	10,856
Alpaca fibre	-	-	-	-	29	346	31	379
Coffee	1,693	4,655	2,450	6,202	1,681	6,178	1,774	3,505
Kidney beans ("Loc Tao")	-	-	-	-	-	-	855	253
Kidney beans (black, "Castilla")	-	-	-	-	-	-	800	204
Urubamba white maize	-	-	-	-	-	-	404	163
TOTAL	7,636	16,073	16,388	30,608	15,005	29,590	9,157	15,360

Source: ENCI

ENCI IMPORTS, FOB, 1984-1987

Product	1984		1985		1986		1987	
	MT	US\$ '000	MT	US\$ '000	MT	US\$ '000	MT	US\$ '000
Wheat	964,057	142,015	825,403	99,329	1,182,303	121,529	989,814	99,053
Maize	73,491	11,047	250,232	28,109	354,534	33,245	500,673	38,143
Soya bean oil	49,574	33,677	35,236	20,573	56,220	18,086	72,192	23,437
Soya beans	-	-	-	-	15,749	3,053	21,000	4,716
Sugar	14,950	2,967	-	-	174,472	31,684	209,400	39,005
Skimmed milk powder	15,376	11,620	15,586	10,376	20,976	15,940	28,196	24,724
Anhydrous milkfat	4,482	7,282	5,821	7,908	6,408	7,561	9,189	10,435
Whole milk powder	4,230	4,183	8,295	7,559	24,221	24,095	32,954	31,255
Beef	-	-	-	-	8,566	8,771	4,000	4,800
Chicken	-	-	-	-	15,222	14,285	-	-
Fish oil	-	-	-	-	-	-	35,075	7,948
Cotton	-	-	-	-	-	-	2,028	4,071
Fertilizers	107,245	13,165	75,562	8,438	272,316	24,879	358,167	32,379
Potatoes	-	-	-	-	11,853	1,323	-	-
Split peas	-	-	-	-	510	212	-	-
Kidney beans	-	-	-	-	750	275	-	-
TOTAL	1,233,405	225,956	1,216,135	182,292	2,144,100	304,938	2,262,688	319,966

C. Empresa Nacional de la Coca (ENACO) (National Coca Corporation)

Year	Coca Leaf Exports		Basic Cocaine Exports	
	MT	US\$	KG	US\$
1984	45.4	122,250	244.2	196,374
1985	23.7	52,500	155.0	119,240
1986	45.4	100,000	540.0	424,350
1987	46.4	113,500	460.0	389,900

D. Minero Perú Comercial (MINPECO) (Mined Products Marketing Corporation)

EXPORTS 1984-1986 (US\$ '000)

Product	1984	1985	1986	1987
Copper	268,148	287,340	301,262	360,942
Lead	103,958	58,662	43,490	72,176
Refined silver	200,624	139,922	107,360	92,370
Zinc	258,973	192,926	153,316	206,550
Iron	58,810	75,744	58,803	63,024
Special products	4,489	5,956	5,891	5,155
Refined gold	1,264	-	-	-
Other metals and concentrates	14,826	12,610	7,752	10,418
Total	911,092	773,160	677,874	810,635
Mining exports of other companies	471,900	473,800	382,100	331,865
Total Peruvian mining exports	1,382,992	1,246,960	1,059,974	1,142,500*
MINPECO Share (%)	65.9	62.0	64.0	70.9

* Forecast

Source: MINPECO

E. Petróleos del Perú (PETROPERU) (Peruvian Oil)

EXPORTS FOB: 1984-1987

Product	1984		1985		1986		1987	
	Thousands of barrels	US\$ '000	Thousands of barrels	US\$ '000	Thousands of barrels	US\$ '000	Thousands of barrels	US\$ '000
Crudes	1,513.8	39,937.4	4,655.0	113,224.0	5,060.0	56,578.0	1,133.0	18,205.9
Refined products	16,601.1	437,298.6	17,216.0	401,919.0	16,847.0	182,768.0	16,618.0	254,778.1
Chemical products	-	-	73.2	3,741.0	34.9	1,884.0	23.9	1,017.2
Total	18,114.9	477,236.0	21,944.2	518,884.0	21,941.9	241,230.0	17,774.9	274,001.2

IMPORTS C&F 1984-1987

Product	1984		1985		1986		1987	
	Thousands of barrels	US\$ '000	Thousands of barrels	US\$ '000	Thousands of barrels	US\$ '000	Thousands of barrels	US\$ '000
Crudes	-	-	-	-	-	-	2,029.5	34,830.1
Refined products	676.3	28,074.6	192.0	9,919.0	1,582.0	30,838.0	4,738.6	117,563.7
Chemical products	-	-	27.3	1,636.0	29.3	1,412.0	55.0	3,049.5
Total	676.3	28,074.6	219.3	11,555.0	1,611.3	32,250.0	6,823.1	155,443.3

F. Empresa Nacional Pesquera (PESCAPERU) (National Fisheries Corporation)

PRODUCTION (MT): 1984-1987

	1984	1985	1986	1987
Fish-meal	152,350	214,367	359,231	361,333
Crude fish oil	26,231	35,351	111,506	58,377
Refined oil	4,747	1,089	33,259	n.d.
Fatty acids	918	356	2,841	n.d.
Island guano	22,088	36,048	25,257	n.d.

EXPORTS 1984-1987

	1984		1985		1986		1987	
	MT	US\$ '000	MT	US\$ '000	MT	US\$ '000	MT	US\$ '000
Fish-meal	126,772	43,498	196,047	44,150	316,246	93,227	397,171*	126,424*
Crude oil	6,294	1,739	14,322	3,044	36,926	4,827	-	-
Semi-refined oil	4,194	1,632	1,000	315	2,996	811	1,000	237
Fatty acids	493	96	-	-	360	48	-	-
Island guano	2,236	363	1,577	250	-	-	-	-
Marinbeef	-	-	-	-	-	-	20	95
Total	140,079	47,328	212,946	47,759	356,528	98,913	398,191	126,756

* Including defatted meal

Source: PESCAPERU

G. Empresa Siderúrgica del Perú (SIDERPERU) (Iron and Steel Corporation of Peru)

PRODUCTION (MT) 1984-1987

Product	1984	1985	1986	1987
Non-plate products	73,839	101,007	161,885	151,523
- Bars for construction	33,216	60,185	95,056	74,049
- Wire rod (total)	25,518	21,721	37,519	45,654
- Smooth bars	1,694	3,598	12,733	10,671
- Billets	6,035	6,453	8,245	8,695
- Bars for use in crushing and grinding mills	7,376	9,050	8,332	8,437
- Other	-	-	-	4,017
Plates	72,631	89,300	108,403	133,596
- Thick sheets	11,737	15,700	16,184	19,364
- Hot-rolled thin sheets	5,044	4,965	5,937	10,770
- Hot-rolled bobbins	13,868	17,147	21,579	22,447
- Cold-rolled thin sheets	12,129	7,706	15,395	21,518
- Cold-rolled bobbins	18,268	25,013	28,446	35,799
- Zinc-coated bobbins and smooth sheets	3,083	6,619	5,648	5,568
- Corrugated zinc-coated sheets	8,502	12,150	15,214	17,485
- Other	-	-	-	945
Finplate				
- Tinplated sheets	26,384	39,183	45,235	68,205
Total	172,854	229,490	315,523	353,624

G. Empresa Siderúrgica del Perú (SIDERPERU)

EXPORTS: During the period 1983-1987 exports were made in 1985 alone, as a result of production surpluses:

- Bars for construction 11,185 MT
- Thick sheets 3,168 MT
- Zinc-coated bobbins 2,478 MT
- Corrugated zinc-coated sheets 60 MT

IMPORTS CIF: 1987 (US\$'000)

Product	First quarter	Second quarter	Third quarter	Fourth quarter	Total 87
Iron and steel products, mechanical	391.85	499.72	460.24	795.85	2,147.66
Iron and steel products, electrical	206.96	245.90	142.63	161.60	757.09
Iron and steel products, heavy materials	104.17	23.77	206.26	103.29	437.49
Iron and steel products, refractory	11,424.47	7,209.78	7,145.66	7,834.45	33,614.36
Iron and steel products, semi-finished	5,076.18	10,625.94	12,241.49	12,487.65	40,431.26
Other iron and steel products	1,096.32	475.02	2,450.64	21,679.88	25,701.86
Total imports	18,299.95	19,080.13	22,646.92	43,062.72	103,089.72

Source: SIDERPERU