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Report from the Commission to the European Parliament and the Council

**On the fulfilment by Peru of the relevant criteria in view of the negotiation of a visa
waiver agreement between the European Union and Peru**

{ COM(2014) 663 final }

1. INTRODUCTION

1.1. Structure and methodology

This document provides the factual data for the assessment presented in the Report from the Commission to the European Parliament and the Council on the fulfilment by Peru of the relevant criteria in view of the negotiation of a visa waiver agreement between the European Union and Peru. This report was prepared in accordance with the requirements of European Parliament and Council Regulation 509/2014¹.

After a short introduction with the most important indicators concerning Peru, there are three main chapters, some of them containing subchapters:

- Chapter 2 – Migration and mobility: this chapter includes data on Schengen visas, regular and irregular migration, asylum and the security of Peruvian travel documents;
- Chapter 3 – Crime and security: this chapter includes information on organised crime, drug production and trafficking, trafficking on human beings and other criminal activities;
- Chapter 4 - Economic considerations: this chapter presents data on EU-Peru trade and on tourist flows from Peru to the EU.

In view of the preparation of the assessment, the Commission requested and received contributions from three EU agencies: EASO, Europol and Frontex. The EU Delegation in Peru provided a comprehensive report on EU-Peru relations. Spain, as the Member State traditionally most concerned by migration from Peru, provided additional information. Peruvian authorities showed a high degree of willingness to cooperate with the Commission during the preparation of the assessment.

Eurostat data have been used throughout this document and especially in chapter 2. In this document, whenever ‘EU totals’ or ‘EU Member States totals’ are presented, they exclude, unless the contrary is stated, the United Kingdom and Ireland as these two countries do not participate in the EU’s common visa policy and the assessment does not cover the impact of Schengen visa liberalisation with Peru on them. Whenever ‘EU+ totals’ are presented, these include also data for the 4 Schengen associated countries (Iceland, Liechtenstein, Norway and Switzerland).

1.2. Basic facts about Peru

Peru is a republic presided since 2011 by Mr Ollanta Humala. It covers a surface of 1 285 215 km², with a population of almost 30 million. Its economy in 2012 was estimated by the World Bank to be USD 192.6 billion, thus the 48th biggest economy of the world. The GNI (PPP) per capita was in 2012 USD 10 770, similar to the Colombian one. In the past decade the annual growth of Peru’s economy has averaged 6.5%, one of the highest in the world. The percentage of the population living under the poverty line has decreased from 59% of the population in 2004 to 23.9% in 2013. Unemployment is less than 9% and inflation is stable around 3%.

¹ OJ L 149, 20.05.2014, p. 67

2. MIGRATION AND MOBILITY

2.1. Short-stay Schengen visas

The number of Schengen visas issued in Peru grew by 21% in the last 4 years. While in 2010 the number of visas issued was 39 914, in 2013 the number reached 48 488. Importantly, the refusal rate for visa applications in Peru fell from 11.6% in 2010 to 6.7% in 2013 (slightly above 4.8%, the average global refusal rate in 2013). Over these 4 years, the share of multiple entry visas remained stable, around 30% (the global average was 44.9% in 2013). Spain has traditionally been the Schengen State issuing most short-stay visas in Peru. It issued 24 613 such visas in 2013 (50.7% of the total), followed by Germany (6 509, i.e. 13.4%) and France (4 413, i.e. 9.1% of total).

Interestingly, the U.S. “B” visa refusal rates for Peruvians (“B” visas are for nonimmigrants for business and personal travel) also decreased significantly between 2010 and 2013 fiscal years, from 26% to 16.1%. In this context, it is relevant to note that the total number of short-stay Schengen C-visas issued in 2013 in Peru was 67.1%² of the total number of short-term visas issued to these nationals for the United States.

2.2. Legal migration

2.2.1. Stock

According to Eurostat data on resident population by citizenship³, on 1 January 2013 there were 232 065 Peruvian citizens residing in the EU+⁴. 47.2% of them (109 639) resided in Spain, followed by Italy (42.1%, 97 617 residents), Germany (4%, 9 218 residents), France (2.3%, 5 368 residents) and Switzerland (1.3%, 3 018 residents). Spain has provided additional data⁵ for the situation on 1 January 2014, when the number of Peruvian residents decreased by 24% to 83 583. If the revised Spanish data are combined with the Eurostat data for the rest of the Member States, and assuming the resident population remained more or less stable in the other Member States on 1 January 2014, the resident population of Peruvians in the EU today can be estimated to be around 206 000, with more Peruvians now residing in Italy than in Spain.

Italy and Spain host the most important Peruvian communities in the EU. Spain received significant flows of both regular and irregular Peruvian migrants in the late 1990s and early 2000s. Peru was one of the main source countries of Latin American emigrants to Spain over this period, together with Colombia, Ecuador and Bolivia. 6 250 Peruvians who had arrived and/or stayed irregularly were regularised in four regularisation processes between 2000 and 2005⁶. Between 2005 and 2013, almost 80 000 Peruvians acquired Spanish citizenship⁷, while about 9 000 Peruvians got Italian citizenship between 2008 and 2012⁸.

² In fiscal year 2013 the U.S. issued 72 241 “B” non-immigrant visas to Peruvians (“B” visas are for business and personal travel); 48 488 Schengen C visas were issued in Colombia in the year 2013.

³ Source: Eurostat [migr_pop1ctz] data collection

⁴ France, Greece, Cyprus, Lithuania, Luxembourg and Malta did not provide data on resident population for 2013 but provided data on valid residence permits valid at the end of the year 2012. The figures for valid permits at the end of 2012 issued to Peruvians by these Member States have therefore been used to calculate the EU+ total.

⁵ See <http://www.ine.es/prensa/np854.pdf>

⁶ Source : Spanish Ministry of employment and social affairs

While migration flows from Peru to the EU are not insignificant, the United States remains the favourite destination for Peruvian citizens moving abroad: currently, 31.5% of Peruvian migrants live in the United States⁹.

2.2.2. Flows

According to Eurostat data on residence permits¹⁰, the number of residence permits valid for more than six months issued to Peruvians by the EU Member States has been reduced by almost 75% between 2008 (when 41 470 permits were issued) and 2013 (10 872 permits). While in 2008 Spain issued many more permits than Italy (25 285 and 13 626 respectively), in 2013 the number of permits issued was very similar (4 673 and 4 122 respectively). Together, in 2013 these two Member States issued 80.9% of first residence permits for Peruvians valid for more than six months. Far behind came France, with 686 permits issued, and Germany (552 permits).

Of the 10 872 permits valid for more than six months issued to Peruvians in 2013, 58% were issued for family formation or reunification, 15.3% for study reasons, 21.9% for reasons related to a remunerated activity and 4.7% for other reasons. 7 832 of those permits were issued with a validity of one year or more. This can be compared with data from the U.S., where about 13 000 Peruvians received permanent residence annually in the period 2010-2012¹¹.

2.3. Irregular migration

By its very nature, irregular migration is difficult to record and it would be impossible to present in this report a precise number of Peruvian irregular migrants entering and/or present in the EU+. However, certain indicators may provide a useful insight into trends and destinations.

The first of such indicators concerns refusals of entry. The total number of refusals of entry¹² issued to Peruvians in the EU+ in 2013 was 130, out of which 35% were issued by Spain, 27% by France and 12% by the Netherlands. In 2008, 525 refusals of entry were issued in the EU+ to Peruvians, meaning a decrease in refusals since then of 75%. Given the geographical distance between Peru and the EU, the vast majority of all refusals of entry were issued at air borders.

Frontex operational information suggests that most of the Peruvians refused at the border were in fact would-be economic migrants who were in possession of valid visas for the purpose of visits/tourism.

Another important indicator is the number of third country nationals found to be in an irregular migratory situation¹³. Data show that the number of Peruvians found to be in an irregular

⁷ Source : Spanish Ministry of employment and social affairs

⁸ Source : Eurostat [migr_acq]

⁹ Source : IOM Peru Migration Profile (October 2012)

¹⁰ Source : Eurostat [migr_resfirst]

¹¹ Source : U.S. 2012 Yearbook of Immigration Statistics.
http://www.dhs.gov/sites/default/files/publications/ois_yb_2012.pdf

¹² Source: Eurostat [migr_eirfs]

¹³ Source: Eurostat [migr_eipre]

migratory situation in 2013 in the EU+ was 1 055. The figure for 2008 was 1 925, the number of apprehensions therefore almost halved over that period. In 2013, most apprehensions (54.5%) took place in Spain, followed by Italy (19,5%), France (11%) and Germany (8.5%). In 2008 the percentages had been 39.5% in Spain, 38.2% in Italy, 10.6% in France and 9.4% in Germany.

The 1 055 apprehended Peruvians represented 0,3% of the total number of apprehensions of irregular migrants in the EU+ in 2013, which was 388 010. This puts Peru in 57th place in the ranking of most important source countries of irregular migrants, as measured by this indicator. Neighbouring Brazil, a country whose citizens enjoy visa-free access to the Schengen area, is placed 21st in this ranking, with 5 565 apprehensions¹⁴.

The number of return decisions¹⁵ issued to Peruvians has more or less halved since 2009, reflecting the diminished flows of Peruvian irregular migrants to the EU+: from 1 795 decisions in 2009 to 900 in 2013. Spain was the Member State issuing most return decisions to Peruvians: 525 in 2009 and 385 in 2013; followed by Italy and France, with 205 and 115 decisions issued respectively in 2013.

The number of effected returns to a third country¹⁶ of Peruvians by EU+ States following an order to leave has been stable and has oscillated between 250 and 350 every year since 2008, with 325 returns in 2013. Between 2008 and 2013 Spain¹⁷ returned about half of the Peruvians who had been returned to a third country (805 out of a total of 1 495). Over the same period, the Netherlands returned 290 and Italy 275 Peruvians.

The gap between the number of return decisions issued and the number of effected returns to a third country (measured by the so-called 'return ratio') was very low between 2008 and 2011 (less than 20 %) but since then it has progressively improved (26.1 % in 2012 and 37.3 % in 2013), so it is now very similar to the average return ratio worldwide (36.6 %). There is in any case margin for further improvement.

2.4. Asylum

In recent years the numbers of Peruvian asylum applicants in the EU+ have been almost negligible. In 2013, only 105 Peruvian applicants applied for international protection in the EU+. In 2009 the figure had been 200, so there has been a decrease by half in the number of Peruvian applicants over that 5-year period. The most important receiving Member States in 2013 were France (65 applications), Italy (15) and Sweden (10).

A look at the available figures before 2008 indicates that only during the first half of the 1990s, Europe, in particular Spain, Sweden and to a lesser extent France, experienced higher than usual numbers of Peruvian applicants for international protection. In Spain and Sweden, the peak occurred in 1992 with 2 795 and 785 applicants respectively. These increased levels are

¹⁴ It must however be kept in mind that the population of Brazil is roughly 200 million, compared to 30 million for Peru

¹⁵ Source: Eurostat [migr_eiord]

¹⁶ Source: Eurostat [migr_eirtn]

¹⁷ Spain and Peru signed in 2004 a cooperation agreement on migration issues, covering return : http://www.mintra.gob.pe/migrante/pdf/convenio_bilateral/acuerdo_migracion_peru_espana.pdf

most likely related to the uncertainty which followed the Fujimori election in 1990. Since the elections in 1995, and thanks to years of improving economic and living conditions, the volume of applicants from Peru in the EU+ quickly receded.

Over the six-year period 2008-2013, 940 asylum decisions concerning Peruvian applicants were issued by the EU+ States, most of them by France (750), followed by Sweden (75) and Italy (65). Only 110 decisions granted some form of protection, most of them in France (70) and Italy (35). The recognition rate for the period was 11.7%, much lower than the overall recognition rate for all asylum applicants, which over that period stood in the range of 25%-35%.

2.5. Security of Peruvian travel documents and document fraud involving Peruvians

Peru, as State party of the 1944 Chicago Convention, is obliged to comply with the provisions of the International Organization of Civil Aviation. In particular, it must comply with ICAO document 9303, which lays down the technical and security features which must be followed for the issuance of travel documents.

The 2010 Peruvian passport model consists of four different design versions: one for the Diplomatic passport; one for the Special passport; one for the Ordinary passport and one for a set of three travel documents [the Travel Document and the two versions of Laissez-Passer (machine and hand written)].

The Peruvian passport has a Machine Readable Zone (MRZ), whose information is contained in two text lines of OCR- B (Optical Code Recognition) of 44 characters each, which are printed on a paper based data page. The passport's MRZ contains personal information of the holder as well as of the issuing State or Organization. The cover is made of a synthetic material developed especially for binding passports; the inner pages depict security printing elements both visible and invisible; the bio page is protected with a hot adhesive laminate which shows optical variable elements, visible and invisible printed security features. The personalisation is made in laser-printing portraying two integrated photos (one main photo and one secondary (smaller) photograph). One barcode is also printed on the data page.

The production of passports is decentralised, with 20 issuing offices around the country. The stock of blank passports is however administered from the central offices in Lima, from where they are sent, through a secure cargo company, to the regional offices according to needs. Fingerprints and a photograph are digitally captured and recorded in the system at the moment of application. The responsible administration (Superintendencia nacional de migraciones) carries out regular controls and quality checks of all steps in the production of the passports, to ensure uniformity and compliance with the standards. Both the machine readability and the physical security elements depicted in the passport seem to meet ICAO document 9303 specifications.

There are however two aspects of the current Peruvian passports that need improvement, as they are not fully in line with ICAO specifications:

- The re-validation page on page 31 of the Diplomatic, the Special and the Ordinary passports: Such page is a duplication of the personalized bio page on page number 2. It is blank and it indicates that a second bio page can be brought into the same passport. This would seem to indicate that an extension of the passport's validity is possible, although this is something which is not conforming to ICAO specifications¹⁸.

¹⁸ A provision within Facilitation Annex 9 (12th edition) clearly states that “*Contracting States shall not extend the validity of their machine readable travel documents.*” (Chapter 3, Clause A Section 3.4)

- The bar code on the bio page: The 6th edition of Doc 9303 Part I, Volume 1 permitted the discretionary inclusion of 2D barcodes on the Machine Readable Passport's (MRP) data page as detailed under Section IV-5, 6.3.12. However, the draft 7th edition of Doc 9303 restructures and updates the technical requirements for MRPs and the new "*Part 4 – specification specific to ID3 size machine readable Passports (MRP)*" eliminates any reference or allowance for the discretionary use of 2D barcodes within the MRP's data page.

According to Frontex, Peruvian nationals were detected in extremely low numbers for document fraud. Data from the European Document Fraud Risk Analysis Network indicate that there were only 21 Peruvians linked to 41 cases during 2013. These figures are negligible on the overall European level given that they represented less than 0,5% of roughly 10 000 reported cases of document fraud during 2013. Document fraudsters from Peru were detected mostly on entry to the EU from a third country, usually from Peru. Peruvians were frequently using their national passports; however, they were also detected with documents from EU Member States and visa-free South American countries.

There were only 13 cases of Peruvian fraudulent travel documents detected by EU+ States during 2013.

3. SECURITY AND CRIME

This chapter is largely based on the contribution provided by Europol¹⁹. It looks into the different criminal activities where Peruvian organised crime groups (OCGs) are active.

Peruvian OCGs only maintain a limited presence in the EU. Latin American OCGs favour the Iberian Peninsula as their base of operations due to cultural, language and historical ties. Here, they are particularly involved in the cocaine trade and laundering of criminal proceeds.

Latin American OCGs are mainly active in drugs production and trafficking, predominantly cocaine, as well as euro counterfeiting, trafficking in human beings for sexual exploitation, organised property crime, payment card frauds and money laundering.

3.1. Drugs trafficking

Colombia, Peru and Bolivia continue to be the primary sources of the cocaine consumed in the EU. FARC (Revolutionary Armed Forces of Colombia - People's Army) continues to control key Colombian cocaine production and trafficking zones servicing markets in Europe. It is estimated that more than half of the cocaine produced in Peru is destined for European markets and that increasing production will make Peru an even more significant source country for cocaine.

According to the most recent EU Drugs Market Report²⁰ issued by the European Monitoring Centre for Drugs and Drug Addiction (EMCDDA) and Europol, in 2010 the global acreage of coca bush cultivation was estimated, depending on the source, to lie between 149 200

¹⁹ This chapter covers also UK and Ireland.

²⁰ Available at: http://www.emcdda.europa.eu/attachements.cfm/att_194336_EN_TD3112366ENC.pdf

(UNODC) and 187 500 hectares (US State Department). Although both UN and US sources reported moderately decreasing trends in total coca cultivation in the 2006–2010 period, they diverged regarding the coca acreages of Colombia and Peru. Whereas the UN estimated the area under coca cultivation in Colombia to be between 57 000 and 62 000 hectares, the US estimate was almost twice as high at 100 000 hectares. Conversely, in Peru the UN estimated that approximately 61 200 hectares was under coca cultivation in 2010 while the US estimated 53 000 hectares. The two sources agreed, however, in estimating that Bolivia had the third largest area under coca, estimated at 31 000 hectares by the UN and 34 500 hectares by the United States.

Andean aggregate potential production of pure cocaine was estimated in 2010 at between 788 and 1 060 tonnes by the UNODC and at 850 tonnes by the United States. Both estimates fall within the 800–1 000 tonnes range reported over the last decade, reflecting a stable situation.

According to the EMCDDA²¹, cocaine remains the most commonly used illicit stimulant drug in Europe, although most users are found in a small number of western EU countries. An estimated 14.1 million European adults (15–64 years) have ever used the drug; 3.1 million in the last year. Recent data suggest declining use of cocaine, with 11 out of 12 countries running surveys between 2011 and 2013 reporting falls in prevalence among young adults (15–34 years).

The Peruvian authorities reported that with the implementation of the 2012–2016 National Drug Control Strategy Peru was experiencing positive results like the eradication of 14 171 hectares of coca crops in 2012, thus preventing the production of approximately 109 tons of cocaine. Recent UNODC report of coca cultivation in Peru points to an unprecedented reduction of coca cultivation fields in 2013 (of 17.5%) that brings the total of coca hectares down to 49 800, the lowest figure since eight years.

The Iberian Peninsula, particularly Spain, is the main entry point for cocaine arriving to Europe. However, there has been an unprecedented diversification of trafficking routes prior to the arrival of cocaine in the EU. This is linked to a decline in the prominence of Colombia as a departure point for the drug and an increase in importance of other Latin American countries such as Argentina, Brazil, Venezuela, Chile, Peru, Suriname and Ecuador.

In north-western Europe, the Netherlands and Belgium are key entry and redistribution points for cocaine. Cocaine entering the EU via the Netherlands is destined primarily for the German and UK markets, and, to a lesser extent, France and Italy. The ports of Antwerp and Rotterdam continue to receive large volumes of drugs. Significant amounts of cocaine are also directly imported to France, Germany, Italy and UK.

In recent years, substantial seizures, mostly in containers, have been made in south-eastern Europe, at Black Sea ports and in the Balkans. This indicates that these regions are becoming important entry points for cocaine. Cocaine is also increasingly trafficked via Croatian ports.

Recent seizures in Latvia, Estonia and Lithuania demonstrate that ports in the Baltic states are used both as entry points to the EU and as transit hubs for further distribution towards developing markets in Eastern Europe, such as the Russian Federation. There is also evidence of maritime transportation of cocaine to ports in Ukraine and the Russian Federation.

²¹ *European Drug Report 2014: Trends and developments* available at: <http://www.emcdda.europa.eu/news/2014/3>

The bulk amount of cocaine is imported by sea, usually in multi-ton loads. Large quantities are transported in containers on legal commercial routes; this has become the preferred smuggling method for cocaine in recent years. As part of these shipments, cocaine from South America is concealed among a wide variety of goods, such as tropical fruits (bananas, pineapples), canned foods, wooden boards, and frozen fish. Some OCGs have infiltrated or even own plantations for exotic fruits, packaging facilities and export companies, which they abuse as front companies to traffic cocaine to the EU.

Air transportation remains important for the smuggling of smaller amounts on a regular basis using air couriers and air freight. Postal and fast parcel services appear to have a growing significance for the smuggling of cocaine. Cocaine has also been trafficked from Peru to Belgium in parcels.

3.2. Euro counterfeiting

Several print shops producing counterfeit euro have been dismantled in Peru. In addition to Colombia, Peru has emerged as the main nexus for euro counterfeiting in South America. Technical similarities between counterfeits produced in Colombia and Peru indicate a “knowledge transfer” between Colombian and Peruvian counterfeiters. Since 2010, three illegal print shops plus three storages of counterfeit euro have been dismantled, and more than 11 million counterfeit euro have been seized in Peru. Europol has supported numerous investigations of euro counterfeiting in Peru.

The global acceptance of the euro as a stable currency with low exposure to inflation is prompting the emergence of an increasing number of print shops counterfeiting euro banknotes outside of the euro area, specifically with a concentration in South America. The enlargement of the euro area may create new opportunities for OCGs.

3.3. Organised property crime

Peruvian citizens have been involved in distraction thefts at jewellery fairs and banks in various countries within the EU (Austria, Belgium, Germany, France, Spain, Italy, Finland, Denmark, Norway and the Czech Republic). These mobile organised crime groups (MOCGs) typically consist of around 10 persons, operate with clearly divided tasks and rarely use violence or weapons. It is difficult to establish the identities of the members of these groups due to their undocumented status or use of fraudulently obtained documents, sourced in other South American countries.

3.4. Facilitation of irregular immigration

Currently, Peru is not an important source country for facilitated irregular immigration into the EU. The visa liberalisation scheme will provide opportunities for legal travel to the EU for short stays. This will make the use of facilitation services into the EU redundant and consequently an increase in the number of facilitated irregular migrants from Peru is not expected. While a visa-free regime would eliminate the need for facilitation into the EU, migrants may use facilitation services offered by OCGs to legalise long-term stay in the EU. Irregular migrants from Peru could make use of these services with the expectation of being able to gain access to social benefits in EU destination countries. *Modi operandi* for the legalisation of stay include the use of fraudulent documents, marriages of convenience and the misuse of student visas.

Nationals of other South American countries are less likely to make use of visa-exempt Peruvian or Colombian passports as most of the countries of the region already benefit from visa-free regimes with the EU. Only nationals of Bolivia, Ecuador, Guyana and Surinam would still require visas if visa liberalisation becomes effective with Peru and Colombia.

3.5. Trafficking in human beings

Peru is a source, transit and destination country for the trafficking in human beings (THB). Labour exploitation is particularly prevalent in the mining and agriculture industries while sexual exploitation of women is concentrated in urban areas and around mining centres. Child begging and the sexual exploitation of children, including child sex tourism, remains a problem in main urban areas and centres of tourism.

OCGs employ a number of *modi operandi* to recruit victims including deceptive employment and education offers. The Peruvian Observatory of Criminality also recently highlighted the growing use of social media networks by OCGs for the recruitment of victims²².

Peruvian victims are mostly trafficked regionally to Argentina and Ecuador for sexual exploitation and to Argentina, Chile, Ecuador, Brazil and the United States for labour exploitation²³. No case of trafficking in human beings linked with Peru was recently reported to Europol by the EU MS.

Most victims of THB identified in the EU are EU nationals. Peru does not appear among the major non-EU countries of origin for victims identified in the EU in 2010²⁴.

4. ECONOMIC CONSIDERATIONS

4.1. Peruvian economy and trade – main indicators

The box below provides an overview of the main indicators concerning Peru's economy and trade relations, in particular with the EU²⁵.

- Peru is an economic top performer in the region. In the last decade, its economy has grown at impressive rates (average nearly 6%) and it remains one of the fastest growing

²² El Comercio 24.02.2014, Mafia de trata de personas utilizan las redes sociales, accessed at <http://elcomercio.pe/lima/ciudad/mafias-trata-personas-utilizan-redes-sociales-noticia-1711991>

²³ US Department of State Trafficking in Persons Report 2013, accessed at <http://www.state.gov/j/tip/rls/tiprpt/>

²⁴ European Commission, Eurostat, Trafficking in human beings, 2013, accessed at http://ec.europa.eu/anti-trafficking/download.action;jsessionid=LT0sT7LcJd1lr5mt19GSgcXCv8nds2vfVh0YyRp8DxWT10j1QyRq!1914918917?nodePath=/Publications/Trafficking+in+Human+beings+-+DGHome-Eurostat_EN.pdf&fileName=Trafficking+in+Human+beings+-+DGHome-Eurostat_EN.pdf&fileType=pdf

²⁵ All data in this section include the UK and Ireland when reference is made to the EU.

economies in Latin America (only second to Panama) with one of the lowest inflation rates.

- GDP growth was 5.1% in 2013 (double the average for Latin America and Caribbean) and is projected at 5.5% in 2014.
- Peru's financial situation appears sound and strong: public debt is 20% of GDP (one of the lowest in Latin America), foreign debt is 13% and foreign reserves reached 30% of GDP.
- Peru became the fifth destination of foreign investments in the region (USD 10.2 billion in 2013). In the last decade exports of goods soared from USD 7 billion in 2000 to USD 46.3 billion in 2011 and then declined to USD 41.8 billion in 2013. Total imports reached USD 42.2 billion in 2013.
- The Peruvian economy remains largely based on the extraction and export of raw materials, mainly minerals and gas. This does not only render the country structurally vulnerable to external demand and supply shocks in global markets (hence the recent reduction in exports which is due to low international prices of minerals), but also feeds discontent and social conflicts with the local population, often involving indigenous populations.
- In terms of labour rights, Peru has ratified the eight fundamental ILO conventions²⁶, however they are applicable to a very reduced amount of the population. Approximately 60% of the Peruvian economy is informal. Whilst taking this figure into account, the rate of unemployment is low but the rate of underemployment²⁷ remains significant (30.2%) – even if significantly lower than ten years ago (58% in 2001).
- A quarter of the economically active population is engaged in micro and small enterprises of between 1 and 20 workers (24.1%) and one fifth in micro-enterprises (1 to 10 workers), 9% work in the public sector and 34.8% work independently.
- According to 2013 figures, the EU is one of Peru's most important trade partner with the US and China and is the largest foreign investor (50% of the total FDI). Trade between the EU and Peru has grown significantly in recent years and its total value reached EUR 8.8 billion in 2013 (14.1% of the total trade of Peru).
- The EU is the third destination of Peru's exports (EUR 5.3 billion, 16.3% of total), mainly composed of raw materials (minerals, fuels, agricultural), and the EU is the third most important origin of Peru's imports (EUR 3.5 billion, 12% of total), which are mainly industrial products (machinery and transport equipment, other manufactured goods, chemicals).

The EU-Peru Trade Agreement has been applied since March 1, 2013, and trade flows of goods are expected to increase in the upcoming years. Furthermore, Peru, together with the EU, is

²⁶ Labour Convention, Freedom of Association and protection of the right to organise Convention, Right to Organise and Collective Bargaining Convention, Equal Remuneration Convention, Abolition of Forced Labour Convention, Discrimination (Employment and Occupation) Convention, Minimum Age Convention and Worst Forms of Child Labour Convention.

²⁷ Those who work fewer hours (35) than what they wished or those whose earnings do not cover the minimum wage.

amongst the 23 WTO-members that are negotiating a multilateral ambitious Trade in Services Agreement (“TiSA”), which includes a strong “mode 4” component. Visa-free travel for Peruvian businesspeople could lead to stronger economic ties between Peruvian and European companies, as for instance more frequent participation of Peruvian businesspeople in trade fairs in the EU could result in more orders for products produced by European businesses.

4.2. Peruvian tourist flows towards the EU

The number of Peruvian tourists in the EU+ has increased in recent years. According to data provided by the Peruvian authorities, between 2010 and 2013 the increase in Peruvian tourists’ departures for EU+ countries was 12.9%. In 2013 the number of Peruvian tourists departing for EU+ countries was 154 349, up from 136 734 in 2010. In 2013 the main destinations were Spain (93 121), the Netherlands (33 059), France (18 203) and Italy (6 309)²⁸.

According to information obtained by the EU Delegation in Bogota, which can be applied to the case of Peru, given the similarity in tourist outflows of Peru and Colombia, European airlines flying the routes between Colombia and the Schengen area expect an increase in the number of passengers between 10-20% if visa liberalisation becomes a reality. This estimate, similar to the one reported by the Colombian authorities to Frontex (+17%) is mainly based on increases observed in other routes after visa liberalisation.

In any case, tourist flows from Peru are increasing every year so visa liberalisation would provide a boost to the already increasing tourist flows between Peru and the EU+. Based on these figures and past and estimated future growth rates, it could be realistic to expect between 200 000 and 225 000 Peruvian tourists in 2016 in EU+ countries, assuming that 2016 would be the first full year when visa-free travel would be a reality between Colombia and the Schengen area.

²⁸ It must be noted that these figures seem to reflect the first arrival point in European territory and the availability of direct flights between Peru and Spain, the Netherlands and France, and not necessarily the main destination of the trip.

