

# Peru

- 1. In which areas of structural reforms have the most significant progress been made in your economy in the past five years? Please describe in what way you think the progress has been significant? Any structural reform activity can be included here, and does not necessarily need to be restricted to the five LAISR themes.**

Over the last few five years, Peru has made progress in relation to the issue of regulatory reform. This progress has been related to incorporation into the design process of regulations, public consultation mechanism. Among the main examples of the reform are in the customs procedures, in government procurement regulations and the institutionalization of mechanisms to promote private investment through public-private partnership mechanism.

In this case, the mechanism transparent and open consultations have enabled the design regulations and to approximate the real impact of these on the various participants and affected.

Furthermore, this process has been incorporated into the recurrent mechanism design regulations through special administrative regulations. These regulations provide for the consultation mechanism through pre-publication of regulations to collect the views and comments of those involved.

On the other hand, Peru's Congress, joined to the Executive branch efforts, has done extensive debugging existing regulatory framework, purged around 2,000 outdated or unnecessary regulations, which allow greater transparency and predictability of the regulatory framework in Peru.

Alongside the consultation mechanism of the Peruvian government has supplemented these efforts administrative simplification programs implemented at all levels of government. This was done through administrative regulations purification, reorganization of internal processes of public institutions, transparency of administrative procedures. The enactment and design methodologies for the costing of services, reorganization of functions are allowing these efforts will translate into improvements in the Doing Business indicators World Bank.

- 2. Describe examples of successful reforms and lessons learned in your economy in implementing structural reforms in the five LAISR areas. Please indicate relevant websites or other reference material, preferably those written in English.**

Some examples of success in regulatory reform might be the following:

## Regulatory Reform

- The government has promoted several reforms to improve the regulatory environment for businesses. One example is the enactment of the Legislative Decree N° 1029 – “Law that modifies the General Administrative Procedure”. The main objectives of this new norm are to simplify requirements, eliminate bureaucratic obstacles and give speed to several procedures between the citizens and the State. In addition, in 2010, the

government enacted the Law N° 29566 – “Law that modifies different requirements to improve the climate of investment and to facilitate the compliance of tax obligations”, which introduced reforms to simplify procedures to start a new business, deal with construction permits, register property and pay taxes.

- In order to promote competitiveness of Peruvian exports, the government enacted the Legislative Decree N° 1053 – “General Customs Law”. It aims to facilitate international trade through the simplification and speed up of different customs procedures. It is expected that this law will help firms to take advantage of all the commercial agreements signed by with different economies such as the United States of America and China.
- In 2008, the government passed the Legislative Decree N° 1012 – “Law of private and public associations”. This norm provides a new framework of public participation in companies originally in the private sector. It is expected that this norm will: increase private investments in areas such as public infrastructure and public services provision, create new job opportunities and increase the competitiveness of firms in different regions of the economy.
- Also, in 2008, the government passed the Legislative Decree N° 1012 – Procurement and government Contract Law. This norm aims to promote competitiveness of private firms that sign public contracts and maximize the value of taxpayers’ money. It is expected that this new framework will help public agencies to buy goods and services under better conditions of price and quality.

## **Competition Policy**

- The Executive Branch has done improvements to the legal framework that regulates market competition. In the 2008, the government passed the Legislative Decree N° 1034 – Repression for Anticompetitive Practices Law, which main goal is to promote economic efficiency as a mechanism to reach consumer’s welfare. This norm constitutes a modern framework to sanction anticompetitive practices and the abuse of dominant position.
- The government has also done important reforms to guarantee consumer’s rights. In 2010, the Congress has enacted the Consumer’s Code (Law N° 29571) that compiles the main regulations on this subject and, at the same time, introduces new regulations to reduce asymmetric information between consumers and producers and remove any practices that can violate consumer’s rights.
- Finally, to guarantee that competition and pro-consumers policies will be respected by producers and consumers, the government has promoted and institutional reform of the National Institute for the Defense of Competition and the Protection of Intellectual Property (INDECOPI). This reform was done with the enactment of the Legislative Decree N° 1033 – “Law on Organization and Functions of the National Institute for the Defense of Competition and Protection of Intellectual Property – INDECOPI”. It is expected that this law will help INDECOPI to improve their capacity to comply its functions in a more efficient way.

**3. What in your economy's experience are the keys to the success of reform? (e.g. leadership, institutional framework, communication strategy, consultation process) What are the factors, if any, that impeded reform? What lessons can we learn from your experience?**

Perú's last five years experience in structural reforms shows that the success in reform requires the commitment and willingness of both government and private sector. The involvement of all relevant actors in the decision making processes depends on the transparent communication tools and the appropriate institutional and legal frameworks should. With those elements permits the balanced and efficient reforms that boost competitiveness of the economy.

Another key aspect to the success of a structural reform initiative is a thorough, transparent and wide-ranging consultation process that includes all stakeholders. In Perú's experience on Customs, Government Procurement and PPP regulations design the consultation of those provide legitimacy, buy-in and ownership to the reform process.

The coordination in design, drafting and implementation of reforms is crucial for the success of the policy. In Perú's experience the Ministerial Commission is a good practice to coordinate policies and reforms, in 2008 the CIIACE, a special commission to implement the recent FTAs, design, coordinate, draft and enact regulations. This mechanism reduces the transaction cost of the policy and reform implementation, and contributes to assess the impact of new regulations.

One challenge that Peruvian government faced in the implementation of structural reform is to change the "culture" of the public service from passive role (implementer) to active role (facilitator, problem-driven implementer). In addition to this new role, Public Sector activities will focus on continue create a good environment for doing business through continuous and systematic monitoring to ensure effectiveness of the reform initiatives. The change of "business as usual" criteria in the public sector is the main challenge for the Peruvian government for next years.

**4. What are the impacts, both positive and negative, of the reform on the economy and the flow of trade and investment? Please provide data or statistics where available.**

The impacts of the current initiatives on the flow of trade and investment are still being observed and studied.

**5. In what ways can APEC better promote structural reform in the region? What would be some possible next steps beyond 2010 based on the achievement of the LAISR process?**

APEC could take advantage of its leadership in the promotion of dialogue between economies and continues to be a platform for promoting structural reform in the region. Among the initiatives that can be considered by APEC may include the elaboration an inventory of good practices of structural reform and the support for more capacity building activities and fostering collaborations with other APEC economies and other foras.