

UNCLASSIFIED

Meeting with the Prime Minister, the Minister of Economy and Finance, and the Vice Minister of Foreign Affairs, Peru

OBJECTIVES

- Reiterate Canada's recognition of the constitutional government of President Boluarte and the need for respect for human rights and proportional use of force by Peruvian security forces in response to social protests.
- Highlight the important Canada-Peru trade and investment relationship and encourage Peruvian participation in established inclusive trade initiatives.
- Seek an update on the status of Peru's pro tempore presidency of the Pacific Alliance.

KEY MESSAGES

Political Situation

- I understand Peru is going through a particularly difficult period. We have been following the political situation and civil unrest in Peru closely.
- Canada has consistently supported Peru's democracy and we quickly recognized the constitutionally appointed government of President Boluarte.
- We have equally noted that human rights must be respected and there is a need for proportional responses by security forces.
- Canadian commercial interests are doing their utmost to navigate the current situation with limited impact on their employees or operations.
- We believe that responsible investment and business operations play an important role in improving welfare in communities where employment has traditionally been informal.

Commercial Relationship

- Pleased that commercial activity has grown considerably over the past 20 years, reaching a record \$5.1 billion in bilateral trade in 2021.
- The strength of the trade relationship is reflected in Canadian investment in Peru, particularly in the extractive sector.

Mining

- Welcome the large delegation from Peru, including your Prime Minister, Minister of Mines, and Chairman of Peru's Central Bank.
- Despite recent political difficulties, Canadian companies remain committed to their investments in Peru's extractive sector, particularly in mining, and we will continue to encourage their efforts related to Responsible Business Conduct.
- We look forward to showcasing Canadian products, services and know-how at Perumin this coming September.
- I am pleased to see such a large Canadian presence in Peru in the mining sector. It is essential that the rule of law is maintained as a way to create a stable climate for such investment.

CPTPP - U.K. Accession Process [PLACEHOLDER - Depending on meeting date will need to adjust messaging after negotiating round the week of Feb 27].

- Canada is committed to the U.K. accession process and wants to maintain the momentum towards a successful U.K. accession to the CPTPP.
- [REDACTED] reinforcing the need for accession candidates to meet high standards and demonstrate a track record of compliance with existing international obligations.
- Must ensure we are setting a strong precedent for future accession candidates.
- Canada will continue to engage productively with a view to concluding accession discussions in 2023, while ensuring that substance drives the process and not timelines.

Inclusive Trade

- We are pleased that Peru joined the Global Trade and Gender Arrangement (GTAGA) in June 2022.
- We look forward to engaging more with you in GTAGA and supporting Peru in leading a GTAGA activity under the GTAGA work plan.
- We would also welcome Peru's participation in the Inclusive Trade Action Group and hope Peru will consider joining the Indigenous Peoples Economic and Trade Cooperation Arrangement.

Pacific Alliance

- Canada strongly values our close ties and shared interests with the Pacific Alliance.
- We look forward to expanding our relationship and advancing areas of shared interest as Peru assumes the Pro-tempore Presidency of the Pacific Alliance.
- We also welcome the interest of the bloc in prioritizing Canada's path forward to Associated State status and encourage work towards this goal in 2023.

Questions

- What are the latest developments related to the transfer of the presidency from Mexico to Peru?
- What are Peru's priorities with respect to the upcoming 2023 pro tempore presidency?
- Have discussions taken place after the Ministerial Summit in Mexico on an avenue for Canada to become a Candidate Associate State?

OECD accession

- Pleased that Peru's Roadmap to the OECD was adopted in July 2022. Canada will continue to support Peruvian efforts towards this goal.

Responsive - [REDACTED]

- [REDACTED]

MEETING CONTEXT

- **Previous Interactions:** This is your first meeting with the Minister of Economy and Finance. Canada's Ambassador to Peru met with the Vice Minister of Economy on February 24, 2023.
- ADM Michael Grant and Canada's Ambassador to Peru, Louis Marcotte, will accompany you in this meeting. The Vice Minister of Foreign Affairs of Peru Ignacio Higuera will also be present.

Commercial background:

- **Bilateral Trade:** Peru is Canada's second-largest bilateral merchandise trading partner in South and Central America with \$5.1B bilateral merchandise trade in 2021 (after Brazil). Bilateral trade has benefited from the Canada-Peru Free Trade Agreement (since 2009) and the CPTPP (came into force for Peru in September 2021).
- **Mining Sector:** Canadian Direct Investment in Peru reached \$12.7 billion in 2021, with the extractive sector accounting for 78%.
- Canada is the third largest investor in the current Peru's mining portfolio capturing 17% of investment (\$9.9 billion), representing 13 potential projects.
- Canada is the largest foreign investor in mining exploration, with 20 projects and a joint investment of USD\$132 million, 26.2% of the total in Peru.
- Canada will be the Strategic Partner for Perumin, Peru's largest mining show in September 2023, which will help showcase Canadian technology and services, particularly sustainable mining and green technology.
- **Pacific Alliance:** Peru is next in line to assume the pro-tempore Presidency of the Pacific Alliance (PA). On February 18, 2023 Mexican President López Obrador announced that he would not hand over the presidency to Peru, as he viewed it as "an illegitimate government". Peru has accused Mexico of politicizing the PA, "paralyzing" the mechanism and thereby impeding negotiations to add new members to the alliance. Canada remains committed to becoming an Associated State of the Pacific Alliance.
- **Inclusive Trade:** Canada continues to encourage Peru to join the Indigenous Peoples' Economic and Trade Cooperation Arrangement (IPETCA) and the Inclusive Trade Action Group (ITAG).
- Co-operation on inclusive trade is deepening through the Global Trade and Gender Arrangement (GTAGA), which Peru joined in June 2022.
- **OECD:** In January 2022, the OECD Council decided to take the first step in accession discussions towards Peru's OECD membership. Canada supports Peru's membership, which will take a number of years to achieve.

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Political Climate

- Peru's current political crisis was sparked on December 7, 2022, when then President Pedro Castillo, faced with impeachment, attempted to close Congress and rule by decree. In line with its Constitution, Peru's Congress responded by impeaching the President and executive authority was transferred to Vice-President Dina Boluarte, who became interim President.

s.13(1)(a)

s.15(1) - International

- President Boluarte continues to face protests seeking her resignation and early elections. As of February 20, 48 civilians and one police officer have been killed in clashes as well as over 900 injured.
- While the intensity of protests has waned since mid-January, concerns remain over ongoing reported incidents of arbitrary arrest, lack of due process and excessive use of force with protestors.
- President Boluarte has repeatedly called for Congress to move up elections from 2026 to April 2024 and more recently to late 2023. Early elections require two votes in Congress, [REDACTED] Congress has deferred consideration of the matter to its next session, thereby all but dooming prospects for 2023 elections.
[REDACTED]
- **Correspondence:** Nil

s.19(1)

BIOGRAPHIES

Alberto Otárola, Prime Minister of Peru



- Appointed on December 21 by President Boluarte.
- Attorney specialized in Constitutional Law.
- Previously Minister of Defense twice, under Ollanta Humala (2011-12) and briefly under Dina Baluarte (2022).
- Previously Deputy Internal Order Minister at the Ministry of Interior (2011). Experience with management of both Armed Forces and National Police of Peru.
- Served as member (2017-22) and vice-chairman (2020-21) of the United Nations International Narcotics Control Board.
- Speaks English.

Alex CONTRERAS Miranda, Minister of Economy and Finance



- Appointed in December 2022 by President Boluarte
- Worked as a DG at the Ministry of Economy and Finance (MEF) from 2019-2021 before being appointed as vice Minister of Economy under Castillo (Aug 2021 – Dec 2022)
- Worked at Central Reserve Bank of Peru from 2007 to 2019.
- Has published various articles in national and foreign magazines on monetary policy, the financial system, and banking regulation.
- Has taught courses on macroeconomics, statistics and monetary theory at several of Peru's main universities.

Ignacio HIGUERAS Hare, Vice Minister of Foreign Affairs of Peru



- Appointed on December 10 by President Boluarte.
- Professional diplomat [REDACTED]
- Previously VM responsible for coordinating Peru's OECD accession process. HOM Marcotte met with him in Nov 2022 in that capacity.
- [REDACTED]
- Speaks English.



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3. Meeting with Mark BRISTOW, CEO, Barrick Gold
4. Meeting with Alberto OTAROLA, Prime Minister, Alex CONTRERAS, Minister of Economy and Finance; and Ignacio HIGUERAS, Vice Minister of Foreign Affairs, Peru
5. Tour of Trade Show Floor led by MSTA Canada and Meet & Greet with Trade Commissioners
6. Invest in Canada Reception
 - a) Participant List

G - Background Notes (MINT and PST)

1. Prospectors & Developers Association of Canada
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March 03, 2023