

Peru

The Republic of Peru (República del Perú) with its capital city Lima (8.321.173 inhabitants, 2000) comprise an area of 1.285.215 km² and a population of 25,66 million. Similar to Argentina the country is densely populated (20 inhabitants per km²) and shows a high urban population at 72 percent.

Peru, in western South America, extends for nearly 2.400 kilometres along the Pacific Ocean. Colombia and Ecuador are to the north, Brazil and Bolivia to the east, and Chile to the south. The Andes are dividing Peru into three sharply differentiated zones. To the west is the coastline, the mountain area, with peaks over 6.000 metres, lies centrally and beyond the mountains to the east is an heavily forested area leading to the Amazonian plains.

Peru continues to move into a new period following the ouster by Congress in November 2000 of former President Fujimori. This followed Fujimori's announcement in September 2000 that he would hold new elections and step down as President. After Fujimori fled to Japan, an interim administration under Valentin Paniagua led the country, helping to put in place a policy of fiscal restraint and deficit reduction. In July 2001, Alejandro Toledo assumed the presidency after national elections, pledging to boost the economy, reduce unemployment and create 400.000 jobs per year, and significantly reduce poverty in the Andean country. Over the past several years, Peru's economy generally has weathered global economic difficulties better than many of its neighbours. In 2001, however, the economy was battered by the world economic slowdown and lower prices for its commodity exports. As a result, GDP grew by only 0,2 percent in 2001.

Peru overall electricity consumption of 17,3 million MWh in 2000 was covered by 76,5 percent of hydroelectricity, 23 percent fossil fuels and 0,5 percent of renewable energies.¹ As hydroelectric power output fluctuates due to rainfall patterns, Peru is attempting to reduce its dependence on hydropower and replace it with natural gas-fired plants.

Much of Peru's electric sector remains in the hands of the government, including the Electric Tariff Commission (CTE). Much of the focus of former President Fujimori's overall privatisation plans was on the electricity sector, and price subsidies to electricity consumers have been reduced in recent years. In 1992, an Electricity Concessions Law was passed, which allowed for private generation, transmission, and distribution of electricity in Peru. About 80 percent of generation capacity and 50 percent of distribution now is handled by private companies. Peru has plans to integrate its power grid with those of Colombia and Ecuador. The three countries signed an agreement to this end in September 2001.

Peru's crude oil production fell sharply in the late 1980s and early 1990s, before a recovery during 1993-1995. In 1996, however, Peru's oil production began fall once again. In 2000, oil production was about 95.000 barrels per day (bbl/d) down from 106.000 bbl/d in 1999, and around 200.000 bbl/d in the early 1980s.² With Peru's oil consumption of 65,3 million barrels, the country has become a significant oil importer from Colombia, Ecuador, and Venezuela.³ The majority of Peru's oil is produced by Argentina's Pluspetrol, which operates on the

¹ WEC 2002.

² SIEE 2000.

³ WEC 2002.

border with Ecuador. Peru's state company Perupetro, U.S.-based Petro-Tech, and U.S.-based Barrett Resources Corporation account for most of the remaining production.

The utilisation of coal plays a minor role in the Peruvian energy mix. Coal reserves are estimated at 58 million metric tonnes while the consumption was calculated at 615.000 tons in 2000. Peru has proven natural gas reserves of about 245 milliard cubic metres, and a current consumption of 465 million cubic metres per year. Consumption is likely to increase in coming years with the construction of several gas-fired power plants. Peru's President Toledo has proposed that Peru and Bolivia should combine their individual natural gas development efforts, including exports and construction of a petrochemical complex at the Peruvian port of Ilo.

Agricultural production of sugar, coffee, potatoes, rice, corn and cotton are potential resources of biomass for energy purposes. The large-scale industrial production of milk, beef and poultry is causing manure, whey and other bio-waste that can be utilised in the biogas production process. The sugar production of 655.000 tons in 1999 causes cane residues of approximately 2,1 million tons⁴ which are mainly used for the energy supply of the sugar industry.

⁴ ISO 1999.