

# Industry Report

## Security - Peru



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## Security Sector Overview

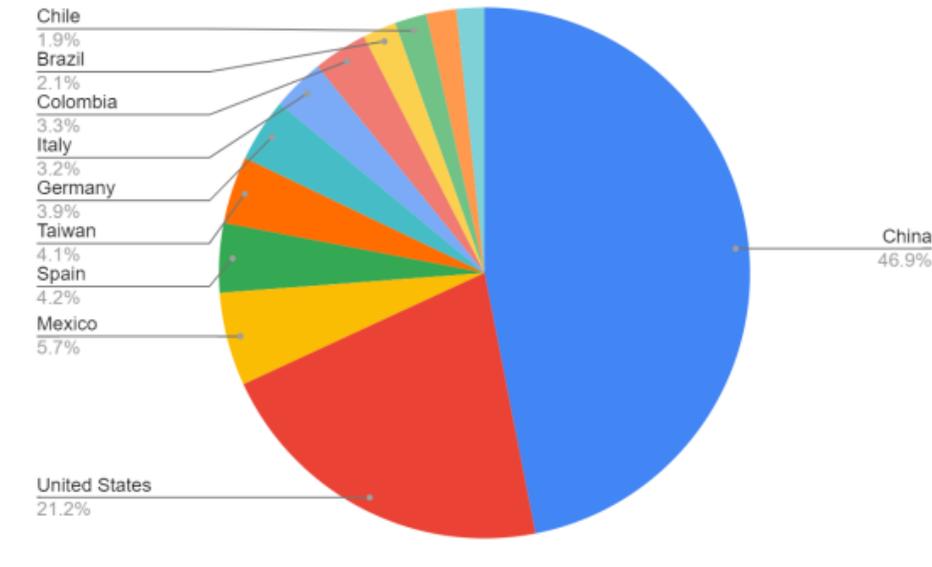
Over the past two decades, Peru has become one of Latin America's fastest growing and most macro-economically stable nations. Solid economic management, prudent fiscal policies and openness to trade have enabled Peru to not only reduce poverty from over 50% to less than 23% in less than 10 years but also to become one of the region's most dynamic business environments.

The downside to Peru's strong and enviable economic growth over the past two decades has been the explosion of social conflicts, particularly related with mining, which sometimes result into violence. Increased investment in oil, mining, and natural gas projects has encountered opposition from indigenous communities due to the resulting environmental degradation and social impact.

The demand for residential, industrial, and office security equipment continues strong in Peru. Public opinion polls across the country acknowledge that people have a relatively high sense of insecurity, with many people having been a victim of robberies or home break-ins. To prevent break-ins and to help security guards, government agencies, private companies and households invest in a broad range of security equipment including surveillance cameras, alarms, lights, mesh netting, and barbed wire.

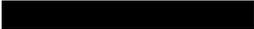
Firearms and revolvers are the most common self-defense weapons used in Peru. The Ministry of Interior's National Superintendence of Control of Security Services, Weapons, Ammunition, and Explosives for Civilian Use (SUCAMEC) is in charge of regulating and enforcing firearms applicable legislation, including issuing licenses to import, transport, sell, and carry weapons. As of 2019 there has been a strong debate about prohibiting the use of guns and firearms for civilians though many people oppose this measure since criminals will have access to them anyway through the black market and informal sectors. Currently SUCAMEC is continuing to issue permits until further notice.

**2018 Security Sector Import Market Share (% for U.S. and major competitors)**



The figures below represent each product’s share of Peru’s 2018 total imports in the Security Sector.

Description	Market Share (%)
Made-Up Textile Articles	5.4
Breathing Appliances & Gas Masks; Parts Etc.	4.6
Locks Except Motor Vehicle Or Furniture, Base Metal	4
Parts of Electric Sound Or Visual Signaling Parts	2.9
Spectacles, Etc, Corrective, Protective	2.8
Doors, Windows	2.6
Portable Electric Lamps, Battery Or Magneto	2.3
Safety (Incl Sports) Whether/Not Lined/Trimmed	2.2
Burglar or Fire Alarms and Similar Apparatus	1.9
Electrical Signaling or Traffic Control Equipment	1.8
Fire Extinguishers	1.8
Padlocks of Base Metal	1.7
Gas or Smoke Analysis Apparatus	1.7
Electric Sound or Visual Signaling Apparatus	1.6
Apparatus Base on X-Ray	1.2
Parts of Locks, Base Metal	1
Electrical Sound Signaling Equipment	1
Revolvers & Pistols, Designed to Fire Live Ammo	0.9
Laminated Safety Glass, Not for Vehicular Use	0.9



## Emerging Trends

### **Artificial Intelligence**

Artificial Intelligence's progress differs from industry to industry and from application to application. For example, in the electronic security industry, deep learning is primarily used for video analytics, but the technology will be present in many other applications and products in the future. One of the trends in highway infrastructure, for example, is the use of video analytics for Automatic Incident Detection (DAI). Traditionally, this is based on fixed algorithms.

### **Cloud and Edge Computing**

Few organizations in the public or private sphere have not yet used the cloud at some level. On the contrary, many of them have already transferred the entire infrastructure to a cloud-based model, that is, centralized in one or more data centers. However, even with data centers with ever-increasing capacity, the exponential increase in data volume can be overwhelming. And this scenario is particularly critical in areas such as video surveillance, where data demand is still significant.

### **Environmental Smart Technologies**

Video analytics are already used as an operational planning tool by organizations seeking to improve energy efficiency in offices, consequently with positive benefits for the environment. One of the examples is the use, in offices, of cameras equipped with intelligence to identify the number of people in the environment and regulate air conditioning based on this data. Another critical aspect that can benefit from these sensors and corrective fundamentals is air quality. Whether within buildings or in the external urban environment, negative health impacts and associated costs are becoming an increasing problem. Smart sensors will play a central role in solving this problem. These applications add value to organizations through efficiency and economy, in addition to helping them achieve their own environmental and sustainability goals.

## Subsector Classification and Opportunities

### Port

In Peru, over 90% of exports are transported by sea. Currently Peru has 62 ports, 45 of which are maritime, 11 fluvial and 6 lacustrine. Ports in Peru handle 91% of the total export volumes and 65% of the total export FOB values. The three major ports are Callao on the central coast, Païta in the northern region and Matarani in the south:

- Callao: As the busiest port on the western coast of South America, it is the main port in terms of traffic and storage capacity. The terminal is connected to the industrial zone of Lima and the rest of the country, as well as to the Jorge Chavez International Airport and the Central Railroad that crosses the Andes Mountain Range. It has three concessions which respond to the National Ports Authority: DP World (Dubai), APM Terminals (The Netherlands) and Transportadora Callao S.A (Peru).
- Païta: Located in the northern city of Piura, it is the second largest national port. The main products exported are hydrobiological (fish, squid, fish oil) and agro-industrial (mangos, grapes, avocados, coffee, bananas)
- Matarani: It is in the district of Islay in Arequipa; it is one of the three major ports of the Peruvian South Pacific that are connected to Bolivia and Brazil via the interoceanic Highway. It mainly handles bulk cargo such as fertilizer, fuel, and iron

Peru plays a vital role in ensuring that shipments to the USA and Canada —through its ports— are free of illicit material, thus reducing the risk of a nuclear incident. The U.S. Department of Energy's Nuclear Smuggling Detection and Deterrence (NSDD) Office along with Canada have given priority to the Port of Callao because it is the busiest container port on the western coast of South America. In 2018, the Canadian Government started the implementation of a project to enhance container security at Callao Port's DP World terminal through the handover of 12 radiation detection monitors. The National Customs and Tax Administration (Sunat) and Peruvian Nuclear Energy Institute (IPEN) can scan all containers through the DP World terminal, thus conducting searches and seizures of any illicit material. The project's final stage involved a donation of six additional detection monitors by the United States and Canada to Sunat, so that the entire cargo passing through Callao Port's APM terminal could be scanned by the end of 2019.

The International Code for the Protection of Ships and Port Facilities, better known by the ISPS Code of the International Maritime Organization and consequently the Peruvian Maritime Authority understands that all

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of the country's maritime operators, public and private, have an important commitment in complying with what is stipulated in this code which came into force internationally on July 1, 2004. It has the objective of stopping contraband, illicit, transport of drugs, weapons. This coincides with the security requirements of the United States.

In 2016 - to protect its works and enhance their security - APM Terminals implemented the "ZoneSafe" system which system consists of a Zonesafe in-cab control unit, detection antennas fitted to each vehicle and a Zonesafe tag or transponder carried by personnel. The tag can be easily integrated into a high visibility jacket, worn with a lanyard, or kept in a pocket forming part of everyday PPE. The Zonesafe detection antenna creates a 360° zone around the vehicle which can be adjusted to detect Zonesafe tags from 3 to 9 meters. This can be set to a required exclusion area for each vehicle type along with options for single and multiple zones.

The system immediately provides a warning when a pedestrian wearing a tag enters the detection zone around the vehicle, emitting an audible visual alert from the in-cab control unit. The operator is instantly warned of a pedestrian's presence and can take appropriate safety precautions by either stopping or slowing down and driving cautiously until the alarm stops. When the tag is no longer detected in the exclusion area the alarm will stop.

Opportunities for US Exporters:

- Narcotic-identifying equipment
- Cargo scanners to improve search-and-seizure operations
- Computer systems to fight human trafficking (e.g X ray machines)
- Capacity building programs / training

## **Customs / Immigration**

Peru has been conducting a series of efforts to strengthen cooperation on customs issues with the United States Government. Some of these initiatives include:

- Existing Information Exchange and Supply Agreements
  - Mutual Assistance Agreement between Peru and the USA (2006)
    - allows information exchange and is the framework of several specific MOUs
  - Commercial Transparency Unit
    - Allows massive exchange of information on imports and exports between Peru and the US

- o Advance traveler information

At the same time, the United States Government has conducted the following initiatives with the Peruvian government. The following also present business opportunities for US exporters:

- Electronic control equipment: scanners, kits, specialized trucks
- Technical support for the implementation of the Customs Divers program
- Dogs and technical assistance for various programs
- Training of customs officers
- Construction of facilities for customs profiling equipment
- Specialized research software

## **Personal**

### Crime Threats

The most common types of crime in Lima and many parts of the country include armed robbery, assault, burglary, and petty theft. Crimes can turn violent quickly, and often escalate when a victim attempts to resist. This trend has further been exacerbated with the large influx of Venezuelan immigrants, many of whom have criminal records. According to Peru's Ministry of Interior, Peru has deported over 130 Venezuelan citizens with criminal records to date and there are efforts to create special police brigades to combat foreign delinquents.

Another trend in Lima, according to police and local media reports, involves armed assailants riding on motorcycles in pairs targeting individuals that display valuables. In many cases, these criminals look for vehicles stopped in traffic with visible handbags or electronics such as cell phones. The assailants snatch items through open windows, or smash windows and grab the valuables, then quickly flee on the motorcycle.

Vehicular vandalism and theft occur throughout Peru. Criminals steal spare parts and sell them on the black market. Park vehicles in well-lighted areas, preferably in a paid parking lot.

Counterfeit currency is a concern. Peru has more circulating counterfeit U.S. currency than any other country in the world. Criminals also target individuals that withdraw money from ATMs, many banks offer withdrawal insurance. Criminals have inserted skim readers on ATMs to obtain bank / credit card information, allowing them to clone cards and make unauthorized withdrawals. Credit cards are in wide use in

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Lima, with official identification usually required for any transaction. In restaurants, it is common for the waiter to bring a remote scanner to the table to pay the bill.

Residential burglaries are most common when houses are vacant, but thieves will also attempt to enter occupied residences via unsecured doors and windows, tricking domestic employees, or forcing access through residential perimeters.

Many areas of Peru are extremely remote. Medical assistance or search and rescue services are often unavailable. Weather conditions, especially in mountainous areas, can change quickly. Jungle travel can be extremely hazardous without an experienced guide.

From January until October 2019 there were a reported 25,000 murders in Peru and 700 reports of kidnappings.

Opportunities for U.S Exporters:

- Preventive equipment including alarms
- Surveillance cameras
- Lights

#### Police Response

The Peruvian National Police (PNP) has nationwide jurisdiction. The force is modernizing, but officers often lack the training and resources for full effectiveness. In general, police may be slow to respond and do not conduct effective investigations, although filing a police report after a theft may be useful for insurance purposes. Motorists report that some police ask for bribes during traffic stops.

In Lima and other towns, many municipalities supplement PNP presence through an unarmed security force known as *Serenazgo*; however, there are conflicting reports regarding their effectiveness.

There is little government presence in many remote areas of the Andes and Amazon basin. Illicit activities, such as illegal mining and logging, and coca production, are common. Drug trafficking and other criminal activity, combined with poor infrastructure, limit the capability and effectiveness of Peruvian law enforcement in this area. The U.S. government has limited ability to provide emergency services to U.S.

citizens along the Colombian border and in the VRAEM, as U.S. government personnel are restricted from traveling in these regions.

Foreign victims of a crime should contact the *Policía de Turismo* (tourism police) whenever possible. Found in major tourist areas, they are generally helpful and are more likely to speak English. These officers receive training on how to interact with tourists. If tourism police are not available, ask for the nearest police station (*comisaría*).

## Cybersecurity

Peru ICT Overview:

- \$30 billion USD in telecommunications long term gap
- 49% of Peruvians use the internet
- 13,000km fiber optic backbone network constructed
- 13 broadband internet concessions awarded in the recent years
- Recent legislation focusing on cybersecurity measures
- Only 7% of Peruvian organizations have a data protection policy
- 65% of organizations allocate between 1% and 5% of the IT budget for cybersecurity

Peru has suffered the highest number of spyware attacks in Latin America, only behind Brazil and Mexico. Worldwide, it is ranked 39, according to the interactive Kaspersky map, which shows the effects of the threat in real time. Financial services, consulting, telecommunications, manufacturing, or the insurance sector are the main objectives of hackers. 32% of organizations in Peru have suffered cyber-attacks over the last two years and there is a need for quality cyber security policies and products and services. 65% of organizations in Peru allocate between 1% and 5% of the IT budget for cybersecurity, while only 18% of organizations allocate a budget greater than 10%.

The increase in Internet penetration in the country is a source of competitive advantage for companies, although, at the same time, it poses a risk for cybersecurity and Peru is not ready to face it yet. As stated in the 2016 report of the Inter-American Development Bank, while e-government and e-commerce services continue to expand in Peru, social awareness is generally low when it comes to cyber security. Fortunately, legislative, and executive advances are observed regarding cybersecurity management in Peru.

Cybersecurity falls under the Secretariat of Digital Governance which is responsible for the following:

1. Driving the implementation of digital governance across all sectors
2. Developing and implementing digital transformation and digital trust within the government

### 3. Delivering digital services and policies

Opportunities for U.S Cyber / IT Producers:

- The Peruvian military is moving forward with its cyber defense and security plans
- The government has identified digitalization as a priority
- The expansion of internet in rural areas and renewed focus on cybersecurity makes Peru a very attractive business destination for foreign ICT companies
- Digital Tools for SMEs (automation and the internet of things)
- Outsourcing services for cybersecurity
- Cloud computing solutions

## Main Players

The following companies are the main players in the Peruvian security sector.

#### 1. [Prosegur - \(www.prosegur.com.pe\)](http://www.prosegur.com.pe)

Prosegur has undergone an important process of international expansion that has led it to become a global benchmark in the private security sector. Through three business lines - Prosegur Alarmas, Prosegur Seguridad and Prosegur Cash - the company provides companies and households with reliable security based on the most advanced solutions on the market.

#### 2. [G4S - \(www.g4s.com\)](http://www.g4s.com)

G4S is a British multinational security services company headquartered in London, England. The company offers a range of services, including the supply of security personnel, monitoring equipment, response units and secure prisoner transportation. G4S also works with governments overseas to deliver security.

#### 3. [Securitas \(www.securitasperu.com\)](http://www.securitasperu.com)

Securitas Peru is part of the Securitas Group which has played a decisive role in the history of private security in the world for more than 80 years. It offers comprehensive security solutions based on a vision for the year 2020, having people, technology, and knowledge as the pillars of its organization, to guarantee your safety and that of your company.

#### 4. [ISEG Peru \(https://www.iseg.pe/es/company/corporativeprofile\)](https://www.iseg.pe/es/company/corporativeprofile)

ISEG Peru was created by three young entrepreneurs, each with a solid background in different professional branches, one of the partners and operations manager has experience in the security field, having been in

the Israeli army and fought in the second war in Lebanon, he later worked in security at the Ben Gurion International Airport (Tel Aviv) and for two years worked for the Israeli defense ministry. His training includes advanced courses in dignitary protection and security planning in large-scale events. The company provides security services and diplomats specializing in prevention measures.

5. [Esvicsac \(https://www.esvicsac.com.pe/\)](https://www.esvicsac.com.pe/)

Company with more than 30 years of experience in the private security and surveillance services market; providing optimum quality services to its more than 60 clients throughout Peru and with a distribution of more than 5,200 employees nationwide; having certifications: ISO 9001: 2015, ISO 14001: 2015, OHSAS 18001: 2007 and BASC. They have a solid operational and administrative infrastructure in Lima and in each department of Peru which allows them to operate 24 hours a day uninterruptedly in contact with our Control Centers nationwide.

6. [Verisure \(www.verisure.pe\)](http://www.verisure.pe)

Verisure, always in constant growth and with more than 25 years of experience, is present in 16 countries (Germany, Sweden, Norway, Denmark, Finland, Belgium, Holland, United Kingdom, Spain, France, Portugal, Italy, Chile, Brazil, Peru and Argentina). The group has more than 9000 employees serving more than 2 million customers, is number one in Europe and in Spain and is currently experiencing rapid growth in South America.

7. [Topsale \(www.topsale.pe\)](http://www.topsale.pe)

Leading cybersecurity company in Peru. Specialists in the design of IT solutions.

8. [Dachser \(www.dachser.pe\)](http://www.dachser.pe)

A logistics, transport and storage company that also provides customs security services.

## Market Entry Strategies

In Peru, the business environment requires American companies to have a well-planned market-entry strategy. The following list of tips for doing business in Peru are general guidelines for an initial market evaluation.

- **Economic Viability:** The profitability of a project or the sale of goods and services in Peru should be based on sound economic criteria. Do not rely on promises of subsidies, incentives, special considerations, or non-market related sources of income from a prospective partner to create a profit. Therefore, try to ensure your strategy achieves profitability in the short to medium term (1-

3 years) and can become a sustainable model for the medium and longer term. This requires market research of competing products.

- **Risk Analysis:** Be realistic about how much risk you are willing to accept in your business venture. Make sure you use reliable sources for this assessment. Use more than news media sources or your immediate partners to evaluate the market. Do not have a corporate risk analysis policy for Peru that is different than you would have for any other country.
- **Due Diligence:** Do your "due diligence," and do it well. Be sure that your potential representative has the authority to decide. Establish ground rules at the outset of negotiations, including keeping minutes. Make certain your partner is able and willing to do all they say they will do in the contract. If the project is not a "win-win" proposition you can expect that enforcement of your contract will be difficult – regardless of your legal rights.
- **Contract Terms:** When entering a contract with a Peruvian partner you must be careful to plan for all reasonable contingencies. Do not attempt to enter into an agreement without sound legal advice. Have your own legal counsel. In your contracts, specify exact terms of payment, and performance standards. Set timelines. Pay careful attention to details, such as initialing pages of contracts properly authenticated signatures.
- **Know the Rules.** Beware of offers to bend them in your favor. Be prepared to obey all Peruvian laws and regulations. Make sure your managers (or agents and distributors) know all relevant American laws (such as the U.S. Foreign Corrupt Practices Act-FCPA) are applicable to them. Peru is cracking down on corruption. Do not risk your business being associated with corrupt officials or illegal practices.
- **Intellectual Property Rights:** In Peru, if a product or service can profitably be copied; it will be. Also, foreign IPR holders (whether they are in the Peru market or not) suffer enormous losses to international pirates in the Peru market and, increasingly, in third country markets. For patents and trademarks, you must file your registrations with the INDECOPI-National Agency for the Competition and Intellectual Property Protection ([www.indecopi.gob.pe](http://www.indecopi.gob.pe)) to receive protection.
- **Agents and Distributors:** Peruvian law does not require the use of local distributors for private sector commercial sales. However, when selling to the government, it is recommended that U.S. companies contract and register a local agent. Exporters to Peru often find it helpful to have a local representative to stay well-informed of the latest opportunities and developments within the

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company's area of interest. Conducting a financial background check before working with a Peruvian agent or distributor is highly encouraged.

## **Peru - US Relations**

The United States established diplomatic relations with Peru in 1827 following Peru's independence from Spain. In the last decade, Peru has seen consistent economic growth, poverty reduction, and broad support for democracy. The country is a key U.S. partner in Latin America, and the two have strong, positive, and cooperative relations. The United States promotes the strengthening of democratic institutions and human rights safeguards in Peru as well as socially inclusive economic growth based on free trade and open markets.

The U.S.-Peru Trade Promotion Agreement (TPA) was signed in 2009. To further strengthen its democracy, combat transnational organized crime, and promote socially inclusive economic growth, the Peruvian government has committed to broaden economic opportunities throughout the nation, as well as to increase the State's presence in areas susceptible to the influence and control of narco-traffickers, including the Apurimac, Ene and Montaro River Valley. U.S. assistance promotes these objectives through bilateral programs that support Peru's anti-narcotics and alternative development efforts, advance social and economic inclusion, improve governance, strengthen basic education, and promote sound environmental stewardship.

The United States-Peru Trade Promotion Agreement (PTPA) entered into force on February 1, 2009. U.S. goods and services trade with Peru totaled an estimated \$22.9 billion in 2018. Exports were \$13.0 billion while imports were \$10.0 billion. Peru is currently our 34th largest goods trading partner with \$17.6 billion in total (two way) goods trade during 2018. Trade in services with Peru (exports and imports) totaled an estimated \$5.3 billion in 2018. Services exports were \$3.3 billion; services imports were \$2.1 billion.

The United States and Peru have a solid law enforcement and security affiliation. In 2018, International Narcotics and Law Enforcement (INL) Lima commemorated 40 years of bilateral cooperation in the battle against narco-trafficking and organized crime, and partnership toward the enhanced peace and security of the two nations. The United States provided \$85 million in foreign assistance funds to Peru during the fiscal year 2018. These funds support priorities such as countering narcotics production and trafficking, combatting transnational criminal organizations and environmental crimes, promoting effective governance and rule of law, and supporting continued defense cooperation. In acknowledgement of these shared priorities, Secretary of State Mike Pompeo and First Lady Melania Trump honored Peru's National Coordinator for Environmental Prosecutors in March 2019

as one of ten recipients of the International Women of Courage award for her efforts to prosecute criminal organizations engaged in illegal mining and illegal logging.

Since 2006, the Department of Defense Southern Command, through its Humanitarian Assistance Program, has invested over \$44 million in 277 projects in Peru including the construction of 15 Regional Emergency Operations Centers. At the request of the Peruvian government, the U.S. State Department and U.S. Agency for International Development have provided over \$13 million to support humanitarian assistance efforts in Peru in response to the continuing influx of Venezuelan refugees and migrants.

## **Trade Shows**

### **SITDEF Peru**

Dates: May 13-16, 2021

City: Lima

Location: Peruvian General Army Headquarters

Web Site: <https://sitdef.com/>

SITDEF 2021 brings together suppliers and experts in security, defense and disaster prevention, with official delegations, operational users, purchasing managers, investigation offices, investigators, investors, politicians and the media.

### **SEGURITEC Peru**

Dates: May 26-28, 2021

City: Lima

Location: Centro de Exposiciones Jockey

Web Site: <https://www.thaiscorp.com/seguritec/>

This is the largest security event organized in Peru since 1996. It is organized every two years and brings together suppliers of equipment as well as supplies and services for personal, fire, road, rescue and police security.

### **Cybersecurity Bank and Government**

Dates: October 28, 2021

City: Lima

Location: Hotel Sonesta El Olivar

Web Site: <https://www.mticsproducciones.com/cybersecurity-bank-government-lima-peru-2021.html>

Event that aims to show trends, strategies, tools, international standards, statistics, and equipment related

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to Cybersecurity in the banking, business, and government sectors, especially Peru. Main participants include government entities and banks from the Latin American region as well as large companies, dedicated to the defense, regulation and management of computer security and information security.

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