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THE EVOLUTION OF

PERU'S

MULTIDIMENSIONAL CHALLENGES

R. EVAN ELLIS

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Introduction

The South American nation of Peru plays an essential role in Latin America's economic and political dynamics, as well as serving as a gateway for trade across the Pacific with the People's Republic of China and other Asian countries. Historically, Peru was a Spanish governance and power center in the new world.

Presently, Peru is navigating through a series of mutually reinforcing crises in its political system, the dynamics of organized crime in the country, and profound questions about the deepening of engagement with the People's Republic of China (PRC). The challenges are rooted in endemic problems, similar to those faced in other parts of Latin America and other parts of the world, including slow and uneven development, high levels of inequality, high levels of public and private sector corruption, and insecurity from criminal and other actors. As in other parts of the region, the long-term adverse economic and fiscal effects of Covid-19 and Russia's invasion of Ukraine arguably deepened those problems and the associated frustration among Peruvians with their political systems and associated

elites, accelerating the impulse to explore ever more radical solutions to break the cycle. They also significantly worsened the country's organized crime and public insecurity problems while hampering the already limited ability of the "public security sector" to address them. At the same time, they increased the relevance of the PRC and its resources as part of the remedy to the nation's problems, as well as China's associated leverage for pursuing its commercial and political interests with the country.

The present work examines the evolution of Peru's multidimensional challenges and their implications for the country and the region more broadly. It is divided into three sections:

1. An examination of the country's political challenges
2. An analysis of organized crime in the country and the government response
3. The advance of the People's Republic of China (PRC) in the country

Each of the three sections published in this work are derived from articles originally published in English

and Spanish by the e-Journal Global Americans and the journal of the Center for Strategic Studies of the Peruvian Army. The work is also an update to and elaborates on the three-part series on Peru's challenges¹ published by the author in November 2020.

¹ Ellis, Evan. "Peru's Multidimensional Challenge - Part 1: The Political Crisis." Global Americans, theglobalamericans.org, 8 Nov. 2020, <https://theglobalamericans.org/2020/11/perus-multidimensional-challenge-part-1-the-political-crisis/>.

PART 1

THE POLITICAL CRISIS

The government of Pedro Castillo in Peru faces a significant crisis that has been building for years but has particularly blossomed during his presidency. In the words of one senior Peruvian analyst with whom I spoke, Peru is in the midst of a collapsed political system, with the public no longer perceiving traditional parties and leaders to have the legitimacy needed to sustain the system.

Peru's deepening political and institutional crisis has played a crucial role in Castillo's unexpected electoral victory in 2021 and contributed to the country's current political turmoil. The increasingly likely scenario of Castillo's government falling will deepen political polarization and fragmentation in Peru. The collapse will negatively affect the country's institutions, democracy, political stability, economic performance, and organized crime within the nation's borders and the rest of the region. The fate of the Castillo regime also foreshadows what could occur with multiple other governments across the region undergoing similar political transitions. Many minority governments have orientations significantly different than the regimes they replace and are

attempting to navigate an environment of enormous economic stress, fiscal weakness, and widespread political pressure. Some have also been fueled by the COVID-19 pandemic and the global economic effects of the ongoing war in Ukraine.

Context

Peru's present political instability and other challenges reflect a combination of endemic corruption, underperforming government institutions, and a constitution whose rules create disincentives for executive, legislative, and judicial leaders to effectively address the country's problems.

Peru's political difficulties have long reflected citizen dissatisfaction with corruption and socioeconomic and geographic inequality, including governance problems in the country's interior (and elsewhere) and associated criminal and insurgent activities there.

These issues

include illegal mining, coca-growing, and a bloody internal conflict that began in Ayacucho in 1980 by Abimael Guzman and his "Shining Path" terrorist

movement that caused the deaths of over 69,000 people² in two decades.

The legacy of corruption permeating Peruvian politics, combined with independent executive, legislative, and judicial institutions working to check each other, has led to a continuous and increasingly frequent series of changes in the government tied to corruption. Every President in the past two decades has been charged with corruption either while in office, forcing his ouster, or following his departure. After leaving office, Alejandro Toledo³, Alan García⁴,

² “Death Toll from Peru Massacre Attributed to Shining Path Offshoot Rises to 16 - La Prensa Latina Media.” Death Toll from Peru Massacre Attributed to Shining Path Offshoot Rises to 16 - La Prensa Latina Media, www.laprensalatina.com, 23 Aug. 2022, <https://www.laprensalatina.com/death-toll-from-peru-massacre-attributed-to-shining-path-offshoot-rises-to-16/#:~:text=In%20a%202003%20report%2C%20Peru%E2%80%99s%20Truth%20and%20Reconciliation,between%20security%20forces%20and%20insurgents%20beginning%20in%201980.>

³ “Peru’s Ex-President Alejandro Toledo Cleared for Extradition from US - BBC News.” BBC News, www.bbc.com, <https://www.bbc.com/news/world-latin-america-58710201>. Accessed 23 Aug. 2022.

⁴ “Alan García: Peru’s Former President Kills Himself Ahead of Arrest - BBC News.” BBC News, www.bbc.com, <https://www.bbc.com/news/world-latin-america-47965867>. Accessed 23 Aug. 2022.

and Ollanta Humala⁵ were implicated on corruption charges. Then, in March 2018, President Pedro Pablo Kuczynski was forced to resign over credible evidence that he had received a bribe from the Brazilian construction firm Odebrecht. His Vice President, Martin Vizcarra, who became President following Kuczynski's resignation, was forcibly removed from office two and a half years later, in November 2020, by Peru's Congress. Two-thirds of the body declared that the President's actions showed his "moral incapacity."⁶ Manuel Merino succeeded Vizcarra. The latter only lasted five days in office before being forced to resign. He was replaced by Francisco Sagasti, who served as interim President until Peru's two-round elections, which elected the country's current President, Pedro Castillo, in 2021.

⁵ Deutsche Welle. "Peru Judge Orders Ex-President Ollanta Humala Jailed before Trial | DW | 14.07.2017." DW.COM, www.dw.com, 7 Nov. 2017, <https://www.dw.com/en/peru-judge-orders-ex-president-ollanta-humala-jailed-before-trial/a-39683805#:~:text=A%20court%20in%20Peru%20has%20ordered%20the%20arrest,in%20a%20scandal%20involving%20a%20Brazilian%20construction%20company.>

⁶ "Peru's President Martín Vizcarra Impeached : NPR." NPR.Org, www.npr.org, 10 Nov. 2020, <https://www.npr.org/2020/11/10/933334195/in-midst-of-pandemic-crisis-perus-legislature-impeaches-the-nations-president.>

Even before the current administration, Peru's political system had long been fractured into many clientelist parties. The division led to a unicameral Congress between a large number of parties and two rounds of a presidential election. Not to mention, many of the candidates in the first round lack a significant national-level base.

In recent years, the previously mentioned scandals, compounded by societal inequities and the de-facto exclusion of indigenous communities and others from the nation's wealth and political power (particularly those in Peru's mountainous and forested interior), have contributed to both the proliferation of new parties, politicians, and an anti-incumbent sentiment. The two contenders that emerged out of Round one of Peru's presidential election in April 2021 received 33 percent of the vote.

Pedro Castillo was a teacher from the remote interior province of Cajamarca. He was unknown outside his home province and lacked national experience. Nevertheless, Castillo was selected to run as a

candidate of the Peru Libre (PL) party by its head, Vladimir Cerron, a Cuba-trained neurosurgeon with a radical-leftist ideology who had been disqualified from running “for the presidency” himself due to a prior corruption conviction⁷.

In a contrasting manner, Castillo’s opponent, Keiko Fujimori, was better known and nationally experienced. She was the daughter of Peru’s prior controversial President Alberto Fujimori, whose government was credited with having defeated the Shining Path terrorist movement. While he brought relative order and economic stability to the country, his rule had trampled into Peru’s democratic institutions, including dissolving the Congress in 1992. His government was also convicted of corruption⁸ and accused of involvement in human

⁷ LR, Redacción. “Confirman Sentencia Por Corrupción Contra Vladimir Cerrón | Elecciones | La República.” Confirman Sentencia Por Corrupción Contra Vladimir Cerrón | Elecciones | La República, larepublica.pe, 18 Apr. 2021, <https://larepublica.pe/elecciones/2021/04/18/confirman-sentencia-por-corrupcion-contra-vladimir-cerron-pltc/>.

⁸ “Condenan a Fujimori Por Corrupción - BBC News Mundo.” BBC News Mundo, www.bbc.com,

rights violations⁹. Keiko's party, Popular Force, was one of the best organized nationally. Still, it was linked in the mind of many voters with the longtime politics of corruption and poor performance that they rejected.

In June 2022, during the second round of Peru's election, the tainting of Keiko by anti-establishment sentiment, in addition to Castillo's appeal as a new, if unknown figure, around whom the marginalized populations of the country's interior could rally around, were sufficient for him to beat Keiko and win the presidency. Nonetheless, many of his detractors, particularly on the right, worried about Castillo's possible association with the radical left through Vladimir Cerron, the terrorist group Shining Path, and its affiliated political and intellectual front Movadef. In addition, his networks in Cajamarca,

https://www.bbc.com/mundo/america_latina/2009/09/090930_1752_nueva_condena_fujimori_irm. Accessed 23 Aug. 2022.

⁹ "Violación de Derechos Humanos, Corrupción, Peculado, y Más: Estos Son Los Crímenes de Alberto Fujimori | CNN." CNN, cnnespanol.cnn.com, 27 Dec. 2017, <https://cnnespanol.cnn.com/2017/12/27/fujimori-crimenes-violacion-de-derechos-humanos-corrupcion-peculado-y-mas-estos-son-los-crimenes-de-alberto-fujimori/>.

including his newly formed National Federation of Education Workers of Peru (FENATE), an organization more radical than the traditional teacher's union SUTEP, have been resistant to some of Castillo's more radical positions, creating distress.

Castillo was elected with little national-level political experience and few trusted advisors with this type of experience, forcing him to forge a government of a combination of people who were not necessarily of his inner circle. Many of whose background, capabilities, and temperament did not appropriately fit the positions they were being entrusted to.

In less than a year in office, there have been 45 changes of Ministers in Castillo's government across 18 ministries¹⁰. This includes the resignation of three Prime Ministers. After each PM's resignation, Castillo was forced to reorganize his government. Guido Bellido resigned in October 2021 over apparent

¹⁰ Bello, Marina, et al. "¿Por Qué La Mina de Cobre Las Bambas Está En Constante Conflicto?" Dialogo Chino, dialogochino.net, 22 Apr. 2022, <https://dialogochino.net/es/actividades-extractivas-es/53067-por-que-la-mina-de-cobre-las-bambas-en-peru-esta-en-constante-conflicto/>.

pushback against his radical agenda¹¹. Mirtha Vazquez resigned in January 2022, when corruption was at its highest in the Castillo government. Hector Valer, who was named to replace her, left just days after complaints of physical abuse towards his wife and daughter became public. Castillo's current Prime Minister, Anibal Torres, has been helped by his extensive career experience and legal experience as a law professor and department head at the left-oriented San Marcos University. Nonetheless, he is known for his combative temperament and has drawn criticism for praising Adolph Hitler for his role in building the country's highway infrastructure¹².

The scandals and turnover within Castillo's government have shown no signs of dissipating in

¹¹ "3 Claves Para Entender La Sorpresiva Renuncia de Guido Bellido a La Presidencia Del Consejo de Ministros de Perú - BBC News Mundo." BBC News Mundo, www.bbc.com, <https://www.bbc.com/mundo/noticias-america-latina-58824034>. Accessed 23 Aug. 2022.

¹² "Aníbal Torres Used Adolfo Hitler as a Good Example for the Construction of Highways - Infobae." Infobae, www.infobae.com, 23 Aug. 2022, <https://www.infobae.com/en/2022/04/07/anibal-torres-used-adolfo-hitler-as-a-good-example-for-the-construction-of-highways/>.

recent months. In May 2022, Castillo replaced an additional four ministers¹³, including the Interior Minister, the Minister for Energy and Mines, the Minister for Transport and Communication, and the Minister for Agricultural Development. Also, in May, Congress censured Labor Minister Betssy Chavez, a Castillo loyalist, over her handling of the air traffic controller strike. In addition, Castillo's appointment of Hernan Yuri Condori as health minister was criticized over his alleged lack of aptitude for the position, including his high-profile promotion of unorthodox medical cures, leading to his ouster.

Castillo's difficulties with his cabinet personnel have been compounded by his challenges with a fragmented Congress hostile primarily to him. Yet, with some incentives not to vote him out of office, it adversely impacts their own political and institutional interests.

¹³ "Pedro Castillo Renovó Parte de Su Gabinete y Tomó Juramento a Cuatro Ministros - Infobae." Infobae, www.infobae.com, <https://www.infobae.com/america/peru/2022/05/23/pedro-castillo-anuncio-cambio-en-el-gabinete-y-tomara-juramento-a-4-ministros-este-domingo/>. Accessed 23 Aug. 2022.

The Congresspersons filling the 130 seats in Peru's unicameral legislature were selected during the first round of elections in April 2021. The legislature initially included ten parties¹⁴, of which his Free Peru party had only 37 seats. Over the year that followed, the situation was complicated further by defections between parties and the creation of new legislative blocks. Even the party which had made Castillo its candidate split between those who supported its founder, Vladimir Cerron, versus those who had come into the party with Castillo and were principally loyal to him. The latter is known as the "Magisterial Block," reflecting their educational backgrounds, like Castillo. As of August 2022, Castillo could count on less than 40 of the 130 legislators to block votes seeking to remove him from office, which used the

¹⁴ "Congreso: Diez Partidos Políticos Estarán Representados En El Parlamento 2021-2026." Congreso: Diez Partidos Políticos Estarán Representados En El Parlamento 2021-2026 | Noticias | Diario Oficial El Peruano, elperuano.pe, <https://elperuano.pe/noticia/122330-congreso-diez-partidos-politicos-estaran-representados-en-el-parlamento-2021-2026#:~:text=Los%20partidos%20que%20llegan%20por%20primera%20vez%20al,Popular%2C%20Avanza%20Pa%C3%ADs%20y%20Juntos%20por%20el%20Per%C3%BA>. Accessed 23 Aug. 2022.

previously mentioned vehicle of “moral incapacity” and required 44 votes to defeat such a motion. In advancing actual legislation, Castillo’s position was even weaker since there were 16 members in Free Peru loyal to Vladimir Cerrón¹⁵. At the end of June, Free Peru demanded that Castillo resigns from the party over their differences¹⁶. Out of 130 legislators, the people who supported Castillo included 10 in his Magisterial block, plus a handful of others, such as 7 in Democratic Peru, 5 in Democratic Change, and 5 in Peru Bicentenario.

Perhaps his most important, unpredictable potential allies are the so-called “Caviar left,” a group of approximately twenty relatively progressive

¹⁵ Congresistas. www.congreso.gob.pe, <https://www.congreso.gob.pe/pleno/congresistas/>. Accessed 23 Aug. 2022.

¹⁶ LR, Redacción. “Pedro Castillo: Perú Libre Pide al Presidente Renunciar a Su Militancia | Vladimir Cerrón | Noticias | POLITICA | Larepublica.Pe | Pedro Castillo | La República.” Pedro Castillo: Perú Libre Pide al Presidente Renunciar a Su Militancia | Vladimir Cerrón | Noticias | POLITICA | Larepublica.Pe | Pedro Castillo | La República, [larepublica.pe](https://larepublica.pe/politica/pedro-castillo/2022/06/28/pedro-castillo-vladimir-cerron-pide-al-presidente-renunciar-a-su-militancia-en-peru-libre-poder-ejecutivo-gobierno-mdga/), 29 June 2022, <https://larepublica.pe/politica/pedro-castillo/2022/06/28/pedro-castillo-vladimir-cerron-pide-al-presidente-renunciar-a-su-militancia-en-peru-libre-poder-ejecutivo-gobierno-mdga/>.

politicians who have played a key role in multiple parties and as technocrats in various governments in recent years. Generally from wealthy backgrounds and Peru's best universities, they are spread across several minor parties, including the "Purple Party" of Peru's former President Sagasti and "We are Peru." Although they do not have a formal hierarchy, Gustavo Gorriti¹⁷, who has played an influential role as a journalist and advisor of numerous governments with his Legal Defense Institute (IDL), is broadly considered one of their key leaders. These same "caviar leftists" also are represented as technocrats within key ministries of Castillo's government, including the Interior Ministry, the Foreign Ministry, the Justice Ministry, the Economics Ministry, and the Agricultural Ministry.

Castillo's supporters in Congress also contributed indirectly to the issues surrounding the President's image. One Castillo loyalist, Pablo Bermejo, has been accused of terrorism. A report by the Peruvian

¹⁷ "Gustavo Gorriti - IDL | Instituto de Defensa Legal." *IDL / Instituto de Defensa Legal*, www.idl.org.pe, 7 Mar. 2018, <https://www.idl.org.pe/team/laurie-laforest-copy-copy/>.

counterterrorism directorate DIRCOTE mentioned that he previously met with members of Shining Path¹⁸.

In opposition to Castillo's fragile minority coalition are a diverse group of center and right parties. These included the previously mentioned Popular Force, which was the largest party in this block, holding 24 legislators, followed by 15 seats of the center-right Popular Action party of the former Parliament head Maria de Carmen Alva Prieta, 14 seats for the Alliance for Progress (APP), of current Parliament head Lady Camones, and "Advance Country" with ten seats. Other parties include the Popular Renewal, a conservative party with ties to the Catholic organization Opus Dei, whose members include two decorated retired Navy Admirals, with nine seats, and

¹⁸ Perú, El Comercio, and Redacción El Comercio Perú. "Guillermo Bermejo: Informe de Dircote Ubica al Electo Congresista de Perú Libre En Reuniones Con Procesados Por Terrorismo 'William' y 'Jhony' | Elecciones 2021 | POLITICA | EL COMERCIO PERÚ." El Comercio Perú, [elcomercio.pe](https://elcomercio.pe/politica/guillermo-bermejo-informe-de-dircote-ubica-al-electo-congresista-de-peru-libre-en-reuniones-con-procesados-por-terrorismo-william-y-jhony-noticia/), 29 May 2021, <https://elcomercio.pe/politica/guillermo-bermejo-informe-de-dircote-ubica-al-electo-congresista-de-peru-libre-en-reuniones-con-procesados-por-terrorismo-william-y-jhony-noticia/>.

“We are Peru,” with five seats¹⁹. This diverse opposition has continued to splinter into different “factions” in Congress, creating a shifting and unpredictable political dynamic. Some members are sometimes interested in pragmatically working with Castillo in a transactional “patronage politics” orientation, while in other moments, they seek to oust him.

As a reflection of Castillo’s difficult legislative position, he has been unable to push significant initiatives through the Peruvian Congress. He has also been blocked in implementing a campaign promise, strongly supported by his party’s leader Vladimir Cerron, to change Peru’s 1993 constitution as part of the solution to address Peru’s continuing political crisis. In April 2022, Castillo submitted a bill to Parliament to initiate a Constituent Assembly Process. However, then head of Congress, Maria Carmen de

¹⁹ Congresistas. www.congreso.gob.pe, <https://www.congreso.gob.pe/pleno/congresistas/>. Accessed 23 Aug. 2022.

Alva, called it unconstitutional and unfeasible²⁰ and did not submit the bill for consideration. Even after the rejection, however, leftist politicians, particularly from Peru's provinces, and striking transport workers, continued to clamor for a Constituent Assembly²¹ as an essential element to alleviate Peru's political crisis.

Beyond problems associated with his ministers and the blockage of his agenda, Castillo has been beset by multiple accusations of and investigations into personal and institutional wrongdoing. Some are being considered by the Attorney General, who is part

²⁰ orinocotribune. "President Castillo Presents Constituent Assembly Bill to Peru's Congress – Orinoco Tribune – News and Opinion Pieces about Venezuela and Beyond." Orinoco Tribune - News and Opinion Pieces about Venezuela and Beyond, orinocotribune.com, 28 Apr. 2022, <https://orinocotribune.com/president-castillo-presents-constituent-assembly-bill-to-perus-congress/>.

²¹ LR, Redacción. "Paro de Transportistas | Gremios Que Se Unen al Paro Piden Asamblea Constituyente | Pedro Castillo | Nueva Constitución | Congreso | Actualidad | La República." Paro de Transportistas | Gremios Que Se Unen al Paro Piden Asamblea Constituyente | Pedro Castillo | Nueva Constitución | Congreso | Actualidad | La República, <https://larepublica.pe/politica/actualidad/2022/06/27/paro-de-transportistas-gremios-que-se-unen-al-paro-piden-asamblea-constituyente-pedro-castillo-nueva-constitucion-congreso/#:~:text=Gremios%20que%20se%20unen%20al%20paro%20piden%20constituyente,un%20adelanto%20de%20elecciones%2C%20me%20lance%20como%20candidato%E2%80%9D>.

of Peru's independent Judicial branch. In addition, committees are investigating others in Peru's Congress as a reflection of the nature of the charges.

Arguably the most severe group of cases before the Attorney General involves alleged bribes by Peruvian businesspeople to the Minister of Transportation and Public Works, Juan Silva, and the Secretary of the Presidency, Bruno Pacheco. These cases involve fifteen contracts with four Chinese construction companies, known as the "China Construction Club" scandal²². The case possibly implicates Castillo himself as well as Castillo's nephews. The matter came to the national spotlight when a bag containing USD \$20,000 in cash belonging to Pacheco was found in the bathroom of the Presidential Palace. Pacheco, reportedly also implicated by text messages that he sent, fled justice, as have Castillo's nephews, although Pacheco's capture at the end of July 2022 and his reported cooperation with Peruvian authorities threatened to unearth more information that could

²² "El 'Club Chino de La Construcción' Opera En El Perú Desde El 2018 - Caretas Política." Caretas, caretas.pe, 2 Mar. 2022, <https://caretas.pe/politica/empresas-china-operan-desde-2018/>.

solidify a Congressional vote to oust Castillo Businessman Zamir Villaverde, now in prison, lobbyist Karelím Lopez Arrendondo, and Bruno Pacheco, who fled justice and was recently captured, are all reportedly cooperating with authorities on the matter. As this article went to press, Villaverde was threatening to leak new audios and videos to the media, further implicating Castillo and strengthening the consensus in Congress to remove the President. The principal alleged recipient of the bribes, Juan Silva, has also gone into hiding. Many in Peru interviewed for this piece speculated that Castillo loyalists in the Interior Ministry, police, and intelligence services are helping the fugitives evade the law and worry that their capture could lead to their testimony or the turnover of evidence more directly implicating the President, further contributing to Congress arriving at the two-thirds supermajority required to oust Castillo under the constitution's provision of "moral incapacity." The case has also tainted former President Sagasti, whose functionary approved a change in the regulation regarding the required qualifications to head the Secretariat of the Presidency. As a result, on Sagasti's last day in office,

it became possible for Castillo to hire Pacheco, who would not have been qualified under the prior existing laws.

Beyond the “China Construction Club” scandal, there is another case being examined by a committee in Peru’s Congress investigating a set of accusations that Castillo, Pacheco, and the Interior Minister, in exchange for bribes, manipulated standards to force the retirement of personnel to promote Castillo loyalists into key ranks in the police. As noted previously, the case has taken on an added dimension with the speculation that the Castillo-loyalist Interior Minister, Dimitri Senmache, and some of those improperly promoted may be involved in protecting the fugitives from capture to avoid their testimony or more evidence that could bring down the government.

Additionally, there is a case being examined by Congress involving accusations that Castillo, in conjunction with the country’s former Minister of Defense Walter Ayala and the Secretary of the Presidency Bruno Pacheco, obliged the head of the Army General Jose Vizcarra, and the head of the Air

Force Jorge Luis Chaparro, to promote unqualified Castillo loyalists to the rank of general. The complaint, which comes from the two former service chiefs, argues that because they resisted the pressure from the President and Defense Minister to promote the individuals, they were forced to involuntarily retire shortly thereafter, obliging them to denounce what had happened to the Congress publicly.

Furthermore, a committee of Peru's Congress dedicated to "Constitutional Accusations" is examining charges over Castillo's purported treason²³ of collaborating with the Bolivian government on a deal potentially restoring Bolivia's access to the sea through Peruvian land concessions. The charges are based, in part, on conversations that Castillo held with Evo Morales in Bolivia in 2018, as a union leader, before becoming President. However, during a public

²³ MX, Político. "Congreso de Perú Denuncia Contra Pedro Castillo Por Salida al Mar Bolivia - Político MX." Político MX, politico.mx, <https://politico.mx/tag/congreso-de-peru-denuncia-contra-pedro-castillo-por-salida-al-mar-bolivia>. Accessed 23 Aug. 2022.

interview with CNN reporter Fernando Rincon²⁴, the critical characterization of his position suggested that his intentions to negotiate the handover of Peruvian territory might have continued after becoming President.

While there is a consensus that Article 117 of the Peruvian constitution gives the President immunity²⁵ against all but grave charges such as treason, stopping elections, or dissolving Congress, it is more ambiguous regarding whether a sitting president may be publicly investigated. Peru's former prosecutor, Zoraida Ávalos Rivera, maintained that presidential immunity also prevented him from being investigated for crimes, dropping lines of investigation into other officials who implicated Castillo. Her interim

²⁴ GrupoRPP. "PJ Confirmó; Fallo Que Rechaza Habeas Corpus Para Anular Denuncia Contra El Presidente Pedro Castillo Por Presunta Traición a La Patria." RPP, rpp.pe, 21 June 2022, <https://rpp.pe/politica/judiciales/pedro-castillo-pj-confirmo-fallo-que-rechaza-habeas-corpus-para-anular-denuncia-por-presunta-traicion-a-la-patria-contrapresidente-noticia-1412958>.

²⁵ "Fiscalía de Perú Interroga al Presidente Pedro Castillo Por Presunta Corrupción." Paco Zea, www.pacozea.com, 17 June 2022, <https://www.pacozea.com/fiscalia-de-peru-interroga-al-presidente-pedro-castillo-por-presunta-corrupcion/>.

replacement, however, Pablo Sanchez, permitted such investigation. Indeed, under Sanchez, in June 2022, Castillo was publicly brought in for questioning. Sanchez was, however, only the interim attorney general. At the end of June 2022, the Justice Ministry named a new attorney general Liz Benavides Vargas, a respected professional who is expected to continue the investigation, although possibly in a lower-key fashion than her predecessor.

Beyond such investigations, Castillo has even been accused of allegedly plagiarizing his master's thesis²⁶. Complicating the matter, the thesis was done for Cesar Vallejo University, which Cesar Acuña owns. Mr. Acuña is blocked from entering the U.S. following a criminal conviction²⁷ and is also the head of APP, an opposition party that generally opposes

²⁶ “Fiscalía Investiga a Pedro Castillo Por El Supuesto Plagio de Su Tesis.” CNN, [cnnespanol.cnn.com](https://cnnespanol.cnn.com/2022/05/06/peru-pedro-castillo-plagi-tesis-orix/), 6 May 2022, <https://cnnespanol.cnn.com/2022/05/06/peru-pedro-castillo-plagi-tesis-orix/>.

²⁷ “César Acuña Está Impedido de Ingresar a EE.UU. Tras Sentencia Contra Periodista Christopher Acosta.” ENFOQUE REAL, [enfoquereal.com](https://enfoquereal.com/2022/02/27/cesar-acuna-impedido-ingresar-estados-unidos/), 27 Feb. 2022, <https://enfoquereal.com/2022/02/27/cesar-acuna-impedido-ingresar-estados-unidos/>.

Castillo. The fluctuating position of the Acuña-affiliated University during its investigation regarding whether there is evidence of plagiarism by Castillo has been interpreted by some as part of Acuña's maneuverings to cut a deal with, or destabilize, the President.

Although the Peruvian constitution generally protects Castillo from criminal charges, the numerous cases are a vehicle for building consensus within the Congress to arrive at the two-thirds supermajority needed to oust the President for "moral incapacity."

While Castillo continues to draw support from the economically and politically marginalized populations of Peru's interior to whom he gives voice, many Peruvians have become increasingly alienated by the constant air of scandal within the Castillo government. In a June 2022 IPSOS poll, 70 percent of Peruvians expressed disapproval of Castillo, up from

62 percent in January 2022 that thought Castillo should resign²⁸.

To date, President Castillo has survived two attempts by Peru’s Congress to remove him using the “moral incapacity” clause — in December 2021²⁹ and March 2022³⁰. To date, the faction of Peru Libre loyal to Vladimir Cerron has supported Castillo against such motions and thus has been key to the President’s survival.

A complication in the calculations of Congressmembers and other elites regarding ousting

²⁸ GrupoRPP. “Encuesta Ipsos: 70% de Peruanos Desaprueba La Gestión de Pedro Castillo y El 62% Cree Que Debería Renunciar.” RPP, rpp.pe, 13 June 2022, <https://rpp.pe/politica/actualidad/encuesta-ipsos-70-de-peruanos-desaprueba-la-gestion-de-pedro-castillo-y-el-62-cree-que-deberia-renunciar-noticia-1411426>.

²⁹ Fowks, Jacqueline. “Pedro Castillo Sobrevive a Un Intento de Moción de Censura | Internacional | EL PAÍS.” El País, elpais.com, 8 Dec. 2021, <https://elpais.com/internacional/2021-12-08/pedro-castillo-sobrevive-a-un-intento-de-mocion-de-censura.html>.

³⁰ Aquino, Marco. “Peru’s Castillo Survives Impeachment Vote in Congress | Reuters.” Reuters, www.reuters.com, 29 Mar. 2022, <https://www.reuters.com/world/americas/perus-castillo-face-impeachment-vote-congress-that-could-oust-him-2022-03-28/>.

Castillo is the question of his successor and their political orientation and alliances. Under Peruvian law, if Congress removes Castillo, the first Vice President, Dina Boularte, would become President³¹ (also making her Peru's first female President). Boularte was originally Vladimir Cerron's chosen running mate before the latter was disqualified from running for President. She is considered loyal to Cerron despite some public statements to the contrary. However, without Cerron's support, Boularte lacks a political base, a condition augmented by her outspoken style, according to those consulted for this work. Boularte is also politically vulnerable because she ran an allegedly prohibited social club, the Apurimac Club³², over which an investigation is

³¹ LR, Redacción. "Si Pedro Castillo Es Vacado, ¿quién Sería El Presidente? ¿Cuándo Tomaría El Cargo? | Dina Boluarte | María Del Carmen Alva | Vacancia Presidencial | Vacancia Pedro Castillo | Política | La República." Si Pedro Castillo Es Vacado, ¿quién Sería El Presidente? ¿Cuándo Tomaría El Cargo? | Dina Boluarte | María Del Carmen Alva | Vacancia Presidencial | Vacancia Pedro Castillo | Política | La República, larepublica.pe, 28 Mar. 2022, <https://larepublica.pe/politica/2022/03/28/si-pedro-castillo-es-vacado-quien-seria-el-presidente-cuando-tomaria-el-cargo-dina-boluarte-maria-del-carmen-alva-vacancia-presidencial-vacancia-pedro-castillo/>.

³² "Boluarte: Solicité Licencia a Clubes Antes de Asumir Cargos Públicos." Nacional, www.radionacional.com.pe, 23 May 2022,

currently underway. Boularte has also possibly violated Peruvian law by not initially quitting her position in Peru's government civil registry organization, RENIEC, upon becoming Vice-President, although she eventually did so in April 2022. For some on the right, fearful of a leftist-Boularte government aligned with and guided by Cerron, legislative procedures must be completed to infiltrate Boularte before any vote to remove Castillo so that the presidency passes to the head of the Congress and not to Boularte.

Within this complex context, the election of Lady Camones of the APP at the end of July 2022 to replace María del Carmen Alva Prieto³³ as head of Peru's Congress has taken on added importance since she could become Peru's next President.

<https://www.radionacional.com.pe/noticias/politica/boluarte-solicite-licencia-a-clubes-antes-de-asumir-cargos-publicos>.

³³ LR, Redacción. "Congreso de La República: María Del Carmen Alva Amplía Legislatura Actual Hasta El 8 de Julio | Política | La República." Congreso de La República: María Del Carmen Alva Amplía Legislatura Actual Hasta El 8 de Julio | Política | La República, larepublica.pe, 15 June 2022, <https://larepublica.pe/politica/2022/06/14/congreso-de-la-republica-maria-del-carmen-alva-amplia-legislatura-actual-hasta-el-8-de-julio/>.

For those anticipating new elections, there is also interest by some Congresspersons in changing the Peruvian constitution to permit their re-election so that those bringing down the government would not be permanently ending their legislative careers by doing so. Although there have been multiple amendments to the Peruvian constitution since the era of President Alberto Fujimori, the appearance of self-perpetuation by a Congress already viewed negatively by many Peruvian voters would likely generate public protest.

Despite the complex calculations regarding the removal of Castillo, during my conversations in Peru, I also uncovered a very different strategy being pursued by part of Congress and their political allies. They are attempting to forge a pragmatic centrist coalition that would cooperate transactionally with the President, despite ideological differences and concerns over his performance, while divorcing him from Cerron. The strategy was based on a calculation of the inability to find votes to oust Castillo and, thus, a need to make peace with Castillo to support the

material interests of the Congresspersons and their supporters while in office. Toward this end, there was a movement to create a new centrist political block, “Everyone for Peru,” from defectors of a range of centrist parties, including Popular Force, Advance Country, and Popular Action, although the block was not able to achieve sufficient support to elect its candidate, Mauro Gonzales, to head the new Congress.

Virtually all of the outcomes of Peru’s crisis involve the danger of further political polarization and radicalization. The faith of Peruvians in their democracy would be undermined on the one hand by a block of parties that are skeptically viewed by many Peruvians, removing an elected President and Vice President. On the other hand, it would be equally harmful to have a cynical pact between politicians that maintain the power of a President seen by many as incapable of the economic benefit of the elites. I was also reminded that worrisome possible future leaders wait in the wings, such as radical nationalist Antaruio Humala. Mr. Humala may complete his jail term for trying to overthrow the Peruvian State as early as next

year. He would consequently be fully eligible to run for Peru's presidency in 2026.

In my conversations in Peru, many Peruvians looked to signals from the U.S. in their calculations. A positive meeting³⁴ between President Biden and Pedro Castillo at the June 2022 Summit of the Americas was interpreted by some in Peru as a subtle message of support by the Biden administration for Castillo and his continuity in office despite the scandals.

Outlook and Conclusion

There are at least three distinct possibilities for Peru's political trajectory in the coming months, taking them in specific directions, none of them suitable for the political and institutional health of the country or the region in which Peru plays a crucial part:

³⁴ "Pedro Castillo y Su Saludo Protocolar Con Joe Biden En La IX Cumbre de Las Américas - Infobae." Infobae, www.infobae.com, <https://www.infobae.com/america/peru/2022/06/09/pedro-castillo-y-su-saludo-protocolar-con-joe-biden-en-la-ix-cumbre-de-las-americas/>. Accessed 23 Aug. 2022.

In the *first scenario*, President Castillo could continue in power, albeit weakened, as more information trickled out about possible wrongdoing by President Castillo and those around him.

In the *second scenario*, Castillo could resign, or Cerron's followers could vote with the opposition, ousting President Castillo, then pivoting to ally with Vice President Boularte to impose a new, more ideologically-oriented leftist government. Doing so would likely unleash a new phase of political struggle, both on the streets and within Peru's institutions, with troubling, unpredictable results. As one former official interviewed for this work put it, such a maneuver might be completely legal and constitutional but not perceived by an essential part of the population as legitimate. A Cerron victory could set Peru on a path toward an authoritarian socialist government along the lines of Venezuela, likely with the support of Venezuela, Cuba, and other leftist actors in the region.

In a *third scenario*, Congress could succeed in ousting Vice President Boularte through a two-thirds vote,

based on the previously discussed cases of her improper running of a social club while in Congress and her failure to quit her membership in RENIEC. The Congress could then separately vote to oust Castillo, elevating the President of the Congress, Lady Camones, as interim President. However, this course would automatically trigger new national elections with uncertain results. Although the constitution says, such elections must occur “immediately,” those responsible for the transition would likely argue that they needed at least several months to prepare and that such elections should only apply to the Executive branch, while elected Congressmembers should be allowed to continue until the end of their terms in 2026.

Each of these three scenarios would raise important questions about the legitimacy of the nation’s political bodies. The extended political transition, amidst such difficult constitutional questions, would likely unleash significant social unrest among the left, Peru’s indigenous, people in Peru’s interior, and other marginalized populations who had previously supported Castillo. Outreach to these populations and

the support of Peru's security forces would likely be critical to the political survival of the new leader. Some figures consulted for this work suggested that the sensitivity of the position of the Peruvian Armed Forces in responding to protests could tempt them to refrain from acting. These thoughts evolved as a result of what occurred in Bolivia in November 2019 when the nation's Armed Forces did not intervene³⁵ against protesters challenging former President Evo Morales. Such a posture would have consequences, potentially allowing protesters to overthrow the interim President from Congress.

The outcome of Peru's institutional crisis will impact not only political stability and democracy in the region but will affect the ability of the country to manage escalating criminal challenges in its territory, including illegal mining, cocaine production, and the remnants of the Shining Path terrorist movement and

³⁵ Reuters. "Fuerzas Armadas de Bolivia Dicen Que No Se Enfrentarán al Pueblo En Protestas Contra Evo Morales." *CiberCuba*, www.cibercuba.com, 10 Nov. 2019, <https://www.cibercuba.com/noticias/2019-11-10-u191208-e196568-s27061-fuerzas-armadas-bolivia-dicen-no-enfrentaran-al-pueblo>.

its political arm MOVADef. In addition, it will have significant implications for the country's economic viability and the future of its relationship with extra-hemispheric actors such as the PRC, as will be discussed in the two articles that follow in this series.

What happens in Peru will also profoundly affect the rest of the continent, which is bound by geography and significant economic activity, both licit and illicit. Peru's neighbors are also navigating numerous delicate political transitions, strained by the lingering monetary and fiscal scars of the pandemic and the impact of Russia's Ukraine invasion on food and petroleum prices. Peru's failure to maintain a stable democracy will likely have cascading effects on the political and economic health and criminal dynamics across the hemisphere.

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PART 2
TRANSNATIONAL
ORGANIZED CRIME

Crises within the realms of politics and governance in Peru have reinforced the pre-existing economic and fiscal pressures that the COVID-19 pandemic catalyzed, in addition to the increases in food and fuel prices that the ongoing war in Ukraine has caused. These issues are now complicating the country's grave challenges from transnational organized crime and terrorism. Investing in the modernization, adaptation, and strengthening of Peruvian security institutions and other parts of its whole-of-government response requires resources that these stresses have now undermined.

In terms of traditional measures of citizen security, the criminal challenge in Peru is far less than in other parts of Latin America, with only 3.3 murders in the region per 100,000 people in 2021³⁶. However, increasing rates of other forms of crime led to the

³⁶ Crime, InSight. "InSight Crime's 2021 Homicide Round-Up." InSight Crime, [insightcrime.org](https://insightcrime.org/news/insight-crimes-2021-homicide-round-up/), 1 Feb. 2022, <https://insightcrime.org/news/insight-crimes-2021-homicide-round-up/>.

declaration of a state of emergency in the Lima metropolitan area in February 2022³⁷.

The challenge in Peru is not simply a matter of individual criminal groups. Instead, the web of money and influence from such criminality has profoundly permeated and undermined the nation's politics, economic institutions, and social structures—particularly at the provincial level in the country's interior. From narco-trafficking to illegal mining and logging, organized crime is an interdependent, synergistic, and highly decentralized criminal economy. Indeed, in 2022, Peru's government calculated state losses from corruption and malfeasance of at least \$6 billion³⁸.

³⁷ “Peru: State of Emergency Extended as Crime Rises.” TelsurHD, 17 June 2022, <https://www.telesurenglish.net/news/Peru-State-of-Emergency-Extended-as-Crime-Rises-20220617-0023.html>.

³⁸ “Perú Perdió S/ 23,297 Millones Por Corrupción e Inconductas.” Perú Perdió S/ 23,297 Millones Por Corrupción e Inconductas | Noticias | Diario Oficial El Peruano, [elperuano.pe](https://elperuano.pe/noticia/124640-peru-percio-s-232~7-millones-por-corrupcion), <https://elperuano.pe/noticia/124640-peru-percio-s-232~7-millones-por-corrupcion>. Accessed 23 Aug. 2022.

Compared to countries such as Mexico or Colombia, in which named groups often struggle overtly and generate high levels of public violence to impose their criminal dominion, Peru's culture, and geography foster a different dynamic. In Peru, the geographic separation of the mountainous and forested interior from the coast, the isolation of individual mountain valleys from each other, and the relative lack of land transportation within the Amazon jungle interior have all led to a highly fragmented criminal culture. Moreover, the relative isolation of each geographical subregion from others gives individual family-based clans³⁹ relative security from outsiders and unity in the area they dominate while simultaneously limiting their ability and interest in extending their domination to the national or international level.

The result of this complex structure of incentives and limitations is a Peruvian criminal heartland, one that is very difficult for outsiders to penetrate in

³⁹ “Los Clanes de La Cocaína | IDL Reporteros.” IDL Reporteros | Unidad de Periodismo de Investigación., www.idl-reporteros.pe, 13 Aug. 2012, <https://www.idl-reporteros.pe/los-clanes-de-la-cocaina/>.

geographic and sociopolitical terms. Significant synergies exist within each subregion between illicit activities—including coca growing, illegal mining and timber, and the cooptation of local politics to maintain the system— leveraging both the state and the broader, largely informal economy. The ability of small family groups to dominate their local economies in multidimensional ways facilitates the laundering of proceeds, which occurs through institutions, including universities, casinos, restaurants, sports clubs, public works, and even media organizations. It also supports the logistics required to maintain the viability of that criminal economy, including importing precursor chemicals and items needed for mining and timber operations and smuggling illicit products out of the country. In the process, it makes those local criminal economies remarkably resilient and synergistic.

Ironically, these local dynamics were reinforced by the pandemic. Border closures and restrictions on internal movement⁴⁰ created temporary problems for

⁴⁰ Ellis, Evan. “Peru’s Multidimensional Challenge - Part 2: The Economic Crisis, Public Insecurity, and Organized Crime.” Global Americans, theglobalamericans.org, 15 Nov. 2020,

precursor chemical supply chains, the transport of drugs, and the ability of illegal miners to move between their home communities and mines. The pandemic also obliged security forces to distance themselves from regular contact with local populations, worsening the economic plight of those communities and allowing criminal groups to strengthen their positions within them. Moreover, COVID-19 lockdowns, by restricting internal and cross-border movements of persons, obliged criminal groups to find new modalities to move illicit products and precursor chemicals. Criminal organizations even used ambulances to smuggle cocaine and people across checkpoints with national borders closed. Authorities are now racing to catch up with these changes and understand the new dynamics between groups.

There are significant synergies between criminal activities in Peru, including but not limited to narcotrafficking, illegal mining, and illegal logging.

<https://theglobalamericans.org/2020/11/perus-multidimensional-challenge-part-2-the-economic-crisis-public-insecurity-and-organized-crime/>.

However, these synergies vary within each part of the country. For example, in the northeast, illegal mining, narcotrafficking, and illegal logging are all in the same zone. There, narcotraffickers sometimes finance unlawful mining activities to launder their illicit earnings while logging as a vehicle to smuggle their illegal products out. There are also overlaps in the routes; sometimes, the personnel smuggles inputs into the region for each activity. Further south, in Ucayali, there are relationships between illegal timber operations and narcotrafficking, while mining is relatively less present than in other problematic regions of the country. Finally, in the Department of Madre de Dios, illegal mining and narcotrafficking are both synergies in the southeast. However, as opposed to Ucayali, vegetation in the southeast means that the land is often cleared by burning for planting coca and mining, prohibiting the rise of a timber industry that other illicit activities can exploit.

The laundering of money from the aforementioned illicit activities is another part of the dynamic critical to their occurrence, exerting a corrosive effect on the Peruvian economy, institutions, and society. In the

interior of the country, rural cooperatives "Cajas Rurales," a type of community savings in loan, were believed by most persons consulted for this work to play a role in the laundering of money. However, virtually all parts of Peruvian society are also permeated by illicitly earned money. Moreover, Peru's large informal sector—along with the many people and small businesses struggling to stay solvent in the wake of COVID -19 and the inflationary effects of the Russo-Ukrainian war —also facilitate opportunities for laundering illicit money throughout the Peruvian economy.

In addition to such challenges, relationships between international criminal actors and those in Peru continue to deepen and diversify. These include ties to criminal actors based in neighboring countries such as Bolivia and Colombia and the incorporation of outside groups such as Mexican and Colombian cartels and Brazilian gangs. The presence of such groups, however, is primarily limited to major cities and vital logistical nodes, which are needed to link the Peruvian criminal economy to international markets.

There are also worrisome indications that external ideological actors, including those from Cuba and Venezuela, have also penetrated and are exploiting Peru's criminal networks, like how they influenced the networks of subversion and terrorism in previous eras.

The expanding range of criminal challenges outlined in this section has led Peru's security forces to focus not only on zones historically linked to terrorism and drug production, such as the Apurimac-Ene-Mantaro River valley (VRAEM) but also on the Amazon. The rainforest comprises 60 percent of the national territory⁴¹, into which illicit activity such as coca production diversifies. Within the Amazon, due to the transnational character of illegal activities, the nine regions of Peru which have a border with a foreign country— and the "frontier districts" within them where that occurs— have become increasingly strategic.

⁴¹ "Illegal Logging and Deforestation | U.S. Agency for International Development." Illegal Logging and Deforestation | U.S. Agency for International Development, www.usaid.gov, 8 Feb. 2022, <https://www.usaid.gov/biodiversity/illegal-logging-and-deforestation>.

Beyond illicit activity, Peru's Amazon also has strategic importance for environmental reasons. The area, including the Peruvian Andes, which contain the headwaters for many of the rivers flowing into the Amazon basin, is the source of 20 percent of the freshwater for the entire continent. Although Brazil, in geographic terms, accounts for the most significant portion of the Amazon, Peru claims 11 percent. Most importantly, the mountains bearing the Amazonian headwaters are in Peru, making their protection and use of that water, and those areas extraordinarily impactful for the entire continent, particularly in neighboring Brazil.

Cocaine

Peru has long been a key producer of coca for cocaine, initially in the Upper Huallaga River Valley (UHV) and, more recently, in the remote Apurimac, Ene, and Mantaro River valley (VRAEM). Before 2020, the government had significantly reduced coca production in the UHV⁴² and some progress in the

⁴² Castro, Daniela. "Perú Rompe Récord de Erradicación de Coca." InSight Crime, es.insightcrime.org, 27 Mar. 2017,

VRAEM. After the outbreak of COVID-19, however, the demands on security forces for operations to combat the pandemic, and the associated limitations on contact with local populations, led the Peruvian government to stop coca eradication efforts. As a result, more than 500 Peruvian police died of COVID-19 during the first year of the pandemic alone.

Without eradication measures being taken by the Peruvian government, the U.S. Office of National Drug Control Policy (ONDCP) estimates that coca production in the country grew by 22 percent⁴³, reaching 88,200 hectares under cultivation by the end of 2020 (versus 72,000 hectares in the prior year). In addition to the VRAEM, the growth of coca has spread to multiple other sites, particularly near the borders of Bolivia, Brazil, and Colombia. Although the terrain there is not as suitable for growing coca with high alkaloid content, the increased volume that

<https://es.insightcrime.org/noticias/noticias-del-dia/peru-rompe-record-de-erradicacion-de-coca/>.

⁴³ Ávila, Laura. “3 Reasons Why Coca Crops Are at Record High in Peru.” InSight Crime, [insightcrime.org](https://insightcrime.org/news/reasons-why-coca-crops-through-roof-peru/), 4 Nov. 2021, <https://insightcrime.org/news/reasons-why-coca-crops-through-roof-peru/>.

can be produced in these non-traditional areas, combined with genetic improvements to the plants themselves, have led to an increase in total cocaine produced from Peru's coca leaves from 409 metric tons per year in 2014 to an astounding 810 metric tons per year in 2021⁴⁴.

As in other countries where coca is produced, the problem in Peru goes beyond illicit production itself. In the context of weak or poorly performing state institutions and the relative absence of transportation and other infrastructure that makes licit agricultural production viable, coca production has become a way of life, perceived as necessary rather than evil, and integrating the entire community, including children. Coca plants yield usable products within months of first being planted and may generate an income of 140 Soles (\$36) per day, with the local narco representatives picking up the product from the producer. By contrast, alternative products such as

⁴⁴ Gorder, Gabrielle. "Can Peru Counter Drug Trafficking by Buying All the Coca?" InSight Crime, insightcrime.org, 17 May 2022, <https://insightcrime.org/news/can-peru-counter-drug-trafficking-by-buying-all-the-coca/>.

coffee or cacao yield an income of only 40 Soles (\$10) per day, with new plants requiring 2-3 years to bear fruit, needing care much more frequently, and presenting challenges of how to get the product to market with often inadequate local infrastructure.

Concerning the production and transportation of cocaine, the routes and modalities are different in each region.

In the VRAEM, long the heartland of coca production, precursor chemicals are smuggled in from Lima, often concealed in vehicles. The coca that is produced is usually transformed into cocaine in the region, then moved out through a combination of methods: planes departing from clandestine airstrips⁴⁵, river routes, concealment in vehicles, or individuals (“*mulas*”) who carry the product over treacherous mountain passes. The most common route out of the VRAEM goes through the southeast, to Bolivia, and

⁴⁵ Peru21, and Redacción Peru21. “VRAEM: Cocaína Sale En Avionetas En Narices de Militares, Según Investigación [Video] | POLITICA | PERU21.” Peru21, peru21.pe, 14 Oct. 2015, <https://peru21.pe/politica/vraem-cocaina-sale-avionetas-narices-militares-investigacion-video-200308-noticia/>.

onto southern Brazil, Argentina, Uruguay, and eventually Europe. However, some cocaine from the region also proceeds along a northern route along the Amazon River corridor leading into Brazil at the Peru-Colombia-Brazil triple frontier⁴⁶.

Although the Peruvian government has continued the destruction of clandestine airstrips to leave the VRAEM under the special authorities they designate to operate in the zone; locals can rapidly repair them. Moreover, the previously noted spread of cocaine production to other areas of the country has limited the effectiveness of such operations on the export of the product.

According to many interviewed for this work, the north of the country— particularly the area south of the Putumayo River defining Peru’s border with Colombia, along the border with Ecuador, and the Napo River from the Ecuador border across the north

⁴⁶ “VRAEM-Triple Frontera: La Nueva Ruta de La Cocaína » Crónica Viva.” VRAEM-Triple Frontera: La Nueva Ruta de La Cocaína » Crónica Viva, www.cronicaviva.com.pe, <https://www.cronicaviva.com.pe/columna/vraem-triple-frontera-la-nueva-ruta-de-la-cocaina/>. Accessed 25 Aug. 2022.

of Peru— is becoming ever more significant as a narco hotspot. As noted previously, coca growth reinforces other criminal activities, including illegal mining and logging in the zone. Despite the local alkaloid levels from coca plants grown in the lower, more humid jungle environment, genetic engineering of the coca plants, combined with more intensive farming techniques, has permitted significant coca production in the region with acceptable yields.

Precursor chemicals for coca production near the Putumayo and Napo rivers are reportedly smuggled in from Colombia or the coast through a combination of river and overland routes. In addition, the cocaine produced there is often moved via river into the Brazilian Amazon, passing through the triple frontier area at Tabatinga, as noted previously.

The production of cocaine in the region is reportedly overseen and facilitated by the Carolina Ramirez front⁴⁷ and 48th Fronts of FARC dissidents from

⁴⁷ Posada, Juan Diego. “Peace Dissipates as the Cocaine War Intensifies in Putumayo.” InSight Crime, insightcrime.org, 28

Colombia, who were engaged in a struggle for control of illicit production in the territory at the time of this writing. Such facilitation reportedly included help with the logistics of precursor chemicals, purchase of products from locals in the zone, and associated “protection” of their activities without the FARC fronts actually attempting to establish a political presence in the zone.

Peru’s eastern border with Brazil, including the Department of Ucayali⁴⁸, as well as the southeast of the country bordering Bolivia⁴⁹, has also begun to transform from being a transit area for cocaine to a production region. As noted previously, in Ucayali, the smuggling of cocaine is sometimes supported by

Apr. 2022, <https://insightcrime.org/news/peace-dissipates-cocaine-war-intensifies-putumayo/>.

⁴⁸ admin. “Ordenan Erradicar Cultivos de Hojas de Coca En Ucayali - Diario Ahora.” *Diario Ahora*, [diarioahora.pe](https://diarioahora.pe/ucayali/ordenan-erradicar-cultivos-de-hojas-de-coca-en-ucayali/), 30 Sept. 2021, <https://diarioahora.pe/ucayali/ordenan-erradicar-cultivos-de-hojas-de-coca-en-ucayali/>.

⁴⁹ Dalby, Chris. “Cultivos de Coca Aumentan Por Falta de Autoridad En Frontera Perú-Bolivia.” *InSight Crime*, [es.insightcrime.org](https://es.insightcrime.org/noticias/noticias-del-dia/por-que-aumentan-cultivos-ilicitos-puno-peru/), 3 Oct. 2019, <https://es.insightcrime.org/noticias/noticias-del-dia/por-que-aumentan-cultivos-ilicitos-puno-peru/>

the movement of timber, which is rarely inspected by authorities.

In the south, as in the north, cocaine production is interconnected with the illicit infrastructures of the illegal mining sector, including prostitution and other activities, and sometimes help to finance them.

One notable confluence of such illicit activity is the Department of Puno, where a mountainous route through Bolivia and ultimately to Chile was used by an organization called “La Culebra” (the snake)⁵⁰ due to its convoys of vehicles following the steep winding road that has long been a route for contraband. La Rinconada, one of Peru’s highest cities, is notable along this route. The relative absence of the state, combined with contraband, narcotrafficking, illegal

⁵⁰ LR, Redacción. “Puno: Intervinieron a 4 Camiones Cargados Con Contrabando de La Culebra Del Sur | Sociedad | La República.” Puno: Intervinieron a 4 Camiones Cargados Con Contrabando de La Culebra Del Sur | Sociedad | La República, larepublica.pe, 6 Dec. 2020, <https://larepublica.pe/sociedad/2020/12/05/puno-intervinieron-a-4-camiones-cargados-con-contrabando-de-la-culebra-del-sur-lrsd/>.

mining, and other activity, has reportedly made it a “no man’s land” of illicit activity.

In addition to cocaine, since 2008, the Department of Cajamarca, the home territory of President Pedro Castillo, has also become a source of the poppies used to produce heroin⁵¹. Production is reportedly centered around the town of Jaen, traditionally a coffee-growing region, although processing into heroin latex is allegedly done in Ecuador, just to the north.

As noted previously, major foreign narco-trafficking organizations—such as Mexico’s Sinaloa and *Jalisco Nuevo Generacion* (CJNC) cartels, Colombia’s Gulf Clan, and Brazil’s First Capital Command (PCC) and Red Command (CV)—have representatives in Peru to facilitate the production and extraction of cocaine and other products. In general, their presence is limited to major cities and nodes in logistical routes, without integration into the communities in Peru’s interior

⁵¹ GrupoRPP. “Cajamarca Tiene Ocho Provincias Con ´reas de Cultivo de Amapola.” RPP, rpp.pe, 4 Oct. 2012, <https://rpp.pe/peru/actualidad/cajamarca-tiene-ocho-provincias-con-areas-de-cultivo-de-amapola-noticia-527934>.

where criminal operations take place. Different groups play distinct, often shifting roles in various parts of the country. The Sinaloa Cartel, for example, had a presence for some time in Trujillo and may have operatives near the Bolivian border involved in the export route through the southeast of the country. As noted previously, the dissident 48th Front and Carolina Ramirez dissident fronts of Colombia's FARC operate in Peru's northern border region near the Putumayo River. In addition, Colombian and Bolivian criminal groups are reportedly operating near Pichari, central to cocaine production operations in the VRAEM. Brazil's PCC is reportedly present in the triple frontier region, and Red Command is also said to be present along other parts of the extensive Peru-Brazil border.

Shining Path

The 69,000 Peruvians⁵² killed in the long war against Shining Path in the 1980s and 1990s make the

⁵² Rochabrun, Marcelo. "In Peru's Andes, Shining Path Leader's Death Stirs Buried Memories of Terror | Reuters." Reuters, www.reuters.com, 16 Sept. 2021,

continuing presence of the organization's remnants a significant issue for security forces. According to Peruvian security experts consulted for this work, the group is now primarily restricted to 200-300 adherents⁵³, principally in the mountainous areas around Vizcatán. Nonetheless, a much larger community is integrated into their network, partly through their involvement in the coca industry, facilitated and protected by Shining Path, which is key to their livelihood. Moreover, this broader network is key to providing intelligence and logistical support to the group in the area.

The principal Shining Path effort was defeated mainly in the early 2000s under the government of Alberto Fujimori, leading to its split between a more ideologically-oriented faction in the Upper Huallaga Valley (UHV) led by Artemio, who remained loyal to the teachings of the group's founder Abimael Guzman, and a more militarily powerful group tied to

<https://www.reuters.com/world/americas/peru-andes-shining-path-leaders-death-stirs-buried-memories-terror-2021-09-16/>.

⁵³ Robbins, Seth. "Peru in Familiar Stalemate With Shining Path Rebels." InSight Crime, insightcrime.org, 4 Sept. 2020, <https://insightcrime.org/news/brief/peru-stalemate-shining-path/>.

cocaine production in the Apurimac, Ene and Mantaro River valley (VRAEM), under the leadership of the Quispe Palomino brothers. In 2012, the government captured Artemio⁵⁴ and, in the years that followed, essentially wiped out the presence of Shining Path in the UHV. It was also progressing toward combating the group in the VRAEM, led by the Quispe Palomino brothers. A key advance in this regard was the death of "Raul"⁵⁵ in January 2021, reportedly due to wounds suffered in combat with Peruvian government forces the prior October⁵⁶.

⁵⁴ Perú, El Comercio, and Redacción El Comercio Perú. “‘Artemio’, Diez Años Después: Así Fue La Última Gran Captura de Un Cabecilla Terrorista En El Perú | Sendero Luminoso | Terrorismo | Abimael Guzman | POLITICA | EL COMERCIO PERÚ.” El Comercio Perú, [elcomercio.pe](https://elcomercio.pe/politica/artemio-diez-anos-despues-asi-fue-la-ultima-gran-captura-de-un-cabecilla-terrorista-en-el-peru-sendero-luminoso-terrorismo-abimael-guzman-noticia/), 12 Feb. 2022, <https://elcomercio.pe/politica/artemio-diez-anos-despues-asi-fue-la-ultima-gran-captura-de-un-cabecilla-terrorista-en-el-peru-sendero-luminoso-terrorismo-abimael-guzman-noticia/>.

⁵⁵ de Servicios Editoriales S. A. EDITORA PERÚ, Empresa Peruana. “Peru: Armed Forces Confirm Death of Shining Path’s ‘Comrade Raul’ | News | ANDINA - Peru News Agency.” Peru: Armed Forces Confirm Death of Shining Path’s “Comrade Raul” | News | ANDINA - Peru News Agency, [andina.pe](https://andina.pe/Ingles/noticia-peru-armed-forces-confirm-death-of-shining-paths-comrade-raul-839470.aspx), <https://andina.pe/Ingles/noticia-peru-armed-forces-confirm-death-of-shining-paths-comrade-raul-839470.aspx>. Accessed 25 Aug. 2022.

⁵⁶ LR, Redacción. “VRAEM: Confirman Muerte de Jorge Quispe Palomino, Alias ‘Camarada Raúl’ | Sociedad | La República.” VRAEM: Confirman Muerte de Jorge Quispe Palomino, Alias ‘Camarada Raúl’ | Sociedad | La República, larepublica.pe, 31

In the years preceding the pandemic, Shining Path became militarily isolated in the VRAEM, conducting occasional terrorist attacks against military bases and patrols there. Beyond its military wing, however, the organization also managed to sustain itself politically in marginal terms through its political front MOVADEF, the organization's connection with sympathetic NGOs by mobilizing communities against mining projects.

In May 2021, just before the national elections⁵⁷, Shining Path was accused of ambushing and killing 16 people in a bar in the VRAEM town of San Miguel de Ene by the Joint Command of the Armed Forces. However, Peruvian officials have not officially declared a responsible party for this killing.

Mar. 2021, <https://larepublica.pe/sociedad/2021/03/30/fuerzas-armadas-confirman-muerte-del-terrorista-jorge-quispe-palmino-alias-camarada-raul/>

⁵⁷ la Quintana and Claudia Rebaza, CNN, Jimena De. “Peru’s Shining Path Rebel Group Kills 16 Ahead of Presidential Elections, Says Military - CNN.” CNN, www.cnn.com, 25 May 2021, <https://www.cnn.com/2021/05/25/americas/peru-shining-path-rebels-killings-intl/index.html>.

Illegal Mining

Illegal mining is a phenomenon that occurs throughout Peru due to the country's widespread, abundant mineral deposits. By one estimate, 28 percent of all gold produced is mined illegally in the country's national parks and other environmentally protected areas alone⁵⁸.

As noted previously, narcotics operations support illegal mining in Peru partly, with the latter helping to finance illegal mining to launder its proceeds⁵⁹. In addition, Both activities sometimes use the same routes and organizations to bring supplies into the region and move products out of it.

⁵⁸ Butler, Rhett. "Peru's Amazon Rainforest Is Threatened by an Ecosystem of Environment Crime (Commentary)." Mongabay Environmental News, news.mongabay.com, 4 July 2022, <https://news.mongabay.com/2022/07/perus-amazon-rainforest-is-threatened-by-an-ecosystem-of-environment-crime-commentary/>

⁵⁹ Robbins, Seth. "GameChangers 2019: Illegal Mining, Latin America's Go-To Criminal Economy." InSight Crime, insightcrime.org, 20 Jan. 2020, <https://insightcrime.org/news/analysis/gamechangers-2019-illegal-mining-criminal-economy/>.

Although illegal mining occurs in virtually all parts of Peru, it has historically been concentrated in Madre de Dios and the surrounding provinces such as Puno and Loreto, among others. The illicit gains from the industry have also contributed to the movement of persons to the region from other parts of Peru. Madre de Dios's population increased 50 percent from 2007 to 2017, with 28,000 people moving to the capital, Puerto Maldonado alone⁶⁰.

In February 2019, to crack down on illegal mining in the region, the government launched "Operation Mercury,"⁶¹ sending 1,200 police and 300 military personnel into La Pampa, part of the Tambopata National Reserve. Although illicit production was reduced in the area, Peruvian security experts

⁶⁰ USAID. "CASE STUDY: ARTISANAL AND SMALL-SCALE MINING IN MADRE DE DIOS, PERU." Planet Gold, 0 Oct. 2020, <https://www.planetgold.org/sites/default/files/2020-12/USAID.2020.CaseStudyASMandASGMinMadredeDios.pdf>.

⁶¹ Ellis, R. Evan. "Peru's Multidimensional Challenge - Part 2: The Economic Crisis, Public Insecurity, and Organized Crime." Global Americans, theglobalamericans.org, 15 Nov. 2020, <https://theglobalamericans.org/2020/11/perus-multidimensional-challenge-part-2-the-economic-crisis-public-insecurity-and-organized-crime/>.

consulted for this work believe that the illegal miners were displaced to other regions, including Ayapata, in the department of Puno.

However, following Operation Mercury, due both to COVID-19 and the less aggressive policy of the current government, there has not been a major anti-mining sweep. Nonetheless, in June 2022, the Peruvian Army reinforced police in operation against illegal mining in the province of Condorcanqui, in the Department of Amazonas.

Concerning the industry dynamics, the illegally mined gold and other minerals are generally purchased by consolidators, who use falsified paperwork to create the illusion that it came from a legitimate Peruvian mine. Such gold is often moved to Lima for sale in the internal market or export. In some cases, however, the gold is smuggled into Bolivia, where the process of falsifying its origin is perceived to be more accessible and requires lower bribes.

Nor is illegal mining in Peru confined to gold and diamonds. For example, in the Department of La

Libertad, on the northern part of Peru's Pacific coast, Peruvian authorities identified illegal coal mining operations in which the perpetrators used the port of Salaverry to export their illicit production.

Illegal Timber

The illegal timber industry in Peru is a significant, often overlooked, illicit complement to narcotrafficking and illegal mining in the remote areas of the interior of the country. In 2020 alone, Peru lost an estimated 203,000 hectares of forest, an increase of 37 percent from the amount lost the prior year⁶².

Departments such as Ucayali and Loreto, where the quality of the wood for commercial use is good, have been particular focuses of the illegal timber industry. According to Peruvian security experts consulted for this report, woodcut there is traditionally taken to Pucallpa and shipped out by the road, sometimes by

⁶² Robbins, Seth. "Money Grows on Trees: Environmental Crime in Peru's Amazon." InSight Crime, [insightcrime.org](https://insightcrime.org/investigations/money-grows-on-trees-environmental-crime-in-perus-amazon/), 2 June 2022, <https://insightcrime.org/investigations/money-grows-on-trees-environmental-crime-in-perus-amazon/>.

riverine routes through the Brazilian amazon. Verifying the legitimate origin of timber is complex, and the Peruvian state has minimal resources to check shipments, allowing virtual impunity for an illicit cargo of wood through the zone. An estimated 70 percent of timber shipped out of Peru is on the international red list⁶³.

As with other types of illicit trade, some government officials at the highest level have been corrupted by those participating in the business. For example, the governor of Madre de Dios was accused of accepting bribes from 5 companies of Chinese businessmen Xiadong Ji Wu for 42,000 hectares of concession in a protected area for exporting wood out of the province⁶⁴.

⁶³ “Peru’s Fight Against Illegal Timber Trade at Risk as Authorities Weaken Rules and Regulations - EIA US.” Peru’s Fight Against Illegal Timber Trade at Risk as Authorities Weaken Rules and Regulations - EIA US, us.eia.org, 7 Feb. 2018, <https://us.eia.org/press-releases/perus-fight-against-illegal-timber-trade-at-risk-as-authorities-weaken-rules-and-regulations/>.

⁶⁴ Wilson, Mark. “Peru Governor Accused in China Wood Trafficking Network.” InSight Crime, insightcrime.org, 10 Nov. 2021, <https://insightcrime.org/news/peru-governor-accused-china-wood-trafficking-network/>.

Venezuelan Migrants

With the collapse of Venezuela's economy, a substantial portion of the more than 7 million Venezuelans forced to flee their country has gone to Peru. The Peruvian government estimates that 1.4 million Venezuelan migrants⁶⁵ are currently living in the country. The United Nations estimates that there will be 1.45 million by the end of the year. Lima is, by one official estimate, the city with the most Venezuelan immigrants outside Venezuela. The expansion of the Venezuelan population is particularly notable in the outer suburbs of Lima, including Rimac, Comas in the North, and Ate in the East, but it also extends to other cities throughout Peru.

⁶⁵ LR, Redacción. "El 45% de Hogares Venezolanos En Perú Sufrió Discriminación, Según Estudio | Sociedad | La República." El 45% de Hogares Venezolanos En Perú Sufrió Discriminación, Según Estudio | Sociedad | La República, larepublica.pe, 6 Feb. 2021, <https://larepublica.pe/sociedad/2021/02/06/el-45-de-hogares-venezolanos-en-peru-sufrio-discriminacion-segun-estudio-atmp/>.

The vast majority of Venezuelan migrants have been law-abiding, absorbed into Peru's large informal sector, and estimated to comprise as much as 70 percent of the Peruvian economy⁶⁶. Their economic integration was also facilitated as their arrival coincided with the take-off of several service-based industries in Peru that could accommodate them, including home delivery of food and products, and beauty salons, among others. The migration of many Venezuelans as families rather than individuals has also facilitated empathy toward them and relatively good relations with the rest of the population of Peru.

Despite such factors facilitating the integration of Venezuelans into Peruvian society, the sheer number of arrivals amidst challenging times in Peru associated with the COVID -19 pandemic and the inflationary pressures on food and fuel prices caused by Russia's invasion of Ukraine has created challenges. A portion

⁶⁶ Science Monitor, The Christian, and Whitney Eulich. "Peru's COVID-19 Lockdown Brings Informal Workers to Light - CSMonitor.Com." The Christian Science Monitor, www.csmonitor.com, 30 June 2020, <https://www.csmonitor.com/World/Americas/2020/0630/We-re-invisible-Peru-s-moment-of-reckoning-on-informal-workers>.

of Venezuelans has expanded the illicit economy in the country, including prostitution. The number of Venezuelans arriving has meant that Venezuelans, to some degree, have begun to reproduce local chapters of Venezuela-based criminal networks in Peru rather than integrating into local ones⁶⁷. Whether or not supported by crime statistics, many Peruvians perceive elevated levels of insecurity and a higher prevalence of crimes, such as using motorcycles to commit robberies and assaults, often associating these crimes with Venezuelans.

To date, crime directly tied to the Venezuelan immigrant community and ethnic violence by Peruvians against Venezuelan immigrants have been limited. However, the expanded immigration continues to create social and criminal pressures, particularly in the context of growing economic

⁶⁷ “Los Mensajes de Las Mafias Extranjeras Que Buscan Controlar La Prostitución En Lima - Infobae.” Infobae, www.infobae.com, <https://www.infobae.com/america/peru/2022/02/21/los-mensajes-y-crimenes-de-las-mafias-extranjeras-que-buscan-controlar-la-prostitucion-en-lima/>. Accessed 26 Aug. 2022.

difficulties, political instability, and mobilization and unrest directed toward the Castillo government⁶⁸.

The Peruvian States' Policy and Response

The response of the Peruvian State and its institutions to the challenges of transnational organized crime and insecurity have been complicated by ongoing political crises in the country. Additionally, the high turnover rate in Peruvian institutions involved in the coordinated whole-of-government response, including multiple changes in the leadership of the Interior and Defense Ministries, has prevented progress in the effort against criminal organizations.

In general terms, the posture of the current government has emphasized greater attention to the socioeconomic needs of long-neglected

⁶⁸ “Masiva Protesta Pacífica Contra Pedro Castillo Terminó Con Actos Vandálicos, Robos y Saqueos - Infobae.” Infobae, www.infobae.com, <https://www.infobae.com/america/peru/2022/04/05/convocan-a-marchas-contra-pedro-castillo-para-este-martes-en-lima-pese-a-toque-de-queda/>. Accessed 26 Aug. 2022.

communities⁶⁹, especially in areas such as the VRAEM, where such criminal activities are taking place.

Several policies and plans, however, have been continued across governments without bringing any significant overt change. Peru's 2018 law for a National Policy of Frontier Development, for example, focuses on ten critical frontier areas in which the presence or performance of state institutions is weak and organized crime is operating in the area.

Peruvian law also gave the military special jurisdiction and powers in select areas of the country, including the VRAEM. Public law 1095 established such "emergency zones" where the military could

⁶⁹ Peru21, Redacción. "Presidente Castillo Lanzó Medidas Para La Llamada Segunda Reforma Agraria." *Peru21*, Peru21, 3 Oct. 2021, <https://peru21.pe/peru/cusco-presidente-castillo-y-primer-ministro-bellido-participan-hoy-en-lanzamiento-de-llamada-segunda-reforma-agraria-nndc-noticia/>.

operate with special authorities⁷⁰. In addition, Public Law 30796, passed in 2018, authorized select military actions in those zones, including direct interdiction of narcotraffickers. In practice, however, even in the VRAEM, the military has generally conducted operations in coordination with police, prosecutors, and other interagency representatives to avoid legal problems that arise from targeted groups denouncing them, both for legitimate and cynical reasons.

The increasing prevalence of multiple types of criminal activity outside the VRAEM has reportedly led to some discussion regarding the utility of establishing new areas of emergency jurisdiction in those parts of the country, including Ucayali and Leticia (particularly near the triple frontier). However, at the time of this writing, no concrete action had been taken.

⁷⁰ "Reglamento Del Decreto Legislativo N° 1095, Decreto Legislativo Que Establece Reglas De Empleo Y Uso De La Fuerza Por Parte De Las Fuerzas Armadas En El Territorio Nacional-DECRETO SUPREMO-N° 003-2020-DE." *Busquedas.elperuano.pe*. N.p., 2022. Web. 27 Aug. 2022 . <<https://busquedas.elperuano.pe/normaslegales/reglamento-del-decreto-legislativo-n-1095-decreto-legisla-decreto-supremo-n-003-2020-de-1864943-1/>>.

Beyond the questions of special jurisdictions, in early June 2022, the Peruvian Congress passed legislation (Public Law 31494), extending a law from the Fujimori era authorizing the operation of citizen "defense committees." The earlier law had formalized legal authority for armed community watch organizations known as "rondas campesinas" to operate in designated conflict zones and received recognition and compensation for their sacrifices helping the State maintain local control in the fight against the terrorist group Shining Path. The new law, which extended the rights of defense committees to operate nationwide, raised concerns among some because of ambiguities regarding the types of arms authorized for them, responsibility for supervision and training, and other matters. In addition, some interviewed for this article worried that, under a radical left government, such committees could be used like armed "colectivos" of Venezuela⁷¹, as a force loyal to the President, countering the traditional Armed Forces in the context of a leadership dispute.

⁷¹ Olmo, Guillermo. "Venezuela Crisis: The 'Colectivo' Groups Supporting Maduro." BBC News, BBC, 6 Feb. 2019, <https://www.bbc.com/news/world-latin-america-47118139>.

Despite some public perceptions that the Peruvian military was the lead government actor in the VRAEM, the most significant operations were whole-of-government. One of the prominent examples was Operation Harpy⁷², conducted during 2018-2019, which focused on acting in areas identified as nodes supporting multiple types of criminal operations. The Peruvian government intervention involved everything from intelligence, surveillance, and reconnaissance from aerial and other military assets to interventions by various government agencies—including DEVIDA, the Agriculture Ministry, and the Ministry for Women and Social Development—to address the economic and social needs of the population.

To the resources in the Defense sector, pre-pandemic plans called for establishing a "basic defense

⁷² "Operación Harpía II CTCLIMA – Vicerrectorado de Investigación y Posgrado | UNMSM." Vicerrectorado de Investigación y Posgrado | UNMSM – El VRI es el órgano que genera, promueve y gestiona la producción de conocimientos científicos, tecnológicos y humanísticos de la UNMSM., vrip.unmsm.edu.pe/operacion-harpia-ii-ctclima. Accessed 27 Aug. 2022.

nucleus,"⁷³ which would be achieved from the revenues dedicated from particular sources, including a percentage generated by exploiting Lot 88 and Lot 56 of the Camisea gas project. Such funds, in theory, would assure the modernization and transformation needs of the Armed Forces.

Within the context of defense modernization, each service has a vision for its own institution's role, initiatives, and transformation.

The Peruvian Army has an Institutional Transformation Plan for 2019-2034⁷⁴, adopted before the period of the present government but reviewed by persons in the current government with some adaptations, according to people I spoke to for this

⁷³ "DECRETO SUPREMO N° 006-2008-DE - Regulan Núcleo Básico de Defensa." vLex, vlex.com.pe/vid/regulan-nucleo-basico-defensa-37905179. Accessed 27 Aug. 2022.

⁷⁴ Watson, Peter. "El Ejército del Perú apuesta por renovar su material con la vista en 2034." Infodefensa - Noticias de defensa, industria, seguridad, armamento, ejércitos y tecnología de la defensa, 25 July 2018, www.infodefensa.com/texto-diario/mostrar/3072951/ejercito-peru-apuesta-renovar-material-vista-2034.

work. It emphasizes "capabilities-based planning" and focuses on four lines of effort:

- *Changing the institutional culture*
- *Developing the force*
- *Modernizing institutional management*
- *Sensitizing internal and external actors*

In the short term, the Army has committed to using its engineering capabilities to build roads and bridges to support the development of vulnerable areas⁷⁵, including better connecting them to the rest of the country and making it more economically viable to sell legal products rather than coca. The goal of the initiative is to build 1083 bridges, and the Army has reportedly started building 12, although the project's future is not yet clear.

One key element of the Army's plan for adapting to meet the new mission set is the concept of "Amazon

⁷⁵ "Ejército Construirá 9 Puentes En Regiones Gracias a Convenios Con Provías Descentralizado." www.gob.pe, www.gob.pe/institucion/mindef/noticias/600022-ejercito-construira-9-puentes-en-regiones-gracias-a-convenios-con-provias-descentralizado. Accessed 27 Aug. 2022.

Protection Brigades,"⁷⁶ reflecting the previously noted emphasis on frontier regions. Such brigades, in principle, would have monitoring, mobility, and other capabilities appropriate to controlling the strategic border regions to which they were being deployed. The brigades would also work consistent with the Peruvian Constitution, identifying and acting against groups involved in illicit activities within whole-of-government operations.

The Amazon Protection Brigades would be outfitted to effectively interact with and support the people of the zone, facilitate the region's development, and strengthen connections with the government. The concept would thus support the idea of a "system for monitoring of the Amazon" (SIVAM) and "system for the protection of the Amazon" (SIPAM), analogous to the "system for the protection and control of frontier regions" (SISFRON) employed by neighboring

⁷⁶ InfoDefensa, Revista Defensa. "Perú Crea La Brigada de Protección de La Amazonía." Infodefensa - Noticias de Defensa, Industria, Seguridad, Armamento, Ejércitos Y Tecnología de La Defensa, www.infodefensa.com/texto-diario/mostrar/3130555/peru-crea-brigada-proteccion-amazonia. Accessed 27 Aug. 2022.

Brazil⁷⁷. SIPAM would have the power to share information with Brazil and other neighbors, as authorized by the national leadership, to strengthen control of the frontier region.

A driver shaping the development of the Army's Amazon Protection Brigade concept are the lessons learned from the brigade deployed to Madre de Dios in 2019 under Operation Mercury⁷⁸. Another priority is to assure that troops for operations in the Amazon region are adequately outfitted with the material that it needs to operate in jungle warfare scenarios.

Although the concept (and the pursuit for it); was suspended during the pandemic because of the considerable costs involved, its implementation in

⁷⁷ Contributor, Evan Ellis | Global Americans. "Peru's Multidimensional Challenge – Part 2: The Economic Crisis, Public Insecurity, and Organized Crime." Global Americans, 15 Nov. 2020, theglobalamericans.org/2020/11/peru-multidimensional-challenge-part-2-the-economic-crisis-public-insecurity-and-organized-crime/.

⁷⁸ Defensa.com. "Las Fuerzas Armadas Del Perú En La Operación Mercurio 2019 Contra La Minería Ilegal-Noticia Defensa.com - Noticias Defensa Defensa.com Perú." Defensa.com, 25 Feb. 2019, www.defensa.com/peru/fuerzas-armadas-peru-operacion-mercurio-2019-contra-mineria.

principle would involve a significant increase in State presence along Peru's frontier. Indeed, the Peruvian Army currently has only four battalions for controlling the entirety of its 1,626-kilometer jungle border with Colombia.

Beyond the Army, the Peruvian Air Force has its ideas for modernization: the "Quinones" plan. Elements of the Air Force plan include support to the SIVAM/SIPAM concept through an expansion of monitoring assets from access to satellites beyond the current PeruSat1, airborne ISR assets to possibly include unmanned aerial vehicles, synthetic aperture radar (SAR), and LIDAR on airborne assets, and the possible centralization of data collected in a "National Amazon Vigilance" Center. The Air Force concept also includes the completion of acquisitions postponed during the pandemic, such as its C-27J Spartan transport aircraft⁷⁹.

⁷⁹ Razón 2, Redacción La. "Perú Acuerda Offset Vinculado a Los Leonardo C-27J Spartan." La Razón, 31 Dec. 2021, larazon.pe/peru-acuerda-offset-vinculado-a-los-leonardo-c-27j-spartan/.

The Peruvian Navy's response to the challenges mentioned above includes strengthening its system for maintaining control of the system's internal waterways, including riverine interdiction units employing hovercraft and counterterrorism bases. The Navy also added new blue water and brown water assets built by its own SIMA shipyards, including two CB-90 interceptor boats⁸⁰. In the short term, just as the Army is building bridges, the Peruvian Navy is working on upgrading river docks so that river barges can access communities to load and offload cargo.

Each Armed Forces branch is also developing or implementing a concept to use its assets to bring state presence to local populations. The most mature concept among the three services is a Navy program, Platforms for Itinerant Social Action (PIAS)⁸¹, which

⁸⁰ “SIMA Perú Avanza Construcción de Dos Nuevas Patrulleras de Interdicción Marítima.” www.gob.pe, www.gob.pe/institucion/mindef/noticias/607750-sima-peru-avanza-construccion-de-dos-nuevas-patrulleras-de-interdicion-maritima. Accessed 27 Aug. 2022.

⁸¹ PERÚ, Empresa Peruana de Servicios Editoriales S. A. EDITORA. “PIAS Y Buques de La Marina Llevan Servicios Del Estado a 50,000 Pobladores de La Amazonía.” [Andina.pe](http://andina.pe), andina.pe/agencia/noticia-pias-y-buques-de-marina-llevan

uses riverboats produced in the Navy's own SIMA Iquitos shipyards to bring services—including registration for the national identification card through RENIEC, pension payouts, and other forms of banking — to remote communities accessible only by river. The Navy program has been relatively successful, and a side benefit is that the Ministries are leveraging the system to pay for part of platform operation costs.

From April-May 2022, Navy PIAS boats conducted missions serving Loreto, Ucayali, and Puno.⁸²

The Air Force has a complimentary concept using Twin Otter pontoon craft⁸³ to bring those services to

[servicios-del-estado-a-50000-pobladores-de-amazonia-743979.aspx](#). Accessed 27 Aug. 2022.

⁸² “PIAS Fluviales Y Aéreas Llevan Servicios a 300 Comunidades de Loreto, Ucayali Y Puno.” [Www.gob.pe, www.gob.pe/institucion/mindef/noticias/603191-pias-fluviales-y-aereas-llevan-servicios-a-300-comunidades-de-loreto-ucayali-y-puno](#). Accessed 27 Aug. 2022.

⁸³ Defensa.com. “Avances En El Programa PIAS Aéreas de La Fuerza Aérea Del Perú - Noticias Defensa Defensa.com Perú.” Defensa.com, 14 Aug. 2018, [www.defensa.com/peru/avances-programa-pias-aereas-fuerza-aerea-peru](#).

even more remote towns that the Navy's riverboats can't reach.

The Army, for its part, envisions caravans of trucks to bring such state services to remote towns.

Challenges

While the Peruvian government and military have a range of innovative programs to help address the challenges mentioned in this paper, it is not clear that in the complex post-COVID-19 fiscal environment, in the context of government debt and demands to compensate communities for high food and fuel costs, money for military modernization and transformation programs and initiatives to combat crime and insecurity in the country will be forthcoming.

Operational issues tied to the pandemic and the war in Ukraine have further complicated matters. For the Peruvian Air Force and other services, the extra hours flying helicopters and other fixed-wing aircraft, along with operating other vehicles, have created a bow wave of maintenance requirements at precisely the

moment when resources available to the services are constrained. In addition, Peruvian security officials consulted for this report note that Western sanctions against the Russian arms organization “Rosoboronexport” make it difficult for the Peruvian military to pay Russia for necessary depot-level maintenance for those platforms reducing their operational readiness.

While opinions vary on whether the effective suspension of drug eradication efforts by DEVIDA or the state’s purchase of Peru’s entire illicit coca crop mentioned earlier are good ideas⁸⁴, resource-backed alternatives to develop long-neglected communities and strengthen their bonds to the legitimate state have not yet been put on the table in more than a symbolic fashion.

At the technical level, yet another daunting challenge is the effort to prevent precursor chemicals from

⁸⁴ Gorder, Gabrielle. “Can Peru Counter Drug Trafficking by Buying All the Coca?” InSight Crime, 17 May 2022, insightcrime.org/news/can-peru-counter-drug-trafficking-by-buying-all-the-coca/.

entering drug-producing regions. Materials as ubiquitous as cement and gasoline are on the controlled list. The items on the list are also highly substitutable. Moreover, the group of areas in the vast national territory where such production occurs is ever-expanding, and the state only has limited resources to control the growing list of substances. By one estimate, the Peruvian tax authority SUNAT has managed to intercept less than 1 percent of controlled substances going into just the VRAEM.

Moreover, because SUNAT also collects tax revenues from the sale of goods such as gasoline and cement, the organization has contradictory incentives not to question the entry of materials that are critical generators for the tax revenue whose collection it is responsible.

Peru's people and government professionals have a long history of resilience and adaptation to adversity. They are doing so currently in the face of enormous challenges. Nonetheless, it is critical to recognize that expanding criminality— in the form of narco-trafficking, illegal mining, logging, and other

activities— continues to erode the effectiveness of Peruvian institutions and the faith of the Peruvian people in democratic, market-oriented solutions to their challenges. Peru is an integral part of Latin America, a region weathering its own severe economic and social difficulties. It is essential to recognize that what happens in Peru will likely have profound repercussions on the trajectory of democracy and stability in the hemisphere.

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PART 3
ENGAGEMENT WITH
THE PEOPLE'S
REPUBLIC OF CHINA
(PRC)

Peru's relationship with the People's Republic of China (PRC) is one of the region's most economically significant and deeply rooted. With Lima one of the administrative capitals of the Spanish empire in Latin America, Peru was the destination for thousands of immigrants from coastal China fleeing economic difficulties and political unrest and looking for opportunities in the new world. To this day, Peru, particularly the greater Lima area, hosts many persons of Chinese origin, elements of Chinese culture, and Chinese shops and restaurants, with "chifa," a fusion of Chinese and Andean flavors, being a staple of Peruvian cuisine⁸⁵.

As a Pacific-facing nation rich in natural resources, Peru was one of the first parts of Latin America in which Chinese mining and petroleum companies set up operations and was the second country in Latin America, after Chile, to sign a free trade agreement

⁸⁵ "La Chifa, Un Reflejo de La Influencia China En La Cocina Peruana." www.comida-Peruana.com, www.comida-peruana.com/articulos/la-chifa-un-reflejo-de-la-influencia-china-en-la-cocina-peruana. Accessed 27 Aug. 2022.

with the PRC in 2009⁸⁶. As a result, by the time Peru's current president Pedro Castillo was elected to office in July 2021, Chinese companies were:

- *The most prominent investors in the country's mining sector.*
- *Key players in petroleum.*
- *The nation's primary trade partner.*

The PRC recognized Peru as a "Comprehensive Strategic Partner" in April 2013⁸⁷, and the nation signed up for China's Belt and Road program in April 2019⁸⁸.

Peru is also one of the non-regional members of the China-dominated Asia Infrastructure Investment Bank (AIIB). The country reportedly committed to donating

⁸⁶ "China FTA Network." Fta.mofcom.gov.cn, fta.mofcom.gov.cn/topic/enperu.shtml. Accessed 27 Aug. 2022.

⁸⁷ PERÚ, Empresa Peruana de Servicios Editoriales S. A. EDITORA. "Peru, China Upgrade Ties to Comprehensive Strategic Partnership." Andina.pe, andina.pe/ingles/noticia.aspx?id=453927. Accessed 27 Aug. 2022.

⁸⁸ "Peru to Sign MoU to Join China's Belt and Road Club in Coming Days: Chinese Ambassador." Reuters, 25 Apr. 2019, www.reuters.com/article/us-china-silkroad-peru-idINKCN1S104R.

capital to AIIB, far more significant than typical for member states, without clear motives.

The COVID-19 pandemic, and the economic, political, and administrative uncertainty that has accompanied Pedro Castillo's government in its first year, have slowed the advancement of PRC companies and non-Chinese firms in various Peruvian projects. Nonetheless, PRC initiatives with strategic importance for the region, such as the port of Chancay⁸⁹, are moving forward. Moreover, the combination of the allegations of corruption and difficulties of PRC-based companies in operating projects, China's increasingly aggressive manner in asserting its interests, and its opportunity to leverage the nation's economic and political crisis to expand its interests have essential implications for the rest of the region.

⁸⁹ “Cosco Avanza En La Construcción Del Puerto de Chancay | RM Forwarding.” Rm-Forwarding.com, rm-forwarding.com/2022/05/20/cosco-avanza-en-la-construccion-del-puerto-de-chancay/. Accessed 27 Aug. 2022.

Politics

The Peru-China commercial relationship began to expand significantly in the last 20 years, notably accelerating under the government of Alejandro Toledo⁹⁰ and growing considerably through the signing of multiple commitments during the brief administration of Martín Vizcarra.

From the outset of his administration, Pedro Castillo has recognized the PRC as an essential partner and source of resources. Following his election, one of the President's first public acts was to reach out to the Chinese ambassador Liang Yu for expanded vaccine support, even though the efficacy of both Chinese vaccines and Chinese antigen-based tests received under his predecessor had been called into question⁹¹.

⁹⁰ “Entrevista: Alejandro Toledo Habla Sobre Las Relaciones Chino-Peruanas_CCTV.com Español_央视网(Cctv.com).” [Espanol.cctv.com, espanol.cctv.com/2016/07/19/VIDEVIlnKplOaI7whp6YeSnsF160719.shtml](http://Espanol.cctv.com/2016/07/19/VIDEVIlnKplOaI7whp6YeSnsF160719.shtml). Accessed 27 Aug. 2022.

⁹¹ LR, Redacción. “Coronavirus: Vacunas Sinopharm Que Se Aplican En El Perú Tienen Eficacia Del 78,1%.” [Larepublica.pe, 28 May 2021, la Republica.pe/sociedad/2021/05/28/coronavirus-vacunas-sinopharm-que-se-aplican-en-el-peru-tienen-eficacia-del-781/](http://larepublica.pe/sociedad/2021/05/28/coronavirus-vacunas-sinopharm-que-se-aplican-en-el-peru-tienen-eficacia-del-781/).

Despite President Castillo's interest in working with the PRC, his ability to leverage Chinese investment coherently, however, has arguably been undercut by frequent turnover in his government, with changes to more than 50 ministers heading 18 ministries, including four complete government reshuffles with changes in Prime Minister in his first year in office alone. Moreover, of the multiple investigations being pursued against the President and his inner circle for wrongdoing by both the Attorney General and Congress, one of the most serious, publicly known as the "China Construction Club" scandal, involves credible allegations of bribery by four Chinese construction companies involving fifteen contracts with the Peruvian state, complicating the President's ability to use PRC-based companies as a vehicle for development, mainly through significant, non-transparent state-to-state agreements⁹². Further complicating the President's engagement with the PRC, in Peru's largest mining project, Las Bambas,

⁹² LR, Redacción. "Empresas Chinas Ganaban Contratos al Mismo Estilo Del 'Club de La Construcción.'" *Larepublica.pe*, 6 Mar. 2022, larepublica.pe/politica/2022/03/06/provias-nacional-empresas-chinas-ganaban-contratos-al-mismo-estilo-del-club-de-la-construccion-mtc-karelim-lopez/.

the Chinese operator, Minmetals, has come into significant, sustained conflict with the local community, trapping the President between one of the nation's most significant revenue producers and the mining communities and other populations of Peru's interior that the President came to office on promises of protecting.

Despite Peru's importance as a significant trading partner and source of commodities for the PRC, the latter's relationship with the country has also not been helped by its choice of ambassador. Peruvian analysts interviewed for this article were virtually unanimous in noting PRC ambassador Liang Yu's⁹³ relative lack of charisma and discomfort with the Spanish language, in contrast to PRC ambassadors assigned to other countries in the region. Moreover, they noted that, while dutifully performing his official functions, Ambassador Yu was notably absent in social circles in which Peruvian elites interacted and had adopted a

⁹³ "Mensaje de Bienvenida." Pe.china-Embassy.gov.cn, pe.china-embassy.gov.cn/esp/dszc/. Accessed 27 Aug. 2022.

dismissive tone toward community demands⁹⁴ and allegations about lousy behavior by PRC-based companies in Peru. These included the China Construction Club scandal, where the ambassador remarked that the Chinese companies must have been the victims, not the perpetrators since they didn't win the contracts, as well as the dispute over Las Bambas, where Ambassador Yu publicly remarked that it wasn't the fault of the Chinese company that the money that the Chinese company had paid hadn't reached the residents. He further warned that persistent problems like those in Las Bambas could cause Chinese companies to withdraw from the country⁹⁵.

Trade

⁹⁴ GrupoRPP. “Embajador de China En El Perú Afirma Que Las Bambas No Está Dispuesta a Dar Más Dinero a Comunidades.” RPP, 20 June 2022, rpp.pe/peru/actualidad/embajador-de-china-en-el-peru-afirma-que-las-bambas-no-esta-dispuesta-a-dar-mas-dinero-a-comunidades-noticia-1412763.

⁹⁵ PERU21, NOTICIAS. “Las Bambas: Embajador de China En El Perú Señala Que Minera No Está Dispuesta a Dar Más Dinero a Comunidades | RMMN | ECONOMIA.” Peru21, 20 June 2022, peru21.pe/economia/las-bambas-embajador-de-china-en-el-peru-senala-que-minera-no-esta-dispuesta-a-dar-mas-dinero-a-comunidades-rmmn-noticia/. Accessed 27 Aug. 2022.

As elsewhere in Latin America, Peru's bilateral with China expanded exponentially following the admission of the PRC into the World Trade Organization, growing from \$850 million in 2002 to \$21.5 billion in 2021⁹⁶, a twenty-five-fold expansion in less than a decade. Despite Peru's Free Trade Agreement with the US, its trade with the PRC also eclipsed that with the US, which was \$16.6 billion during the same period.

With its exports concentrated on commodities, including iron, copper, and petroleum, Peru has been one of the few nations in the region to maintain a positive trade balance with the PRC. In addition, although 80% of Peru's exports are mining products, it has successfully exported some produce to the PRC, including blueberries and grapes⁹⁷.

⁹⁶ "IMF Data." Data.imf.org, data.imf.org/regular.aspx?key=61013712.

⁹⁷ Bello, Marina. "Los Lazos Comerciales Entre Perú Y China Se Fortalecen a Pesar de La Crisis Política." *Dialogo Chino*, 28 Dec. 2021, dialogochino.net/es/actividades-extractivas-es/49789-los-lazos-comerciales-entre-peru-y-china-se-fortalecen-a-pesar-de-la-crisis-politica/.

In 2021, Peru exported \$15.9 billion to the PRC, compared to \$5.6 billion of imports from it. However, the 2021 figures were somewhat idiosyncratic, with imports from the PRC during 2020 has been \$11.1 billion. The difference was arguably due to the effect of COVID-19, which impacted demand for imports more than it impacted mining output.

Complimenting Peru's resource endowment and historical connection with the Pacific, the nation's trade with the PRC has been facilitated by its free trade agreement with the country. The Peru-China FTA was initially signed in 2009, has 17 chapters and 12 annexes⁹⁸, and includes a discussion of trade in services. As occurred in Chile, since 2016, Peru has been negotiating with the PRC to update the agreement, with eight rounds of talks already held. Under the Castillo government, however, talks stalled, and no significant progress has been made.

⁹⁸ PERÚ, Empresa Peruana de Servicios Editoriales S. A. EDITORA. "Presidente Castillo: China Se Ha Convertido En El Primer Socio Comercial Del Perú." Andina.pe, andina.pe/agencia/noticia-presidente-castillo-china-se-ha-convertido-el-primero-socio-comercial-del-peru-868218.aspx. Accessed 27 Aug. 2022.

Mining

Peru's mineral wealth⁹⁹ has made the mining sector the focus of investment by PRC-based companies in the country, with the first investment by a PRC-based company, the 1992 purchase of the *Hierro Peru* iron mine in Marcona for \$120 million¹⁰⁰. With control of seven of Peru's largest mines, PRC-based companies are leading the 63% of Chinese investment in Peru since the end of 2021 in the mining sector¹⁰¹. The largest investor in the industry, accounting for 100% of Peru's iron production and 25% of its copper output¹⁰².

⁹⁹ Johnson, Toni. "Peru's Mineral Wealth and Woes." Council on Foreign Relations, 9 Feb. 2010, www.cfr.org/background/perus-mineral-wealth-and-woes.

¹⁰⁰ "Shougang Hierro Peru's 10-Million-Ton Mineral Concentrates Expansion Project Completed - Shougang Group." www.shougang.com.cn, www.shougang.com.cn/en/ehtml/ShougangNews/20181030/1152.html. Accessed 27 Aug. 2022.

¹⁰¹ Las Inversiones Chinas Y El Mega Proyecto Del Puerto de Chancay. alertaeconomica.com/las-inversiones-chinas-y-el-mega-proyecto-del-puerto-de-chancay/. Accessed 27 Aug. 2022.

¹⁰² Recuento de Las Inversiones Chinas En Perú En El Sector Infraestructura 2016-2019. alertaeconomica.com/recuento-de-las-inversiones-chinas-en-peru-en-el-sector-infraestructura-2016-2019/. Accessed 27 Aug. 2022.

The track record of PRC-based companies in dealing with the communities and labor forces associated with Peru's mines has been decidedly mixed. For example, as noted previously, during the end of 2021 and the first half of 2022, protesters shut down Las Bambas, Peru's largest Chinese-owned mine¹⁰³. Protesters from communities surrounding the mine argued that the operator, China Minmetals, had failed to build a promised railroad to transport material from the mine and that their use of trucks along local roads to move the material instead was creating damage for which they were due to further compensation. The protests were only the latest of a series of conflicts between Minmetals and surrounding communities¹⁰⁴, which have caused a total of 400 workdays lost for the mine since 2016.

¹⁰³ PERÚ, NOTICIAS EL COMERCIO. "Las Bambas: MMG Anuncia Cese de Operaciones En La Mina Desde Quincena de Diciembre NNDC | ECONOMIA." *El Comercio Perú*, 3 Dec. 2021, elcomercio.pe/economia/peru/las-bambas-mmg-anuncia-cese-de-operaciones-en-la-mina-desde-quincena-de-diciembre-nndc-noticia/.

¹⁰⁴ "¿Por Qué La Mina Las Bambas En Perú Está En Constante Conflicto?" *Dialogo Chino*, 22 Apr. 2022, dialogochino.net/es/actividades-extractivas-es/53067-por-que-la-mina-de-cobre-las-bambas-en-peru-esta-en-constante-conflicto/.

As noted previously, in the face of community protests, Chinese ambassador Liang Yu said that the Chinese companies had already paid off the community leaders and weren't disposed to pay more.

The current protest is the latest of a series of conflicts involving Chinese mining companies in Peru. Significant protests have also occurred in the Chinese-operated mine in Marcona¹⁰⁵ and at Río Blanco, near Piura¹⁰⁶, the focus of major protests in 2018 over the anticipated impact of the mine on the environment and on disrupting the traditional sources of livelihood of the surrounding community. During the COVID-19 pandemic, Chinese-operated mines were criticized for keeping miners in poorly ventilated conditions that facilitated the spread of the disease, confining the miners who became sick, and kicking the families of those who died out of the residential communities

¹⁰⁵ “Marcona: Un Muerto Durante Protesta Contra Minera Shougang.” *Diario Perú*, 25 May 2015, diarioperu.pe/marcona-un-muerto-durante-protesta-contra-minera-shougang/.

¹⁰⁶ LR, Redacción. “Rondas Campesinas Anuncian Protestas Contra Presencia de Minera Río Blanco En Piura.” *Larepublica.pe*, 31 Mar. 2018, larepublica.pe/politica/1219818-rondas-campesinas-anuncian-protestas-contra-presencia-de-minera-rio-blanco-en-piura/.

established for the miners. Chinese mine operators have also been criticized for paying local police to protect the mines against protesters and others, a technically legal practice under Peruvian law but criticized by human rights organizations as a conflict of interest¹⁰⁷.

Not all Chinese mines in Peru have experienced significant problems. The Toromocho mine, operated by China Aluminum Company (CHINALCO), has been held up as an example of relatively positive relations with the local community and labor force, including the success of the Chinese operator in relocating an entire town of 5,000 people off of the mining site to a new location down the mountain¹⁰⁸. Ironically, Vladimir Cerrone initially negotiated with CHINALCO for the Toromocho mining project¹⁰⁹.

¹⁰⁷ “Usan Seguridad Pública Para Proteger Minas Privadas En Perú: ONG.” Reportacero - Economía, Política, Minería, Acero Y Construcción, reportacero.com/usan-seguridad-publica-para-proteger-minas-privadas-en-peru-ong/. Accessed 27 Aug. 2022.

¹⁰⁸ “Estudio de Caso de Toromocho.” Boréal, www.boreal-is.com/es/toromocho-historia-de-exito/. Accessed 27 Aug. 2022.

¹⁰⁹ Moreno, Gabriela. “Vladimir Cerrón Suma a Su Expediente Un Caso de Soborno Por \$15 Millones.” PanAm Post, 23 Sept.

when the former was governor of Junin, where the mine is located. However, his relationship with Chinalco was sometimes contentious, and he has been accused of accepting bribes from the company.

The Galeno mine, operated by the Chinese company Jiangxi¹¹⁰, and located in President Castillo's home province of Cajamarca, has also been relatively free of social protests in recent years, as has the Jiangxi-operated mine Pampa de Pongo.

While Chinese investments in Peru's mining sector have concentrated on iron and copper deposits, the Chinese are also reportedly interested in lithium deposits in the south of Peru. However, the country's sole current lithium project in Puno is owned by the Italian company Falchani¹¹¹, not by PRC-based firms.

2021, panampost.com/gabriela-moreno/2021/09/23/vladimir-cerron-soborno-15-millones/.

¹¹⁰ "Minera China Jiangxi Buscará Más Recursos En Pampa Del Pongo Y Galeno." Iimp, iimp.org.pe/promocion-minera/minera-china-jiangxi-buscara-mas-recursos-en-pampa-del-pongo-y-galeno. Accessed 27 Aug. 2022.

¹¹¹ LR, Redacción. "En El 2023 Comenzarán a Producir Toneladas de Litio En Puno." [Larepublica.pe](https://larepublica.pe), 3 Nov. 2020,

Petroleum

As with mining, the petroleum sector was one of the first areas in which PRC-based companies began operating in Peru. China National Petroleum Corporation (CNPC) has had a presence in Talara since 1993, although the operation is now declining, with marginal yields. In November 2013, CNPC significantly expanded its presence in Peru by acquiring the assets of the Brazilian state oil firm Petrobras in the country for \$2.6 billion¹¹². Currently, CNPC is planning a major \$4.4 billion investment in Peru's Block 58, where it operates.

In contrast to the mining sector, PRC-based companies have not had significant problems in Peru. However, locals burned a building owned by CNPC in the Northern Peru town of El Alto in August

larepublica.pe/economia/2020/11/03/en-el-2023-comenzaran-a-producir-toneladas-de-litio-en-puno-lrsd/.

¹¹² “Petrobras Sells Peru Unit to PetroChina/CNPC for \$2.6 Billion.” Reuters, 13 Nov. 2013, www.reuters.com/article/us-petrochina-petrobras-acquisition-idUSBRE9AC0CU20131113.

2019¹¹³, allegedly protesting the operation's failure to provide good jobs for the community's youth.

Fishing

Peru's fishing sector has long been attractive to the Chinese, with the Humboldt current off Peru's coast¹¹⁴ providing a significant wealth of fish. During the early 2000s, China Fishery Group acquired fishing fleets and fishmeal processing facilities all along the Peruvian coast, including the large firm Cope Inca¹¹⁵. In 2014, however, shortly after the acquisition, a series of problems pushed the firm into bankruptcy. These included the "El Niño" current, which reduced the fish catch, and issues for the Cope Inca with

¹¹³ "Building Set on Fire in Protest against China's CNPC in Peru." Reuters, 17 Aug. 2019, www.reuters.com/article/us-peru-cnpc-idUSKCN1V700R.

¹¹⁴ "Tipping Point in Humboldt Current off Peru Leads to Species Shift." ScienceDaily, www.sciencedaily.com/releases/2022/01/220107121449.htm.

¹¹⁵ "China Fishery Completes Copeinca Acquisition, Delists Company | SeafoodSource." www.seafoodsource.com, www.seafoodsource.com/news/supply-trade/china-fishery-completes-copeinca-acquisition-delists-company. Accessed 27 Aug. 2022.

Russia over its fishing of mackerel off its northeast coast, Alaska.

Beyond the problems of the China Fisheries Group, the Chinese Deepwater Fleet has been active off the coast of Peru, including credible evidence¹¹⁶ that it has played a significant role in IUU fishing.

Electricity

Chinese companies have acquired a significant stake in Peru's electricity generation, transmission, and distribution sectors in recent years. For example, China Three Gorges (C3G) acquired a significant stake in the industry through a problematic \$1.4 billion acquisition of the Chaglla hydroelectric facility from Petrobras¹¹⁷, construction of the San Gaban III

¹¹⁶ Ford, Alessandro. "Chinese Fishing Fleet Leaves Ecuador, Chile, Peru Scrambling to Respond." InSight Crime, 5 Nov. 2020, insightcrime.org/news/analysis/china-fishing-fleet-response/.

¹¹⁷ "China Three Gorges Closes in on Chaglla Deal." www.latinfinance.com, www.latinfinance.com/daily-briefs/2018/12/3/china-three-gorges-closes-in-on-chaglla-deal. Accessed 27 Aug. 2022.

hydroelectric facility¹¹⁸, and gained notoriety by continuing work on the latter during COVID-19 without stopping¹¹⁹.

Another significant milestone for China's advance in Peru's electricity sector occurred in 2020, when Yangtze Power paid \$3.6 billion to acquire 86% of the Peruvian assets of Sempra Energy, including the electric company Luz del Sur, the largest electric company in Peru, with 4.9 million consumers¹²⁰.

Like others, Chinese companies in the electricity sector have also become increasingly sophisticated in interacting with local companies. In 2019, for

¹¹⁸ Harris, Michael. "Peru's San Gaban Project Receives Chinese Cash Infusion." *Hydro Review*, 1 Dec. 2017, www.hydroreview.com/business-finance/peru-s-san-gaban-project-receives-chinese-cash-infusion/.

¹¹⁹ PERÚ, NOTICIAS EL COMERCIO. "Odebrecht | Chaglla: ¿Cómo Fue Su Adquisición Por China Three Gorges? | ENTREVISTA | Humberto Armas | ECONOMIA." *El Comercio Perú*, 9 June 2020, elcomercio.pe/economia/dia-1/odebrecht-chaglla-como-fue-su-adquisicion-por-china-three-gorges-entrevista-humberto-armas-noticia/.

¹²⁰ "China Yangtze Power International's \$3.6 Billion Acquisition of 83% Stake in Luz Del Sur." *Lawyer Monthly | Legal News Magazine*, www.lawyer-monthly.com/2019/12/china-yangtze-power-internationals-3-6-billion-acquisition-of-83-stake-in-luz-del-sur/.

example, C3G contracted local law firms to help with due diligence for its acquisitions.

Infrastructure

As in other parts of the region, Chinese companies have increasingly engaged in infrastructure projects in Peru, albeit with significant problems. The role of PRC-based companies in the sector was highlighted by a corruption scandal known as the "Chinese Construction Club," involving four Chinese companies' alleged use of bribes to win 15 projects, first exposed in February 2022, ultimately implicating Peru's Minister of Construction and Public Works Juan Silva, and the head of the Presidential Palace, President Castillo's nephews, and sister-in-law¹²¹.

The collision of the "China Construction Club" companies with Peruvian government officials in corrupt dealings allegedly included "rigged contracts" which demanded onerous financial guarantees, which

¹²¹ LR, Redacción. "15 Contratos Con Constructoras Chinas En La Mira de La Fiscalía." *Larepublica.pe*, 4 Mar. 2022, larepublica.pe/politica/2022/03/04/provias-quince-contratos-con-constructoras-chinas-en-la-mira-de-la-fiscalia-mtc-juan-silva/.

only PRC-based companies with backing from deep-pocket Chinese banking partners could provide¹²².

Beyond the China Construction Club scandal, as in the mining sector, Chinese companies have also had many problems with their construction contracts. As of June 2022, there were reportedly 35 legal actions against Chinese companies, including China Railway 10th Group, which lost a \$40M contract for alleged poor performance.

Recently, Chinese construction companies have also come under fire for not paying their Peruvian subcontractors. In one case, Chinese companies working in Ancash subcontracted the work, then abandoned the project, leaving the Peruvian contractors unpaid for over a million soles (\$250,000) of work¹²³. Nor are such problems in the construction

¹²² “¿Otro Lava Jato? Chinas Copan La Obra Pública En Perú - EnerNews.” Enernews.com, enernews.com/nota/345821/club-chino-de-la-construccion-los-vinculos-de-castillo. Accessed 27 Aug. 2022.

¹²³ LR, Redacción. “Proveedores Peruanos Quiebran Por Deudas de Las Empresas Chinas.” Larepublica.pe, 1 May 2022, larepublica.pe/sociedad/2022/05/01/puno-proveedores-peruanos-quiebran-por-deudas-de-las-empresas-chinas-lrsd/.

sector new for PRC-based companies. For example, earlier work by China Water and Electric on water and sewer systems in Loreto and Iquitos has also been mired in problems, with the head of the Loreto regional government sentenced to prison in 2015 for corruption in conjunction with an award to CWE.

One of the newest significant instances of road construction by Chinese firms is a \$375 million contract for the paving and improvements to the Huanco-La Union-Huallanca highway, which was awarded to a Chinese company in August 2018. Beyond land transportation, the Chinese company China Harbor is involved in the "Hidrovia amazónica" project to dredge amazon waterways to make them more navigable for larger ships and to build new river ports. By one estimate, China Harbor has committed to invest \$95 million in the project. For the moment, however, opposition from communities and environmental groups over the impact of dredging on the Amazon ecosystem has forced the project's suspension.

By far, the most significant and impactful Chinese infrastructure project in Peru is the Port of Chancay. A coalition led by the Chinese shipping giant COSCO, China Railway, China Communications Construction Company, and its subsidiary, China Harbour Engineering, has obtained authorization from the Peruvian government to build a \$3 billion, 15-berth container port¹²⁴. The property on which the port was built was originally acquired by the Swiss-Peruvian company Volcan in 2016 but later turned over to COSCO, which purchased a 60% ownership stake in Volcan. The port, which advertises itself as the regional hub for South America, is planned to have a 1,100-hectare logistics park connected with the main dock by a 1.8-kilometer tunnel built under the Pan-American Highway.

Despite protests by the local community for damage to their houses by vibrations associated with blasting and other construction activities, the project is

¹²⁴ Briefing, Silk Road. “Cosco to Invest US\$3 Billion in Peru’s Chancay Port.” Silk Road Briefing, 18 May 2022, www.silkroadbriefing.com/news/2022/05/18/cosco-to-invest-us3-billion-in-perus-chancay-port/.

proceeding, with the first births expected to be opened in early 2023 and the completion of the port targeted for late 2024.

Although the Chinese COSCO-led consortium owns the property on which Chancay is being built, the port's authorization by Peruvian authorities is based on its availability for public use. However, some consulted for this work were skeptical whether the COSCO-led consortium operating the port would find a way to privilege Chinese partners over others in using the facility effectively.

As elsewhere, since at least 2019, the PRC has also sought a Special Economic Zone in conjunction with Chancay¹²⁵, although the Peruvian government has not yet moved to take such a proposal forward. If approved, such a zone would give PRC-based companies performing logistics, warehousing, and limited assembly operations associated with the port

¹²⁵ Cómo Hacer Realidad La Zona Económica Especial de Chancay. financiaridesarrollo.blogspot.com/2022/06/como-hacer-realidad-la-zona-economica.html. Accessed 27 Aug. 2022.

special tax exemptions and liberty to operate under their own traditional legal and labor standards.

Plans have also been proposed for the Chinese construction of new port facilities at Ilo, possibly connected to Chancay by a new PRC-built train, and another Chinese-built port at San Juan de Marcona, which would give the more direct Chinese access to mining operations in that area. At the time of this writing, however, none of these other projects have yet gone forward¹²⁶.

Despite the hoped-for commerce and jobs stimulated by the Chancay port project, Peruvian maritime experts consulted for this work worried that the port's other new Chinese-operated facilities would effectively put the public port of Callao out of business. In addition, Callao is reportedly at the limits of its expansion possibilities due to the adjacent Peruvian Navy base and the urban nature of the

¹²⁶ Hernández, Oscar. "Proyecto de Puerto Minero En San Juan de Marcona En Riesgo de Cancelarse." *Logística 360*, 17 May 2022, www.logistica360.pe/puerto-minero-en-san-juan-de-marcona/.

surrounding terrain, causing most expansion and modernization proposals from the port operators to be denied. At the same time, they struggle to identify space adequate for building a new dock to accommodate post-PANAMAX ships. Currently, Maersk is the dominant operator in Peru, and China's COSCO is second. However, those consulted for this study anticipate that the opportunity presented to COSCO operating from its new mega-terminal at Chancay will allow COSCO to overtake Maersk as Peru's dominant operator.

Telecommunications

In telecommunications, as in other parts of Latin America, the Chinese company Huawei has operated in the Latin America region since 1999. In Peru, its smartphones and other devices are sold by major commercial providers, including Movistar, Telcel, and Claro, which also sells devices for the PRC-based firm Oppo. Huawei also promoted its digital equipment by donating telephones to the Peruvian Foreign Ministry until they decided to stop using the

devices, possibly due to concerns about data privacy in conducting government business.

Beyond Huawei, the PRC-based firm Xiaomi, which competes in the same market space as Apple, is also present in Peru, including a dedicated store in Lima. In addition, the Vietnamese company Bitel, a low-cost provider whose market share is increasing, uses phones and technology from the Chinese provider ZTE. ZTE also installed Bitel's base stations in 2018, setting up national coverage¹²⁷.

Outside Lima, in 2018, a less-known Chinese firm, Yangtze Optical Fiber and Cable, in partnership with Peru's Yachay telecommunications, won a significant contract to build 7,500 km of fiberoptic line¹²⁸ providing coverage in rural areas in the regions of Ancash, Arequipa, San Martín, and La Libertad regions. The win represented four of the six contracts

¹²⁷ “ZTE Will Deploy More than 1,000 Base Stations in Peru for Bitel Network.” *Traveling and Living in Peru*, 4 Sept. 2018, www.livinginperu.com/zte-will-deploy-more-than-1000-base-stations-in-peru-for-bitel-network-coverage/.

¹²⁸ Bello, Marina. “En Perú Avanza Un Proyecto Para Llevar Internet a Comunidades Remotas.” *Dialogo Chino*, 2 Feb. 2022, dialogochino.net/es/sin-categorizar/50765-en-peru-avanza-un-proyecto-para-llevar-internet-a-comunidades-remotas/.

awarded by Proinversion that year to bring telecommunications to remote areas¹²⁹. The projects were supposed to be finished in 2022, but completion has reportedly been delayed till at least 2023 by the pandemic.

Although the implementation of 5G in Peru has also been delayed, Huawei devices are used in almost all of the 18-20 pilot projects implemented in the country and are reportedly positioned to dominate the market when the technology is more fully rolled out.

Other Digital

Beyond telecommunications, PRC-based companies have also made impressive advances in other parts of Peru's digital economy.

¹²⁹ PERÚ, NOTICIAS EL COMERCIO. “Internet: Consorcio Yofc Gana Cuatro de Las Seis Redes Regionales | ECONOMIA.” El Comercio Perú, 27 Dec. 2018, elcomercio.pe/economia/negocios/internet-consorcio-yofc-gana-cuatro-seis-redes-regionales-noticia-591658-noticia/.

In cloud computing, Huawei has a data center in Peru¹³⁰, complementing its other data centers in Argentina, Mexico, Chile, and Brazil. Huawei launched its cloud services in Peru in December 2019¹³¹. As a compliment, in November 2021, the National University of San Marcos launched a specialization in Cloud Computing in conjunction with Huawei¹³². The collaboration includes Huawei's donation of a server and supporting technology to the university.

In the security domain, the PRC-based surveillance equipment company Hikvision has established itself in Peru.

¹³⁰ “Huawei Construirá Un Nuevo Data Center En Latinoamérica.” EYNG, 15 June 2022, eyng.pe/web/2022/06/15/huawei-construira-un-nuevo-data-center-en-latinoamerica/.

¹³¹ “HUAWEI CLOUD Launches in Peru, Accelerating Digital Transformation-HUAWEI CLOUD.” www.huaweicloud.com, www.huaweicloud.com/intl/en-us/news/20191212155328208.html. Accessed 27 Aug. 2022.

¹³² PERÚ, Empresa Peruana de Servicios Editoriales S. A. EDITORA. “San Marcos Y Huawei Implementan Academia de Especialización En Cloud Computing.” andina.pe/agencia/noticia-san-marcos-y-huawei-implementan-academia-especializacion-cloud-computing-869184.aspx. Accessed 27 Aug. 2022.

The Chinese rideshare company Didi Chuxing entered Peru in December 2020, although its position and growth have been less robust than in Mexico and Brazil. Didi reportedly has been hampered in its advance in Peru by the saturated nature of the market where rideshare companies Uber, Cabify, and Taxi Satelital (the local taxi union app) compete for market share.

Finance

In Peru's financial sector, the Bank of China has been operating in the country since December 2020¹³³. In addition, the International Commerce Bank of China (ICBC) has also been in Peru since 2014. In general, however, PRC-based banks have mostly served Chinese clients. Moreover, there is not a significant

¹³³ PERÚ, NOTICIAS EL COMERCIO. “Bank of China | Zhao Zhenyu: ‘Vamos a Remodelar Los Servicios Financieros’ | BCP | Scotiabank | BBVA | Interbank | ECONOMIA.” El Comercio Perú, 12 Oct. 2020, elcomercio.pe/economia/dia-1/bank-of-china-zhao-zhenyu-en-el-peru-operan-mas-de-170-empresas-chinas-con-una-inversion-que-supera-los-us30-mil-millones-bcp-scotiabank-bbva-interbank-noticia/.

Chinese presence in Peru's financial technology (Fintech) sector as in Brazil¹³⁴.

Space

In the Space sector, Peru has been a member of the PRC-led Asia-Pacific Space Cooperation Organization (APSCO) since 2006. Indeed, in 2022, Peru held the rotating presidency of the China-dominated organization¹³⁵.

In contrast to Venezuela, Bolivia, Ecuador, and Brazil, China has not built or launched satellites for Peru. Nonetheless, Peru's space agency Comisión Nacional de Investigación y Desarrollo Aeroespacial (CONIDA) collaborates with the PRC concerning sharing access to satellite imagery, including Peru's

¹³⁴ “Alibaba’s Ant Financial Joins Warren Buffett in Hot Brazil Fintech IPO.” Bloomberg.com, 22 Oct. 2018, www.bloomberg.com/news/articles/2018-10-22/alibaba-s-ant-financial-joins-buffett-in-hot-brazil-fintech-ipo.

¹³⁵ “Agencia Espacial Del Perú Contribuye En La Erradicación Del Cultivo Ilegal de La Hoja de Coca.” www.gob.pe, www.gob.pe/institucion/mindef/noticias/620424-agencia-espacial-del-peru-contribuye-en-la-erradicacion-del-cultivo-illegal-de-la-hoja-de-coca. Accessed 27 Aug. 2022.

PeruSat1 and China's Gaofeng earth imaging satellite, which some analysts have linked to military uses¹³⁶.

CONIDA has reportedly sent at least ten officials to the PLA-affiliated Beijing Aeronautics Academy to study satellite programs.

Military

Peru's military has a longstanding relationship with the People's Liberation Army (PLA), including equipment donations and purchases, training and professional military education (PME), institutional visits, and exercises. The relationship has deepened to some degree, albeit with some difficulties concerning equipment sales.

The PLA has donated military equipment to the Peruvian Army since 2011, and probably before. However, early donated vehicles reportedly had problems with significant vibrations at speeds from 60

¹³⁶ “China Is Sending More of Its Gaofen Satellites into Space. Here’s Why.” South China Morning Post, 12 Oct. 2020, www.scmp.com/news/china/military/article/3105209/china-sending-more-its-gaofen-satellites-space-heres-why.

to 95 kph, which raised safety concerns for the Peruvian drivers. Still, the Peruvian military was obliged to make do with the vehicles since they were a gift from the PRC. Since then, the Peruvian military has also acquired other military trucks from the PRC of the brands Beiben, Dongfeng, and Shanxi. The vehicles continue to be used, including deployment in addressing social unrest in Madre de Dios in 2016.

Peru has also purchased munitions from the PRC, including a purchase in 2000 of rifle rounds that had significant quality issues. The bases of the munition were copper, reportedly causing them to oxidize quickly.

More seriously, the soft copper caused rounds to frequently jam the guns, creating potentially lethal risks in a combat environment. Meanwhile, the uneven quality of the gunpowder used caused overcharges that sometimes damaged the weapons on firing.

Following a 2017 military cooperation agreement¹³⁷, the PRC has made significant regular equipment donations to the Peruvian armed forces, including a 2019 donation of 5 8x8 bridging vehicles, 16 busses, and 16 minivans. Other contributions have included four patrol boats, tanker trucks, ten ambulances, and radar for the Peruvian Air Force.

The Chinese have also offered to donate electronic equipment to the Peruvian military, such as Huawei servers, just as they have with its Ministry of Foreign Affairs. Still, to date, such donations have not been accepted.

Peru's most significant acquisition from the PRC was 27 Type 90B truck-mounted Multiple Launch Rocket System vehicles to replace its aging Russian BM-21 GRAD vehicles¹³⁸. Although the original acquisition

¹³⁷ maquina-de-combate.com. China Dona a Perú Un Sistema Lanzapuentes, Vehículos Y Otros Equipos – Máquina de Combate. maquina-de-combate.com/blog/?p=59586. Accessed 27 Aug. 2022.

¹³⁸ “Peruvian Army Introduces Chinese Type 90B 122mm Rocket System.” Defence-Blog.com, 20 July 2015, defence-blog.com/peruvian-army-introduces-chinese-type-90b-122mm-rocket-system/.

was for 40 vehicles¹³⁹, it became mired in a corruption investigation over alleged overpricing. In addition, the vehicles reportedly have had significant quality problems, including defective hydraulic lines, which burst when the vehicles are fired up. Also, the variable width and misalignment of the launch tubes and difficulties with the delivered vehicles do not correspond to that presented initially to the Peruvian Army in China.

Concerning personnel exchanges, various PLA and Peruvian military institutions have exchanged delegations¹⁴⁰. Peruvian officials also regularly travel to the PRC to attend short courses in the PLA National Defense University in Changping and longer

¹³⁹ “Peruvian Army Has Selected Chinese Type 90B 122 MLRS Launch Rocket System to Replace BM-21 1301141 | January 2014 Global Defense Security News Industry | Defense Security Global News Industry Army 2014.” www.armyrecognition.com/january_2014_global_defense_security_news_industry/peruvian_army_has_selected_chinese_type_90b_122_mlrs_launch_rocket_system_to_replace_bm-21_1301141.html. Accessed 27 Aug. 2022.

¹⁴⁰ Contributor, Evan Ellis | Global Americans. “Peru’s Multidimensional Challenge – Part 3: Engagement with China.” Global Americans, 20 Nov. 2020, theglobalamericans.org/2020/11/perus-multidimensional-challenge-part-3-engagement-with-china/.

courses in its higher-level military education facility near Nanjing. Beyond this, at the time of this writing, Peru's PME exchanges with the PRC concentrated on three activities: (1) sending officials to the PLA Superior Intelligence Course, sending personnel (generally Majors) to the Command and General Staff Course near Nanjing, and sending officials to the Higher-Level Command Course.

Peruvians consulted for this work who had attended courses in the PRC but who were no longer in active service noted that the Chinese approach was highly personalized, focusing on not only their individual learning and research objectives while there but also their individual viewpoints and doubts about the PRC. They noted that the PLA often assigned multiple senior persons to help them meet their learning and research objectives and address their doubts and concerns. They further pointed out that the Chinese often appeared more willing than their Western counterparts to offer the courses without charging for housing or transportation. The PLA offering, in this regard, reportedly tempted the Peruvian government to send officials to the PLA courses, seeking out niche

areas such as asymmetric warfare, space, or other technical training, where the Chinese offering was perceived as valuable.

Education

Several major Peruvian universities have Asian studies programs with a significant China focus on education. The most important include Peru's Catholic University (PUCP) in Lima¹⁴¹, including former El Comercio Lima correspondent Patricia Marina Castro Obando. The University of the Pacific, also in Lima, also has a respected, well-funded Asia Center and the University of San Marcos.

The PRC operates four Confucius Institutes in Peru. Its principal facility is PUCP, which received 39 scholarships for studying students in the PRC from the Chinese language and culture promotion organization Hanban. Its other Confucius Institutes

¹⁴¹ “Instituto Confucio PUCP |.” Confucio.pucp.edu.pe, confucio.pucp.edu.pe/. Accessed 27 Aug. 2022.

are located at Ricardo Palma University¹⁴², the University of Arequipa¹⁴³, and the University of Piura¹⁴⁴.

The Chinese role in Crime

In addition to official and commercial PRC activities in Peru, Chinese organized crime groups operate in the country¹⁴⁵. For example, Chinese triads, known locally as "Red Dragon,"¹⁴⁶ are reportedly present in Peruvian-Chinese communities in the greater Lima area and elsewhere in the country, including ports such as Callao, Paita, and Chimbote.

¹⁴² "Curso Chino Mandarin - Instituto Confucio URP - Instituto Confucio Universidad Ricardo Palma." [www2.Urp.edu.pe](http://www2.urp.edu.pe), www2.urp.edu.pe/iconfucio/. Accessed 27 Aug. 2022.

¹⁴³ María, Universidad Católica de Santa. "Instituto Confucio." Universidad Católica de Santa María, ucsm.edu.pe/instituto-confucio/. Accessed 27 Aug. 2022.

¹⁴⁴ "Inicio." Instituto Confucio, www.udep.edu.pe/confucio/. Accessed 27 Aug. 2022.

¹⁴⁵ GrupoRPP. "Mafia China Del 'Dragón Rojo' Aumenta Su Presencia En El País." RPP, 27 June 2010, rpp.pe/lima/actualidad/mafia-china-del-dragon-rojo-aumenta-su-presencia-en-el-pais-noticia-275709.

¹⁴⁶ CORREO, NOTICIAS. "Caen 4 Chinos de La Mafia Del 'Dragón Rojo' | PERU." *Correo*, 17 June 2011, diariocorreo.pe/peru/caen-4-chinos-de-la-mafia-del-dragon-rojo-433823/.

Chinese organized crime groups were also believed by those consulted for this work to have a role in Peru's casinos and wildlife trade operations. Within illegal mining, local Chinese with ties to companies in the PRC ("consolidators") play a role in purchasing and helping to launder illegally obtained minerals.

COVID

The PRC played a significant role in Peru's COVID-19 response, albeit with problems. The Chinese government and firms such as Huawei and Alibaba provided gifts of masks, thermometers, test kits, and ventilators, among other items. One significant donation of 30,000 molecular tests and ventilators, shows, and other items arrived in April 2020¹⁴⁷. Similarly, in October 2020, Alibaba and the Jack Ma

¹⁴⁷ PERÚ, NOTICIAS EL COMERCIO. “Coronavirus En Perú: En Las Próximas Horas Llegan Donaciones de China | Coronavirus En Perú | Coronavirus | China | Donaciones | VIDEOS.” El Comercio Perú, 2 Apr. 2020, elcomercio.pe/videos/pais/coronavirus-en-peru-en-las-proximas-horas-llegan-donaciones-de-china-coronavirus-en-peru-coronavirus-china-donaciones-noticia/.

foundation provided 100,000 masks and 2,000 test kits, among other things.

The PRC has donated to Peru at the sub-national level through its "sister city" relationships, which had previously been largely symbolic. For example, the Chinese city of Zhongshan provided 100,000 masks and 100 thermometers¹⁴⁸.

Chinese companies were also key players in several controversial actions the previous Peruvian government took in responding to Covid-19. The Vizcarra government, for example, made a \$28 million purchase of uncertified quick tests from China Orient Gene Biotech. However, critics noted the high false negative rate of these tests¹⁴⁹ as a contributor to the spread of the pandemic in the country.

¹⁴⁸ “Coronavirus: China Hace Donación de 30 000 Kits de Pruebas Moleculares al Perú.” www.americatv.com.pe, www.americatv.com.pe/noticias/actualidad/coronavirus-china-donara-30-000-kits-pruebas-moleculares-al-peru-n409978. Accessed 27 Aug. 2022.

¹⁴⁹ Contributor, Evan Ellis | Global Americans. “Peru’s Multidimensional Challenge – Part 3: Engagement with China.” Global Americans, 20 Nov. 2020,

Concerning vaccines, Peru was one of four Latin American countries to conduct phase 3 clinical trials. The Chinese firm Sinopharm planned to produce its vaccine in Peru as COVID-19 waned. Nonetheless, after higher efficacy Western Messenger RNA vaccines such as those of Moderna became available in Peru¹⁵⁰, the use of Sinopharm was scaled back, and plans for its production in the country evaporated¹⁵¹. No other Chinese vaccine producers such as Sinovac or CanSino have entered the country.

theglobalamericans.org/2020/11/perus-multidimensional-challenge-part-3-engagement-with-china/.

¹⁵⁰ “Castillo Recibe La Vacuna China de Sinopharm, Rechazada En Perú Por La Oposición.” www.efe.com, www.efe.com/efe/america/politica/castillo-recibe-la-vacuna-china-de-sinopharm-rechazada-en-peru-por-oposicion/20000035-4603413. Accessed 27 Aug. 2022.

¹⁵¹ Aquino, Marco. “Peru’s Castillo Strengthens Ties with China, Asks for Faster Vaccine Supply.” Reuters, 16 July 2021, www.reuters.com/world/americas/perus-castillo-strengthens-ties-with-china-asks-faster-vaccine-supply-2021-07-16/.

Conclusion

The PRC's significant, longstanding relationship with Peru¹⁵², including its essential role in critical sectors such as mining, petroleum, logistics, telecommunications, and military interactions, positions it well to expand that relationship in response to the country's economic and fiscal needs. The PRC will be particularly well positioned to expand its role if President Castillo, with his working relationships with PRC-based companies, survives the current political crisis, in need of something to show benefits to his support base¹⁵³. The replacement of Castillo by a more ideologically-left government in which Vladimir Cerron has influence¹⁵⁴, such as one

¹⁵² “Peru and China: 50 Years of Strong Partnership.” News.cgtn.com, news.cgtn.com/news/2021-07-10/Peru-and-China-50-years-of-strong-partnership-11MIJQ24ITq/index.html.

¹⁵³ LR, Redacción. “15 Contratos Con Constructoras Chinas En La Mira de La Fiscalía.” Larepublica.pe, 4 Mar. 2022, larepublica.pe/politica/2022/03/04/provias-quince-contratos-con-constructoras-chinas-en-la-mira-de-la-fiscalia-mtc-juan-silva/.

¹⁵⁴ de 2022, Por Evan Ellis5 de Julio. “La Evolución de Los Desafíos Multidimensionales Que Enfrenta Perú: La Crisis Política.” Infobae, www.infobae.com/america/peru/2022/07/05/la-evolucion-de-los-desafios-multidimensionales-que-enfrenta-peru-parte-i-la-crisis-politica/. Accessed 27 Aug. 2022.

led by current Vice-president Dina Boularte, as well as a more transactionally-oriented centrist government, would both likely create opportunities for the PRC for different reasons.

In the context of Peru's economic and fiscal needs, despite problems with PRC-based companies in a variety of sectors, those companies' purchases of Peru's commodities and their investment in its industries can still play a constructive role, alongside engagement with Western investors and institutions, in helping the country through the current difficult period and advance its future development.

To ensure that such engagement most fully benefits Peru and its development, and not the investing countries and the elites who sign the deals, it is imperative that Peru engage with the PRC in a framework of transparent interactions in the context of the rule of law, a level playing field in which all can participate, technically competent analysis of contracts, competitions, and investment risk, and the enforcement of laws and regulations. The United States, and other democratic governments, such as

those of Japan, South Korea, Taiwan, and the European Union, have considerable experience in supporting countries such as Peru in this area, as well as a stake in the nation's success as a prosperous, democratic nation open to engagement with all.

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Appendix

A1: The political map of the Republic of Peru



This map depicts Peru, a country in western South America with a coastline stretching 1,500 miles (2,414 kilometers) along the South Pacific Ocean. Bolivia, Brazil, Chile, Colombia, and Ecuador are the countries that surround Peru. It is the third largest

country in South America and occupies an area of 1,285,216 km², slightly less than Alaska but more than twice the size of metropolitan France.

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