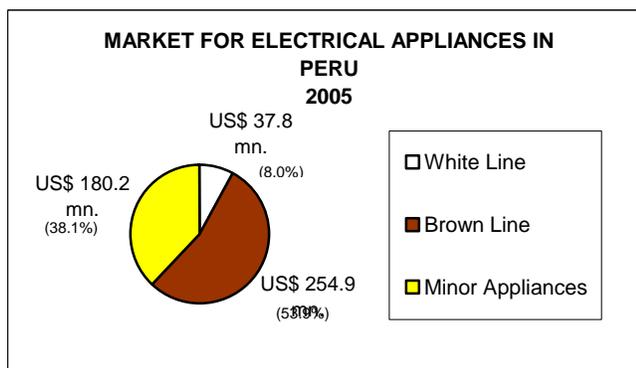


Summary

The total market for electrical appliances in Peru was approximately US\$ 473 million in 2005. The market is expected to increase 16.2% during 2006, reaching US\$ 550 million. Imported products comprise 62% of the market, with local production and exports accounting for the remaining 38%. Imports of electrical appliances grew 75.6% between 2001-2004, from US\$ 167.9 to US\$ 294.9 million, with an average annual growth rate of 16.9%.

Market Demand

The market is segmented into three categories: (a) White line (8.0%); (b) brown line (53.9%); and (c) minor appliances (38.1%).



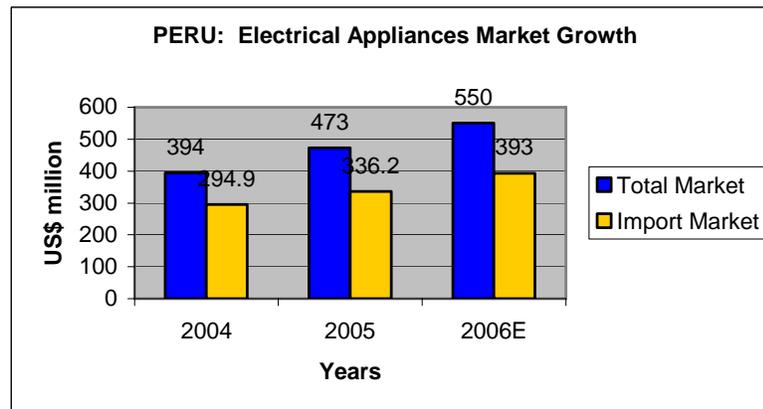
Source: Different sources; compiled by author

- ◆ White Line includes washing machines, tumble dryers, stoves, and refrigerators.
- ◆ Brown Line includes audio/video appliances.
- ◆ Minor Appliances include blenders, mixers, toasters, microwave ovens, juice extractors, vacuums, and floor polishers, among others.

Local manufacturing and assembling of white line appliances is significant; Peruvian-assembled appliances are exported to neighboring countries (Ecuador and Bolivia.) Peru does not manufacture or assemble brown line and minor appliances.

Market Data

In 2005, imports totaled US\$ 336.2 million, a 14% increase compared with 2004.



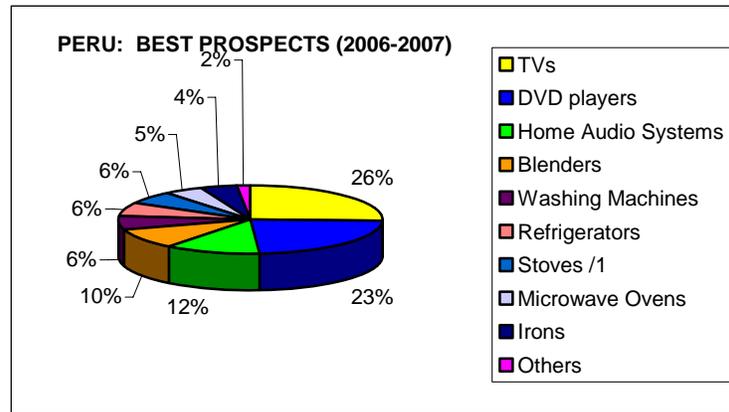
Source: Peruvian Customs - SUNAT

Approximately 20% of all imported electric appliances in Peru are sold in freestanding stores in downtown Lima. These firms are both importers and wholesalers. China, which supplies 50% of these firms, has become the main supplier of electric appliances to Lima's downtown retailers.

Best Prospects

According to industry specialists, brown line appliances (i.e., TVs, DVDs, and home audio systems) will constitute the most preferred items to be purchased among Peruvians for the next few years (2006-2007) due to the high rotation of such appliances. Washing machines, refrigerators and gas-powered stoves will remain as the most

representative white line appliances items. Blenders, microwave ovens and irons are the best prospects among minor appliances line.

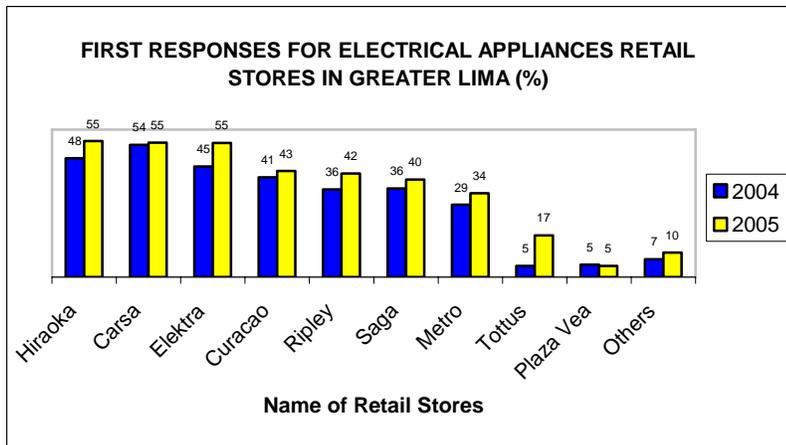


Source: Different sources; compiled by author

/1 Gas-powered stoves are the most preferred among Peruvians due to cost saving and consumption habits. Electricity-powered stoves are only purchased by high-income Peruvians.

Prospective Buyers

Wholesalers and large retail stores are the buyers of electrical appliances in Peru. Following is a chart that depicts the top-of-the-mind retail store names where electrical appliances are sold in Greater Lima.



Source: Tendencias y Actitudes S.A.C.

Market Entry

The Commercial Service strongly recommends that U.S. exporters hire a local representative that can track trends and advise them about the requirements for new equipment. U.S. manufacturers and distributors of electrical appliances should be open to adapting their marketing and sales policies to local market conditions. All specialized technology and patents should be registered with INDECOPI (the National Institute for the defense of Competition and the Protection of Intellectual Property – www.indecopi.gob.pe) as soon as possible. Products coming from the U.S. will not have problems if suppliers receive all information regarding the products composition and components in advance. The Peruvian standards body (CTR) works according to a regulatory framework similar to that of the U.S.

Equipment manufacturers that: maintain direct contact with their clients, provide good prices and flexible payment terms, reliable after-sale technical assistance and training, and ensure availability of spare parts for maintenance and repair services will achieve a higher rate of success.

Market Issues & Obstacles

On April 12th 2006, the U.S. and Peru signed the U.S.-PTPA (U.S.- Peru Trade Promotion Agreement). The implementation of the TPA should improve Peru's business climate by increasing foreign and local investment in domestic industries and improving customs, IPR, and other procedures that affect business operations.

The market is free and open to any brand or technology. The products covered in this report, which correspond to electrical appliances, are levied a 12% or 20% Ad-Valorem duty. Most white line appliances are levied a 20% Ad-Valorem duty. Most of the brown line and minor appliances are levied on a 12% Ad-Valorem Duty. Imports are also subject to a 19% value added tax, as are domestically produced goods.

Trade Events

There are no comprehensive-related electrical appliances shows in Peru. Following is a list of brown line tradeshows sponsored by the U.S. Department of Commerce through its International Buyer Program (IBP) for the next few years (2006-2007): International Home & Houseware Show, Info Comm International 2006, and 2007 International CES.

For More Information

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