

Kuczynski wants Peru to become metals refining hub: finance minister



By Mitra Taj and Marco Aquino, Reuters

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minister said.

Alfredo Thorne told Reuters that some Chinese companies have already signaled interest in partnering in developing new refineries, part of Kuczynski's plans to boost infrastructure investments to rev up sluggish economic growth.

Kuczynski, a 77-year-old former investment banker and prime minister, plans to discuss the proposal in detail with officials in China on his first trip abroad as Peru's president after taking office July 28, Thorne said.

LIMA (Reuters) - President-elect Pedro Pablo Kuczynski wants China to help transform Peru into a metals refining hub to boost the Andean country's key mining exports as prices for them slump, the incoming finance

"Pedro Pablo is very clear on this. Today we export a lot of rocks with our raw materials and some of those minerals should be refined in Peru," Thorne said in an interview.

Thorne said Peru could eventually refine copper from the world's top producer, neighboring Chile. "We have to look at our competitive advantages, look at how to partner with the Chinese to ensure benefits for both countries."

China is Peru's top trading partner and owns two major new copper mines in Peru, Chinalco Mining Corp International's Toromocho deposit and MMG Ltd's Las Bambas project.

Thorne, a former director at JPMorgan Chase and the only future minister that Kuczynski has announced as part of his cabinet, said it was too soon to say how many or what kind of refineries might be built.

Peru is set to become the world's No.2 copper producer this year, replacing China, but has just one copper refinery, which is owned and operated by Southern Copper Corp .

A slew of copper mines in southern Peru, including Las Bambas and Hudbay Minerals Inc's Constancia project, send concentrates abroad for processing.

Peru is also a major producer of zinc, silver and gold.

The economy grew 3.3 percent last year, down from rates topping 6 percent when mineral prices surged in the past decade.

Thorne said growth could "easily" quicken to his goal of 5 percent per year as early as 2017, as domestic demand firms on rising public investments. Thorne said he was preparing a list of 10-15 infrastructure projects worth at least \$8 billion that will be fast-tracked to clear obstacles slowing their development. The projects include Brazilian construction company Odebrecht's \$5 billion natural gas pipeline, snagged on financing, and stalled plans to expand the airport in Lima. "We're not pushing projects out as quickly as we need to, and lag far behind in infrastructure," Thorne said.

(Reporting By Mitra Taj and Marco Aquino; Editing by Phil Berlowitz)

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