

mini-case 1-430-469
December 7, 2015

Schaeffler: Opportunities in Peru?

Scenario:

After years of economic and political turmoil, Peru has finally begun to emerge. The Maoist-inspired Sendero Luminoso (Shining Path) terrorist group was largely able to shut down the country in the 1980s, but by 2015 Peru ranked among the fastest-growing economies in the world, and sat at number 42 on the global league tables. Its emergence was due to macroeconomic stability, prudent fiscal policy, debt reduction, and foreign reserve accumulation, all buoyed by strong natural resources exports and leading to an investment grade status on international capital markets.

One consequence of this Peruvian success has been the growth in new car imports, a sector dominated previously by used cars. For much of the past half century, the average age of a vehicle on the roads of Peru was more than 17 years. But in the decade from 2001 to 2011, new car imports rose from about 10,000 per year to 128,713 — a whopping 1,300% increase. The sector was dominated by Toyota and Hyundai (with 2011 market shares of 16.5% and 13.5% respectively), but several Chinese players — notably Chery, Geely, and Great Wall Motors — have begun to market aggressively in Peru.

Preview copy.

Exhibit 1
Schaeffler Technologies AG & Co. Logo

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