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Peru is a leading nation in the South American Pacific area. It is located in the middle of South America. With a total area of 1 285 216 Km or 496 223 miles, it is the third largest country in South America and it is divided into three distinctive geographic regions: the Coast, the Andean Highlands, and the Amazon Rainforest.

Peru has an extensive and mega-diverse territory strategically located in the central zone of South America over one of the largest oceans on the Planet. The Amazon River, which passes through the Amazon Rainforest, connects the nation to Brazil and the Atlantic Ocean. The Andes Mountains link Peru with Ecuador, Colombia, Bolivia, Venezuela, Chile and Argentina through routes that tend to follow the legendary Inka trails. With the Pacific Ocean, Peru connects with APEC member countries - which Peru is a member - to one of the most important, rich, and growing markets in the world.

Peru is a country that features practically all of the planet's climates, with remarkable natural, mining, and energy resources.

Peruvian population is ethnically and culturally diverse: our Andean roots have been blend with European, African and Asian contributions, in a process that lasted several centuries.

The above mentioned geographical, natural and human characteristics provide the foundations for a foreign policy whose main goal is to fully integrate Peru, as a national project, in today's global, complex and competitive World.

The international environment is constantly changing and Peru needs to anticipate the direction of such changes.

PERUVIAN DIPLOMACY works for the development of our Nation. Such work implies to develop policies, programs and actions in several areas of interest:

- 1) The preservation of our national sovereignty, strengthening of democracy and protection and promotion of human rights.**

Peru is an emerging country. We are rapidly progressing to a new stage of economic and social development. We believe that our international role will increase in the next years, and we will have a greater participation in decisions and actions taken by the international community to face our common challenges.

We consider that international peace and security can only be achieved and maintained if we act in accordance with the principle of sovereign equality of all States. As someone once said: "Among individuals as among nations, respect for the rights of others means peace".

For Peru democracy and development are twin processes. We cannot build one without the other. Human rights and democratic freedoms cannot wait for better times; in fact, there cannot be better times without enjoying them.

Those are the reasons why Peru promotes democracy and human rights in every forum around the world: regionally, at the Andean, South American and the Americas levels, and globally, at the UN level.

## 2) The defense and promotion of the rights of overseas Peruvians.

This field of action is related not only to their economic and social insertion in the countries where they reside, but also to the preservation of their Peruvian identity as well as strong links with their homeland.

Migration is not new in human history. But today are far more migrants than in any period of human history. There is not continent, no region of the World, which does not have its contingent of migrants. This is a fact in today's World.

In this area, Peru actively promotes bilateral agreements with other States, to guarantee a no-discriminatory treatment and participation to Peruvians in their economic and social life. Peruvian migrants make important contributions both to Peru and their host countries.

We also try to offer them secure financial mechanisms for their remittances and also the possibility to invest them in productive activities in Peru. Let's remember that one of the major reasons behind their migration is the possibility of earning higher salaries to support their families.

Close to 3 million Peruvians live abroad, half of them in U.S.A. and Canada, 40% in Europe and the remaining number resides in Latin American countries.

According to our Central Bank, remittances from abroad are the third source of foreign income for our economy; last year they reached almost 3,000 million dollars.

### 3) The economic integration of Peru to the World.

We believe that open markets and a free flow of trade, investment and labor are the best way for a small country like Peru to promote economic growth. And we share the vision that economic prosperity will bring stability and security for all.

Our actions in this field are related to commercial intelligence, searching for business opportunities for our companies and sources of investment for our projects. We believe in a closer partnership between public and private sectors.

Our Foreign Policy is closely connected to the Economic Policy of our national Government. Peru has had 8 consecutive years of economic growth, with an average rate of 7% the last 4 years. In 2007, our economy grew 8.9 and the expected growth rate for this year is 7%. During the same period, the inflation rate has been between 1.1% and 3.8%, and our fiscal surplus 2% the last two years.

In 2007 only, private investment increased by 23.2% and public investment 19.7%. Poverty has been reduced five points, to 44.5%. During 2007 Peru has appear in different competitive ratings. Our country has also been granted the Investment Grade by Standard and Poor's, Fitch and Moody's agencies.

In this context, Peruvian diplomacy is working to open new markets through bilateral and multilateral agreements. Currently we have FTAs with USA, Canada, Mexico, Chile, Singapore and have negotiated an "early harvest" with Thailand. We are also in negotiations with China, EFTA (Switzerland, Norway, Iceland, Liechtenstein) and the European Union and close to start similar processes with Hong Kong, Korea and Japan. Currently we are finishing a

bilateral investment agreement (BIT) with Japan. It is important to emphasize that we strongly support the Doha Round of negotiations and encourage all those involved in the process to reach a prompt and substantial agreement.

We should always keep in mind that, in a sense, the Foreign Service is the major transnational corporation of any country.

We have defined different spaces of integration: Andes, Amazon, South America, Latin American, U.S.A., European Union and the Asia Pacific.

In Latin America we pursue strategic alliances with Brazil, Colombia, Chile and Mexico. Our goal is to be the “regional Hub” in the South American Pacific area.

One of the main goals of our foreign policy is the strengthening of Peruvian presence and projection in the Asia Pacific Region.

Since it has been an historic focus of Peru, it actively pursues the fostering of its presence in the region through the developing and deepening of its bilateral and multilateral ties. Peru also pays special attention to regional economic integration and cooperation mechanisms.

Peru intends to further develop its political, economic, technological, scientific and cultural relations with countries in the Asia Pacific region in order to facilitate a climate to intensify more dynamic and substantial ties.

Peru intends to create special partnerships with countries in the area and particularly negotiate FTAs, promote investments and diversify projects in cooperation for development issues.

Strengthening the active presence of Peru in APEC, PECC and FEALAC, promoting the active participation in the recently created Forum of Latin American Pacific Basin Countries (ARCO) which main objective is the implementation of cooperation and compromise actions aimed towards a better integrated economic and commercial dynamic among Pacific Basin Latin American countries and between them and the Asian nations.

Asia and the Pacific Basin are of the utmost political and economic importance for Peru. Our location put us on a special spot to become a connection factor as well as a knowledgeable spokesman between Asian, Andean, Amazon and Latin American countries.

Since it became and APEC member in 1998, Peru has been committed with the FORUM. As this year's President Peru has undertaken the organization of several meeting under the motto "A new commitment for the development of Asia Pacific" with the aim to strengthen the public and private sectors association.

Our growing contacts with Asia Pacific region have made possible that more than half of our trade is today originated or have as destination APEC member economies.

Peru is one of the three only Latin American APEC member countries, all of them –coincidentally- with steadily growing economies and excellent investment grades. This facts show that we have contributed to APEC but benefited from our participation in APEC also.

Peru is hosting the APEC meetings this year. The Economic Leaders Summit will take place in Lima, on November 22-23, 2008. Our priority is to contribute to move forward APEC cooperation in two important areas: Regional Economic Integration (REI) and Corporate Social Responsibility (CSR).

During the APEC SOM meetings, which I have the honor to lead, we have taken concrete and incremental steps in the process towards a Free Trade Area of the Asia Pacific (FTAAP): We have prepared a Matrix with agreed actions to be implemented by all member economies, including twelve results to be achieved by the end of this year, among others, an inventory of relevant issues related to a FTAAP, a study identifying convergences and divergences of bilateral and multilateral FTAs in the APEC region, as well as and model measures for FTAs.

Corporate Social Responsibility is a subject that Peru would like to introduce as an APEC principle. We look forward to establish, in cooperation with private sectors, a "voluntary agenda" of good practices that have been incorporated by private companies around the APEC region.

THAILAND is an important partner for Peru in Asia. We would like to continue strengthening and widening our bilateral relations.

In October 2003, we established an "Economic Strategic Partnership" (ESP). We signed a "Closer Economic Partnership Agreement" during the 2003 APEC Summit, in Bangkok, and started negotiations for a bilateral FTA. Two years later, we signed an "early harvest" in Busan, Korea during the 2005 APEC Summit. Currently we are close to complete negotiations for a comprehensive FTA, which for Thailand will be the first of its kind with an American country. We expect to sign this important pact in Lima, during the 2008 APEC Economic Leaders meeting.

The bilateral FTA will complement a set of previous agreements signed between or public and private sectors. Currently our business people are linked by cooperation agreements between the Thai Chamber of Commerce and the Lima Chamber of Commerce; the Federation of Thai Industries and the National Industrial Society, and the Thai Chinese Chamber of Commerce and the Peruvian Chinese Chamber of Commerce.

Once this comprehensive legal framework is in place we will be able to move forward in our project of reciprocal Hubs: Peru will work as the regional Hub for Thailand in the South American Pacific Coast and Thailand will be a Hub for Peru in South East Asia.

Together with economic integration, we also would like to make stronger People to People relations. We share many similar advantages: Ancient and diverse cultures, amazing touristic spots, rich gastronomy, and biodiversity, among others. As human beings we can enrich our life by knowing better each other. We can learn from each other and share experiences to help us to preserve our cultural and natural wealth, and also to better use it for the benefit of our people. In this regard we have presented proposals for agreements in the fields of Inter Museums cooperation, Historical and Cultural Heritage Protection and Restitution, Mutual Protection of Native Knowledge, and Promotion of Silk Industries. We have also promoted agreements between Thai and Peruvian private cuisine schools (Dusit Thani School and Le Cordon Bleu Peru).

Every year, our Ministry of Foreign Affairs offer to Thai Diplomats an scholarship to study at the Diplomatic Academy of Peru. We encourage young, brilliant future Thai Ambassadors to take advantage of this opportunity to learn

about Peru and Latin America and how Thai interest can be better promoted in our continent.

Peruvian companies are already investing in Thailand and we encourage Thai business people to go to Peru and to explore opportunities and partnerships in our country. Peru is the natural bridge to other South American countries.

Peru is still the "Land of El Dorado". We have the leadership, we have the people, and we have the resources to take our rightful place in the international community. Our internal and external policies are coordinated to reach such a goal. We are working to this end. We are developing a Foreign Policy aimed to make better use of our potential, reduce our weaknesses and facing with success the challenges and threats posed by today's international environment.

Thank you very much.