



## Case Study

*on Commercialization, Privatization and Economic Oversight of Airports and Air Navigation Services Providers*

# Peru

## Background

The Corporación Peruana de Aeropuertos y Aviación Comercial (CORPAC, Peruvian Corporation of Commercial Airports and Aviation) was founded on 25 June 1943 by decree No. 99 – Ley de CORPAC S.A.). Since 1981, CORPAC has been a government-owned corporation in charge of managing and operating the Peruvian public airport network (comprising until the late 1990s about 60 airports, about half of them being airfields). CORPAC is also in charge of providing air navigation services. It collects revenue from landing fees, air navigation services fees and departure charges. Finally, the Dirección General de Transporte Aéreo (DGTA, General Directorate of Air Transport) supervises aeronautics and airport safety and develops and updates civil aviation policies.

Located near Lima, Jorge Chávez International Airport is Peru's main domestic and international airport. Peru's second most important airport has consistently been Cusco-Alejandro Velasco Astete International Airport. Other major airports are Arequipa-Rodríguez Ballón International Airport, serving Peru's second largest city and the southeast region; and Iquitos-Crnl. Francisco Secada Vignetta International Airport serving as Peruvian Amazon's main hub.

## Commercialization/privatization: Airports

The Government of Peru decided to privatize the Lima-Jorge Chávez International Airport in 1999 under a concession regime. The concession was awarded for a 30-year period with an optional 10-year extension. The participation of an experienced international airport operator providing key staff and expertise was mandatory. A joint venture made up of German airport operator Fraport AG Frankfurt Airport Services Worldwide, Bechtel Enterprises International Ltd. (a U.S. holding originally dedicated to construction), and Cosapi S.A. (a Peruvian construction company) won the concession from the Government on 15 November 2000 to build, operate and transfer the airport. Lima Airport Partners S.R.L (LAP), which is the limited liability company formed to meet the concession contract requirements, began its operation on 14 February 2001. Alterra Lima Holdings, Ltd., a subsidiary of Alterra Partners (an airport operator whose shareholders are Bechtel and Singapore Changi Airport Enterprise) received Bechtel shares in 2001, and bought Cosapi S.A. shares in 2003. Finally, Fraport AG Frankfurt Airport Services Worldwide acquired 57.25 per cent of Alterra Lima Holdings in 2007, while the International Finance Corporation, member of the World Bank group and Fund for Investment in Infrastructure, Public Services and Natural Resources became a partner in 2008. Consequently, the shareholding of Lima Airport Partners S.R.L. is structured as follows:

- 70.01 per cent, Fraport AG Frankfurt Airport Services Worldwide;
- 19.99 per cent, International Finance Corporation; and
- 10.00 per cent, Fund for Investment in Infrastructure, Public Services and Natural Resources.

Other concessions were granted for two groups of Peruvian airports. First, Aeropuertos del Perú (AdP) was incorporated in 2006, in partnership with Swissport GBH Perú and ANA Aeroportos de Portugal. AdP was granted a 25-year concession to build, operate and transfer

airports in the north and northeast of the country, located in Tumbes, Talara, Piura, Chiclayo, Trujillo, Anta-Huaraz, Chachapoyas, Cajamarca, Tarapoto, Pucallpa and Iquitos. It also operates the southern Pisco airport. Talma Servicios Aeroportuarios acquired AdP in 2010.

Second, Aeropuertos Andinos del Perú, jointly held by Corporación América de Argentina (a unit of Argentine business magnate Eduardo Eurnekian, that includes Aeropuertos Argentina 2000), and Andino Investment Holdings Peru (a Peruvian logistics, ports and transport company), won the concession to build and run six airports in southern Peru in September 2008. Aeropuertos Andinos del Peru is required to build, operate and transfer airports in Apurímac, Ayacucho, Puno, Puerto Maldonado, Arequipa and Tacna, over a 25-year concession period.

Third, a concession for Cusco International Airport is expected to be granted in a near future.

Finally, CORPAC still operates 44 small airports in Peru under the delegation made by the DGTA.

### **Commercialization/privatization: ANSP**

CORPAC continues to hold under its responsibility the control functions on security, air navigation services, aeronautical regulation and services of communications, meteorology, search and rescue and, in general, the technical aspects of air navigation services.

### **Economic oversight: Airports**

All aeronautical revenues are regulated by the Organismo Supervisor de la Inversión en Infraestructura de Transporte de Uso Público (OSITRAN, Supervisory Agency for Investment in Public Transport Infrastructure). Lima Airport Partners S.R.L., in addition to share a percentage of its revenues with the Government of Peru, is subject to a price-cap regulatory framework reviewed every five years. LAP operates under a dual-till regime.

The concessions awarded to Aeropuertos del Perú and Aeropuertos Andinos del Perú were based on the least subsidy for operations. The concessionaires' revenues are collected from regulated airport activities and commercial activities. In order to ensure a minimum return to the concessionaries for airport investment and operation, the two airport groups receive governmental payments for works, maintenance and operations.

### **Economic oversight: ANSP**

The General Directorate of Civil Aviation continues to regulate and set air navigation services charges.

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