

SUMMARY OF MASTER'S DISSERTATION

Student Identification Number	81033386	Name	Jorge Nikaidoh
Title Analysis and Evaluation of different policies in the Copper Industry of the Republic of Peru			
Abstract There is a group of scientists like as, Frankel from Harvard Kennedy School, or Olayele from Victoria University that affirms that exist and “natural resource curse” phenomena, which make natural-resources-countries destined to be under poverty and in a low growth rate. It is true that this kind of scientist demonstrated that there is some relation between “great amount of natural resources” and “low growth rate”. However, it does not mean that they could be able to demonstrate a “cause-and-effect” relation between these two factors. Actually, there are some countries that developed economically through natural resources. Australia, Canada and Chile are some of these typical cases. This study is focused on “develop through natural resources” and begins by a simple question: “Does the Southamerican country Peru has the enough potential to develop by resources?” To make clear this incognite, based on one of the pillars industries of Peru, it is discussed what kind of policies are the best for Peru to develop at a maximum during the next 25 years. Therefore, the purposes of this paper are the following two points: 1). To improve the Peruvian Mineral Industry System by identifying and analyzing the existing problems and considering policies. 2). To maximize the Peruvian utility function by resources policies. Based on these purposes, this research goal are: 1). To make a comparative and qualitative analysis of the Peruvian mineral market and the Chilean, in order to find out the critical problems of the Peruvian mining industry and based on it propose policies to the improvement of it. 2). To evaluate and demonstrate quantitatively the realizability of the policy proposed. Thus, to architecture a model that shows the positive impact of this polivy in the Peruvian utility function. 3). To propose a concrete policy in order to maximize the Peruvian utility function. In blunt terms, the work on this research was as follows: Firstly, I made a qualitative comparative analysis of Peru and Chile, both minerals-countries, and determined the “as is” and “to be” of the mining industry system. Secondly, by structuring a CGE model I calculated the optimal taxation rate and analyzed it effects on the other Peruvian industry. Thirdly, considered the possibility of the “nationalization” of the Peruvian mining sector companies and modeled the behavior of the Peruvian government. At this part, also made a simulation of several scenarios (price variation case, production volume variation case, etc). As a result of these two analysis, I demonstrate that “nationalization” make the utility fuction growth to the maximum. Finally, I also calculated the benefit of making a “penalty system” to the environmental problem, which has a great importance nowadays. After all this, to validate and verificate that my “nationalization” proposal, I made a comparative analysis with recent cases in other countries, like Bolivia and Saudi Arabia and Brasil. As a conclusion, this research showed quantitative and qualitatively that if the republic of Peru would like to “growth to the maximum” during the next 25 years, it is indispensable to nationalize the mining industry.			
Key words: Mine Industry, Copper, Peru, Optimal Policy, CGE, Economics			