

Peru Declares State of Emergency on Farm Protests

By Alex Emery
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Peru's government declared a state of emergency after a farmers' protest left at least four dead and more than 700 under arrest.

The government granted the armed forces control over the departments of Lima, Ancash and La Libertad in a bid to free about 1,000 stranded buses after protesters battled police and blocked roads and railway lines, Cabinet Chief Jorge del Castillo said today.

"The state can't remain impassive faced with this situation," del Castillo told reporters in Lima. "These measures are severe, but absolutely necessary to safeguard order in the country."

Farmers called the nationwide protest to push for state subsidies as part of a free-trade agreement with the U.S., for lower prices for fertilizers and for a halt to farm seizures by banks. Peru, the world's largest exporter of organic coffee, asparagus and paprika, boosted agricultural exports to the U.S. and China by 10 percent to \$2 billion last year.

"The agreements we've reached don't establish amounts or deadlines," said Enrique Malaga, president of the National Irrigation Board, which is organizing the protest. "The government has lost all credibility."

Protesters in the southern Andes blocked the railway line to the Inca citadel of Macchu Pichu, Peru's biggest tourist attraction, yesterday, forcing the suspension of the service, Orient Express Hotels Inc. unit Peru Rail said in an e-mailed statement.

Thousands Stranded

Thousands of passengers were stranded around the country without food or water, according to footage broadcast by Lima-based television station Canal N. Edinburgh-based photographer Martin O'Donnell said his wife and 4-year-old son had been trapped in the southern Andean desert of Majes for 48 hours.

"You don't expect to be put in this situation," O'Donnell said in a telephone interview from Scotland. "My family is stuck in the desert and we haven't heard anything from the government."

One protester was killed in a shootout with bus passengers on the north coast, and three others died during fighting with police in the southern Andes, Lima-based *Radioprogramas* reported.

The protests won't cut off food supplies to Lima, Peru's capital, as the coastal Pan-American Highway and central Andean highway are open, Agriculture Minister Ismael Benavides told reporters in Lima.

Faster Inflation

February inflation will be faster than expected because of a limited supply of fruit and vegetables from the north coast, said Roberto Flores, an analyst at Lima-based brokerage SAB Centura.

“Distribution problems might aggravate in coming days, provoking a temporary increase in some products' prices,” Flores wrote in a report today. “Blocked roads will also affect agro- exporting companies, as their products will face difficulties to arrive to the Callao port.”

Peru's sol rose 0.1 percent to 2.8987 per dollar at 2:20 p.m., near a nine-year high. The currency has gained 3.3 percent this year.

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