

**COUNTRY PROFILE REPORT OF ITJ DIVISION, DGCI&S
INDIA-PERU BILATERAL TRADE RELATIONS**

INTRODUCTION & BRIEF ECONOMIC OVERVIEW

The Republic of Peru lies in western South America, bordered by Ecuador and Colombia to the north, by Brazil and Bolivia to the east, and by Chile to the south. Peru has a coastline of more than 2,300 km (1,400 miles) on the Pacific Ocean. Peru is a member of the UN, WTO, OAS, Inter-American Development Bank, the Andean Group, LAIA, APEC, IOM and Antarctic Treaty

2. The economy of Peru is the 48th largest in the world (ranked by Purchasing Power Parity (PPP)), and the income level is classified as upper middle by the World Bank. Peru is, as of 2011, one of the world's fastest-growing economies owing to an economic boom experienced during the 2000s. As per IMF Executive Board Concludes 2024 Article IV Consultation with Peru May 21, 2024, Executive Directors of the IMF commended the Peruvian authorities for their sustained track record of very strong macroeconomic policies and institutional frameworks, that have effectively steered the country through social turmoil and severe climate shocks and supported the ongoing recovery. They positively noted that low public debt, abundant international reserves, a robust financial sector, and favourable access to international capital markets provide strong buffers against adverse shocks. Against this background, they supported the authorities' decision to exit the Flexible Credit Line arrangement upon its expiry in May 2024 given broadly balanced risks and the strength of Peru's buffers. Directors noted the authorities' commitment to maintaining sound institutions and policies to further strengthen Peru's resilience against external risks.

Directors also commended the central bank's early decisive monetary tightening, which was successful in anchoring inflation expectations and reducing inflation towards the target band. In that context, they agreed with the ongoing cautious data-dependent monetary policy easing. Directors also encouraged the central bank to maintain exchange rate flexibility to act as a shock absorber and support faster economic recovery. Noting the resilience of the financial system, Directors encouraged the authorities to remain vigilant and to continue to facilitate de-dollarization and capital market deepening.

A snapshot of Peru's select economic indicators is stated below TABLE 1

| Peru: Selected Economic Indicators | | | | | | | | | | | |
|---|--|------|------|------|--|-------|------|------|------|------|------|
| | | | | Est. | | Proj. | | | | | |
| | 2020 | 2021 | 2022 | 2023 | | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 |
| Social Indicators | | | | | | | | | | | |
| Poverty rate (total) 1/ | 30.1 | 25.9 | 27.5 | ... | | ... | ... | ... | ... | ... | ... |
| Unemployment rate for Metropolitan Lima (average) | 13.0 | 10.7 | 7.8 | 6.8 | | ... | ... | ... | ... | ... | ... |
| Production and Prices | (Annual percentage change, unless otherwise indicated) | | | | | | | | | | |
| Real GDP | -10.9 | 13.4 | 2.7 | -0.6 | | 2.5 | 2.7 | 2.3 | 2.3 | 2.3 | 2.3 |
| Output gap (percent of potential GDP) | -5.5 | 0.9 | 0.6 | -1.3 | | -0.7 | -0.2 | 0.0 | 0.0 | 0.0 | 0.0 |
| Consumer prices (end of period) | 2.0 | 6.4 | 8.5 | 3.2 | | 2.4 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| Consumer prices (period average) | 1.8 | 4.0 | 7.9 | 6.3 | | 2.3 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| Money and Credit 2/ 3/ | | | | | | | | | | | |
| Broad money | 29.2 | 2.7 | -0.3 | 1.5 | | 3.9 | 4.7 | 5.3 | 5.5 | 5.5 | 5.5 |

| | | | | | | | | | | | |
|---|-------|-------|-------|-------|--|-------|-------|-------|-------|-------|-------|
| Net credit to the private sector | 14.0 | 6.5 | 3.6 | 0.4 | | 4.0 | 4.8 | 5.1 | 5.5 | 5.5 | 5.5 |
| Credit-to-private-sector/GDP ratio (%) | 52.4 | 45.9 | 44.4 | 41.8 | | 41.4 | 41.4 | 41.6 | 42.0 | 42.5 | 43.0 |
| External Sector | | | | | | | | | | | |
| Exports | -10.7 | 47.0 | 5.2 | 1.5 | | -0.8 | 3.1 | 4.0 | 3.4 | 3.5 | 3.6 |
| Imports | -15.5 | 38.2 | 16.5 | -10.8 | | 5.3 | 4.3 | 3.1 | 3.3 | 3.5 | 3.2 |
| External current account balance (percent of GDP) | 1.1 | -2.2 | -4.0 | 0.6 | | -1.1 | -1.4 | -1.4 | -1.5 | -1.5 | -1.5 |
| Gross reserves In billions of U.S. dollars | 74.9 | 78.5 | 72.2 | 71.3 | | 73.8 | 76.3 | 78.4 | 80.8 | 82.7 | 84.4 |
| Percent of short-term external debt 4/ | 495 | 583 | 530 | 409 | | 459 | 438 | 438 | 430 | 483 | 493 |
| Percent of foreign currency deposits at banks | 222 | 229 | 207 | 205 | | 210 | 212 | 211 | 210 | 206 | 202 |
| Public Sector | | | | | | | | | | | |
| NFPS revenue | 21.8 | 25.5 | 26.9 | 23.9 | | 23.9 | 23.8 | 23.8 | 23.6 | 23.7 | 23.7 |
| NFPS primary expenditure | 29.1 | 26.5 | 27.0 | 25.0 | | 24.7 | 24.1 | 23.6 | 22.9 | 23.0 | 23.2 |
| NFPS primary balance | -7.3 | -1.0 | -0.1 | -1.1 | | -0.8 | -0.3 | 0.2 | 0.7 | 0.7 | 0.6 |
| NFPS overall balance | -8.9 | -2.5 | -1.7 | -2.8 | | -2.5 | -2.0 | -1.5 | -1.0 | -1.0 | -1.0 |
| NFPS structural balance 5/ | -7.0 | -4.0 | -2.2 | -2.5 | | -2.5 | -2.2 | -1.8 | -1.2 | -1.2 | -1.1 |
| NFPS structural primary balance 5/ | -5.4 | -2.5 | -0.7 | -0.9 | | -0.8 | -0.5 | -0.1 | 0.5 | 0.5 | 0.5 |
| Debt | | | | | | | | | | | |
| Total external debt 6/ | 43.7 | 46.3 | 43.0 | 40.6 | | 38.2 | 37.0 | 35.5 | 33.6 | 32.7 | 31.8 |
| Gross non-financial public sector debt 7/ | 34.9 | 36.1 | 33.9 | 32.1 | | 33.0 | 33.3 | 33.2 | 32.6 | 32.1 | 31.6 |
| External | 14.8 | 19.4 | 17.5 | 16.0 | | 15.3 | 14.2 | 13.1 | 11.5 | 10.9 | 10.3 |
| Domestic | 20.1 | 16.7 | 16.4 | 16.1 | | 17.8 | 19.0 | 20.1 | 21.1 | 21.3 | 21.4 |
| Savings and Investment | | | | | | | | | | | |
| Gross domestic investment | 19.9 | 21.7 | 22.1 | 19.2 | | 20.4 | 20.8 | 20.9 | 21.1 | 21.3 | 21.5 |
| Public sector (incl. repayment certificates) | 4.3 | 4.7 | 5.1 | 5.0 | | 4.8 | 4.8 | 4.9 | 4.9 | 5.0 | 5.1 |
| Private sector | 16.8 | 20.4 | 20.2 | 17.9 | | 17.7 | 17.4 | 17.2 | 16.9 | 16.7 | 16.6 |
| National savings | 21.0 | 19.5 | 18.1 | 19.8 | | 19.3 | 19.5 | 19.5 | 19.7 | 19.8 | 20.0 |
| Public sector | -4.6 | 2.8 | 4.4 | 3.0 | | 3.1 | 3.6 | 4.1 | 4.6 | 4.6 | 4.6 |
| Private sector | 25.6 | 16.7 | 13.7 | 16.8 | | 16.1 | 15.8 | 15.4 | 15.1 | 15.2 | 15.4 |
| Memorandum Items | | | | | | | | | | | |
| Nominal GDP (S/. billion) | 721 | 878 | 939 | 1,002 | | 1,051 | 1,102 | 1,151 | 1,202 | 1,255 | 1,309 |
| GDP per capita (in US\$) | 6,320 | 6,848 | 7,336 | 7,933 | | 8,291 | 8,567 | 8,839 | 9,115 | 9,397 | 9,685 |

Sources: National authorities; UNDP Human Development Indicators; and IMF staff estimates/projections.

1/ Defined as the percentage of households with total spending below the cost of a basic consumption basket.

2/ Corresponds to depository corporations.

3/ Foreign currency stocks are valued at end-of-period exchange rates.

4/ Short-term debt is defined on a residual maturity basis and includes amortization of medium and long-term debt.

5/ Adjusted by the economic cycle and commodity prices, and for non-structural commodity revenue. The latter uses as equilibrium commodity prices a moving average estimate that takes 5 years of historical prices and 3 years of forward prices according to the IMF's World Economic Outlook.

6/ Includes local currency debt held by non-residents and excludes global bonds held by residents.

7/ Includes repayment certificates and government guaranteed debt.

Source: IMF Executive Board Concludes 2024 Article IV Consultation with Peru May 21, 2024.

FOREIGN TRADE

3. As per recent available inputs on WITS (World Integrated Trade Solution), the five major merchandise export partners of Peru are China, United States, Japan, Canada and Korea Rep. On the other hand five major import partners Peru are China, United States, Brazil, Argentina and Mexico. Major five exported goods of Peru are (i) Copper ores and concentrates, (ii) Gold in unwrought forms non-monetary, (iii) Natural gas, liquefied, (iv) Copper cathodes and sections of cathodes unwrought and (V) Petroleum oils, etc, (excl. crude); preparation. On the other hand major five imported goods are i) Petroleum oils, etc, (excl. crude); preparation, (ii) Petroleum oils and oils obtained from bituminous, (iii) Petroleum oils and oils obtained from bituminous, (iv) Maize (excl. seed) and (v) Automobiles with reciprocating piston engine.

4. Peru's total exports in 2019 were of the order of US\$ 46,132 million. It has scaled up to US\$ 64,355 million in 2023 with 15.99% downfall recorded in 2020 and a pick-up by 45.16% in the year 2021. During the period from 2019 to 2023, the annual average compound rate of growth of exports was 8.68%.

5. Peru's total imports in 2019 were of the order of US\$ 42,376 million and which has touched US\$ 52,164 million mark in 2023 after having experienced 14.90% decline in the year 2020 pandemic hit-year. During the period from 2019 to 2023, the annual average compound rate of growth of Imports was 5.33%.

6. Peru runs an overall Balance of Trade surplus from 2019 to 2023 and that has scaled up to USD 12,191 million in 2023. But in 2022 it was a trade deficit of USD 2074 million. During the period from 2019 to 2023, the annual average compound rate of growth of total volume of trade was 7.12%.

A snapshot of Peru's overall Trade Statistics is presented in Table 2 and Figure 1.

A snapshot of India's merchandise trade statistics w.r.t. Peru is presented in Table 3 Figure 2

BILATERAL TRADE WITH INDIA

Merchandise Trade

7. India-Peru relations have traditionally been cordial and friendly. Since early 2000s, the relationship has acquired more economic and business content leading to a Joint Study on Feasibility of a Trade Agreement. Peru ranked 64th as an export destination in FY 2023-24 India exports to Peru 0.21 % of its total export value in FY 2023-24. In the same financial year imports from Peru was 0.46% of India's total import value. Peru was the 35th largest import partner of India in FY 2023-24. Almost 0.36% of India's international trade value was between India and Peru as has been recorded in FY 2023-24 as per DGCI&S data base.

8. Indo- Peru total volume of bilateral trade in FY 2019-20 was of the order of US\$ 2,339.21 million. It has scaled to US\$ 4,034.49 million in FY 2023-24. The annual compound growth rate of total volume of trade during the period from 2019-20 to 2023-24 has been of the order of 14.60%.

9. It appears from the available figures that between 2019-20 and 2023-24, India has had a deficit Balance of Trade with Peru. Exports from India to Peru increased maximum 17.38% in FY 2021-22. The annual average compound rate of growth of Exports was 4.76%. On the other hand, imports from Peru to India increased by

78.01% in FY 2021-22. During the period from 2019-20 to 2023-24, the annual average compound rate of growth of imports was 18.58%.

10. Additionally, from Tables 4 & 5 presented at Annexure-II below the following are stated:

- a. Motor Vehicle/Cars, Cotton Yarn and Drugs Formulations Biologicals are occupying the top three slots in India's exports to Peru in the year 2023-24. Motor Vehicle/Cars occupying the 21.34% share of export value India to Peru.
- b. Gold, Bulk Minerals And Ores and Silver are the three major commodities in India's imports list from Peru in the year 2023-24, India's imports a significant amount gold from Peru with a share of 89.77% of total imports from Peru recorded in 2023-24.

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TABLE - 2
PERU'S TOTAL EXPORTS AND IMPORTS, VOLUME OF TRADE AND BALANCE OF TRADE
BETWEEN 2019 - 2023

(Figures in USD Million)

| Year | Exports | Percentage Growth in Exports | Imports | Percentage Growth in Imports | Volume of Trade | Percentage Growth in Vol. of Trade | Balance of Trade |
|---------------------------|-----------------|------------------------------|-------------|------------------------------|-----------------|------------------------------------|------------------|
| 2019 | 46132 | | 42376 | | 88,508 | | 3756 |
| 2020 | 38757 | -15.99 | 36064 | -14.90 | 74,821 | -15.46 | 2693 |
| 2021 | 56260 | 45.16 | 51178 | 41.91 | 1,07,438 | 43.59 | 5082 |
| 2022 | 58172 | 3.40 | 60246 | 17.72 | 1,18,418 | 10.22 | -2074 |
| 2023 | 64355 | 10.63 | 52164 | -13.41 | 1,16,519 | -1.60 | 12191 |
| Annual Growth Rate | Compound | | | | | | |
| | 8.68 | | 5.33 | | 7.12 | | |

NOTE : Figures relate to calendar year (January to December)

SOURCE: UN COMTRADE PUBLICATION

Figure - 1

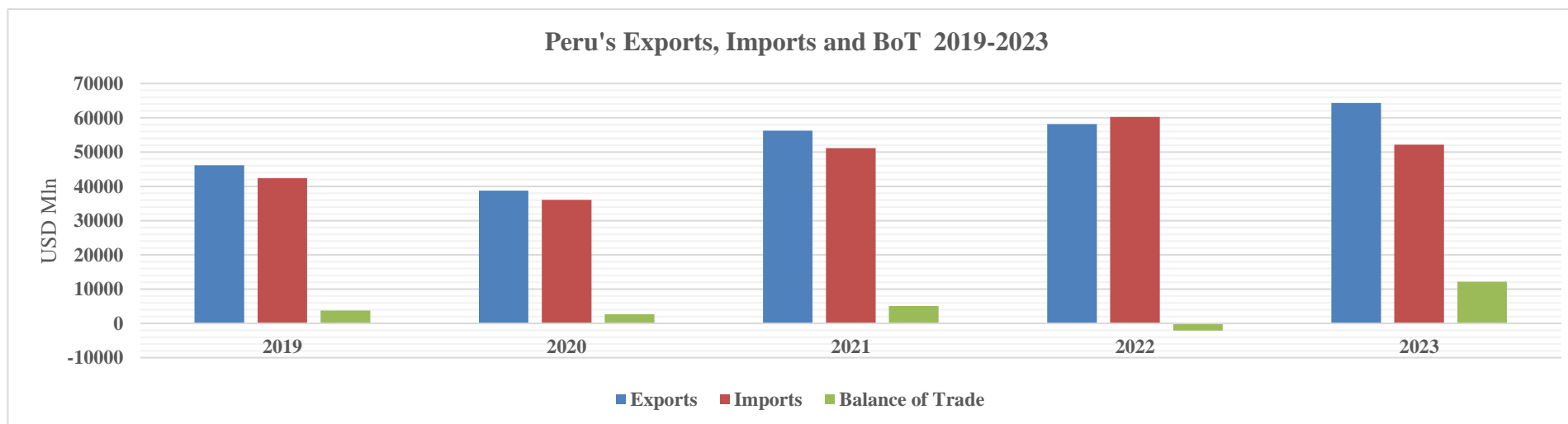


TABLE -4
INDIA'S MAJOR ITEMS OF MERCHANDISE EXPORTS TO PERU
2019-2020 TO 2023-2024 AND THEIR GROWTH RATES

(Value in USD Million)

| Sl. No. | Name of the Merchandise Commodities | Value of Exports | | | | | Annual Growth Rates | | | |
|-----------|---|------------------|---------------|---------------|---------------|---------------|---------------------|--------------------|--------------------|----------------------|
| | | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 20-21 over 2019-20 | 21-22 over 2020-21 | 22-23 over 2021-22 | 2023-24 over 2022-23 |
| 1 | Motor Vehicle/Cars | 140.79 | 94.40 | 126.16 | 212.95 | 196.37 | -32.95 | 33.64 | 68.79 | -7.79 |
| | Share in total export | 18.43 | 12.34 | 14.05 | 24.59 | 21.34 | | | | |
| 2 | Cotton Yarn | 128.27 | 141.09 | 193.33 | 103.13 | 133.59 | 9.99 | 37.03 | -46.66 | 29.54 |
| | Share in total export | 16.79 | 18.45 | 21.54 | 11.91 | 14.52 | | | | |
| 3 | Drugs Formulations Biologicals | 68.11 | 126.35 | 103.87 | 85.80 | 99.41 | 85.51 | -17.79 | -17.40 | 15.86 |
| | Share in total export | 8.91 | 16.52 | 11.57 | 9.91 | 10.80 | | | | |
| 4 | Two And Three Wheelers | 20.15 | 52.58 | 42.59 | 44.80 | 45.68 | 160.94 | -19.00 | 5.19 | 1.96 |
| | Share in total export | 2.64 | 6.88 | 4.74 | 5.17 | 4.96 | | | | |
| 5 | Manmade Yarn, Fabrics, Madeups | 42.80 | 40.73 | 31.97 | 30.96 | 38.01 | -4.84 | -21.51 | -3.16 | 22.77 |
| | Share in total export | 5.60 | 5.33 | 3.56 | 3.58 | 4.13 | | | | |
| 6 | Copper And Prods. Made Of Copper | 12.46 | 6.28 | 1.68 | 2.08 | 20.93 | -49.60 | -73.25 | 23.81 | 906.25 |
| | Share in total export | 1.63 | 0.82 | 0.19 | 0.24 | 2.27 | | | | |
| 7 | Auto Tyres And Tubes | 21.17 | 17.26 | 21.49 | 18.92 | 19.69 | -18.47 | 24.51 | -11.96 | 4.07 |
| | Share in total export | 2.77 | 2.26 | 2.39 | 2.18 | 2.14 | | | | |
| 8 | Telecom Instruments | 0.16 | 0.03 | 0.51 | 3.25 | 19.57 | -81.25 | 1600.00 | 537.25 | 502.15 |
| | Share in total export | 0.02 | 0.00 | 0.06 | 0.38 | 2.13 | | | | |
| 9 | Auto Components/Parts | 18.87 | 13.24 | 20.12 | 19.69 | 18.39 | -29.84 | 51.96 | -2.14 | -6.60 |
| | Share in total export | 2.47 | 1.73 | 2.24 | 2.27 | 2.00 | | | | |
| 10 | Indl. Machinery For Dairy Etc. | 7.82 | 9.70 | 15.18 | 13.97 | 17.29 | 24.04 | 56.49 | -7.97 | 23.77 |
| | Share in total export | 1.02 | 1.27 | 1.69 | 1.61 | 1.88 | | | | |
| | Total export to PERU | 764.02 | 764.78 | 897.70 | 865.91 | 920.18 | 0.10 | 17.38 | -3.54 | 6.27 |

NOTE : Figures relate to each Financial Year (April to March)

SOURCE : DGCI&S, M/o C&I

TABLE -5
INDIA'S MAJOR ITEMS OF MERCHANDISE IMPORTS FROM PERU
2019-2020 TO 2023-2024 AND THEIR GROWTH RATES

(Value in USD Million)

| Sl. No. | Name of the Merchandise Commodities | Value of Imports | | | | | Annual Growth Rates | | | |
|-----------|---|------------------|----------------|----------------|----------------|----------------|---------------------|--------------------|--------------------|--------------------|
| | | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 20-21 over 2019-20 | 21-22 over 2020-21 | 22-23 over 2021-22 | 23-24 over 2022-23 |
| 1 | Gold | 1423.66 | 1499.06 | 2313.16 | 1776.39 | 2795.61 | 5.30 | 54.31 | -23.21 | 57.38 |
| | Share in total imports | 90.38 | 98.57 | 85.44 | 78.92 | 89.77 | | | | |
| 2 | Bulk Minerals And Ores | 122.98 | 0.41 | 347.07 | 390.86 | 212.41 | -99.67 | 84551.22 | 12.62 | -45.66 |
| | Share in total imports | 7.81 | 0.03 | 12.82 | 17.37 | 6.82 | | | | |
| 3 | Silver | 1.04 | 0.63 | 2.31 | 14.51 | 40.51 | -39.42 | 266.67 | 528.14 | 179.19 |
| | Share in total imports. | 0.07 | 0.04 | 0.09 | 0.64 | 1.30 | | | | |
| 4 | Iron And Steel | 2.90 | 3.75 | 12.85 | 12.28 | 21.09 | 29.31 | 242.67 | -4.44 | 71.74 |
| | Share in total import | 0.18 | 0.25 | 0.47 | 0.55 | 0.68 | | | | |
| 5 | Coal, Coke And Briquittes Etc. | | | | 12.42 | 8.88 | | | | -28.50 |
| | Share in total import | | | | 0.55 | 0.29 | | | | |
| 6 | Fertilizers Crude | | | 9.01 | 21.55 | 7.10 | | | 139.18 | -67.05 |
| | Share in total import | | | 0.33 | 0.96 | 0.23 | | | | |
| 7 | Aluminium, Products Of Aluminium | 1.26 | 1.32 | 0.66 | 1.46 | 3.72 | 4.76 | -50.00 | 121.21 | 154.79 |
| | Share in total import | 0.08 | 0.09 | 0.02 | 0.06 | 0.12 | | | | |
| 8 | Inorganic Chemicals | 0.57 | 0.38 | 1.31 | 2.69 | 2.73 | -33.33 | 244.74 | 105.34 | 1.49 |
| | Share in total import | 0.04 | 0.02 | 0.05 | 0.12 | 0.09 | | | | |
| 9 | Residual Chemicals And Allied. Prod. | 1.12 | 1.73 | 2.57 | 2.63 | 2.43 | 54.46 | 48.55 | 2.33 | -7.60 |
| | Share in total import | 0.07 | 0.11 | 0.09 | 0.12 | 0.08 | | | | |
| 10 | Fresh Fruits | 1.06 | 0.68 | 0.93 | 1.56 | 2.31 | -35.85 | 36.76 | 67.74 | 48.08 |
| | Share in total import | 0.07 | 0.04 | 0.03 | 0.07 | 0.07 | | | | |
| | Total import from PERU | 1575.19 | 1520.88 | 2707.38 | 2250.75 | 3114.31 | -3.45 | 78.01 | -16.87 | 38.37 |

NOTE : Figures relate to each Financial Year (April to March)

SOURCE : DGCIS, M/o C&I