

## FOCUS ON INTERNATIONAL TRADE

### PERU

#### THE REPUBLIC OF PERU TODAY

Location	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.
Size	1,280,086 Sq. K.M. (496,225 Sq Miles)
Population	32,440,172 estimated for 2023.
Population Density	21 per sq. km. approximately.
Population Growth Rate	0.5% (est. for 2023).
Birth Rate	16.96 births/1000 population. (Est. 2023).
Death Rate	11.04 deaths/1000 population. (Est. 2023).
Life expectancy at Birth	68.94years. (Male 65.38 years and Female 72.67 years) Estimated for 2023.
Capital City	Lima
Other Large Cities	Arequipa, Trujillo, Callao, Chiclayo, Iquitos, Piura, Huancayo, Chimbote, Cusco, Pucallpa and Tacna etc.
Literacy	94.5%. Male 97% and Female 92% estimated for 2020.
Religion	Almost all of the inhabitants profess Christianity, and the great majority are adherents of the Roman Catholic Church.
Language	The three official languages are Spanish, Quechua and Aymara.
Climate	The climate varies with altitude, average temperatures being about 11 <sup>o</sup> C (20 <sup>o</sup> F) lower in the Andes mountains than in the coastal plain. The rainy season is between October and April, with heavy rainfall in the tropical forests. Temperatures in Lima are usually between 13 <sup>o</sup> C (55 <sup>o</sup> F) and 28 <sup>o</sup> C (82 <sup>o</sup> F).
International Relations	Peru is a member of the UN, WTO, OAS, Inter-American Development Bank, the Andean Group, LAIA, APEC, IOM and Antarctic Treaty.
Currency	The unit of currency is the Nuevo sol (PEN).

## NATIONAL ECONOMY

Economic activity in Peru rebounded strongly in 2021 from its deepest downturn in decades. The strong policy response in 2020 help mitigate the impact of the pandemic and created the conditions for a rapid recovery. Progress in the vaccination campaign allowed a gradual lifting of Covid-19 mobility restrictions. Real GDP rose 13.3 percent in 2021, supported by robust external demand, favorable terms of trade, and pent-up domestic demand. Real GDP surpassed its pre-pandemic level but remains below its pre-pandemic trend. Labor force participation and total employment haven't fully recovered. Poverty increased significantly in 2020 and is still above pre-pandemic levels despite some improvement in 2021. Volatility in financial markets has increased amid heightened political uncertainty.

Uncertainty around the outlook is high and the balance of risks is tilted to the downside. Growth is expected to slow to 3 percent in 2022 as external conditions tighten and the policy stimulus is withdrawn. External risks from ongoing geopolitical tensions, a sharp tightening of global financial conditions, extended global supply chain disruptions, and an abrupt growth slowdown in China, Peru's main trade partner could weigh on growth. Domestically, new Covid outbreaks could prompt the reintroduction of containment measures, while political uncertainty and social unrest could weigh on private investment. Inflationary pressures could be more persistent, requiring faster tightening of monetary policy. More rapid progress on containing the pandemic, both globally and domestically, and reduced political uncertainty could result in positive surprises.

Peru's very strong policy frameworks and macroeconomic buffers, further complemented by an FCL arrangement expiring on May 27, will help shield the economy from downside risks. Strong external and fiscal accounts, adequate reserve coverage, access to international capital markets, low public debt, and a resilient financial sector provide Peru with ample buffers to face adverse shocks.

### **Executive Board Assessment**

In the course of Article IV consultation between IMF and Peru, Executive Directors of the IMF agreed with the thrust of the staff appraisal. They commended the Peruvian authorities for a decisive macroeconomic policy response, sustained by very strong policy frameworks and buffers, that helped mitigate the impact of the Covid-19 pandemic and support a strong economic recovery. Directors noted, however, that the macroeconomic outlook remains uncertain, and external and domestic risks are still elevated. Against this background, they concurred that the policy mix should strike a balance between responding to rising inflation and managing downside risks to growth, as the impact of the pandemic on employment and poverty continues to be reversed. Directors also underscored the importance of maintaining and further strengthening policy institutional frameworks.

Directors agreed that fiscal policy should remain broadly neutral in the short term but a gradual consolidation, encompassing revenue mobilization and expenditure rationalization, including pension reforms, will be necessary to address emerging spending needs while preserving fiscal sustainability. They welcomed the authorities' steps to clarify policy intentions by aligning the fiscal rules and the medium-term budgeting framework, as well as their commitment to strengthen the Fiscal Council with technical assistance from the Fund.

Directors agreed that further tightening of monetary policy is warranted to bring inflation and inflation expectations back to the target range and help adjust to tighter global financial conditions. While foreign exchange intervention is warranted to contain excess volatility, Directors underscored that reducing its frequency would facilitate market development and de-dollarization.

Directors supported the gradual unwinding of pandemic-era prudential policies in a context of limited financial system vulnerabilities. They concurred that closing remaining regulatory and supervisory gaps and further enhancing systemic risk assessment will be important to strengthen financial resilience. Directors noted that exploring the introduction of a central-bank digital currency will require a thorough assessment of risks and costs.

Directors agreed that a renewed structural reform agenda in the context of the OECD accession process will be critical to mitigate scarring from the pandemic and support a green and inclusive recovery. They stressed the importance of addressing informality in the labor market, especially among women. More effective public services and greater transparency, including through civil service reform and anti-corruption measures, as well as a stable and predictable legal and regulatory environment, will be key to these efforts. Steps will also be needed to reduce risks from climate change, ease the transition to a low-emission economy, and contribute to global mitigation efforts.

<b>Peru: Selected Economic Indicators</b>						
	2019	2020	2021	Projections		
	2019	2020	2021	2022	2023	2024
<b>Social Indicators</b>						
Poverty rate (total) 1/	20.2	30.1	22.1	...	...	...
Unemployment rate (in percent; average)	6.6	13.9	10.9	...	...	...
	(Annual percentage change; unless otherwise indicated)					
<b>Production and prices</b>						
Real GDP	2.2	-11.0	13.3	3.0	3.0	3.0
Output gap (percent of potential GDP)	-1.6	-7.3	-0.4	-0.3	0.0	0.0
Consumer prices (end of period)	1.9	2.0	6.4	4.0	3.0	2.3
<b>External sector</b>						
Exports	-2.2	-10.6	47.1	16.1	3.4	2.8
Imports	-1.8	-15.6	39.3	17.9	4.7	4.8
External current account balance (% of GDP)	-1.0	0.8	-2.8	-1.5	-1.4	-1.5
Gross reserves						
In billions of U.S. dollars	68.4	74.9	78.5	78.2	77.9	78.9
Percent of short-term external debt 5/	428	487	586	561	537	565
<b>Money and credit 2/ 3/</b>						
Broad money	8.8	29.0	2.6	8.4	6.6	6.6
Net credit to the private sector	6.4	14.0	6.3	8.7	7.8	5.6
	(In percent of GDP; unless otherwise indicated)					
<b>Public sector</b>						
NFPS revenue	24.8	22.0	25.6	24.4	24.3	24.3
NFPS primary expenditure	25.0	29.2	26.6	25.5	25.1	24.5
NFPS primary balance	-0.2	-7.3	-1.0	-1.0	-0.8	-0.2
NFPS overall balance	-1.6	-8.9	-2.6	-2.6	-2.1	-1.5
<b>Debt</b>						
Total external debt 4/	34.7	43.3	46.1	43.5	40.0	37.8
NFPS gross debt 5/	27.1	35.1	35.9	34.4	34.7	34.4
External	8.5	14.9	19.6	20.2	19.4	18.5
Domestic	18.6	20.2	16.3	14.2	15.3	15.9
<b>Savings and investment</b>						

Gross domestic investment	21.0	19.3	21.3	25.1	24.7	24.5	
National savings	20.0	20.0	18.6	23.6	23.3	23.0	
<b>Memorandum items</b>							
Nominal GDP (S/. billions)	771	717	872	958	1,018	1,070	
GDP per capita (in US\$)	6,963	6,127	6,643	7,034	7,475	7,748	
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/ Includes local currency debt held by non-residents.							
5/ Includes repayment certificates and government guaranteed debt.							

“NATIONAL ECONOMY” is based on IMF Executive Board Concludes 2022 Article IV Consultation with Peru May 2, 2022.

## **FOREIGN TRADE**

**Peru’s** total exports in 2017 were of the order of US\$ 44,238 million. It increased to US\$ 56,260 million in 2021. Exports during the period from 2017 to 2021, in terms of percentage, grew highest (45.16%) in 2021 and fell maximum (-15.99%) in 2020 in comparison with 2020 and 2019 respectively. The annual average compound growth rate worked out at 6.19%.

Imports, on the other hand, were of the order of US\$ 51,178 million in 2021 while in 2017 it was US\$ 39,764 million. Imports during the period from 2017 to 2021, in terms of percentage, grew highest (41.91%) in 2021 and fell maximum (-14.90%) in 2020 as compared to 2020 and 2019 respectively. The annual average compound rate of increase worked out at 6.51%.

Volume of trade registered an annual average (compound) rate of growth of 6.34% from US\$ 84,002 million in 2017 to US\$ 107,438 million in 2021. Peru enjoyed a surplus balance of trade during the said period.

Peru’s export and import, volume and balance of trade between 2017 and 2021 along with their growth rates are given in **Table-I**.

Of Peru’s 294 airports, the major international airport is Jorge Chavez Airport near Lima. Other important international airports are Coronel Francisco Secade Vignetta Airport, near Iquitos, Velasco Astete Airport, near Cuzco, and Rodriguez Ballon Airport near Arequipa. The national carrier is Aeroperu.

Most trade is through the port of Callao but there are 13 deep-water ports, mainly in northern Peru (including Salaverry, Pacasmayo and Paita) and in south (including the iron and ore port of San Juan). There are river ports at Iquitos, Pucallpa and Yurimaguas, aimed at improving communications between Lima and Iquitos, and a further port is under construction at Puerto Maldonado.

## **BILATERAL TRADE WITH INDIA**

**Indo-Peru** bilateral trade in 2017-18 was of the order of Rs.20,206.32 crores. It increased to Rs.26,859.65 crores in 2021-22. The annual compound growth rate of volume of trade during the

period from 2017-18 to 2021-22 was 7.38%. India faced a deficit balance of trade during the period from 2017-18 to 2021-22 (**see table II**). The average annual compound growth rates of exports and imports worked out at 8.25% and 7.09% respectively.

India's exports to, and imports from Peru of Merchandised Goods during 2017-18 and 2021-22 along with their growth rates are presented in **Table II**. India's top ten merchandise goods exported to and imported from Peru, during 2017-18 to 2021-22, along with their growth rates are depicted in **Table III & IV** respectively.

## **Some Important Links**

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**Names and addresses of the organizations engaged in foreign trade in Peru are:-**

Comision para la Promocion de Exportaciones  
(PROMPEX)  
Republica de Panama No. 3647  
San Isidro  
LIMA 27  
Tel: (00511) 2211155  
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URL: <http://www.prompex.gob.pe>

Camara de Comercio de Lima  
Avda. Gregorio Escobedo 398  
LIMA 11  
Tel: (00511) 261 4400  
Fax: (00511) 463 2880  
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Asociation de Exportadores (ADEX)

Avenida Javier Prado Este 2875  
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URL: <http://www.comexperu.org.pe>

***Source:* The Statesman Year Book, the Europa World Year Book,  
Monthly Bulletin on Statistics UN Publication, IMF, World Bank.org,  
BBC News, the World Fact Book, World Development Indicator,  
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#### NOTICE

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**TABLE - I****PERU 'S TOTAL EXPORTS AND IMPORTS, VOLUME AND BALANCE OF TRADE****BETWEEN 2017 TO 2021.****(Figures in US MILLION DOLLARS)**

<b>Year</b>	<b>Exports</b>	<b>Percentage Growth in Exports</b>	<b>Import</b>	<b>Percentage Growth in Imports</b>	<b>Volume of Trade</b>	<b>Percentage Growth in Vol. of Trade</b>	<b>Balance of Trade</b>
2017	44238		39764		84,002		4474
2018	48015	8.54	43143	8.50	91,158	8.52	4872
2019	46132	-3.92	42376	-1.78	88,508	-2.91	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
<b>Annual Compound Growth Rate</b>	<b>6.19</b>		<b>6.51</b>		<b>6.34</b>		
<b>NOTE</b>	: Figures relate to calendar year, January to December.						
<b>SOURCE</b>	: <b>UN COMTRADE PUBLICATION</b>						

## **TABLE - II**

### **INDIA'S EXPORT TO AND IMPORT FROM PERU OF MERCHANDISE GOODS DURING 2017-2018 TO 2021-2022**

(Value in CRORES)

<b>Year</b>	<b>Exports</b>	<b>Percentage Growth in Exports</b>	<b>Import</b>	<b>Percentage Growth in Imports</b>	<b>Volume of Trade</b>	<b>Percentage Growth in Vol. of Trade</b>	<b>Balance of Trade</b>
2017-18	4874.80		15331.52		20206.32		-10456.72
2018-19	5040.54	3.40	16692.63	8.88	21733.17	7.56	-11652.09
2019-20	5408.75	7.30	11141.19	-33.26	16549.94	-23.85	-5732.44
2020-21	5648.64	4.44	11217.06	0.68	16865.70	1.91	-5568.42
2021-22	6693.32	18.49	20166.33	79.78	26859.65	59.26	-13473.01

**Annual  
Compound  
Growth  
Rate**

**8.25**

**7.09**

**7.38**

NOTE : Figures relate to Financial Year April to March.

SOURCE : Directorate General of Commercial Intelligence & Statistics,  
Ministry of Commerce & Industry, Kolkata 700 107.



**TABLE -III****INDIA'S MAJOR MERCHANDISE EXPORT TO PERU****2017-2018 TO 2021-2022 AND THEIR GROWTH RATES****( Value in Rs.CRORES)**

Sl. No.	Name of the Merchandise Commodities	Value of Exports					Annual Growth Rates			
		2017-18	2018-19	2019-20	2020-21	2021-22	18-19 over 2017-18	19-20 over 2018-19	20-21 over 2019-20	21-22 over 2020-21
<b>1</b>	<b>Cotton Yarn</b>	<b>798.48</b>	<b>840.44</b>	<b>908.25</b>	<b>1040.66</b>	<b>1442.84</b>	<b>5.25</b>	<b>8.07</b>	<b>14.58</b>	<b>38.65</b>
	Share in total export	16.38	16.67	16.79	18.42	21.56				
<b>2</b>	<b>Motor Vehicles/Cars</b>	<b>1021.16</b>	<b>709.60</b>	<b>996.55</b>	<b>694.64</b>	<b>941.11</b>	<b>-30.51</b>	<b>40.44</b>	<b>-30.30</b>	<b>35.48</b>
	Share in total export	20.95	14.08	18.42	12.30	14.06				
<b>3</b>	<b>Drug Formulations, Biologicals</b>	<b>258.70</b>	<b>486.12</b>	<b>482.69</b>	<b>936.82</b>	<b>774.17</b>	<b>87.91</b>	<b>-0.71</b>	<b>94.08</b>	<b>-17.36</b>
	Share in total export	5.31	9.64	8.92	16.58	11.57				
<b>4</b>	<b>Iron &amp; Steel</b>	<b>289.21</b>	<b>114.42</b>	<b>53.93</b>	<b>75.49</b>	<b>507.86</b>	<b>-60.44</b>	<b>-52.87</b>	<b>39.98</b>	<b>572.75</b>
	Share in total export	5.93	2.27	1.00	1.34	7.59				
<b>5</b>	<b>Two &amp; Three Wheelers</b>	<b>162.83</b>	<b>129.80</b>	<b>142.63</b>	<b>386.21</b>	<b>317.59</b>	<b>-20.28</b>	<b>9.88</b>	<b>170.78</b>	<b>-17.77</b>
	Share in total export	3.34	2.58	2.64	6.84	4.74				
<b>6</b>	<b>Manmade Yarn, Fabrics, Madeups</b>	<b>336.06</b>	<b>412.15</b>	<b>302.87</b>	<b>300.13</b>	<b>238.14</b>	<b>22.64</b>	<b>-26.51</b>	<b>-0.90</b>	<b>-20.65</b>
	Share in total export	6.89	8.18	5.60	5.31	3.56				
<b>7</b>	<b>Auto Tyres And Tubes</b>	<b>100.49</b>	<b>129.83</b>	<b>149.33</b>	<b>127.13</b>	<b>160.39</b>	<b>29.20</b>	<b>15.02</b>	<b>-14.87</b>	<b>26.16</b>
	Share in total export	2.06	2.58	2.76	2.25	2.40				
<b>8</b>	<b>Auto components, Parts</b>	<b>215.77</b>	<b>181.70</b>	<b>133.21</b>	<b>97.58</b>	<b>149.88</b>	<b>-15.79</b>	<b>-26.69</b>	<b>-26.75</b>	<b>53.60</b>
	Share in total export	4.43	3.60	2.46	1.73	2.24				
<b>9</b>	<b>Cotton Fabrics Madeups Etc.</b>	<b>72.12</b>	<b>85.13</b>	<b>100.88</b>	<b>73.12</b>	<b>146.57</b>	<b>18.04</b>	<b>18.50</b>	<b>-27.52</b>	<b>100.45</b>
	Share in total export	1.48	1.69	1.87	1.29	2.19				
<b>10</b>	<b>Dyes</b>	<b>88.10</b>	<b>102.98</b>	<b>104.97</b>	<b>117.51</b>	<b>136.44</b>	<b>16.89</b>	<b>1.93</b>	<b>11.95</b>	<b>16.11</b>
	Share in total export	1.81	2.04	1.94	2.08	2.04				
	<b>Total export to PERU</b>	<b>4874.80</b>	<b>5040.54</b>	<b>5408.75</b>	<b>5648.64</b>	<b>6693.32</b>	<b>3.40</b>	<b>7.30</b>	<b>4.44</b>	<b>18.49</b>

**NOTE** : Figures relate to Financial Year, April to March.**SOURCE** : Directorate General of Commercial Intelligence & Statistics, Ministry of Commerce & Industry, Kolkata : 700 107.

**TABLE -IV****INDIA'S MAJOR MERCHANDISE IMPORT FROM PERU****2017-2018 TO 2021-2022 AND THEIR GROWTH RATES****( Value in Rs. CRORES)**

Sl. No.	Name of the Merchandise Commodities	Value of Imports					Annual Growth Rates			
		2017-18	2018-19	2019-20	2020-21	2021-22	18-19 over 2017-18	19-20 over 2018-19	20-21 over 2019-20	21-22 over 2020-21
<b>1</b>	<b>Gold</b>	<b>11450.87</b>	<b>15356.59</b>	<b>10064.88</b>	<b>11055.74</b>	<b>17245.89</b>	<b>34.11</b>	<b>-34.46</b>	<b>9.84</b>	<b>55.99</b>
	Share in total imports	74.69	92.00	90.34	98.56	85.52				
<b>2</b>	<b>Bulk Minerals &amp; Ores</b>	<b>3454.28</b>	<b>1034.12</b>	<b>875.01</b>	<b>3.00</b>	<b>2574.40</b>	<b>-70.06</b>	<b>-15.39</b>	<b>-99.66</b>	<b>85713.33</b>
	Share in total imports	22.53	6.20	7.85	0.03	12.77				
<b>3</b>	<b>Iron And Steel</b>	<b>8.83</b>	<b>26.96</b>	<b>20.42</b>	<b>27.66</b>	<b>95.76</b>	<b>205.32</b>	<b>-24.26</b>	<b>35.46</b>	<b>246.20</b>
	Share in total imports.	0.06	0.16	0.18	0.25	0.47				
<b>4</b>	<b>Fertilizers Crude</b>	<b>223.43</b>	<b>75.54</b>			<b>67.11</b>	<b>-66.19</b>	<b>-100.00</b>		
	Share in total import	1.46	0.45			0.33				
<b>5</b>	<b>Manmade Staple Fibres</b>	<b>33.45</b>	<b>39.50</b>	<b>13.33</b>	<b>13.98</b>	<b>34.61</b>	<b>18.09</b>	<b>-66.25</b>	<b>4.88</b>	<b>147.57</b>
	Share in total import	0.22	0.24	0.12	0.12	0.17				
<b>6</b>	<b>Other Construction Machinery</b>	<b>7.94</b>	<b>10.01</b>	<b>24.70</b>	<b>19.57</b>	<b>21.98</b>	<b>26.07</b>	<b>146.75</b>	<b>-20.77</b>	<b>12.31</b>
	Share in total import	0.05	0.06	0.22	0.17	0.11				
<b>7</b>	<b>Residual Chemicals And Allied Prods.</b>	<b>7.66</b>	<b>6.47</b>	<b>7.93</b>	<b>12.72</b>	<b>19.20</b>	<b>-15.54</b>	<b>22.57</b>	<b>60.40</b>	<b>50.94</b>
	Share in total import	0.05	0.04	0.07	0.11	0.10				
<b>8</b>	<b>Silver</b>	<b>1.85</b>	<b>11.84</b>	<b>7.37</b>	<b>4.66</b>	<b>17.17</b>	<b>540.00</b>	<b>-37.75</b>	<b>-36.77</b>	<b>268.45</b>
	Share in total import	0.01	0.07	0.07	0.04	0.09				
<b>9</b>	<b>Copper &amp; Products Of Copper</b>	<b>8.92</b>	<b>9.52</b>	<b>24.08</b>	<b>15.30</b>	<b>10.62</b>	<b>6.73</b>	<b>152.94</b>	<b>-36.46</b>	<b>-30.59</b>
	Share in total import	0.06	0.06	0.22	0.14	0.05				
<b>10</b>	<b>Inorganic Chemicals</b>	<b>11.92</b>	<b>2.86</b>	<b>4.04</b>	<b>2.84</b>	<b>9.79</b>	<b>-76.01</b>	<b>41.26</b>	<b>-29.70</b>	<b>244.72</b>
	Share in total import	0.08	0.02	0.04	0.03	0.05				
	<b>Total import from PERU</b>	<b>15331.52</b>	<b>16692.63</b>	<b>11141.19</b>	<b>11217.06</b>	<b>20166.33</b>	<b>8.88</b>	<b>-33.26</b>	<b>0.68</b>	<b>79.78</b>

**NOTE** : Figures relate to Financial Year, April to March.**SOURCE** : Directorate General of Commercial Intelligence & Statistics, Ministry of Commerce & Industry, Kolkata : 700 107.