

# Peru's Economic and Business Report

First Quarter 2024

June 2024


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**PERU** Ministry of Foreign Affairs



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The Peru's Economic and Business Report presents quarterly progress and projections of the main macroeconomic indicators.

Peru is considered one of the most important countries in Latin America and one of the world's leading emerging markets, with a solid recent history of economic and business stability.

Peru's macroeconomic strengths - low levels of debt, inflation and fiscal deficit, while maintaining high levels of international reserves - is widely recognized, not only by credit rating agencies but also by worldwide investors.

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# 1

## COUNTRY OVERVIEW

### Government

Peru is a democratic constitutional republic with a multiparty system. The President is the Chief of State and Head of Government and is elected every five years.

► President: Dina Boluarte Zegarra.

The President appoints the Prime Minister and the members of the Cabinet. There is a unicameral Congress of 130 members elected for a five-year period.

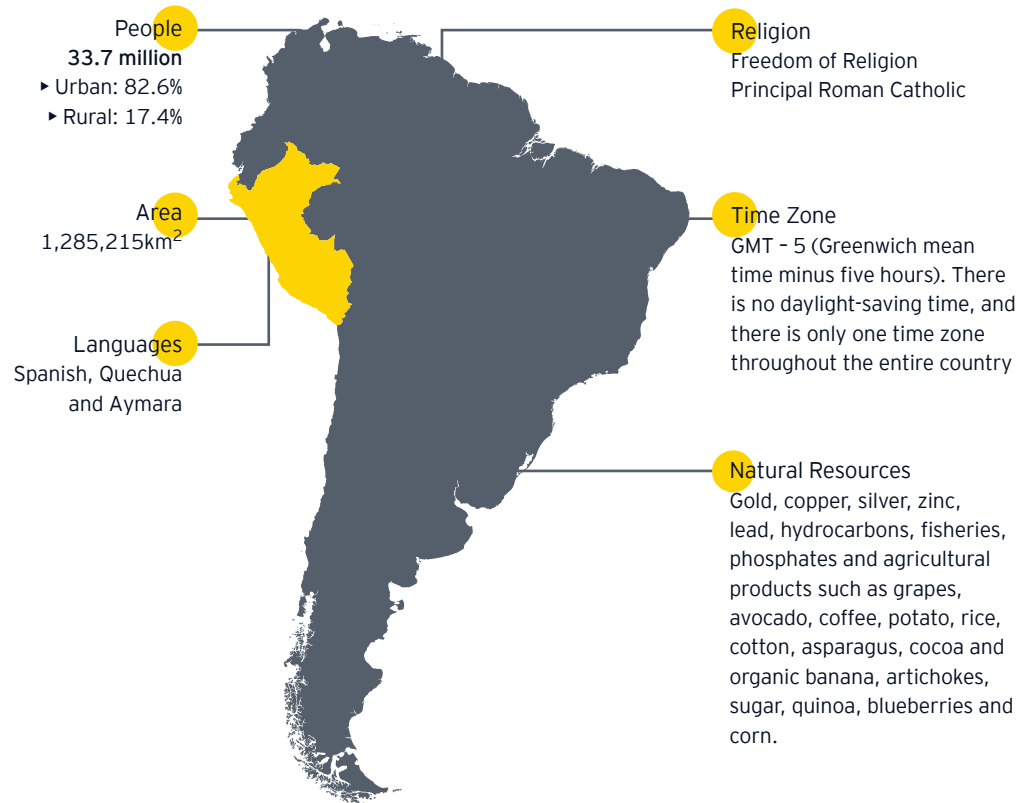
The legislative proposals can be submitted by both the executive and legislative branch and will become law once they are approved by the Congress and promulgated by the President. The judicial and electoral bodies are independent.

### Geography

► Located on the west central coast of South America, Peru is bordered by the Pacific Ocean to the west, by Chile to the south, by Brazil and Bolivia to the east, and Colombia and Ecuador to the north.

► Peru is divided geographically into three natural regions: the coast, a narrow strip measuring approximately 3,080 km long that accounts 11.7% of Peru's territory; the highlands, site of the Andean mountain range covering 27.9% of the national territory; and the amazon rainforest, which occupies 60.4% of the territory and is rich in petroleum and forest resources.

### GENERAL INFORMATION



Source: National Institute of Statistics and Information (INEI).



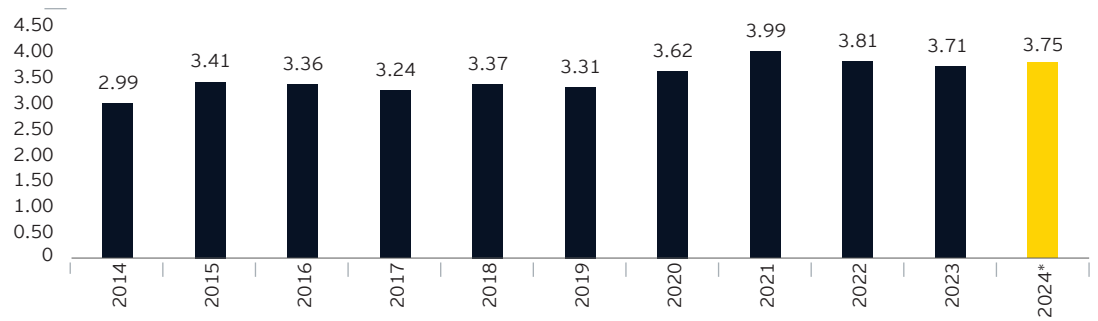
# MACROECONOMIC INDICATORS AND PROJECTIONS

## Currency

The official currency of Peru is the Sol (PEN -S/). The country has a free-floating exchange rate regime, with the Central Reserve Bank of Peru (BCRP) occasionally intervening for purposes of stabilization. As at March 31, 2024, banks were buying US Dollars at PEN3.714 and selling them at PEN3.721. The projection of the exchange rate for 2024 is PEN3.75.

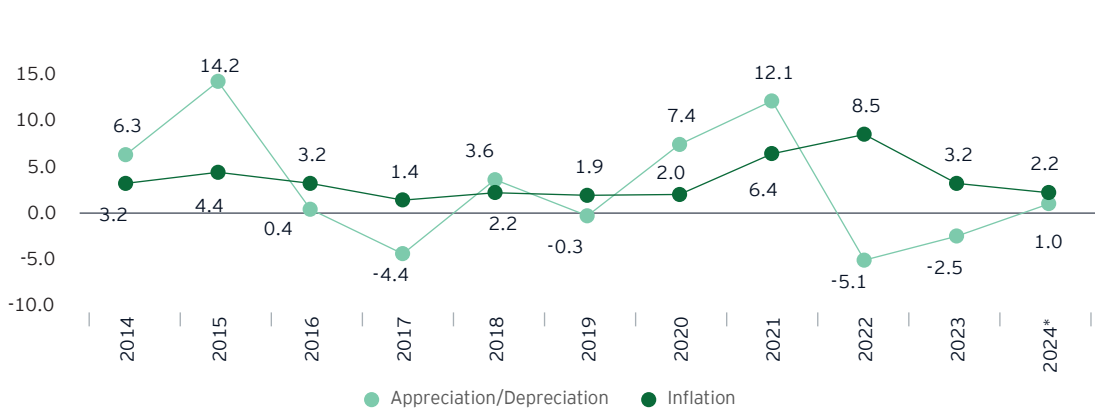
As of the end of the first quarter, the inflation rate in Peru was 2.7% and the depreciation rate of the Sol against the US Dollar for the same period was 1.5%. According to the Central Reserve Bank of Peru (BCRP) it is estimated that at the end of the year 2024, the inflation rate will be 2.2%, and the depreciation will be around 1.0%.

### EXCHANGE RATE EVOLUTION: SOLES PER USD1 (END OF EACH YEAR)



\*Projection. March 2024 Inflation Report.  
Source: Central Reserve Bank of Peru (BCRP).

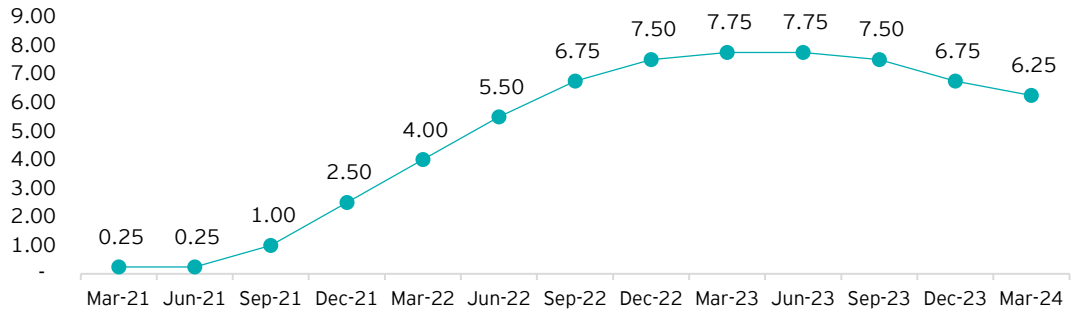
### AVERAGE APPRECIATION/DEPRECIATION AND INFLATION (PERCENTAGE)



\*Projection. March 2024 Inflation Report.  
Source: Central Reserve Bank of Peru (BCRP).

The Central Reserve Bank set the reference interest rate to 6.25% as of March, continuing with the normalization of the monetary policy position.

### MONETARY POLICY INTEREST RATE (PERCENTAGE)



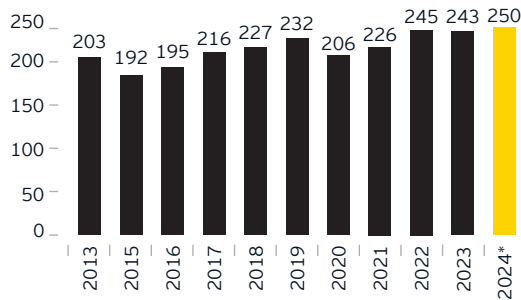
Source: Central Reserve Bank of Peru (BCRP).

### Gross Domestic Product (GDP) and International Reserves

Peru's GDP decreased 0.6% in 2023, and it is expected to grow 3.0% in 2024 according to the Central Reserve Bank of Peru (BCRP). Additionally,

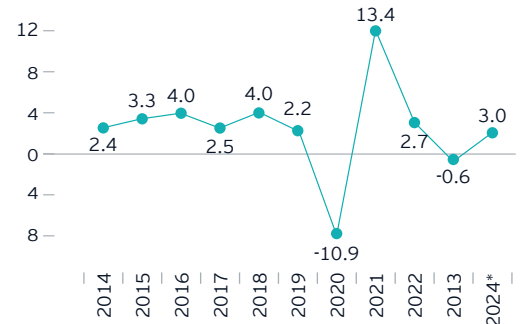
the Peruvian economy would grow 3.0% annually on average between 2024 and 2027, according to estimates by the Ministry of Economy and Finance.

### REAL GROSS DOMESTIC PRODUCT (GDP) OF PERU (IN USD BILLIONS)



\*Projection. March 2024 Inflation Report.  
Source: Central Reserve Bank of Peru (BCRP).

### GROSS DOMESTIC PRODUCT (GDP) (PERCENTAGE CHANGE)



\*Projection. March 2024 Inflation Report.  
Source: Central Reserve Bank of Peru (BCRP).

### PERU'S GROSS DOMESTIC PRODUCT (GDP) BY ECONOMIC SECTOR, BASED ON THE ECONOMIC STRUCTURE OF THE YEAR 2007



Source: National Institute of Statistics and Information (INEI).

### GROSS DOMESTIC PRODUCT (GDP) BY INDUSTRY (PERCENTAGE CHANGE)

Industry	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024 (Q1)	2024*
Agriculture and Livestock	1.6	3.5	2.7	2.9	7.7	3.5	1.0	4.6	4.5	-2.9	-0.7	3.5
Fisheries	-27.9	15.9	-10.1	4.7	47.7	-17.2	4.2	9.9	-11.4	-19.7	-29.5	10.5
Mining and Hydrocarbons	-0.9	9.5	16.3	3.4	-1.5	0.0	-13.4	8.1	0.5	8.2	7.6	1.8
Manufacturing	-3.6	-1.5	-1.4	-0.2	5.9	-1.7	-12.5	18.6	1.0	-6.6	-6.3	3.1
Electricity and Water	4.9	5.9	7.3	1.1	4.4	3.9	-6.1	8.5	3.9	3.7	3.9	3.9
Construction	2.2	-5.9	-3.2	2.2	5.3	1.4	-13.3	34.9	3.1	-7.9	5.1	3.2
Commerce	4.4	3.9	1.8	1.0	2.6	3.0	-16.0	17.8	3.3	2.4	2.4	3.2
Services	5.9	5.0	4.2	3.3	4.5	4.2	-9.6	10.0	3.2	-0.4	1.6	3.0
<b>GDP</b>	<b>2.4</b>	<b>3.3</b>	<b>4.0</b>	<b>2.5</b>	<b>4.0</b>	<b>2.2</b>	<b>-10.9</b>	<b>13.4</b>	<b>2.7</b>	<b>-0.6</b>	<b>1.4</b>	<b>3.0</b>

\*Projection. March 2024 Inflation Report. Q1=First Quarter of 2024.

Source: Central Reserve Bank of Peru (BCRP), National Institute of Statistics and Information (INEI).

### GROSS DOMESTIC PRODUCT (GDP) BY TYPE OF EXPENDITURE (PERCENTAGE CHANGE)

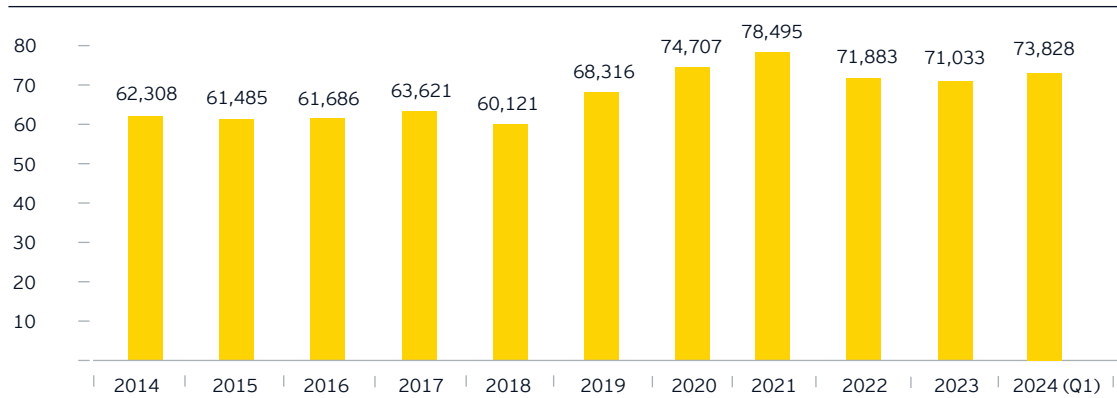
Variables	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024 (Q1)	2024*
Domestic Demand	2.4	2.9	1.3	1.6	4.1	2.2	-9.7	14.5	2.3	-1.7	2.1	3.1
a. Private Consumption	3.9	4.0	3.7	2.6	3.8	3.2	-9.9	12.4	3.6	0.1	1.2	2.7
b. Public Consumption	6.0	9.8	-0.6	0.7	0.4	2.2	7.5	10.9	-3.4	3.3	3.2	2.0
c. Private Investment	-2.0	-4.3	-5.0	0.0	4.1	4.5	-16.5	36.9	-0.4	-7.2	0.3	2.3
d. Public Investment	-2.9	-6.9	0.3	-1.8	5.5	-1.5	-15.1	24.8	7.7	1.4	39.9	4.0
Exports	-1.4	3.1	9.0	7.8	2.1	1.1	-19.7	13.2	6.1	3.7	2.5	2.7
Imports	-1.1	1.6	-1.6	4.5	2.4	1.0	-15.8	18.0	4.4	-0.9	5.4	3.0
<b>GDP</b>	<b>2.4</b>	<b>3.3</b>	<b>4.0</b>	<b>2.5</b>	<b>4.0</b>	<b>2.2</b>	<b>-10.9</b>	<b>13.4</b>	<b>2.7</b>	<b>-0.6</b>	<b>1.4</b>	<b>3.0</b>

\*Projection. March 2024 Inflation Report. Q1=First Quarter of 2024.

Source: Central Reserve Bank of Peru (BCRP).

Peru is estimated to maintain a comfortable level of international reserves, representing in 2023 the 27% of GDP. As of March 31, 2024, these reserves reached USD73.8 billion.

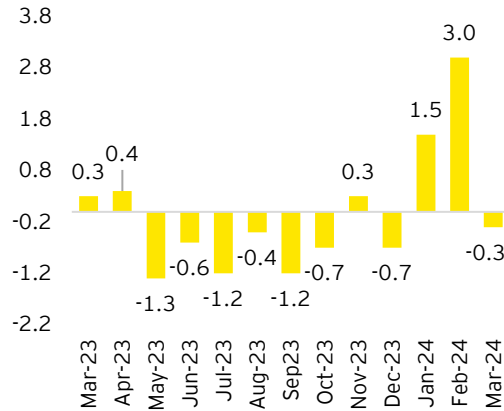
### NET INTERNATIONAL RESERVES (IN USD MILLIONS)



Source: Central Reserve Bank of Peru (BCRP).

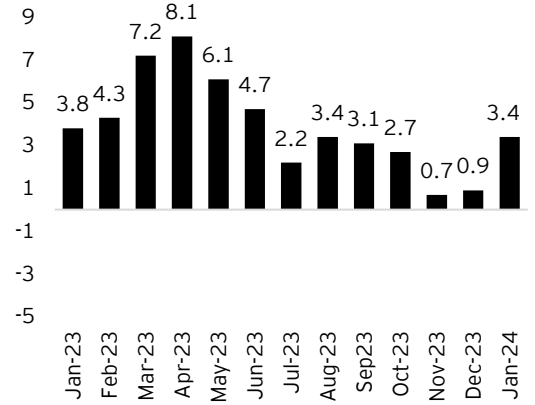
The economy grew 1.4% in the first quarter of the year; the BCRP projects 3.0% growth for 2024. The main indicators of the economy show an improvement at the beginning of the year.

**GROSS DOMESTIC PRODUCT (INTERANUAL PERCENTAGE CHANGE)**



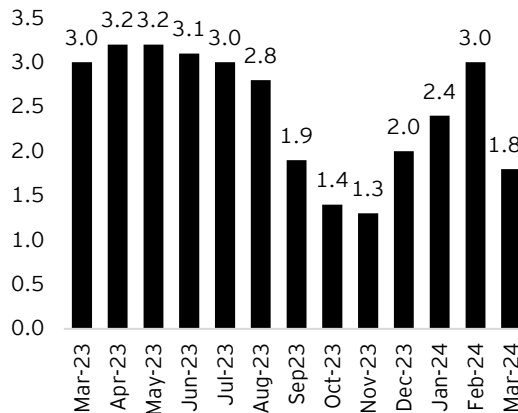
Source: National Institute of Statistics and Information (INEI).

**ELECTRICITY PRODUCTION (INTERANUAL PERCENTAGE CHANGE)**



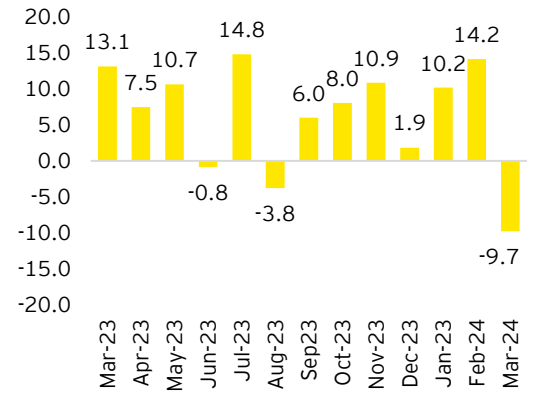
Source: National Institute of Statistics and Information (INEI).

**COMMERCE SECTOR GDP EVOLUTION (INTERANUAL PERCENTAGE CHANGE)**



Source: Central Reserve Bank of Peru (BCRP).

**TRADITIONAL EXPORTS (INTERANUAL PERCENTAGE CHANGE)**



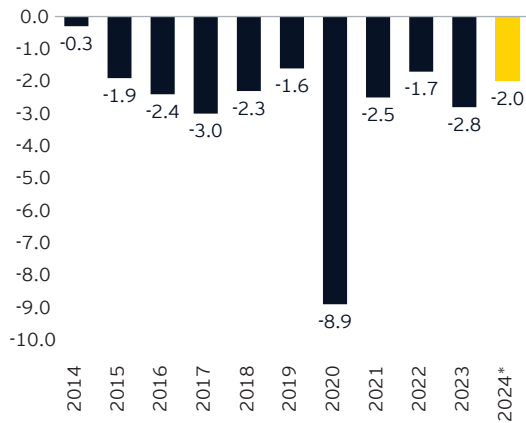
Source: Central Reserve Bank of Peru (BCRP).

## Public Sector

In 2023, Public deficit reached 2.8% of the GDP; it is expected to be 2.0% in 2024. Public spending will be around 20.5% of the GDP in 2024, as part of the

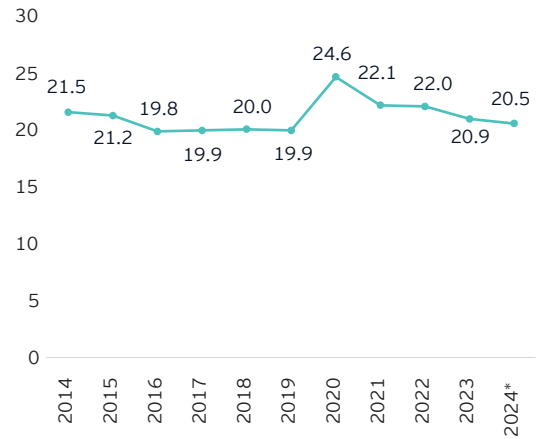
normalization macroeconomic policy and close to pre pandemic levels.

### ECONOMIC RESULTS (TAX SURPLUS / DEFICIT) OF THE NON-FINANCIAL PUBLIC SECTOR (PERCENTAGE OF THE GDP)



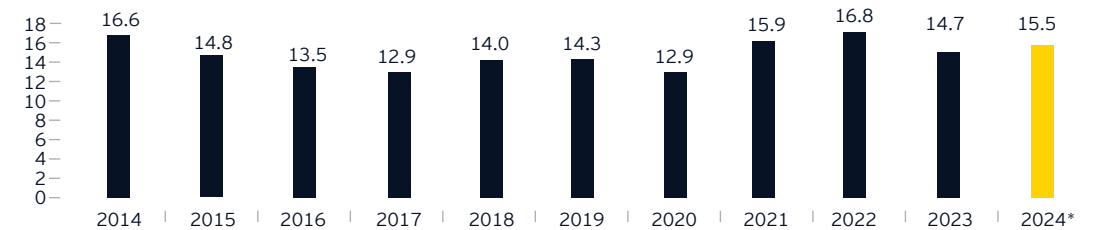
\*Projection. March 2024 Inflation Report.  
Source: Central Reserve Bank of Peru (BCRP).

### NON FINANCIAL PUBLIC SPENDING (PERCENTAGE OF THE GDP)



\*Projection. March 2024 Inflation Report.  
Source: Central Reserve Bank of Peru (BCRP).

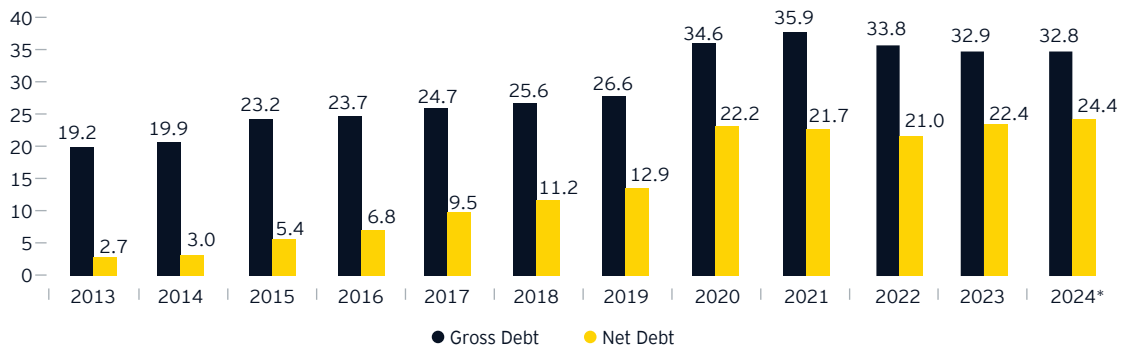
### TAX BURDEN (PERCENTAGE OF THE GDP)



\*Projection. March 2024 Inflation Report.  
Source: Central Reserve Bank of Peru (BCRP), National Superintendency of Customs and Tax Administration (SUNAT).



### DEBT OF NON-FINANCIAL PUBLIC SECTOR (PERCENTAGE OF GDP)



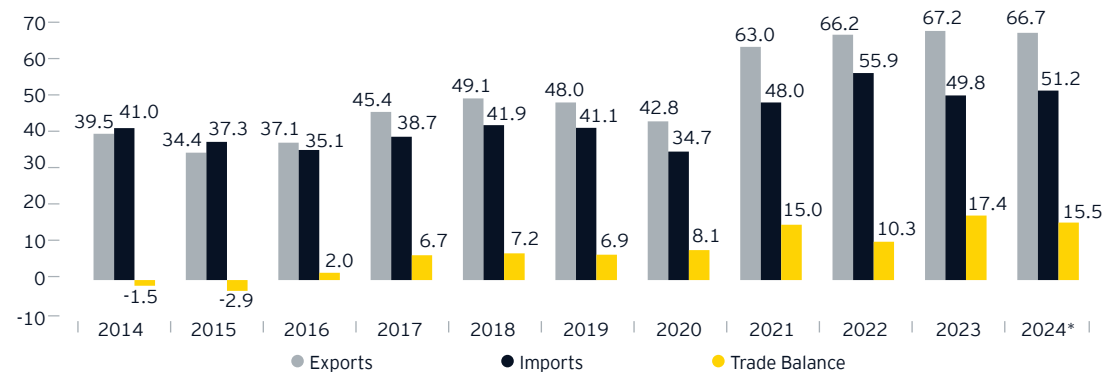
\*Projection. March 2024 Inflation Report.  
Source: Central Reserve Bank of Peru (BCRP).

### International Trade

In 2023, total exports amounted to USD67.2 billion, while total imports totaled USD49.8 billion. According to estimates, exports would reach USD66.7 billion in 2024, and imports USD51.2 billion.

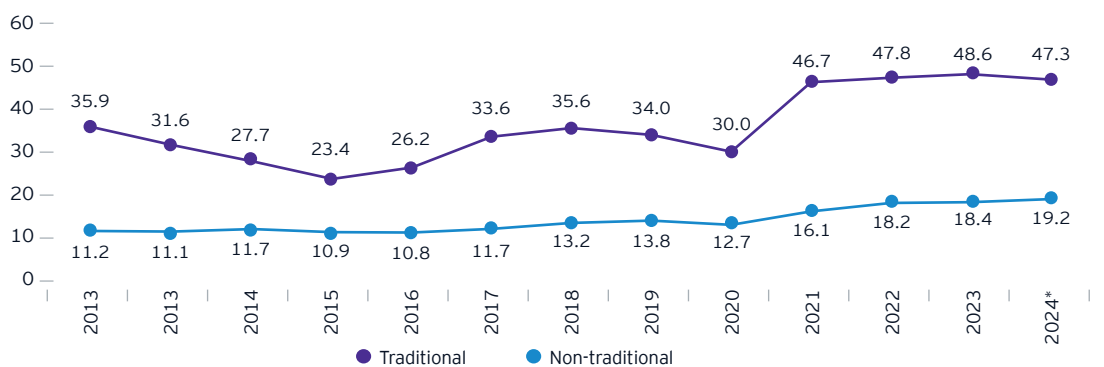
Traditional exports reached USD48.6 billion and non-traditional exports USD18.4 billion in 2023. It is estimated that in 2024, traditional exports will reach USD47.3 billion and non-traditional exports USD19.2 billion.

### TRADE BALANCE (IN USD BILLIONS)



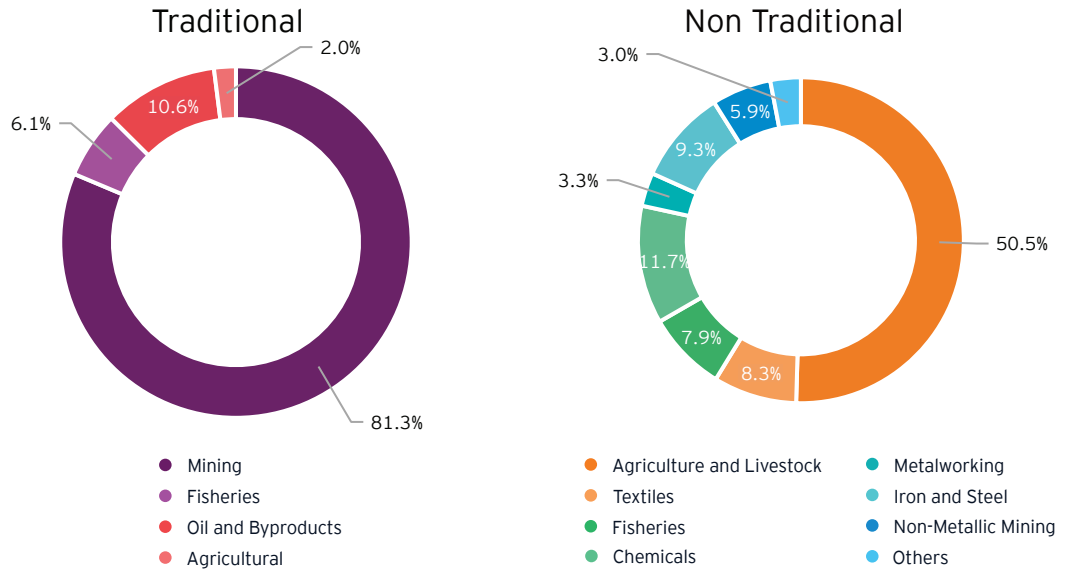
\*Projection. March 2024 Inflation Report.  
Source: Central Reserve Bank of Peru (BCRP).

### TRADITIONAL AND NON-TRADITIONAL EXPORTS (IN USD BILLIONS)



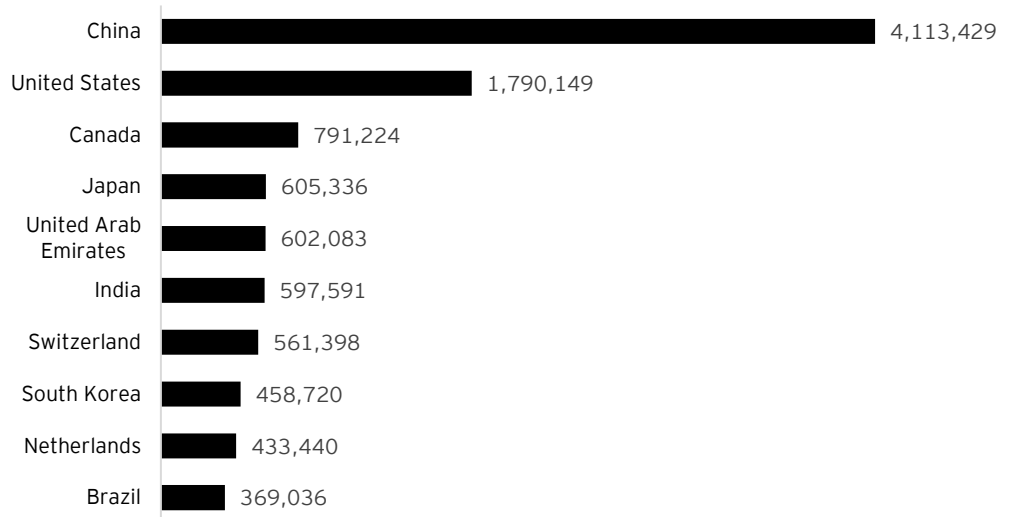
\*Projection. March 2024 Inflation Report.  
Source: Central Reserve Bank of Peru (BCRP).

**FINAL EXPORTS BY ECONOMIC SECTOR AS OF MARCH 2024 (PERCENTAGE STRUCTURE)**



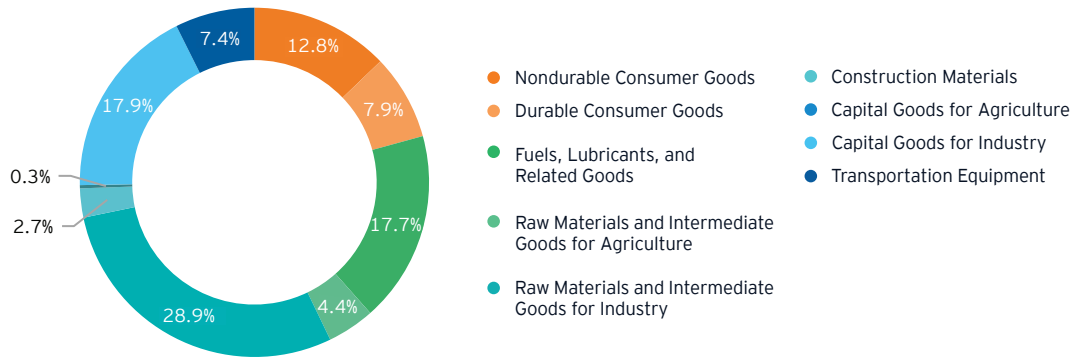
Source: National Superintendency of Customs and Tax Administration (SUNAT).

**EXPORTS BY TRADING PARTNER, TOP TEN PARTNERS AS OF MARCH 2024 (THOUSANDS OF USD)**



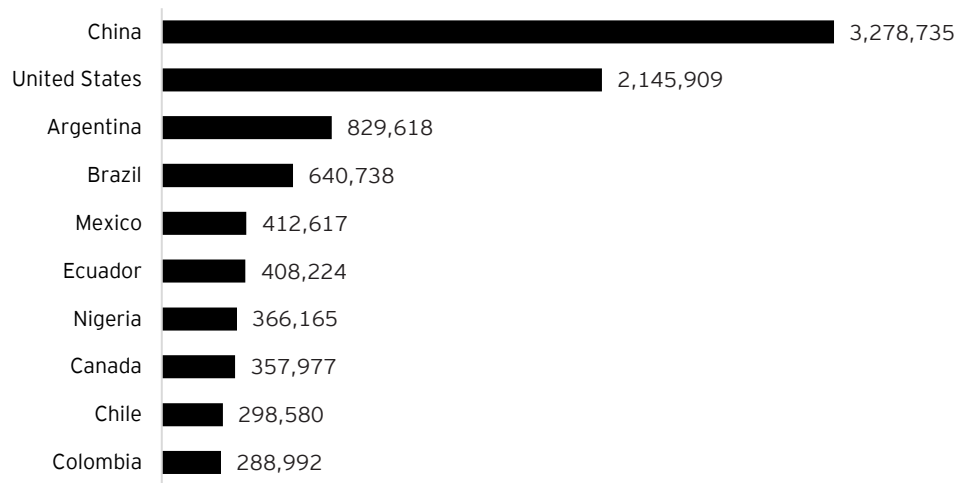
Source: National Superintendency of Customs and Tax Administration (SUNAT).

**IMPORTS OF CONSUMER GOODS ACCORDING TO CUODE AS OF MARCH 2024  
CLASSIFICATION (PERCENTAGE STRUCTURE)**



Source: National Superintendency of Customs and Tax Administration (SUNAT).

**IMPORTS BY TRADING PARTNER, TOP TEN PARTNERS AS OF MARCH 2024  
(THOUSANDS OF USD)**



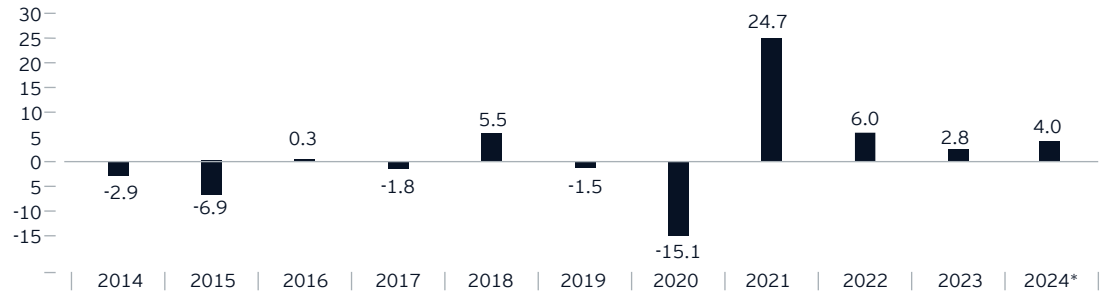
Source: National Superintendency of Customs and Tax Administration (SUNAT).



# 3 INVESTMENT ENVIRONMENT

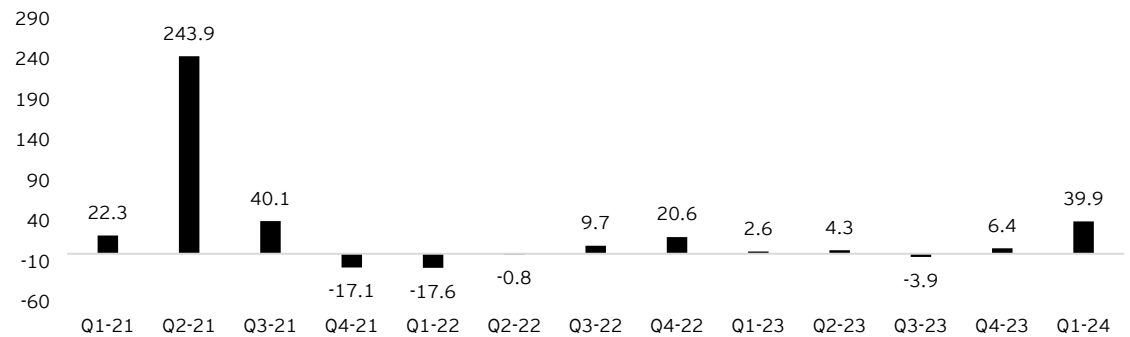
As of the first quarter of 2024, public and private investment grew 39.9% and 0.3% respectively. In 2024, the public investment is expected to grow 4.0%, while the private investment is expected to increase 2.3%.

## PUBLIC INVESTMENT (PERCENTAGE CHANGE)



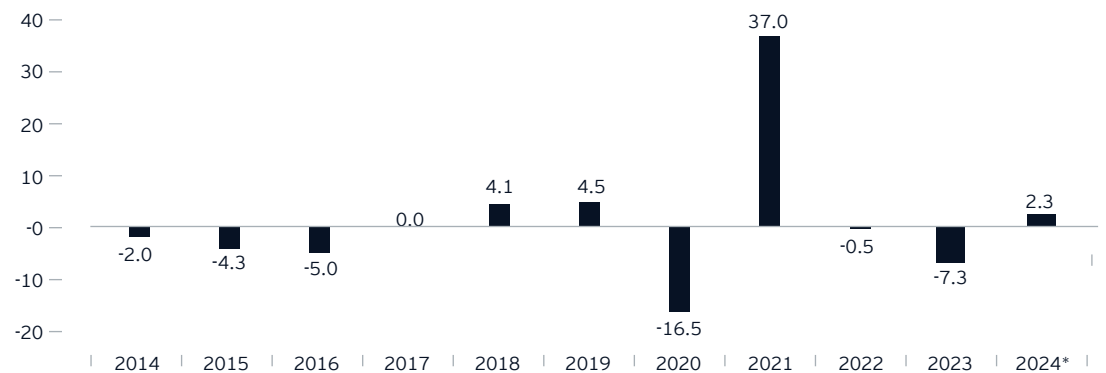
\*Projection. March 2024 Inflation Report.  
Source: Central Reserve Bank of Peru (BCRP).

## QUARTERLY PUBLIC INVESTMENT (ANNUALIZED PERCENTAGE CHANGE)



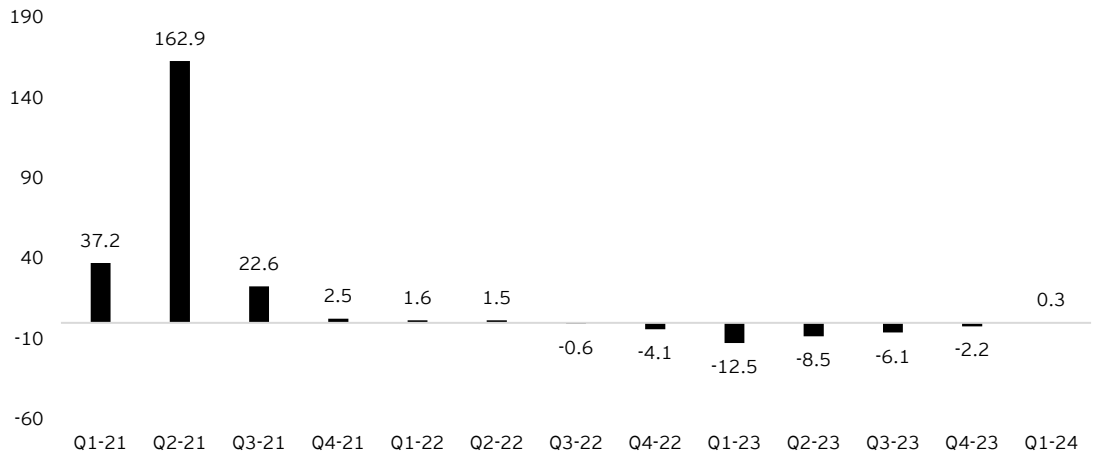
Source: Central Reserve Bank of Peru (BCRP).

## PRIVATE INVESTMENT (PERCENTAGE CHANGE)



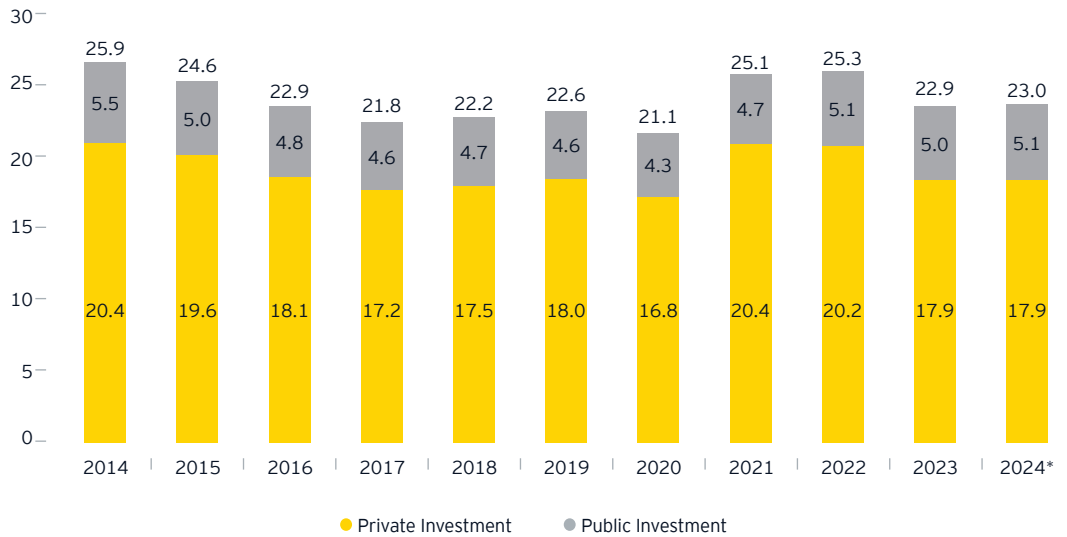
\*Projection. March 2024 Inflation Report.  
Source: Central Reserve Bank of Peru (BCRP).

**QUARTERLY PRIVATE INVESTMENT (ANNUALIZED PERCENTAGE CHANGE)**



Source: Central Reserve Bank of Peru (BCRP).

**FIXED GROSS INVESTMENT (PERCENTAGE OF GDP)**



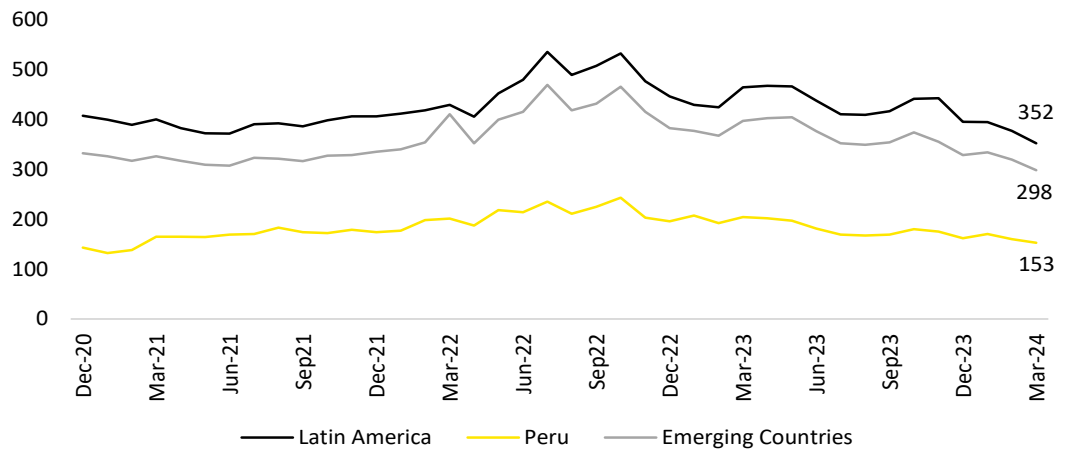
\*Projection. March 2024 Inflation Report.  
Source: Central Reserve Bank of Peru (BCRP).

## Country Risk and Investment Grade

As of March 31, 2024, Peru had a country risk of 153 basis points. This score is below that of Emerging Countries (298) and of the regional average (352).

As a result, Peru has been positively rated by the best-known risk rating agencies, thereby ratifying the country's investment grade and attracting international attention.

### COUNTRY RISK INDICATOR - EMBIG (IN BASIS POINTS)



Source: Reuters, Central Reserve Bank of Peru (BCRP).

### EVOLUTION OF THE LONG-TERM DEBT RATING IN FOREIGN CURRENCY

Agency	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024*
Fitch	BBB+	BBB+	BBB+	BBB+	BBB+	BBB+	BBB+	BBB	BBB	BBB	BBB
S&P	BBB+	BBB+	BBB+	BBB+	BBB+	BBB+	BBB+	BBB+	BBB	BBB	BBB-
Moody's	A3	A3	A3	A3	A3	A3	A3	Baa1	Baa1	Baa1	Baa1

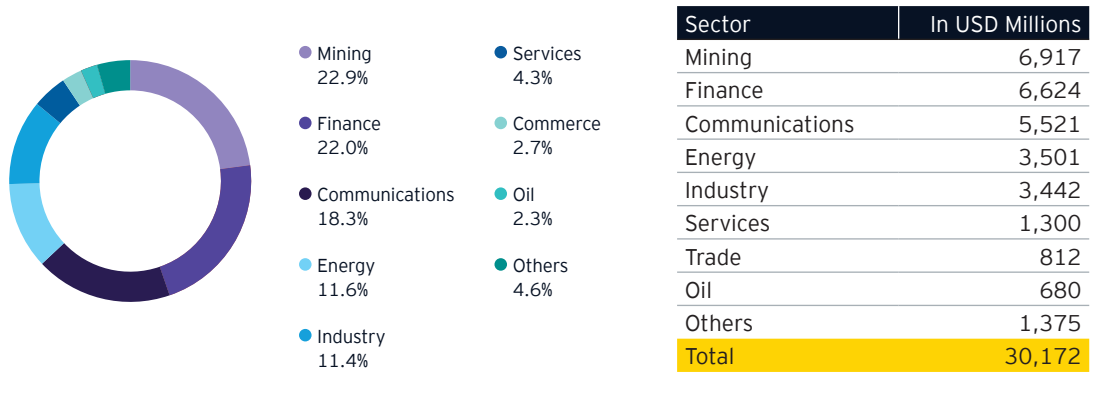
\*As of May 2024.

Source: Standard & Poor's, Fitch Ratings, Moody's.

## Foreign Direct Investment

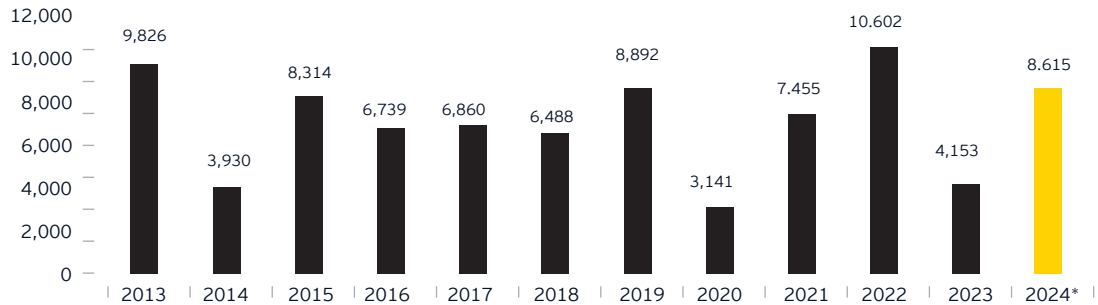
In 2023, the Foreign Direct Investment (FDI) flow reached USD4.2 billion, decreasing 61% compared to the previous year. The Mining, Communications and Finance sectors represent the 63% of total FDI.

### BALANCE OF FOREIGN DIRECT INVESTMENT BY INDUSTRY 2023



Source: Private Investment Promotion Agency (ProInversion).

### FOREIGN DIRECT INVESTMENT FLOW (USD MILLIONS)



\*Projection. March 2024 Inflation Report.

Source: Central Reserve Bank of Peru (BCRP).



# 4 INTERNATIONAL RELATIONS

Peru has been a member of the World Trade Organization (WTO) since 1995, and in 1998 it became a member of the Asia-Pacific Economic Cooperation Forum (APEC). In 2011, it formed the Pacific Alliance with Chile, Colombia, and Mexico. It is also a member country of the Latin American Integration Association (ALADI) and a associated state of the Southern Common Market (MERCOSUR). Peru has begun to follow a Country Program to join the Organization for Economic Cooperation and Development (OECD). This is a key tool to ensure Peru's successful entrance into the organization.

It is important to mention that foreign investors are protected against inconvertibility, expropriation, political violence, and other non-business risks via access to multilateral and bilateral agreements. Peru has signed an agreement with the Overseas Private Investment Corporation (OPIC) and the Convention Establishing the Multilateral Investment Guarantee Agency (MIGA). Peru has also entered into the World Bank's International Convention on the Settlement of Investment Differences (ICSID) as an alternative for the settlement of any disputes that may arise between investors covered by the ICSID and the Peruvian Government.

## Bilateral Investment Treaties (BITs)

Peru has signed 32 Bilateral Investment Treaties (BITs) with:

- |                  |                   |  |
|------------------|-------------------|--|
| ▶ Argentina      | ▶ El Salvador     | ▶ Romania                                  |
| ▶ Australia      | ▶ Finland         | ▶ Singapore                                |
| ▶ Bolivia        | ▶ France          | ▶ South Korea                              |
| ▶ Canada         | ▶ Germany         | ▶ Sweden                                   |
| ▶ Chile          | ▶ Italy           | ▶ Spain                                    |
| ▶ China          | ▶ Japan           | ▶ Switzerland                              |
| ▶ Colombia       | ▶ Malaysia        | ▶ Thailand                                 |
| ▶ Cuba           | ▶ The Netherlands | ▶ The Belgium-Luxembourg<br>Economic Union |
| ▶ Czech Republic | ▶ Norway          | ▶ The United Kingdom                       |
| ▶ Denmark        | ▶ Paraguay        | ▶ Venezuela                                |
| ▶ Ecuador        | ▶ Portugal        |  |

## Free Trade Agreements and Economic Integration Agreements

Peru has a total of 22 free trade agreements and economic integration agreements (TLCs & EIAs) in force with the Andean Community, Mercosur, the Pacific Alliance, the European Free Trade Association (EFTA), Australia, Canada, Chile, China, South Korea, Costa Rica, Cuba, United States, Honduras, Japan, Mexico, Panama, United Kingdom, Singapore, Thailand, the European Union, Venezuela and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). With the CPTPP, it has been possible to have preferential access to four countries with which Peru did not have a trade agreement, including New Zealand, Vietnam, Brunei and Malaysia.

Peru is currently in the midst of negotiations with Turkey, India, El Salvador, and Nicaragua, and is currently negotiation the optimization of its trade agreement with China.

## Double Taxation Avoidance Agreements

Currently, Peru has signed and ratified agreements to avoid double taxation with following countries: Brazil, Chile, Canada, Japan, Mexico, Portugal, South Korea, Switzerland and the Andean Community (together with Colombia, Ecuador and Bolivia).

On June 27, 2018, Peru signed the Multilateral Convention against base erosion and profit shifting, result of the OECD/G20 BEPS Project, which it is pending ratification.

Additionally, an agreement was signed with Spain and is currently pending ratification. Likewise, the negotiation with the United Kingdom have been successfully concluded, and the agreement is expected to be signed in the next months. There are also negotiations underway with Qatar, the United Arab Emirates, The Netherlands, Italy, France and Sweden.



For more information, find the Peru's Business, and Investment Guide 2023 and other specialized investment guides at:

<https://www.gob.pe/institucion/rree/colecciones/146-guias-de-negocios-e-inversion>



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### About EY

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### Ministry Of Foreign Affairs (MRE)

The Executive Office for Economic Promotion (DPE) is the institution of the Ministry of Foreign Affairs (MRE) responsible for coordinating with Peruvian missions abroad in an effort to promote Peru as a country capable of providing goods and services in international markets, as well as positioning it as a world-renowned tourist destination, and a country with interesting business and investment opportunities in different economic sectors.

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