



# Peru's Economic and Business Report

Fourth Quarter 2022

March 2023



PERU

Ministry  
of Foreign Affairs



Building a better  
working world



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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)



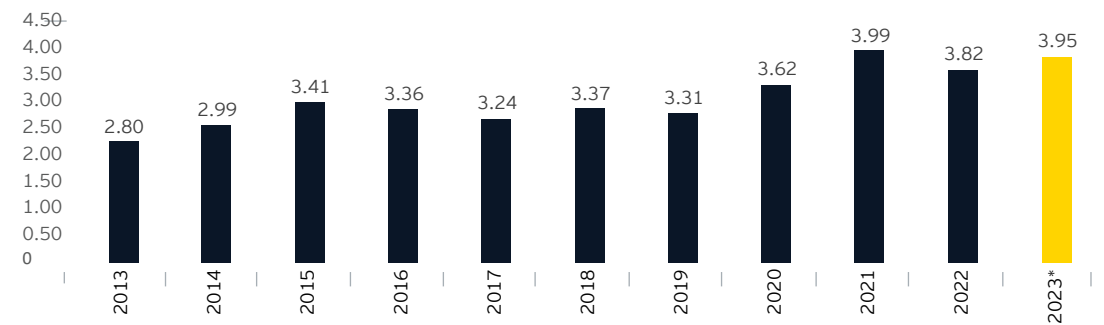
# MACROECONOMIC INDICATORS AND PROJECTIONS

## 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 December 31, 2022, banks were buying US Dollars at PEN3.808 and selling them at PEN3.820. The projection of the exchange rate for 2023 is PEN3.95.

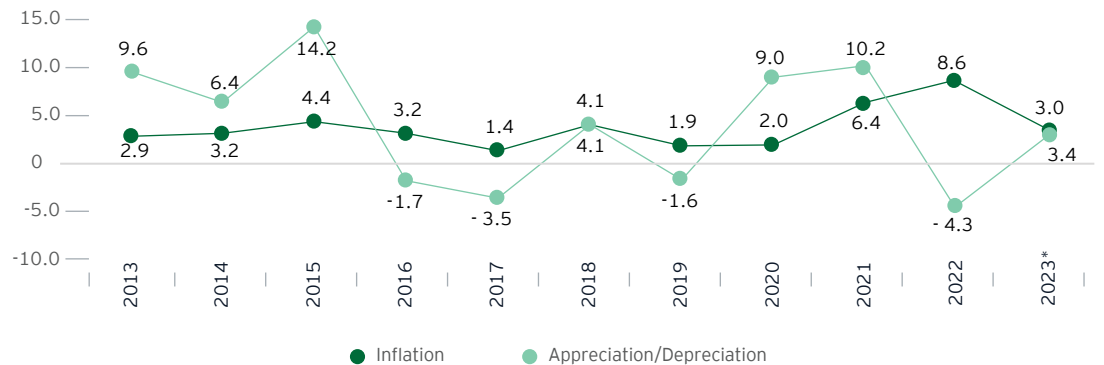
As of the end of 2022, the inflation rate in Peru was 8.6% and the appreciation rate of the Sol against the US Dollar for the same period was 4.2%. According to the Central Reserve Bank of Peru (BCRP) it is estimated that at the end of the year 2023, the inflation rate will be 3.0%, and the depreciation will be around 3.4%.

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



\*Projection. December 2022 Inflation Report  
Source: Central Reserve Bank of Peru (BCRP)

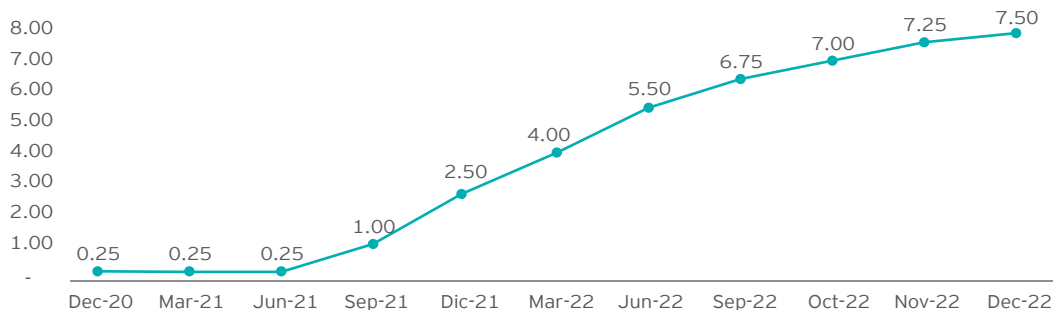
### APPRECIATION/DEPRECIATION AND INFLATION (PERCENTAGE)



\*Projection. December 2022 Inflation Report  
Source: Central Reserve Bank of Peru (BCRP)

The Central Reserve Bank raised the reference interest rate to 7.50% as of December, continuing with the normalization of the monetary policy position.

### REFERENCE INTEREST RATE (PERCENTAGE)



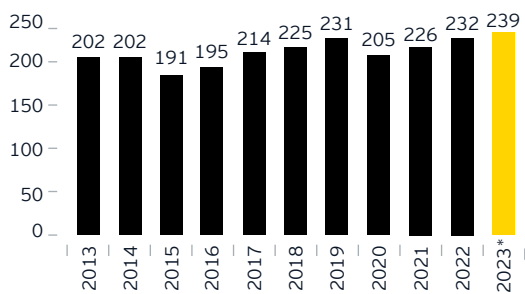
Source: Central Reserve Bank of Peru (BCRP)

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

Peru's GDP grew 2.7% in 2022, and it is expected to grow 2.9% in 2023 according to the Central Reserve Bank of Peru (BCRP). Additionally, the Peruvian

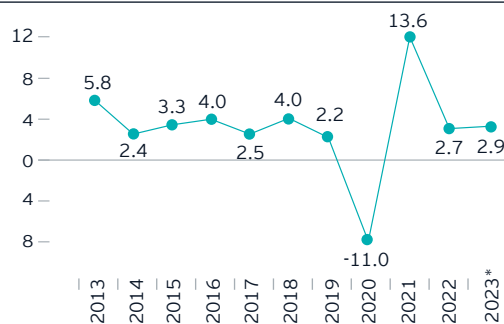
economy would grow 3.3% annually on average between 2022 and 2025, according to estimates by the Ministry of Economy and Finance.

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



\*Projection. December 2022 Inflation Report  
Source: International Monetary Fund (IMF), Central Reserve Bank of Peru (BCRP)

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



\*Projection. December 2022 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	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022(Q4)	2022	2023*
Agriculture and Livestock	2.7	1.6	3.5	2.7	2.8	7.8	3.4	1.4	4.5	2.4	4.3	2.4
Fisheries	24.8	-27.9	15.9	-10.1	4.7	47.7	-25.9	4.2	9.9	-16.2	-13.7	11.6
Mining	4.3	-2.2	15.7	21.2	4.5	-1.7	-0.8	-13.8	10.5	7.0	-0.3	8.6
Hydrocarbons	7.2	4.0	-11.5	-5.1	-2.4	0.0	4.6	-11.0	-4.6	-3.5	4.0	4.7
Manufacturing	4.9	-3.6	-1.5	-1.4	-0.2	5.9	-1.7	-13.2	17.8	-2.2	1.0	6.0
Electricity and Water	5.4	4.9	5.9	7.3	1.1	4.4	3.9	-6.1	8.5	5.2	3.9	5.0
Construction	0.0	1.9	-5.8	-3.2	2.1	5.3	1.5	-13.9	34.5	4.7	3.0	1.3
Commerce	5.9	4.4	3.9	1.8	1.0	2.6	3.0	-16.0	17.8	2.5	3.3	2.4
Other Services	6.1	5.1	4.1	4.1	3.3	4.4	3.8	-10.3	11.8	2.8	3.4	3.0
<b>GDP</b>	<b>5.8</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>-11.0</b>	<b>13.6</b>	<b>1.7</b>	<b>2.7</b>	<b>2.9</b>

\*Projection. December 2022 Inflation Report. Q4=Fourth Quarter of 2022.

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

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

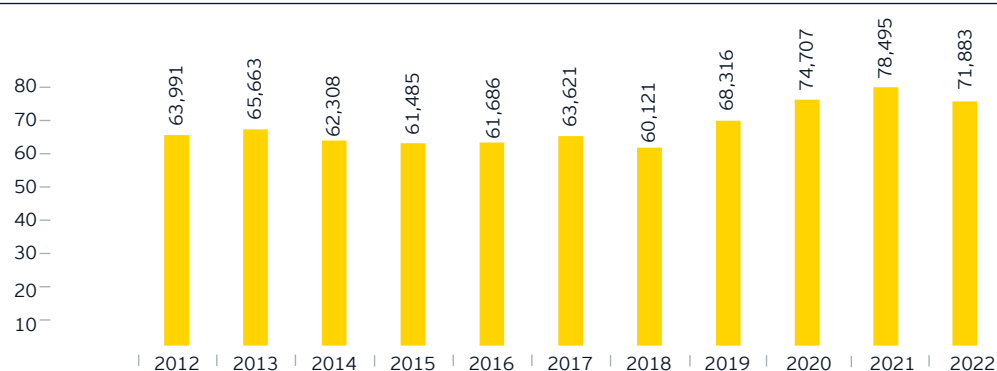
Variables	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022(Q4)	2022	2023*
Domestic Demand	7.2	2.2	2.9	1.1	1.4	4.2	2.3	-9.4	14.4	2.1	2.3	2.5
a. Private Consumption	5.3	4.1	3.4	3.5	3.8	3.8	3.0	-8.7	11.7	2.3	3.6	3.0
b. Public Consumption	6.7	10.1	9.5	5.7	3.0	0.1	2.1	7.2	10.7	-4.1	-1.1	2.0
c. Private Investment	6.4	-2.1	-4.5	-4.3	5.0	4.5	4.0	-16.5	37.6	-1.8	-0.3	1.0
d. Public Investment	12.1	-2.0	-7.5	10.3	4.5	5.6	-1.4	-15.5	23.7	23.4	5.5	0.0
Exports	-0.9	-0.8	3.3	6.9	5.5	2.4	0.8	-20.8	47.1	0.1	5.9	6.4
Imports	3.6	-1.4	2.4	-1.7	3.6	3.2	1.2	-15.6	39.2	1.9	4.2	4.6
<b>GDP</b>	<b>5.8</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>-11.0</b>	<b>13.6</b>	<b>1.7</b>	<b>2.7</b>	<b>2.9</b>

\*Projection. December 2022 Inflation Report. Q4=Fourth Quarter of 2022.

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

Peru is estimated to maintain a comfortable level of international reserves, representing in 2022 the 31% of GDP. As of December 31, 2022, these reserves reached USD71.9 billion.

### NET INTERNATIONAL RESERVES (IN USD MILLIONS)



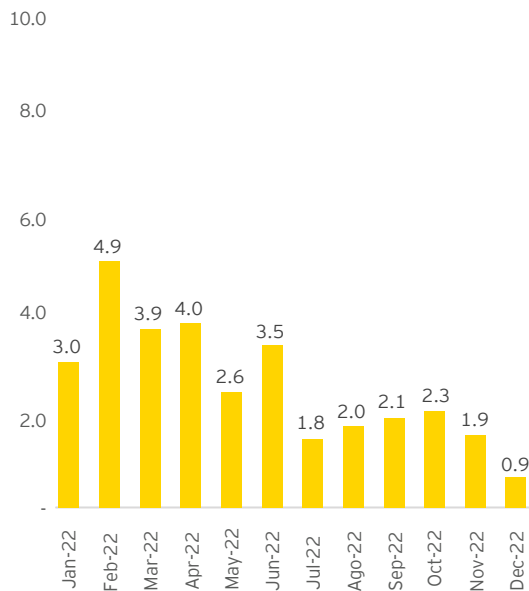
\*As of December 31, 2022

Source: Central Reserve Bank of Peru (BCRP)



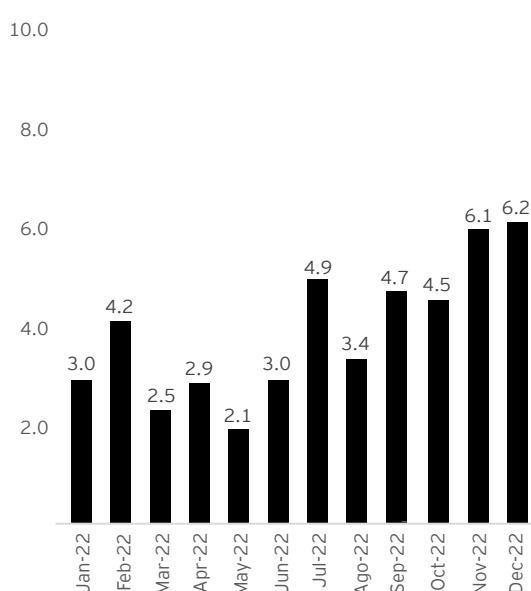
In the fourth quarter, the economy grew 1.7% accumulating a 2.7% growth during 2022. This recovery is supported by the main economy indicators which are already operating at pre pandemic levels.

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



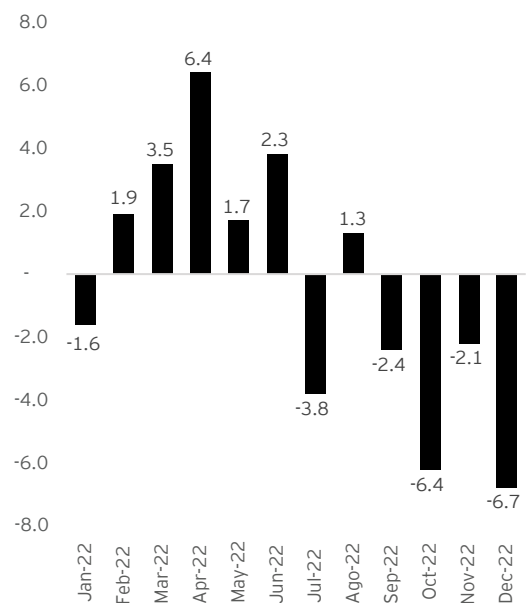
Source: National Institute of Statistics and Information (INEI)

**ELECTRICITY PRODUCTION (INTERANUAL PERCENTAGE CHANGE)**



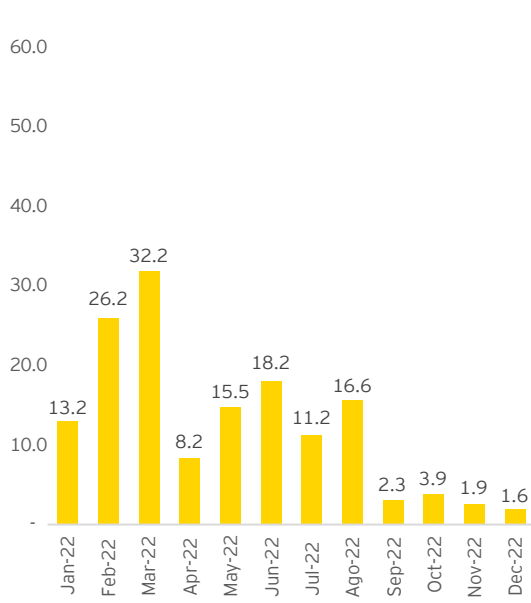
Source: National Institute of Statistics and Information (INEI)

**DOMESTIC CEMENT CONSUMPTION (INTERANUAL PERCENTAGE CHANGE)**



Source: National Institute of Statistics and Information (INEI)

**NON-TRADITIONAL EXPORTS (INTERANUAL PERCENTAGE CHANGE)**



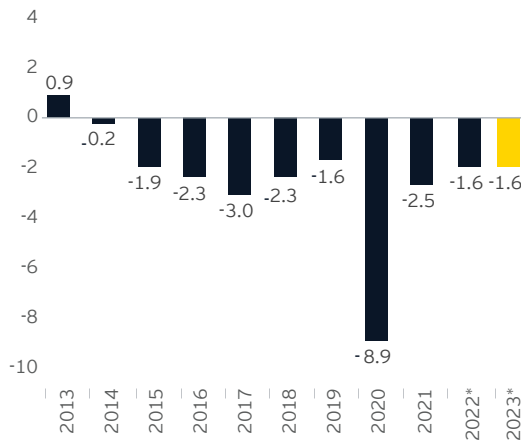
Source: Central Reserve Bank of Peru (BCRP)

## Public Sector

In 2022, Public deficit reached 1.6% of the GDP; it is expected to be 1.6% in 2023.

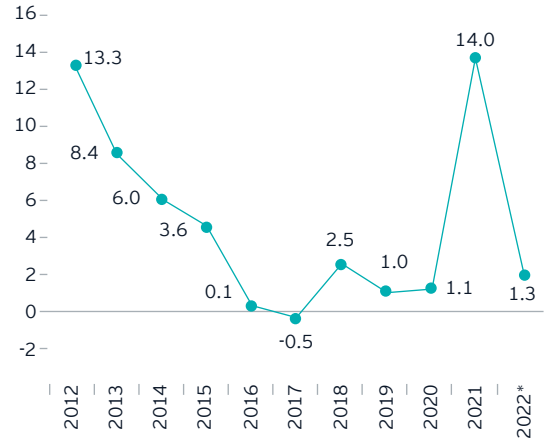
Public spending will continue to grow as part of the countercyclical macroeconomic policy to face the impact of Covid-19; it will grow 1.3% in 2022.

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



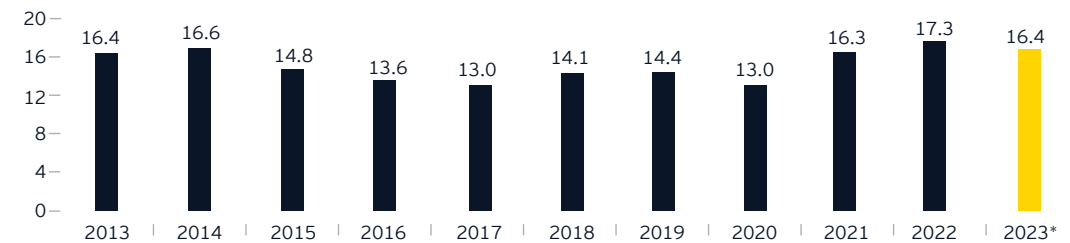
\*Projection. December 2022 Inflation Report  
Source: Central Reserve Bank of Peru (BCRP)

### PUBLIC SPENDING (PERCENTAGE CHANGE)



\*Projection. December 2022 Inflation Report  
Source: Central Reserve Bank of Peru (BCRP)

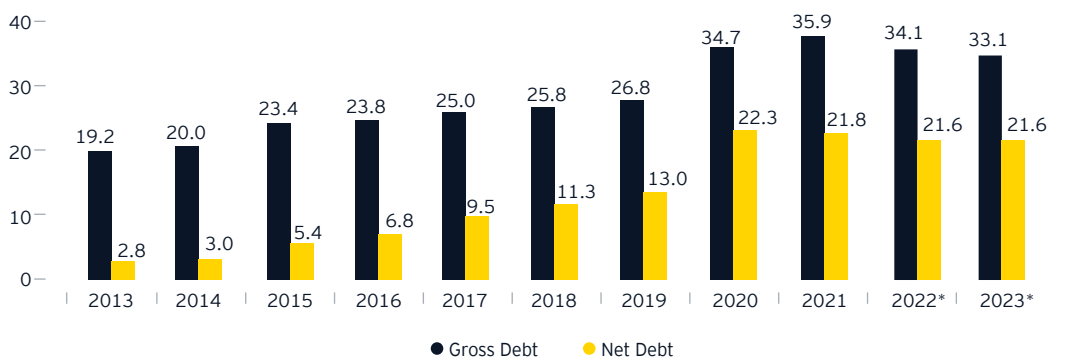
### TAX BURDEN (PERCENTAGE OF THE GDP)



\*Projection. December 2022 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 THE GDP)



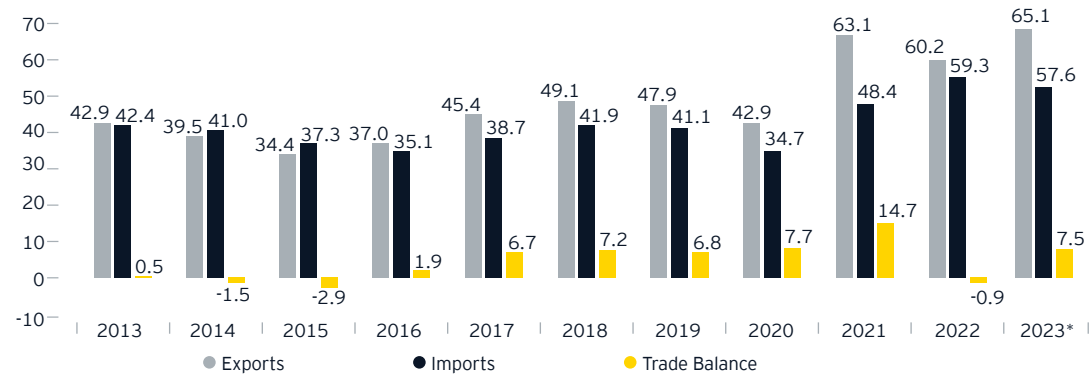
\*Projection. December 2022 Inflation Report  
Source: Central Reserve Bank of Peru (BCRP)

### International Trade

In 2022, total exports amounted to USD59.3 billion, while total imports totaled USD60.2 billion. According to estimates, exports would reach USD65.1 billion in 2023, and imports USD60.2 billion.

Traditional exports reached USD40.8 billion and non-traditional exports USD18.5 billion in 2022. It is estimated that in 2023, traditional exports will reach USD45.0 billion and non-traditional exports USD20.1 billion.

### TRADE BALANCE (IN USD BILLIONS)



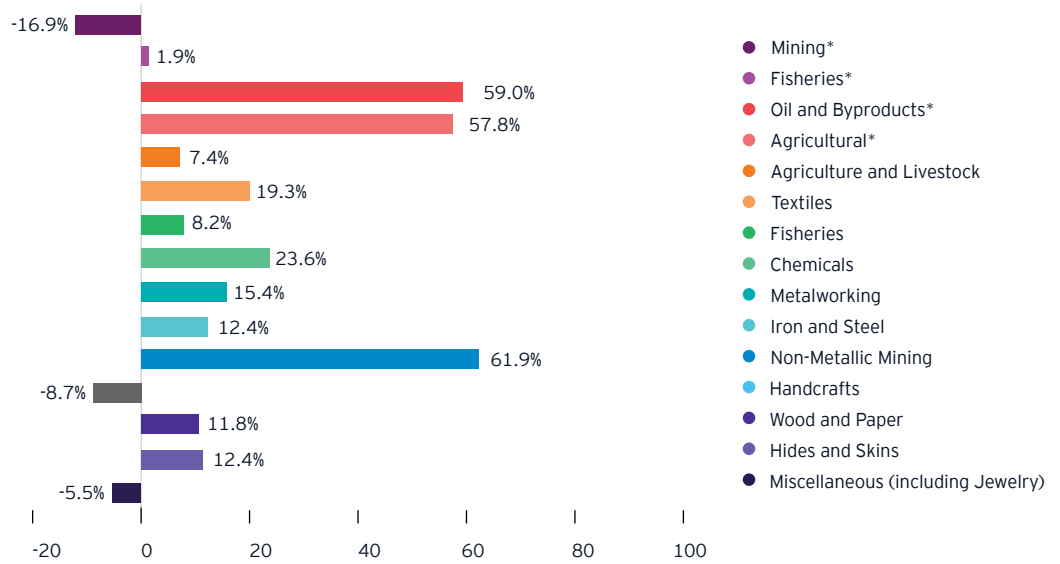
\*Projection. December 2022 Inflation Report  
Source: Central Reserve Bank of Peru (BCRP)

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



\*Projection. December 2022 Inflation Report  
Source: Central Reserve Bank of Peru (BCRP)

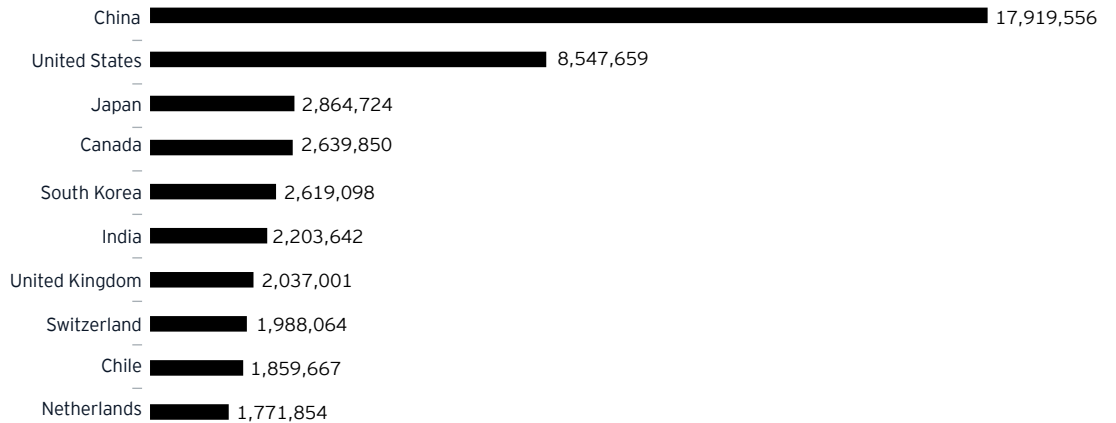
**EXPORTS BY ECONOMIC SECTOR AS OF DECEMBER 2022 (INTERANUAL VARIATION %)**



\*Traditional

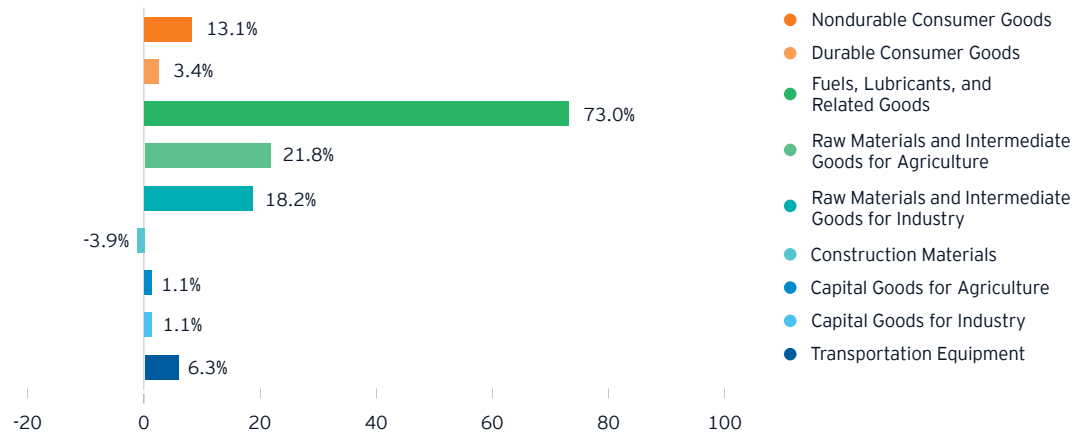
Source: National Superintendency of Customs and Tax Administration (SUNAT)

**EXPORTS BY TRADING PARTNER  
TOP TEN PARTNERS AS OF DECEMBER 2022 (THOUSANDS OF USD)**



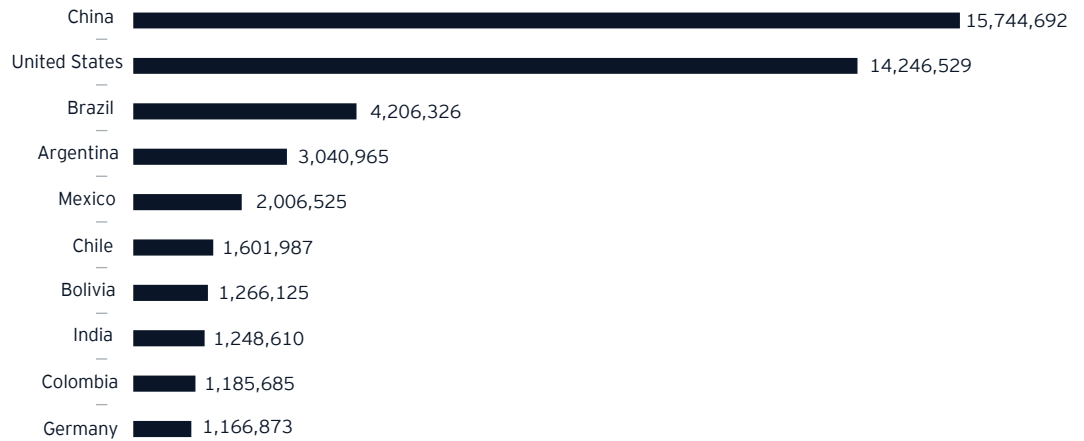
Source: National Superintendency of Customs and Tax Administration (SUNAT)

**IMPORT OF CONSUMER GOODS ACCORDING TO CUODE AS OF DECEMBER 2022  
(INTERANUAL VARIATION %)**



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

**IMPORTS BY TRADING PARTNER  
TOP TEN PARTNERS AS OF DECEMBER 2022 (THOUSANDS OF USD)**



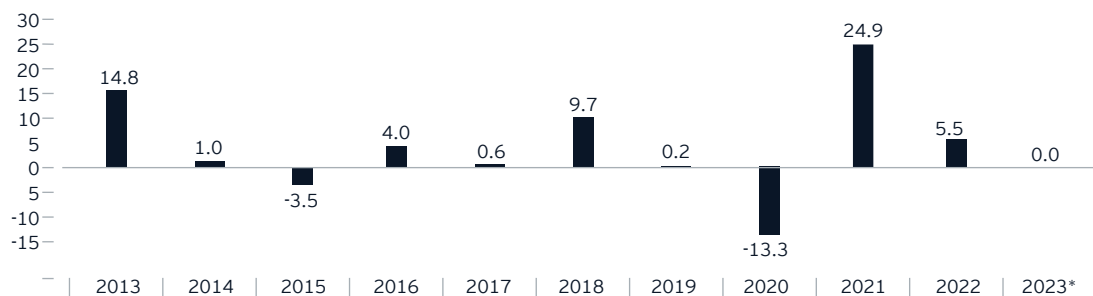
Source: National Superintendency of Customs and Tax Administration (SUNAT)



# 3 INVESTMENT ENVIRONMENT

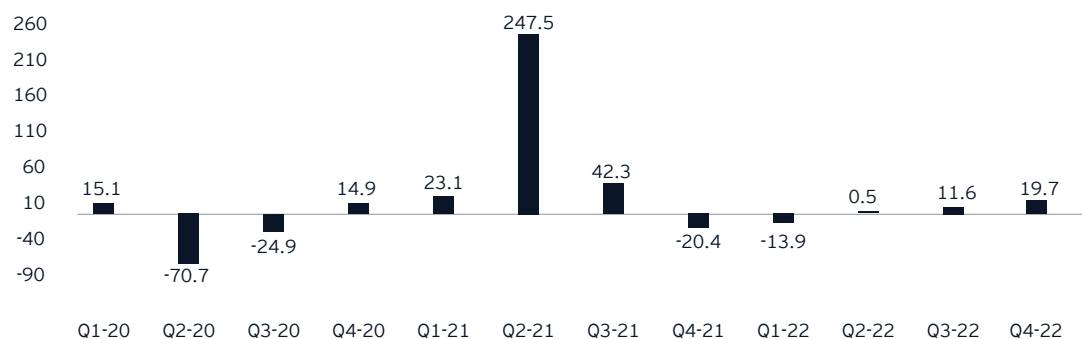
The fourth quarter of 2022, the Public investment grew 19.7%, while Private investment decreased 2.5%. In 2022, the private investment decreased 0.3% and the public investment grew 5.5%.

## PUBLIC INVESTMENT (PERCENTAGE CHANGE)



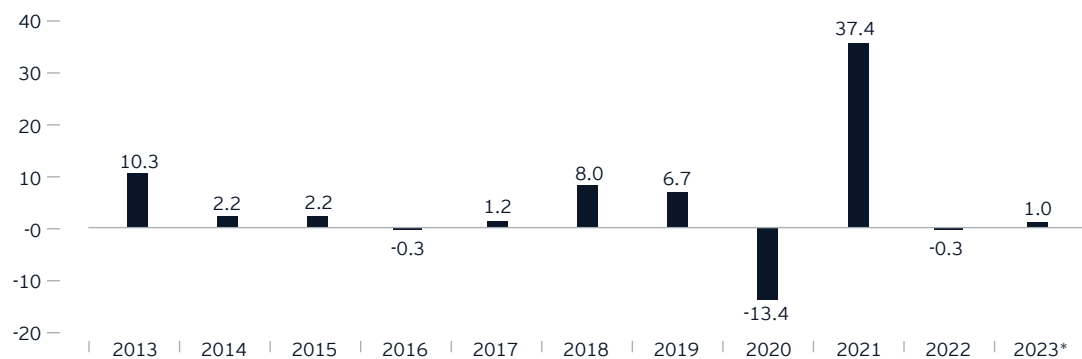
\*Projection. December 2022 Inflation Report  
Source: Central Reserve Bank of Peru (BCRP)

## QUARTERLY PUBLIC INVESTMENT (ANNUALIZED PERCENTAGE CHANGE)



Source: Central Reserve Bank of Peru (BCRP)

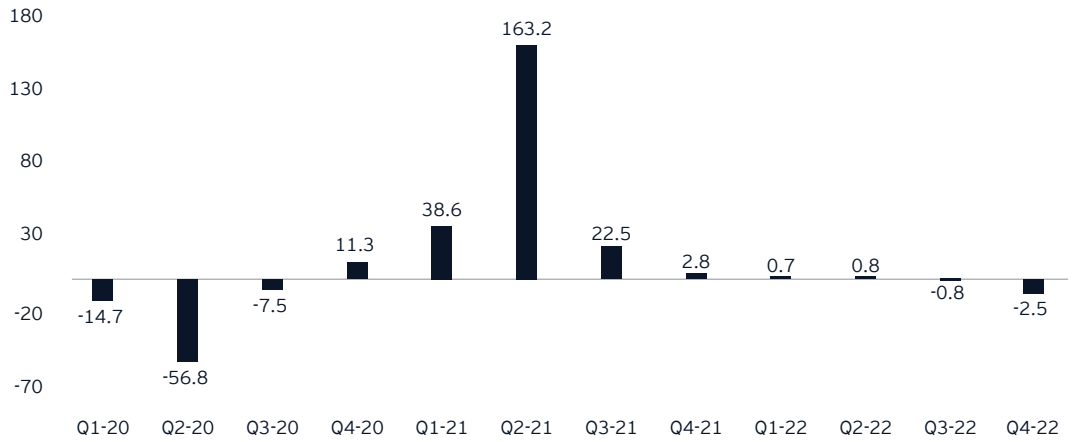
## PRIVATE INVESTMENT (PERCENTAGE CHANGE)



\*Projection. December 2022 Inflation Report  
Source: Central Reserve Bank of Peru (BCRP)

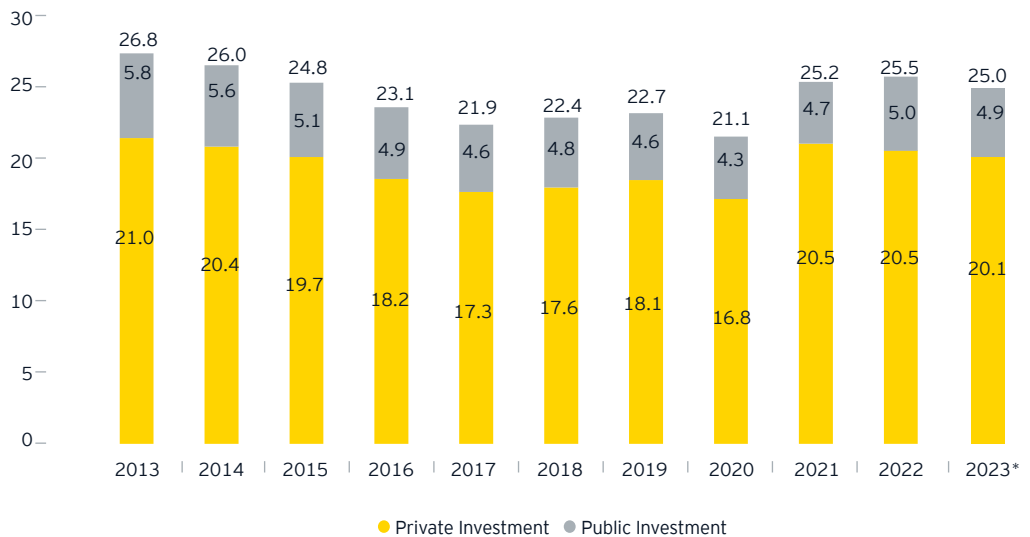


**QUARTERLY PRIVATE INVESTMENT (ANNUALIZED PERCENTAGE CHANGE)**



Source: Central Reserve Bank of Peru (BCRP)

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



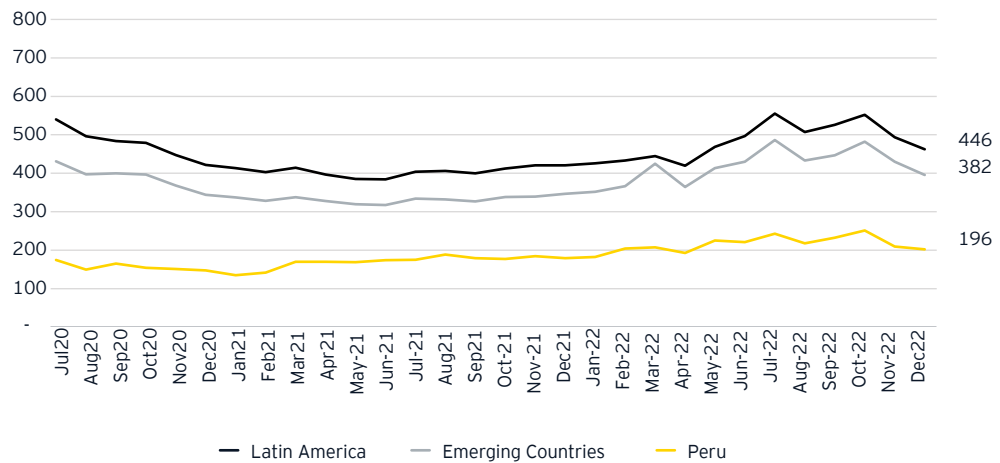
\*Projection. December 2022 Inflation Report  
Source: Central Reserve Bank of Peru (BCRP)

## Country Risk and Investment Grade

As of December 31, 2022, Peru had a country risk of 196 basis points. This score is below that of Emerging Countries (382) and of the regional average (446).

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	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022*
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	Baa2	Baa2	A3	A3	A3	A3	A3	A3	A3	Baa1	Baa1

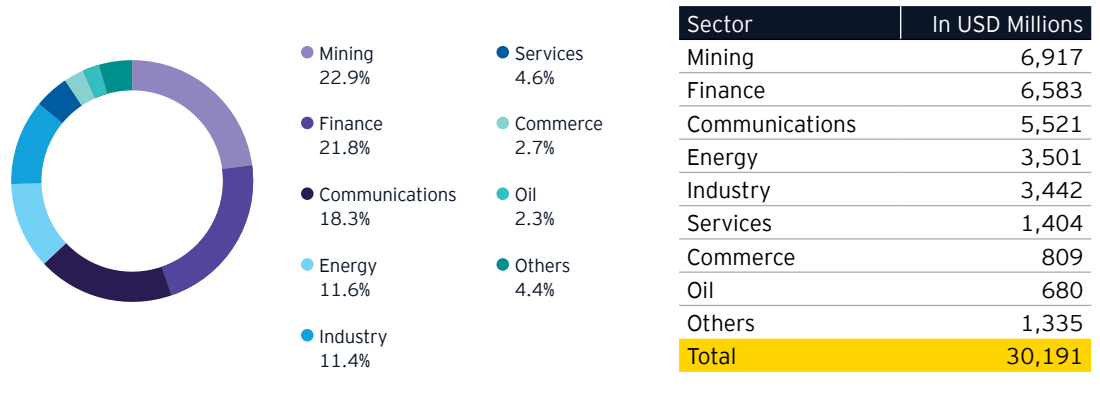
\*As of December 31, 2022

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

## Foreign Direct Investment

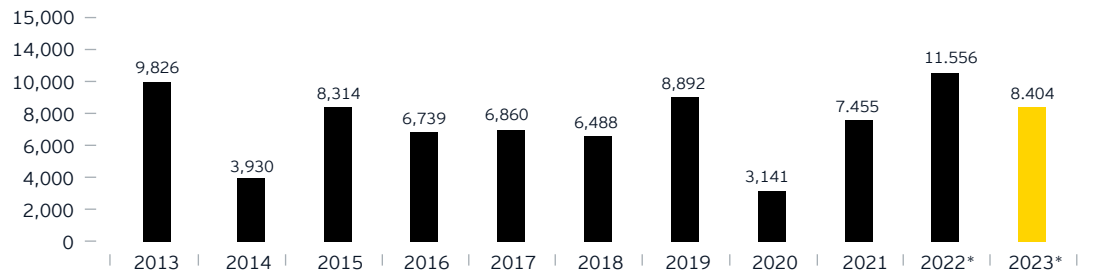
In 2022, the Foreign Direct Investment (FDI) flow reached USD11.6 billion, increasing 55% compared to the previous year. The Mining, Communications and Finance sectors represent the 63% of total FDI.

### BALANCE OF FOREIGN DIRECT INVESTMENT BY INDUSTRY 2022



Source: Private Investment Promotion Agency (ProInversion)

### FOREIGN DIRECT INVESTMENT FLOW (USD MILLIONS)



\*Projection. December 2022 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 currently has in force 26 Bilateral Investment Treaties (BITs) with:

- |                  |                   |  |
|------------------|-------------------|--|
| ▶ Argentina      | ▶ France          | ▶ Romania                                  |
| ▶ Canada         | ▶ Germany         | ▶ Spain                                    |
| ▶ China          | ▶ Italy           | ▶ Sweden                                   |
| ▶ Colombia       | ▶ Japan           | ▶ Switzerland                              |
| ▶ Cuba           | ▶ Malaysia        | ▶ Thailand                                 |
| ▶ Czech Republic | ▶ The Netherlands | ▶ The Belgium-Luxembourg<br>Economic Union |
| ▶ Denmark        | ▶ Norway          | ▶ The United Kingdom                       |
| ▶ El Salvador    | ▶ Paraguay        | ▶ Venezuela                                |
| ▶ Finland        | ▶ 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, El Salvador, and India.

## 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).

Likewise, there are negotiations with Spain, France, Singapore and the United Kingdom.

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.



For more information, find the Peru's Business, and Investment Guide 2022 and other specialized investment guides at:

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



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**Paulo Pantigoso**  
Country Managing Partner  
[paulo.pantigoso@pe.ey.com](mailto:paulo.pantigoso@pe.ey.com)

#### Assurance

**Charles Bunce**  
Assurance Leader  
[charles.bunce@pe.ey.com](mailto:charles.bunce@pe.ey.com)

#### Consulting

**Jorge Acosta**  
Consulting Leader  
[jorge.acosta@pe.ey.com](mailto:jorge.acosta@pe.ey.com)

#### Tax

**David de la Torre**  
Tax Leader  
[david.de.la.torre@pe.ey.com](mailto:david.de.la.torre@pe.ey.com)

#### Strategy and Transactions

**Enrique Oliveros**  
Strategy and Transactions Leader  
[enrique.oliveros@pe.ey.com](mailto:enrique.oliveros@pe.ey.com)

#### Financial Services Office (FSO)

**José Carlos Bellina**  
Financial Services Office (FSO) Leader  
[jose.bellina@pe.ey.com](mailto:jose.bellina@pe.ey.com)



#### Executive Office For Economic Promotion (DPE)

**Jaime Cacho-Sousa Velásquez**  
Ambassador  
Director General of Economic Promotion  
[jcachosousa@rree.gob.pe](mailto:jcachosousa@rree.gob.pe)

**Jaime Arróspide Medina**  
Minister Counselor  
Director of Investment Promotion  
[jarrospide@rree.gob.pe](mailto:jarrospide@rree.gob.pe)

**José Alberto Ortiz Artola**  
Minister Counselor  
Director of Tourism Promotion  
[jortiz@rree.gob.pe](mailto:jortiz@rree.gob.pe)








**Luz Betty Caballero Morales**  
Minister  
Director of Trade Promotion  
[lcaballero@rree.gob.pe](mailto:lcaballero@rree.gob.pe)

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### EY PERU

#### Lima

##### Headquarters

Av. Víctor Andrés Belaúnde 171, San Isidro - Lima 27

##### Secondary headquarters

Av. Jorge Basadre 330, San Isidro - Lima 27

Tel: +51 1 411 4444

#### Arequipa

Av. Bolognesi 407, Yanahuara - Arequipa 040, Arequipa

Tel: +51 54 484 470

#### Chiclayo

Av. Federico Villareal 115 - Salón Cinto, Lambayeque

Tel: +51 74 227 424

#### Trujillo

##### Sede Miguel Ángel Quijano Doig

Av. El Glof 591, Urb. Las Flores del Golf III,

Víctor Larco Herrera 13009 - Trujillo, La Libertad

Tel: +51 44 608 830

### 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.

Jr. Lampa 545, Lima 1

Tel: +51 1 204 3361 / +51 1 204 3365 (DPE)

[dpe@rree.gob.pe](mailto:dpe@rree.gob.pe)

[www.gob.pe/rree](http://www.gob.pe/rree)

