



# Peru's Economic and Business Report

First Quarter 2022

June 2022



PERU


Ministry  
of Foreign Affairs



Building a better  
working world



# CONTENTS

 **click** on the title to go directly to the chapter

## 1

Country  
Overview

**Pag 3**

Government  
Geography  
General Information

## 2

Macroeconomic  
indicators and  
projections

**Pag 4**

Currency  
Gross Domestic  
Product (GDP) and  
International Reserves  
Public Sector  
International Trade

## 3

Investment  
Environment

**Pag 12**

Public and Private  
Investment  
Country Risk and  
Investment Grade  
Foreign Direct  
Investment

## 4

International  
Relations

**Pag 15**

Bilateral Investment  
Treaties (BITs)  
Free Trade Agreements  
and Economic  
Integration Agreements  
Double Taxation  
Avoidance Agreements

---

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.

---



# 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 elected in 2021 for a five-year period: Pedro Castillo.

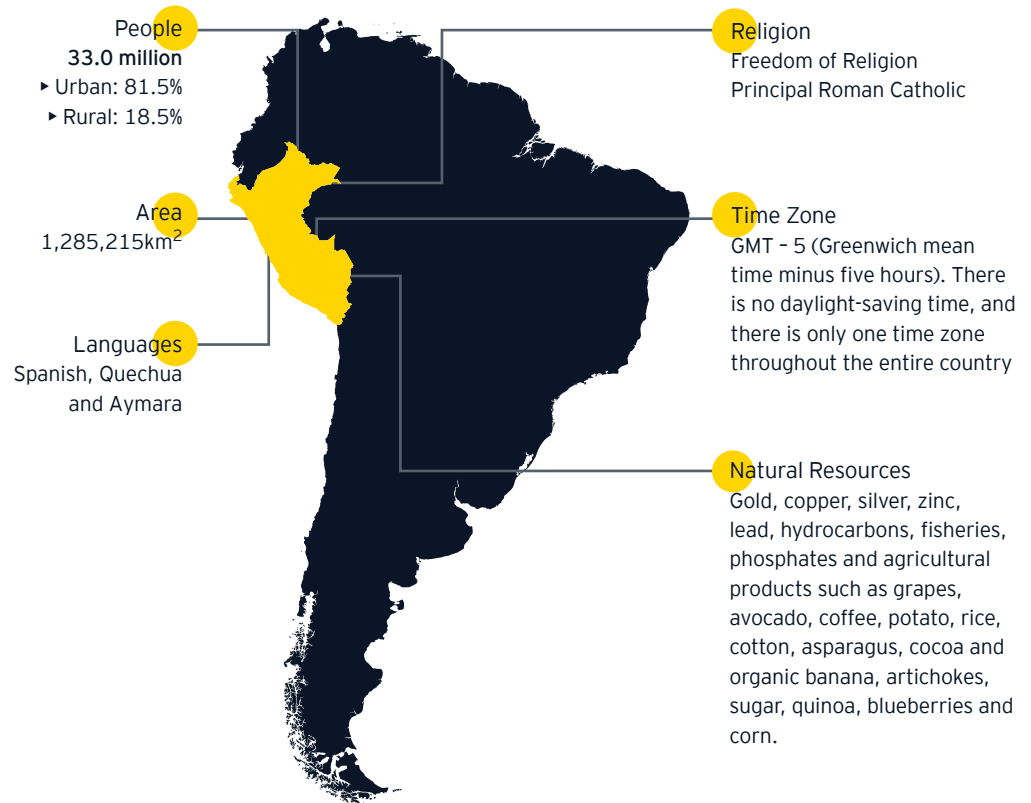
The President appoints the Prime Minister and the members of the Cabinet. There is a unicameral Congress of 130 members elected for a five-year period. For the period 2021-2026, congressional representation consists of ten parties.

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





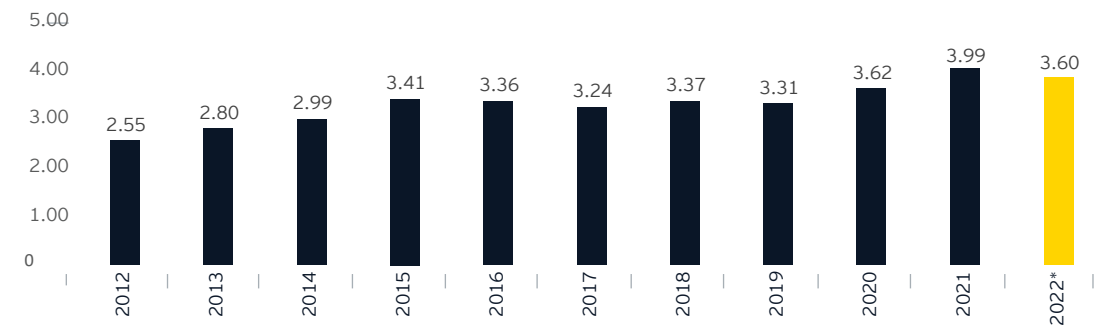
## MACROECONOMIC INDICATORS AND PROJECTIONS

### 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, 2022, banks were buying US Dollars at PEN3.723 and selling them at PEN3.728. The projection of the exchange rate for 2022 is PEN3.90.

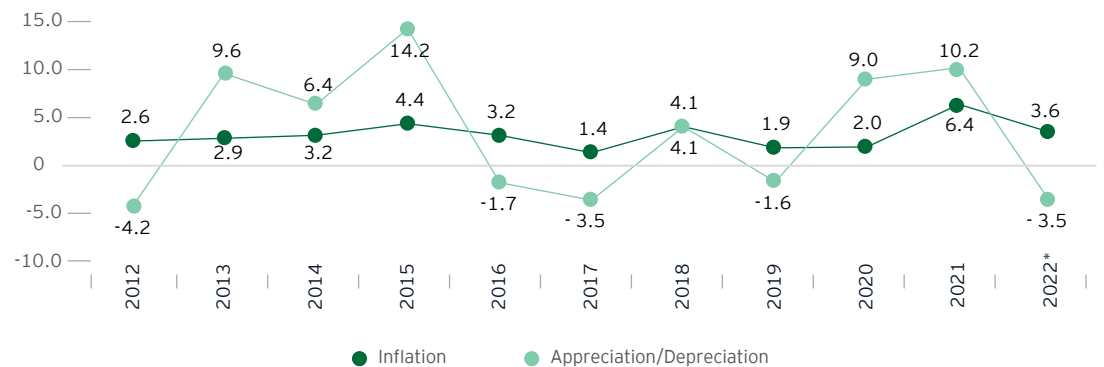
As of the end of the first quarter, the inflation rate in Peru was 2.0% and the appreciation rate of the Sol against the US Dollar for the same period was 7.0%. According to the Central Reserve Bank of Peru (BCRP) it is estimated that at the end of the year 2022, the inflation rate will be 3.6%, and the appreciation will be around 3.5%.

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



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

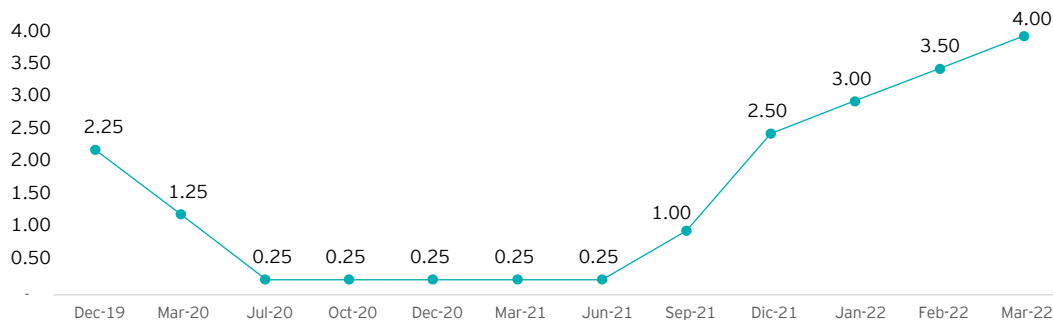
### APPRECIATION/DEPRECIATION AND INFLATION (PERCENTAGE)



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

The Central Reserve Bank raised the reference interest rate to 4.0%, continuing with the normalization of the monetary policy position.

### REFERENCE INTEREST RATE (PERCENTAGE)



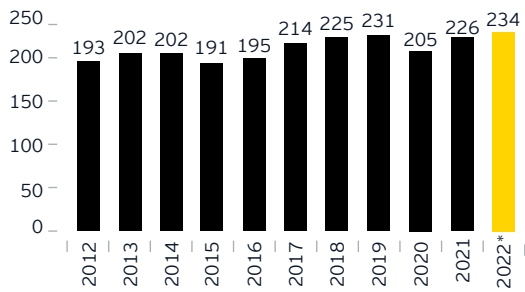
Source: Central Reserve Bank of Peru (BCRP)

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

Peru's GDP grew 13.3% in 2021, and it is expected to grow 3.4% in 2022 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.

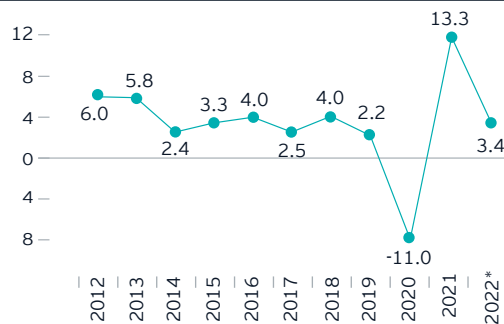
### REAL GROSS DOMESTIC PRODUCT (GDP) (IN USD BILLIONS)



\*Projection. March 2022 Inflation Report

Source: International Monetary Fund (IMF), Central Reserve Bank of Peru (BCRP)

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



\*Projection. March 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	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022(Q1)	2022*
Agriculture and Livestock	5.9	2.7	1.6	3.5	2.7	2.8	7.8	3.4	1.4	3.8	3.7	2.7
Fisheries	-32.2	24.8	-27.9	15.9	-10.1	4.7	47.7	-25.9	4.2	2.8	-26.2	4.4
Mining	2.5	4.3	-2.2	15.7	21.2	4.5	-1.7	-0.8	-13.8	9.7	-0.7	5.9
Hydrocarbons	1.0	7.2	4.0	-11.5	-5.1	-2.4	0.0	4.6	-11.0	-4.6	11.6	13.4
Manufacturing	2.5	4.9	-3.6	-1.5	-1.4	-0.2	5.9	-1.7	-13.2	17.8	1.9	4.1
Electricity and Water	5.8	5.4	4.9	5.9	7.3	1.1	4.4	3.9	-6.1	8.6	3.4	2.3
Construction	15.8	0.0	1.9	-5.8	-3.2	2.1	5.3	1.5	-13.9	34.9	-0.5	0.5
Commerce	7.2	5.9	4.4	3.9	1.8	1.0	2.6	3.0	-16.0	17.8	5.9	2.4
Other Services	7.0	6.1	5.1	4.1	4.1	3.3	4.4	3.8	-10.3	11.8	5.4	3.7
<b>GDP</b>	<b>6.0</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>13.3</b>	<b>3.8</b>	<b>3.4</b>

\*Projection. March 2022 Inflation Report. Q1=First 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)

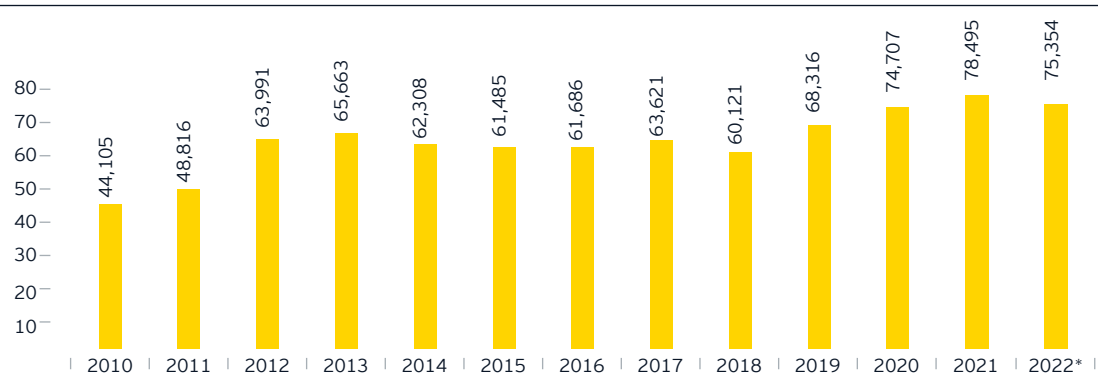
Variables	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022(Q1)	2022*
Domestic Demand	7.3	7.2	2.2	2.9	1.1	1.4	4.2	2.3	-9.4	14.4	2.5	3.0
a. Private Consumption	5.8	5.3	4.1	3.4	3.5	3.8	3.8	3.0	-8.7	11.7	6.9	4.1
b. Public Consumption	9.4	6.7	10.1	9.5	5.7	3.0	0.1	2.1	7.2	10.7	11.3	1.5
c. Private Investment	13.5	6.4	-2.1	-4.5	-4.3	5.0	4.5	4.0	-16.5	37.6	0.8	0.0
d. Public Investment	20.8	12.1	-2.0	-7.5	10.3	4.5	5.6	-1.4	-15.5	23.7	-13.7	4.0
Exports	5.4	-0.9	-0.8	3.3	6.9	5.5	2.4	0.8	-20.8	47.1	8.2	7.5
Imports	10.4	3.6	-1.4	2.4	-1.7	3.6	3.2	1.2	-15.6	39.2	2.6	5.6
<b>GDP</b>	<b>6.0</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>13.3</b>	<b>3.8</b>	<b>3.4</b>

\*Projection. March 2022 Inflation Report. Q1=First 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 2021 the 38% of GDP. As of March 31, 2022, these reserves reached USD75.3 billion.

### NET INTERNATIONAL RESERVES (IN USD MILLIONS)

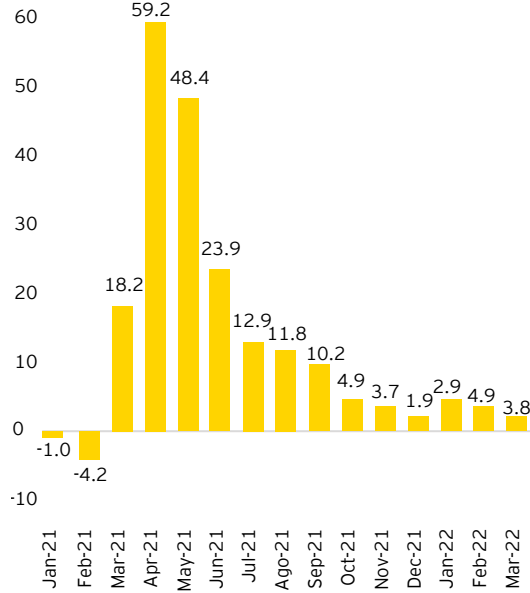


\*As of March 31, 2022

Source: Central Reserve Bank of Peru (BCRP)

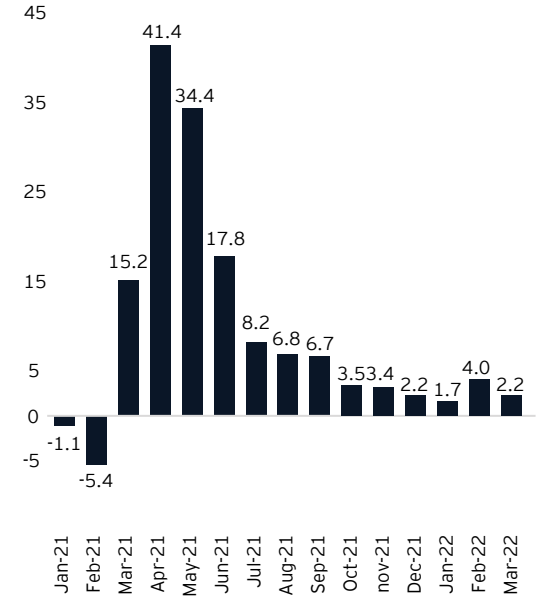
In March, the economy grew 3.8% accumulating a 3.8% growth as of the 1st quarter of 2022. This recovery is supported by the main economy indicators which are already operating at pre pandemic levels.

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



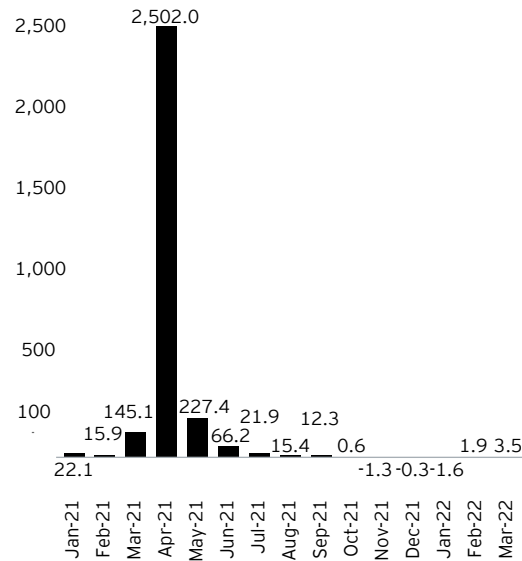
Source: National Institute of Statistics and Information (INEI)

**ELECTRICITY PRODUCTION (INTERANUAL PERCENTAGE CHANGE)**



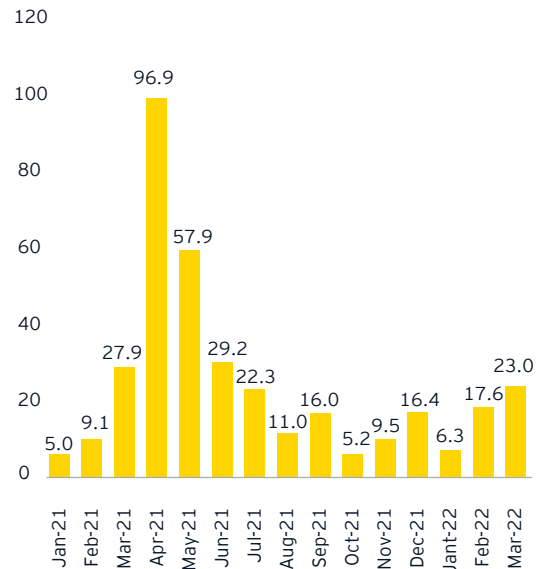
Source: National Institute of Statistics and Information (INEI)

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



Source: National Institute of Statistics and Information (INEI)

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



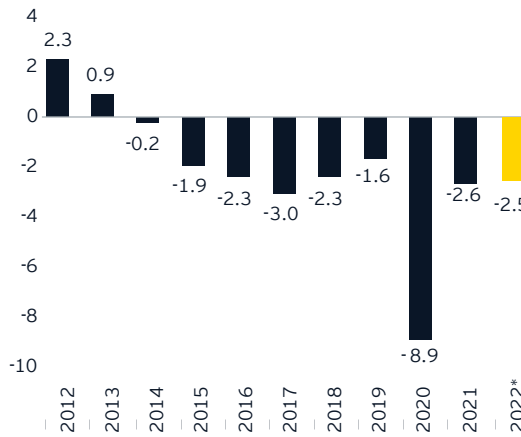
Source: Central Reserve Bank of Peru (BCRP)

## Public Sector

In 2021, Public deficit reached 2.6% of the GDP; it is expected to be 2.5% in 2022.

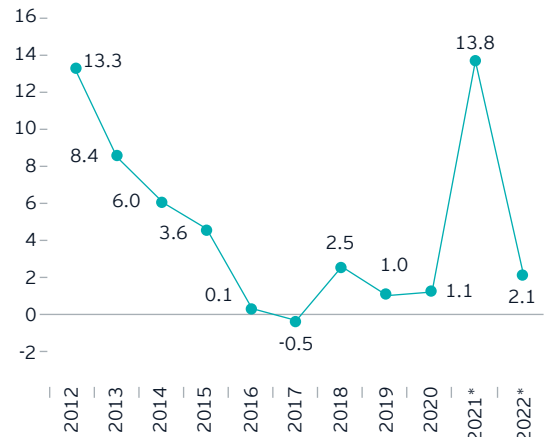
Public spending will continue to grow as part of the countercyclical macroeconomic policy to face the impact of Covid-19; it will grow 2.1% in 2022.

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



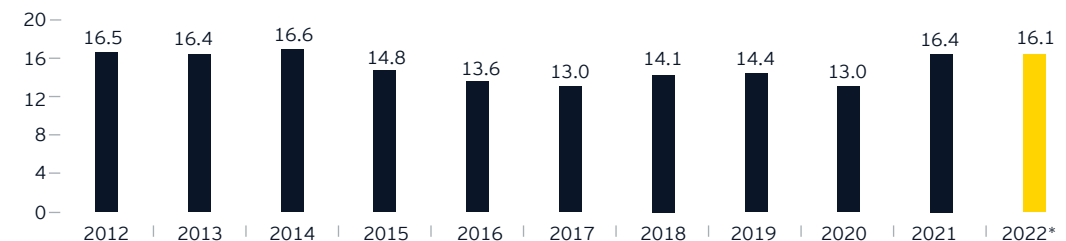
\*Projection. March 2022 Inflation Report  
Source: Central Reserve Bank of Peru (BCRP)

### PUBLIC SPENDING (PERCENTAGE CHANGE)



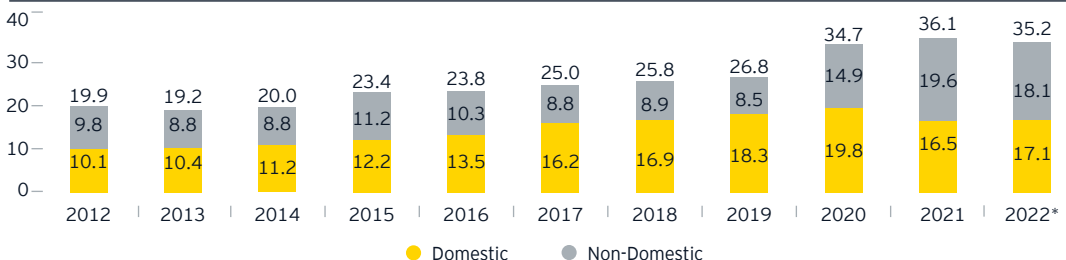
\*Projection. March 2022 Inflation Report  
Source: Central Reserve Bank of Peru (BCRP)

### TAX BURDEN (PERCENTAGE OF THE GDP)



\*Projection. March 2022 Inflation Report  
Source: Central Reserve Bank of Peru (BCRP), National Superintendency of Customs and Tax Administration (SUNAT)

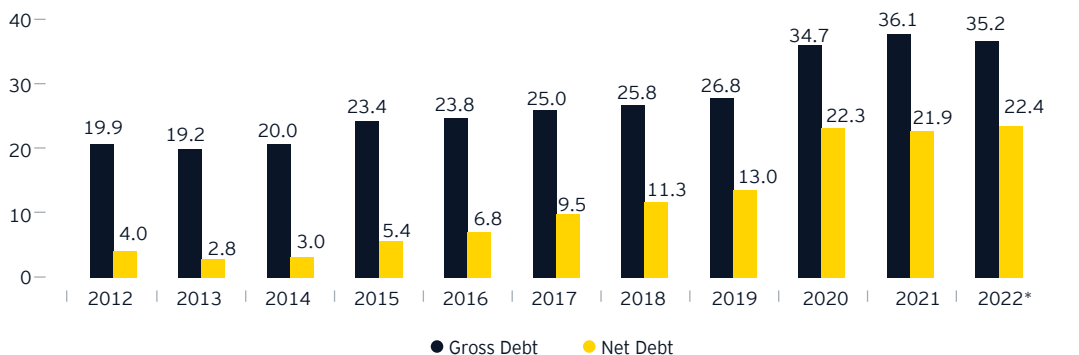
### PUBLIC DEBT (PERCENTAGE OF THE GDP)



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



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



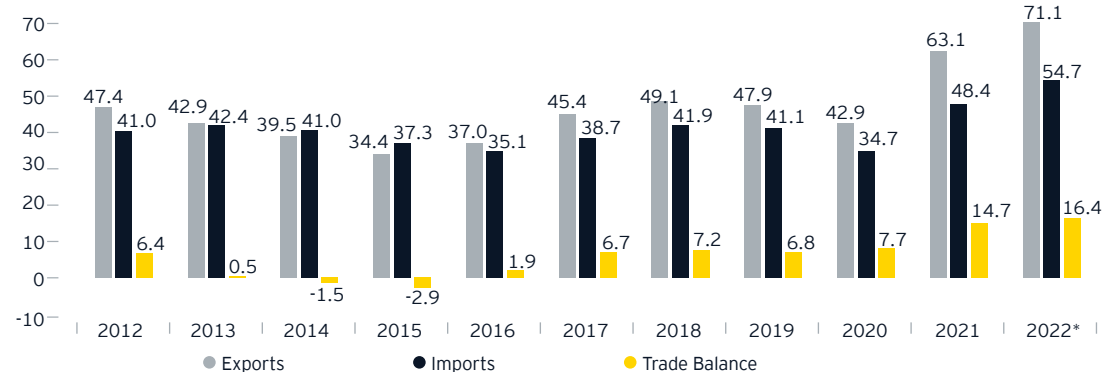
\*Projection. March 2022 Inflation Report  
Source: Central Reserve Bank of Peru (BCRP)

### International Trade

In 2021, total exports amounted to USD63.1 billion, increasing 47.0% compared to 2020, while total imports totaled USD48.4 billion, increasing 39.5%. According to estimates, exports would reach USD71.1 billion in 2022, and imports USD54.7 billion.

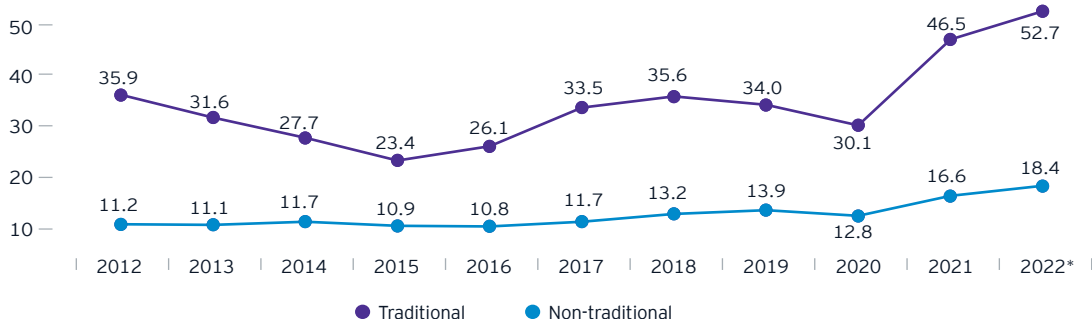
Traditional exports reached USD46.5 billion and non-traditional exports USD16.6 billion. It is estimated that in 2022, traditional exports will reach USD52.7 billion and non-traditional USD18.4 billion.

### TRADE BALANCE (IN USD BILLIONS)



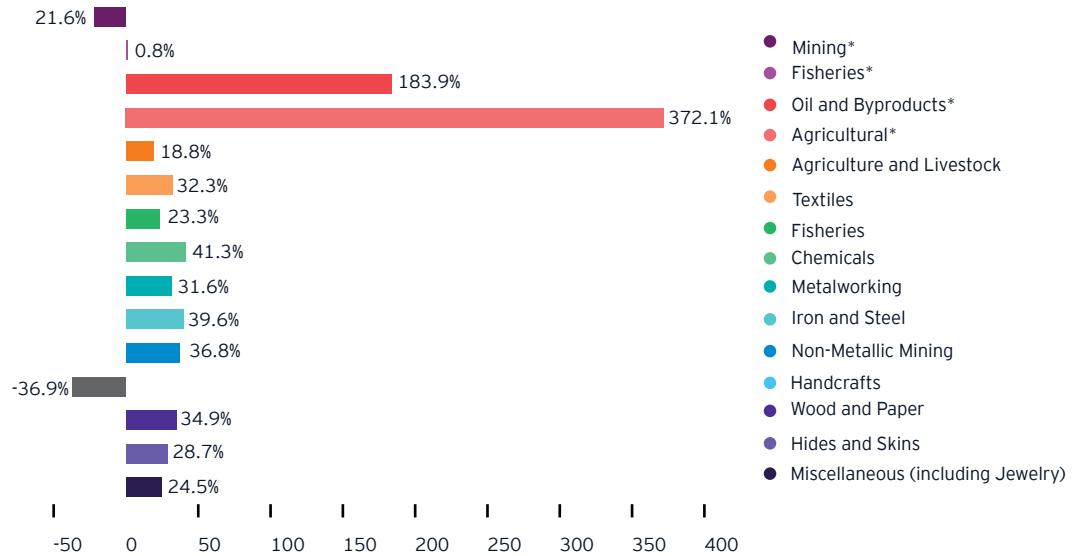
\*Projection. March 2022 Inflation Report  
Source: Central Reserve Bank of Peru (BCRP)

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



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

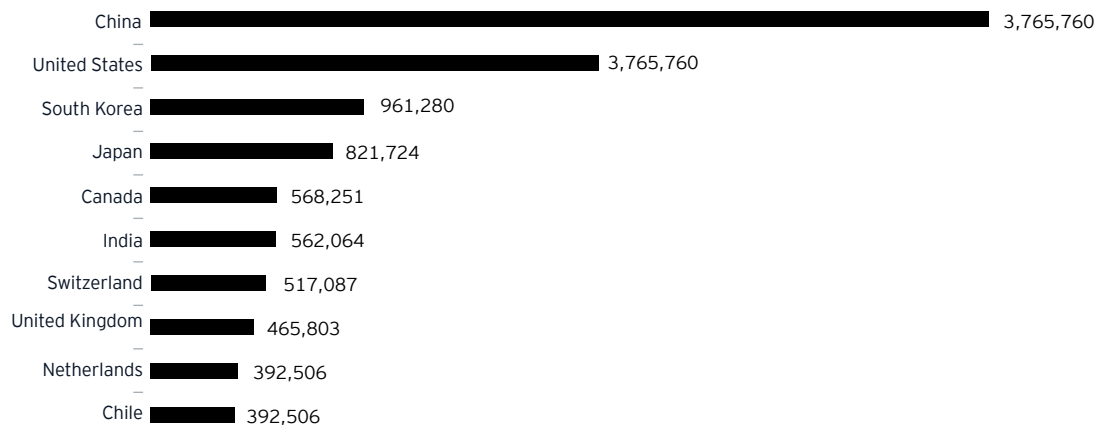
**EXPORTS BY ECONOMIC SECTOR AS OF MARCH 2022 (INTERANUAL VARIATION %)**



\*Traditional

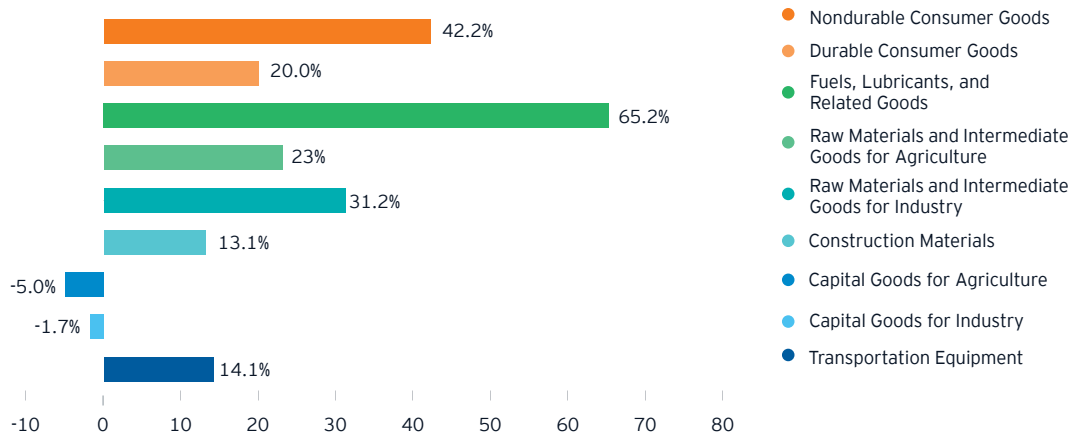
Source: National Superintendency of Customs and Tax Administration (SUNAT)

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



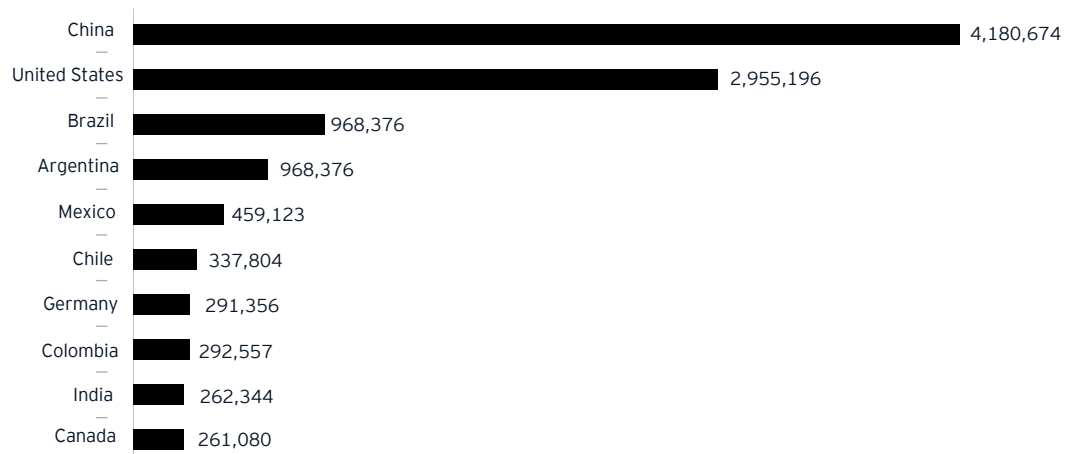
Source: National Superintendency of Customs and Tax Administration (SUNAT)

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



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

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



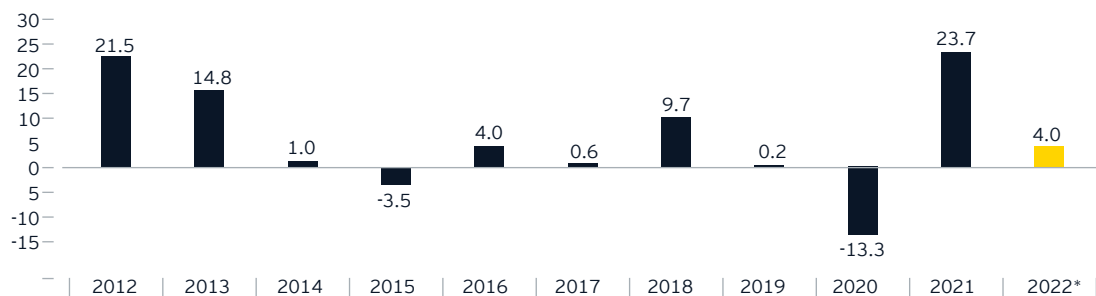
Source: National Superintendency of Customs and Tax Administration (SUNAT)



# 3 INVESTMENT ENVIRONMENT

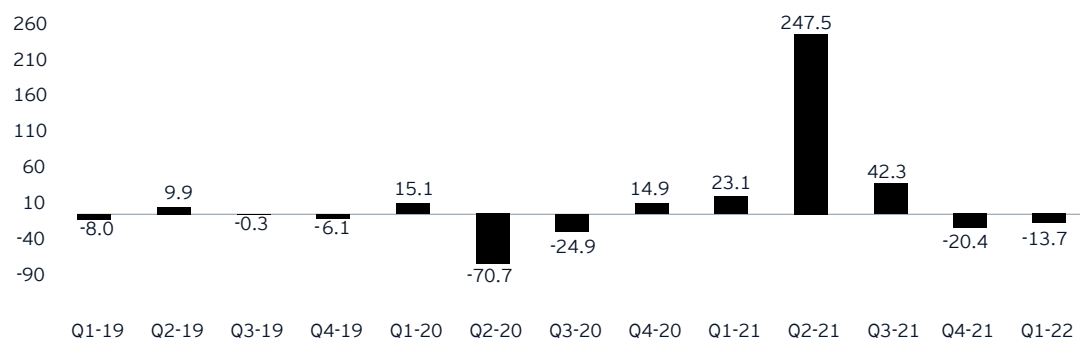
The first quarter of 2022, the Public investment had a drop of 13.7%, while Private investment grew 0.8%. The Public and Private investment had an important grow recovery in 2021 of 31.8% and 49.0%, respectively.

## PUBLIC INVESTMENT (PERCENTAGE CHANGE)



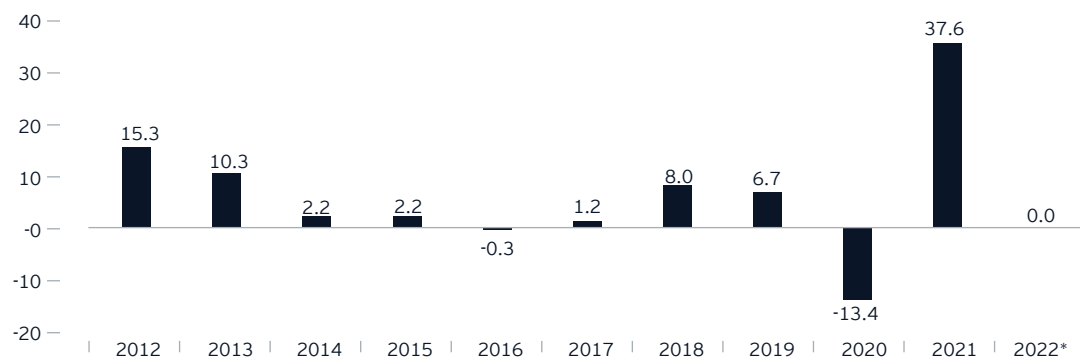
\*Projection. March 2022 Inflation Report  
Source: Central Reserve Bank of Peru (BCRP)

## QUARTERLY PUBLIC INVESTMENT (ANNUALIZED PERCENTAGE CHANGE)



Source: Central Reserve Bank of Peru (BCRP)

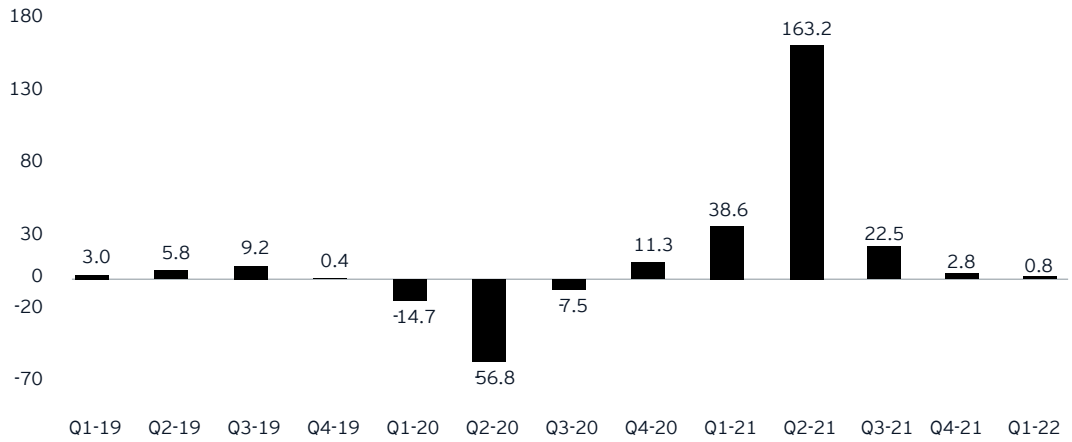
## PRIVATE INVESTMENT (PERCENTAGE CHANGE)



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

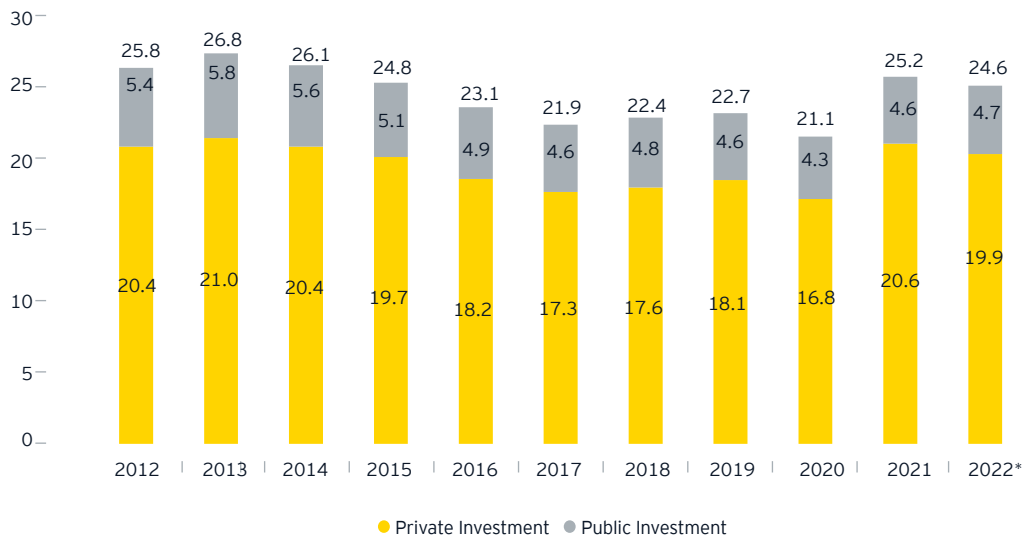


### QUARTERLY PRIVATE INVESTMENT (ANNUALIZED PERCENTAGE CHANGE)



Source: Central Reserve Bank of Peru (BCRP)

### FIXED GROSS INVESTMENT (PERCENTAGE OF GDP)



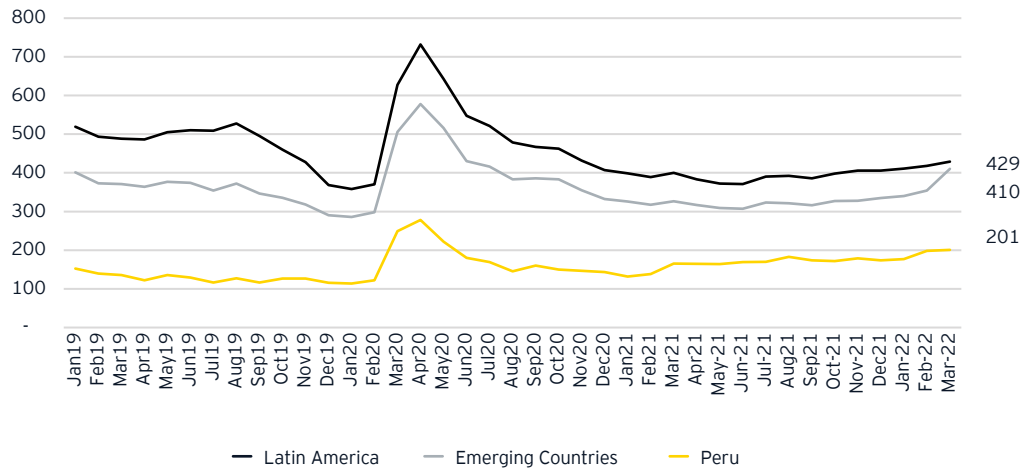
\*Projection. March 2022 Inflation Report  
Source: Central Reserve Bank of Peru (BCRP)

## Country Risk and Investment Grade

As of March 31, 2022, Peru had a country risk of 201 basis points. This score is below that of Emerging Countries (410) and of the regional average (429).

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

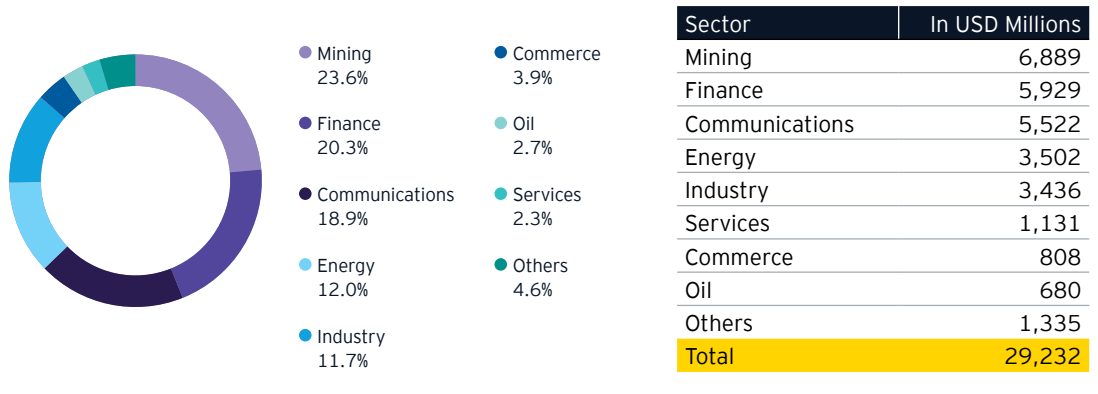
\*As of March 31, 2022

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

## Foreign Direct Investment

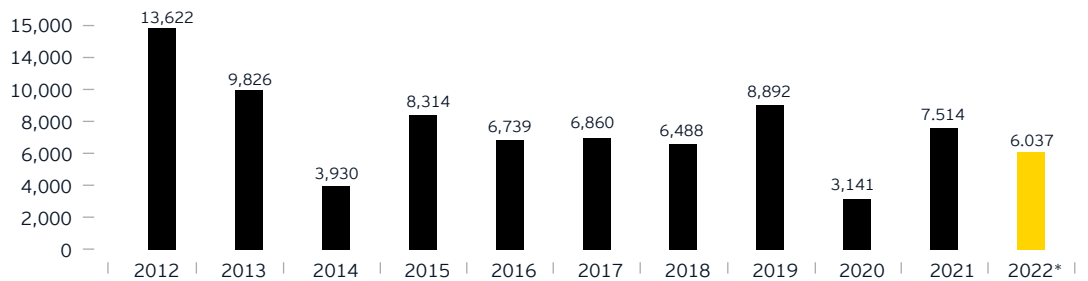
In 2021, the Foreign Direct Investment (FDI) flow reached USD7.5 billion, increasing 139% compared to the previous year. The Mining, Communications and Finance sectors represent the 62.8% of total FDI.

### BALANCE OF FOREIGN DIRECT INVESTMENT BY INDUSTRY 2021



Source: Private Investment Promotion Agency (ProInversion)

### FOREIGN DIRECT INVESTMENT FLOW (USD MILLIONS)



\*Projection. March 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 an 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.

## Bilateral Investment Treaties (BITs)

Peru currently has in force 26 Bilateral Investment Treaties (BITs) with:

- ▶ Argentina
- ▶ Canada
- ▶ China
- ▶ Colombia
- ▶ Cuba
- ▶ Czech Republic
- ▶ Denmark
- ▶ El Salvador
- ▶ Finland
- ▶ France
- ▶ Germany
- ▶ Italy
- ▶ Japan
- ▶ Malaysia
- ▶ The Netherlands
- ▶ Norway
- ▶ Paraguay
- ▶ Portugal
- ▶ Romania
- ▶ Spain
- ▶ Sweden
- ▶ Switzerland
- ▶ Thailand
- ▶ The Belgium-Luxembourg Economic Union
- ▶ The United Kingdom
- ▶ Venezuela

## 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.

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.

## 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/colecciones/146-guias-de-negocios-e-inversion>



No part of this publication may be reproduced, distributed or transmitted in any form or by any means. This includes photocopies, recordings, or another electronic or mechanical methods, without the prior written permission of the publisher.

© All rights reserved  
© EY  
© Ernst & Young



**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)

**Manuel Gonzáles Chávez**  
Minister  
Director of Tourism Promotion  
[mgonzalesc@rree.gob.pe](mailto:mgonzalesc@rree.gob.pe)





**Luis Mayaute Vargas**  
Minister  
Director of Trade Promotion  
[lmayaute@rree.gob.pe](mailto:lmayaute@rree.gob.pe)

## About EY

EY is a global leader in assurance, tax, strategy, transaction and consulting services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

For more information about our organization, please visit [ey.com](http://ey.com)

© 2022 EY.  
All Rights Reserved.

-  /EYPeru
-  @EYPeru
-  /company/ernstandyoung
-  @ey\_peru
-  /EYPeru
-  [ey.com/pe](http://ey.com/pe) 

## 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)

