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ECONOMIC AND POLITICAL OVERVIEW

ECONOMIC OVERVIEW

In the context of robust economic growth spanning the past 25 years, Peru has encountered numerous setbacks in recent years. Peru experienced an economic downturn as its GDP declined in the first and second quarters of 2023, attributed to decreased private investment and consumption, possibly stemming from protests and increased political uncertainties. Additionally, vital sectors such as agriculture, construction, and fishing were adversely affected by climatic events. The latest projections from the Banco Central de Reserva del Perú (BCRP) pointed to a negative growth of 0.5% in 2023, while projecting an annual growth rate of 3% over 2024/25 thanks to the recovery of some key industries, including agriculture.

The fiscal deficit was projected to increase to 2.1% of GDP in 2023, primarily driven by a significant decrease in fiscal revenues, which outweighs a lesser reduction in expenditures. The decline in revenues is largely attributed to lower economic growth and copper prices. Meanwhile, expenditures have decreased due to the winding down of pandemic-related spending, despite higher salaries, and the implementation of Con Punche Peru and measures to address climatic events. The IMF anticipates the deficit to decrease to 1.9% in 2024 and 1.6% in 2025, as revenues increase with the resurgence of economic activity, while current spending remains inflexible amidst the delicate political equilibrium. Fiscal discipline has allowed Peru to keep the public debt-to-GDP ratio at a low level: it stood at 33.9% as of 2023, and is expected to remain stable over the forecast horizon. Data from the Banco Central de Reserva del Perú pointed to an inflation rate averaging 3% in 2023 (compared to 8.5% one year earlier), with rate gradually returning towards the 2% target by 2025.

Although the unemployment rate in Peru doubled during the early stages of the pandemic, unemployment has been decreasing and, in 2023, stood at 7.6%. According to IMF estimates, the country's unemployment rate is expected to remain stable in 2024 and 2025, at 7.4% and 7.3%, respectively. However, the informal economy continues to employ a large part of the active population. Moreover, the country has high levels of inequality, with a significant concentration of wealth, and a poverty rate of 27.5% (World Bank). There are serious regional disparities in poverty throughout the country, with the highest numbers being in the Andean and Amazonian regions.

Main Indicators	2022	2023 (E)	2024 (E)	2025 (E)	2026 (E)
GDP <i>(billions USD)</i>	244.59	264.64	277.16	291.09	305.72
GDP <i>(Constant Prices, Annual % Change)</i>	2.7	1.1	2.7	3.1	3.0
GDP per Capita <i>(USD)</i>	7,159	7,669	7,952	8,269	8,599
General Government Balance <i>(in % of GDP)</i>	-2.0	-2.1	-1.9	-1.6	-1.2
General Government Gross Debt <i>(in % of GDP)</i>	34.3	33.9	34.0	33.5	32.7
Inflation Rate <i>(%)</i>	n/a	6.5	2.9	2.1	2.0
Unemployment Rate <i>(% of the Labour Force)</i>	7.8	7.6	7.4	7.3	7.2

Main Indicators	2022	2023 (E)	2024 (E)	2025 (E)	2026 (E)
Current Account <i>(billions USD)</i>	-9.91	-5.08	-5.89	-5.01	-4.80
Current Account <i>(in % of GDP)</i>	-4.1	-1.9	-2.1	-1.7	-1.6

Source: IMF – World Economic Outlook Database , October 2021

Country Risk

See the country [risk analysis](#) provided by [La Coface](#).

MAIN SECTORS OF INDUSTRY

Peru's varied geography is reflected in the country's economy. The abundance of resources is found mainly in mineral deposits in the mountainous regions, while its extensive maritime territory has traditionally yielded excellent fishing resources. However, due to its complicated geographical features (such as the arid coast, the rugged Andes and the hard-to-reach jungle), Peru has a rather small agricultural area, which occupies only 20% of the territory. Still, the sector is fairly significant compared to the size of the country's arable land. Agriculture contributes to 7.8% of Peru's GDP and employs 26% of the active population. The country's main agricultural products are cotton, sugarcane, coffee, wheat, rice, maize, quinoa, and barley. Peru is also one of the world's leading exporters of artichokes, mangoes, citrus, avocado, and grapes. In 2023, the agricultural sector experienced its first contraction in several years, declining by 3%, as a result of the droughts in late 2022, the coastal El Niño phenomenon , and Cyclone Yaku, according to the latest forecasts from the Banco Central de Reserva del Perú.

The industry sector generates 34% of the GDP, employing 17% of the active population. Peru has a large and dynamic mining industry, mainly for copper and gold extraction. The country has been a mining economy since colonial times, and the country is the world's third producer of silver, the eleventh producer of gold, the second producer of copper, and an important supplier of zinc and lead. Large mining has begun during the past years, which increased even more the importance of the mining sector. The country also has large reserves of natural gas and oil, although Peru is a net energy importer. The main manufacturing activities are textiles, consumer goods, food processing and fish products. In 2023, the industrial sector recorded its third-worst decrease in the last thirty years, contracting an estimated 6.4% (data Sociedad Nacional de Industrias).

The tertiary sector contributes 49.5% of the GDP and employs 57% of the workforce. The sector consists of tourism, financial services and telecommunication, all of which have boomed due to a combined effort from both the government and private sector. The tourism and construction sectors, particularly, are very well developed. In the first seven months of 2023, the tertiary sector contracted by 0.4% (data Central Bank).

Breakdown of Economic Activity By Sector	Agriculture	Industry	Services
Employment By Sector <i>(in % of Total Employment)</i>	27.9	17.0	55.1
Value Added <i>(in % of GDP)</i>	7.2	34.8	49.4
Value Added <i>(Annual % Change)</i>	3.0	1.3	3.3

Source: World Bank - Latest available data.

Monetary Indicators	2016	2017	2018	2019	2020
Peruvian Nuevo Sol (PEN) - Average Annual Exchange Rate For 1 USD	3.38	3.26	3.29	3.30	3.49

Source: World Bank - Latest available data.

FOREIGN TRADE

Peru is a member of the WTO and very open to international trade, which represents 58% of GDP. The country mainly exports copper (27.4%), gold (12.7%), petroleum gas (5.3%), petroleum oils (4.1%), and flours of meat (3.1%); while it imports petroleum oils (17.3%), motor vehicles (3%), telephone sets (2.7%), motor vehicles for the transport of goods (2.4%), and maize or corn (2.1% - data Comtrade 2022).

In 2022, the country's main export partners were China (30.1%), the United States (14.5%), Japan (4.9%), Canada (4.5%), and South Korea (4.5%), as imports came chiefly from China (26.1%), the United States (23.7%), Brazil (7.0%), Argentina (5.0%), and Mexico (3.3% - data Comtrade). Nearly 95% of Peru's exports are covered by Free Trade Agreements currently in force, which enables Peruvian products to enter, subject to the rules of origin of each trade agreement, under preferential conditions to 53 countries, including Canada, Chile, China, the member countries of the European Union, Japan, Singapore, South Korea, Thailand and the United States, among others. The country is seeking to position itself as a regional hub for trade between Latin America and the APEC countries (Asia-Pacific Economic Cooperation).

Peru has a structurally positive trade balance. In 2022, exports of goods increased to USD 61.3 billion (+2.7% y-o-y), but imports increased at a faster pace (+19.7% y-o-y) and reached USD 60.9 billion. According to the WTO, imports of services in 2022 totalled USD 13.6 billion, while exports stood at USD 4.9 billion. Peruvian exports, as of the end of 2023, saw an increase (+1.1%) and hit a new historical high, reaching USD 64.355 billion. This growth was propelled by the expansion of mining exports (+11.4%) and agro-industrial exports (+9.2%). At the close of 2023, Peruvian imports totaled USD 51,962.9 million, reflecting a 13.6% decrease compared to 2022, a year marked by record-high imports in Peru (data SUNAT).

Foreign Trade Values	2018	2019	2020	2021	2022
Imports of Goods <i>(million USD)</i>	43,262	42,284	36,140	50,891	60,958
Exports of Goods <i>(million USD)</i>	48,019	46,444	39,600	59,648	61,309
Imports of Services <i>(million USD)</i>	9,765	10,680	7,579	10,718	13,604
Exports of Services <i>(million USD)</i>	6,383	6,696	2,718	2,947	4,962

Source: World Trade Organisation (WTO) ; Latest available data

Foreign Trade Indicators	2018	2019	2020	2021	2022
Foreign Trade <i>(in % of GDP)</i>	48.6	46.9	43.8	56.0	58.4
Trade Balance <i>(million USD)</i>	7,201	6,879	8,102	14,977	10,333
Trade Balance (Including Service) <i>(million USD)</i>	3,819	2,895	3,241	7,206	1,691
Imports of Goods and Services <i>(Annual % Change)</i>	3.5	1.7	-15.4	26.3	4.2
Exports of Goods and Services <i>(Annual % Change)</i>	3.4	0.3	-16.4	19.2	5.9
Imports of Goods and Services <i>(in % of GDP)</i>	23.4	22.9	21.1	26.5	29.1
Exports of Goods and Services <i>(in % of GDP)</i>	25.2	24.0	22.7	29.5	29.3

Source: World Bank ; Latest available data

Foreign Trade Forecasts	2023	2024 (e)	2025 (e)	2026 (e)	2027 (e)
Volume of exports of goods and services (Annual % change)	0.7	2.3	3.5	2.7	2.6

Foreign Trade Forecasts	2023	2024 (e)	2025 (e)	2026 (e)	2027 (e)
Volume of imports of goods and services (Annual % change)	-2.8	2.2	3.2	3.1	3.1

Source: IMF, World Economic Outlook ; Latest available data

Note: (e) Estimated Data

International Economic Cooperation

Andean Community of Nations

The free trade treaty with the United States came into force in February 2009.

Peru signed a Free Trade Agreement with China.

Peru signed a Free Trade Agreement with the European Free Trade Association (EFTA).

Peru is part of the Pacific Alliance.

Main Partner Countries

Main Customers <small>(% of Exports)</small>	2022
China	30.1%
United States	14.5%
Japan	4.9%
Canada	4.5%
South Korea	4.5%
See More Countries	41.6%

Main Suppliers <small>(% of Imports)</small>	2022
China	26.1%
United States	23.7%
Brazil	7.0%
Argentina	5.0%
Mexico	3.3%
See More Countries	34.8%

Source: Comtrade, Latest Available Data

POLITICAL OUTLINE

Current Political Leaders

President: Dina Boluarte (since 7 December 2022)

Prime Minister: Alberto Otárola (since 21 December 2022)

Next Election Dates

Presidential: April 2026

Congress of the Republic of Peru: April 2026

Main Political Parties

Peru has a multi-party system and it is difficult for a single political party to secure an absolute majority in the Congress. Thus, political groups often work with each other to form coalition alliances consisting of smaller parties. The main parliamentary forces are:

- **Popular Force (FP)**: right-wing, fujimorism, conservatism, right-wing populism
- **Free Peru (PL)**: left-wing to far-left, socialism, Marxism
- **Popular Renewal (RP)**: right-wing to far-right, social conservatism, economic liberalism, anti-immigration
- **Popular Action (AP)**: centre to centre-right, reformism, nationalism, paternalistic conservatism
- **Alliance for Progress (APP)**: centre-right, conservative liberalism, progressivism, populism
- **Go on Country – Social Integration Party (AvP)**: centre-right to right-wing, liberal conservatism, economic liberalism
- **Together for Peru (JP)**: centre-left to left-wing, democratic socialism, progressivism
- **Magisterial Bloc of National Concertation (BMCN)**: left-wing, it brings together several dissident legislators from Peru Libre
- **Podemos Peru (PP)**: centre-right to right-wing, social conservatism, populism, protectionism
- **Advance Country – Social Integration Party**: right-wing to far-right
- **We Are Peru (SP)**: centre-right, social conservatism, Christian democracy, Christian humanism.

Executive Power

The President is the chief of the state and head of the government, the commander-in-chief of the armed forces, and holds executive powers, which include the implementation of the law and running the day-to-day affairs of the country. The President is elected by popular vote for a five-year term (not eligible for an immediate re-election) and appoints the Council of Ministers (cabinet) and the Prime Minister to serve for five-year terms as well. All Presidential decree laws or draft bills sent to parliament must be approved by the Council of Ministers. The first and second vice presidents are also popularly elected, but have no constitutional functions unless the president is unable to discharge his duties.

Legislative Power

The legislature is unicameral. The parliament - called Congress - consists of 130 seats, with its members elected by popular vote to serve five-year terms. Congress ratifies treaties, authorises government loans, and approves the government budget. The President has the power to veto acts of the legislature, and, in turn, a supermajority (generally a two-thirds majority) of legislators may act to override the veto. The president has the power to block legislation with which the executive branch does not agree.

COVID-19 COUNTRY RESPONSE

Travel restrictions

Regularly updated travel information for all countries with regards to Covid-19 related entry regulations, flight bans, test and vaccines requirements is available on [TravelDoc Infopage](#).

To find information about the current travel regulations, including health requirements, it is also advised to consult Travel Regulations Map provided and updated on a daily basis by [IATA](#).

Import & export restrictions

A general overview of trade restrictions which were adopted by different countries during the COVID-19 pandemic is available on the [International Trade Centre's COVID-19 Temporary Trade Measures](#) webpage.

Economic recovery plan

For the general overview of the key economic policy responses to the COVID-19 pandemic (fiscal, monetary and macroeconomic) undertaken by the government of Peru, please consult the country's dedicated section in the [IMF's Policy Tracker platform](#).

Support plan for businesses

For an evaluation of impact of the Covid pandemic on SMEs and an inventory of country responses to foster SME resilience, refer to the OECD's [SME Covid-19 Policy Responses](#) document.

You can also consult the World Bank's [Map of SME-Support Measures in Response to COVID-19](#).