

PERU

Business Conditions Snapshot

- Peru has enjoyed sustained economic growth over the last two decades, this will be impacted in the short-term by the COVID-19 pandemic which has impacted local businesses and employment.
- Thanks to Peru's stable macro-economic fundamentals its economy is expected to rebound strongly in 2021, recovering quickly to pre-COVID levels.
- Although red tape and political disruption can be frustrating, Peru consistently achieves a reasonable ranking in the World Bank Ease of Doing Business report.
- Peru's expanding economy and steadily growing middle class provide opportunities to grow our existing trade, particularly as Peruvian demand increases for inputs for the resources industry and high-end agricultural products.
- Peru encourages and promotes a healthy investment environment, especially in the mining, minerals and hydrocarbon industries. Foreign investment in Peru should increase further if the government can advance its ambitious resources and infrastructure development agenda.

Key facts and figures

- Population: 32.2 million (2018)
- GDP growth: 2.6 per cent (2019)
- GDP per capita: US\$ 7,046.8
- Political system: Presidential Republic
- Two-way trade: A\$ 656 million (2018-19)
- Major Australian exports: education-related travel, salts of inorganic acids & metals
- Major Australian imports: Personal travel, other ores and concentrates, natural gas
- Australian investment in Peru: A\$ 716 million (2018)

Trade and Investment Opportunities

- Most Australian businesses in Peru are involved with mining. There is further scope for expanding trade and investment in emerging areas such as education, tourism, infrastructure, water management, and agribusiness:
 - to fully realise these opportunities, there is an ongoing need for greater mutual understanding of each country's market
 - trade opportunities may also be enhanced by implementing bilateral architecture, particularly the Peru-Australia Free Trade Agreement (PAFTA) which entered into force in February 2020.
- The mining sector is leading Peru's economic recovery from COVID-19



- there are good new opportunities for Australian companies in the METS sector as mining companies seek to change the way they operate due to the impacts of the pandemic, and to introduce further efficiencies to make up for lost production.
- Each year, around 40,000 Australians travel to Peru, whilst around 5,000 Peruvians visit Australia
 - about 1,400 Peruvians study in Australia each year
 - the Work and Holiday Arrangement was expanded in 2018, allowing more young Peruvians to visit Australia and build people to people ties.

Trade Policy Focus

- Australia and Peru are like-minded in their commitment to liberalising trade for economic growth.
- PAFTA, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and – when concluded – the Pacific Alliance Free Trade Agreement will provide important platforms for increasing trade.
- Australia works with Peru to advance our shared interests in trade liberalisation through Asia Pacific Economic Cooperation (APEC), our engagement with the Pacific Alliance, and in the Organisation for Economic Co-operation and Development (OECD), which Peru is committed to joining.

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