II.

External Sector

1. International Environment

In 2011 the world economy recorded a significant slowdown that reflected mainly the evolution of the developed economies. Consumption in the United States had a weak recovery, the Eurozone faced a debt crisis, and Japan was affected by an earthquake that temporarily interrupted the supply chain. In addition to this, the price of crude rose as a result of the political crisis in the Arab countries, and the emerging economies also registered a slowdown, although they continued to grow at high rates.

The Eurozone crisis also generated strong volatility in financial markets. The interbank rates in the Eurozone, the dollar appreciated against the euro, and the demand for safe assets, such as US Treasury bonds, soared. The stock markets in most developed economies registered losses, with the exception of the U.S. stock exchange due to the reports of some positive indicators of activity towards the end of the year.

2. Economic Activity

Showing a slowdown compared to 2010 (5.2 percent) and lower growth than estimated at the beginning of the year by most investment firms, the world economy grew 3.7 percent in 2011.

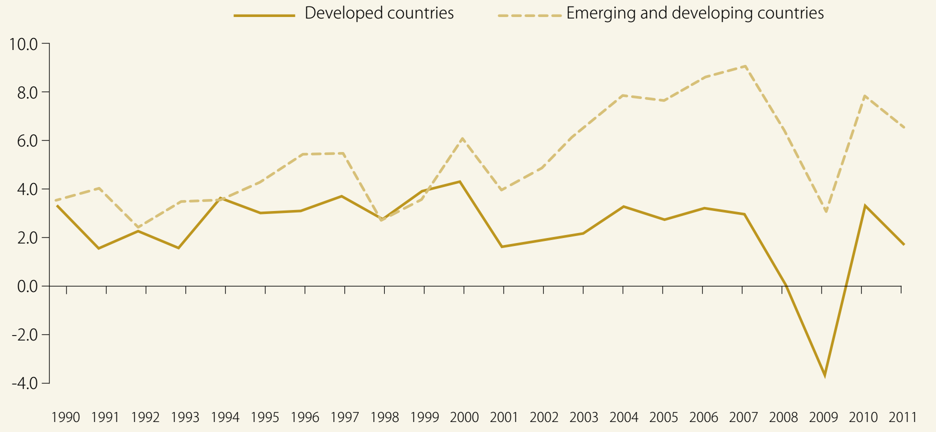
TABLE 16
WORLD GROWTH
(Annual % change)

	2009	2010	2011	Average 2002-2011
Developed countries	**-3.6**	**3.2**	**1.6**	**1.7**
of which:				
1. USA	-3.5	3.0	1.7	1.6
2. Eurozone	-4.3	1.9	1.5	1.1
Germany	-5.1	3.7	3.0	1.1
France	-2.7	1.5	1.7	1.1
3. Japan	-5.5	4.4	-0.7	0.8
4. United Kingdom	-4.4	2.1	0.7	1.5
Developing countries	**2.8**	**7.3**	**6.0**	**6.5**
of which:				
1. Developing Asia	7.2	9.5	7.7	8.7
China	9.2	10.4	9.2	10.6
India	6.8	9.9	7.2	7.8
2. Latin America and the Caribbean	-1.6	6.1	4.4	3.8
Brazil	-0.3	7.5	2.7	3.8
World Economy	**-0.6**	**5.2**	**3.7**	**3.8**
Memo:				
Trading partners 1/	-1.3	4.6	3.6	3.4
BRICs 2/	5.4	9.2	7.4	8.3

1/ Peru's 20 main trading partners.
2/ Brazil, Russia, India and China.
Source: Bloomberg and IMF.

Growth in developed economies was significantly lower (1.6 percent) than expected due to the debt crisis and the weak recovery of consumption, both factors fueling expectations that monetary stimulus would be maintained for a long period of time. The emerging economies grew at an average rate of 6.0 percent, but showing inflationary pressures in many cases.

GRAPH 31
GROWTH RATES



Source: IMF.

The economy of the **United States** registered a moderate recovery, with a growth rate of 1.7 percent. Consumption, which accounts for about 70 percent of GDP, grew 2.2 percent, showing a greater dynamism since the second semester. However, the weak recovery of employment, the high level of debt, and the decline in the price of housing remained as factors that prevented a greater recovery.

TABLE 17
USA: GROWTH
(Quarterly annualized rates)

	1Q.10	2Q.10	3Q.10	4Q.10	1Q.11	2Q.11	3Q.11	4Q.11
GDP	**3.9**	**3.8**	**2.5**	**2.3**	**0.4**	**1.3**	**1.8**	**3.0**
Personal consumption	2.7	2.9	2.6	3.6	2.1	0.7	1.7	2.1
Durable	9.9	7.8	8.8	17.2	11.7	-5.3	5.7	15.3
Non Durable	4.8	1.9	3.0	4.3	1.6	0.2	-0.5	0.4
Services	1.0	2.5	1.6	1.3	0.8	1.9	1.9	0.7
Gross investment	31.5	26.4	9.2	-7.1	3.8	6.4	1.3	20.6
Fixed investment	1.2	19.5	2.3	7.5	1.2	9.2	13.0	4.3
Non Residential	6.0	18.6	11.3	8.7	2.1	10.3	15.7	2.8
Residential	-15.3	22.8	-27.7	2.5	-2.4	4.2	1.3	11.5
Exports	7.2	10.0	10.0	7.8	7.9	3.6	4.7	4.3
Imports	12.5	21.6	12.3	-2.3	8.3	1.4	1.2	3.8
Government expenditure	-1.2	3.7	1.0	-2.8	-5.9	-0.9	-0.1	-4.4

Source: Bureau of Economic Analysis.

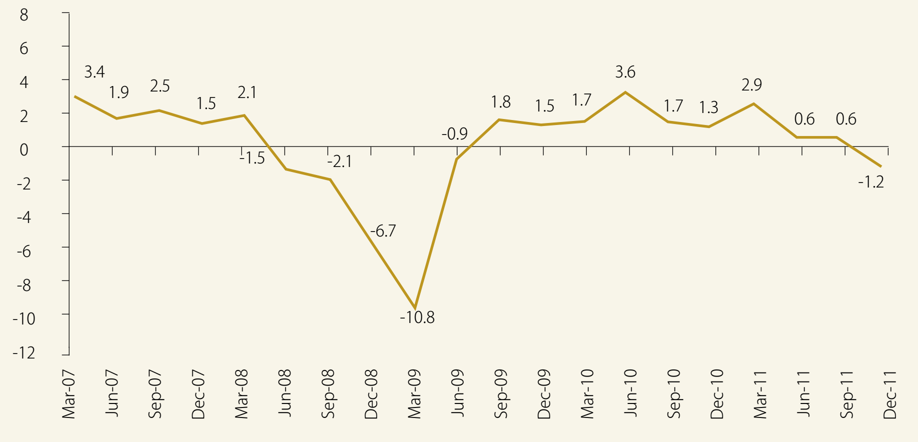
Non-residential private investment showed a favorable evolution, explained by higher than expected corporate profits and by the accumulation of inventories in the second semester. On the other hand, residential investment and government spending had a negative impact on growth. In the case of the latter, the difficulties in reaching a consensus on a medium-term fiscal plan led the rating agency Standard & Poor's to downgrade the risk rating of the U.S. long-term sovereign debt.

Economic activity showed a gradual recovery in the last two quarters. While growth in the first quarter registered a rate of only 0.4 percent, the rate of growth in the last quarter was 3.0 percent.

The recovery of economic activity in the U.S. took place in a context of contained inflationary pressures: annual inflation showed a rate of 3 percent and core inflation reached 2.2 percent, which increased market expectations that low interest rates would be maintained for a long period of time.

In 2011 the **Eurozone** grew 1.5 percent (1.9 percent in 2010). Uncertainty about the restructuring of the Greek debt deepened in the second half of the year and Portugal requested financial assistance from the European Financial Stabilization Fund (EFSF). The yields on public debt bonds rose significantly, affecting even major economies in the Eurozone, such as Spain and Italy and, to a lesser extent, France. The risk rating of the sovereign debt of all these countries was downgraded.

GRAPH 32
EUROZONE: QUARTERLY GDP GROWTH
(Seasonally adjusted annualized rates)



Source: Eurostat and Bloomberg.

This situation affected the confidence of both consumers and investors, confidence indices showing a negative evolution over the year. In addition, this led many European economies to implement more severe fiscal adjustment measures than the ones initially planned, which affected growth prospects.

The exception to this negative trend was Germany, which grew 3 percent driven by the dynamism of the export sector and investment. In terms of sectors, growth was noteworthy in the sectors of manufacturing and construction.

In Japan, the economy declined 0.7 percent, affected by the impact of the earthquake that hit the North East areas of the country and involved a 7.0 percent annual contraction in the first quarter, although this was reversed in the third quarter. The Japanese economy was also affected by lower global demand and by the appreciation of the yen. In this context, Japan registered its first trade deficit in three decades.

The emerging economies continued growing with the dynamism observed in previous years and recorded a growth rate of 6.0 percent, supported by the high prices of commodities and a growing domestic demand. Together with other supply shocks, these two factors contributed to the rise of inflation, which is estimated to have reached a rate of 7.2 percent in 2011 (a higher rate than the 6.7 percent observed in the previous year). However, it should be pointed out that the financial conditions for emerging economies with sound fundamentals were not significantly affected by the Eurozone crisis.

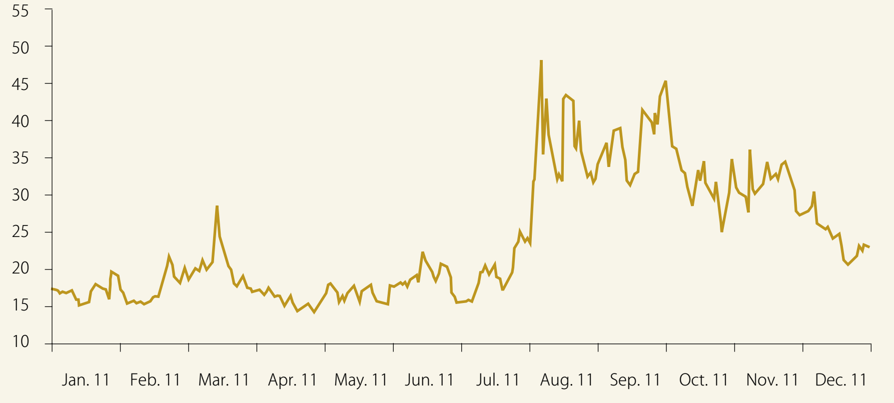
The growth of China, with a rate of 9.2 percent, stands out in terms of the evolution of the emerging economies in 2011. This accelerated growth, explained by the momentum of investment, was accompanied by pressures on prices and on the assets market, which began to decline towards the end of the year. In spite of this, China remained as the world's major consumer of commodities.

Latin America grew 4.4 percent. In most countries, the decline in the external stimulus was offset by the growth of domestic demand. Among the countries with inflation targeting regimes, the highest growth rates were observed in Peru, Chile, and Colombia. Growth in Brazil slowed down due to the weakening of consumption and private investment. Inflationary pressures in most of the economies of the region were higher than in the previous year and led many of them to raise their interest rates in the first half of the year.

3. Financial Markets

In 2011, and particularly in the second half of the year, international financial markets showed a strong volatility associated with the evolution of risk aversion, which was basically affected by the outlook for global growth and the Eurozone debt crisis.

GRAPH 33
RISK AVERSION COEFFICIENT: VIX (S&P'500)
(January 2011 - December 2011)



Source: Bloomberg.

Greece requested a new financial aid program, which generated fears of contagion in the case of other economies, such as Spain and Italy. Prior to this, in May, Portugal had requested a bailout program and concerns about the position of European banks added onto fears about the debt situation.

Other events that temporarily influenced risk aversion were also observed during this period, including: (i) the payments crisis in the United States and Standard & Poor's subsequent downgrading of this country's sovereign rating; (ii) the failure of political negotiations aimed to reach an agreement about the reduction of the U.S. long-term fiscal deficit; and (iii) signs of moderation in global growth and the continuation of the monetary adjustment cycle in some economies facing greater inflationary pressures, such as China.

However, towards the end of the year, markets were favored by positive economic data in the United States that neutralized the effect of uncertainty on the Eurozone debt crisis. Thus, the effects of the crisis in Europe only extended to the foreign exchange markets –the dollar reached 16-month maximum highs against the euro– and to European money markets where funding conditions for European banks worsened significantly.

European sovereign debt markets showed an unfavorable evolution due to the deepening of the crisis in the Eurozone peripheral countries and to fears that the crisis might spread to countries such as Italy and Spain. The liquidation of positions in the Eurozone sovereign markets generated a greater preference for lower risk sovereign securities, such as the U.S. and UK bonds. The credit spreads in the Eurozone countries, and even in Germany and France, rose significantly.

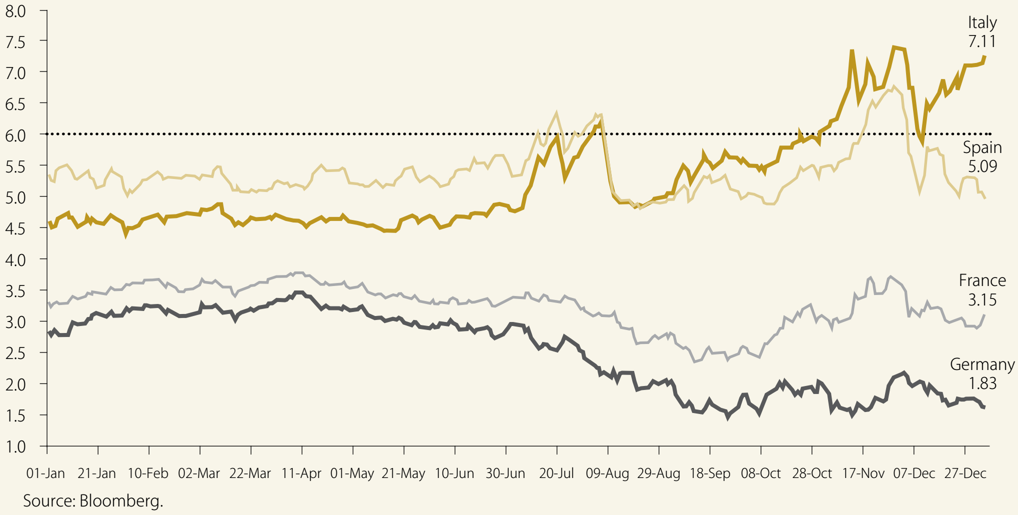
TABLE 18
SOVEREIGN SPREADS OF DEVELOPED COUNTRIES

	End of period				% Chg. Dec.11 compared to:		
	Dec.08 (A)	**Dec.09 (B)**	**Dec.10 (C)**	**Dec.11 (D)**	**Dec.08 (D)/(A)**	**Dec.09 (D)/(B)**	**Dec.10 (D)/(C)**
CDS Spreads (in bps)							
Germany	46	26	59	102	56	76	43
Spain	101	113	348	380	280	267	33
France	54	32	107	220	166	188	113
Greece	232	283	1,026	8,786	8,554	8,503	7,760
Ireland	181	158	619	724	543	566	105
Italy	157	109	238	484	327	375	246
Portugal	96	92	497	1,082	986	990	585
US Rates (%)							
Treasury bonds (10 year)	2.23	3.84	3.30	1.88	0	-2	-1

Source: Bloomberg.

In Italy and Spain the yields on 10-year bonds reached record levels of 7.26 and 6.70 percent on November 25, prompting speculations that these countries would request assistance from the IMF given that Greece, Portugal, and Ireland had to request a debt program after they reached similar yields.

GRAPH 34
10 YEAR BOND YIEDLS OF SOME ECONOMIES OF THE EUROZONE (%)



Source: Bloomberg.

Some of the main events observed during the crisis included the following:

(i) Funding for a total of €78 billion was approved for Portugal as part of the financial rescue program of the European Union and the International Monetary Fund (IMF);

(ii) A new program for Greece that included the restructuring of its debt with the involvement of the private sector was announced;

(iii) Fiscal adjustments were announced in Greece, Italy and France;

(iv) The lending capacity of the European Financial Stability Fund (EFSF) was raised to €440 billion;

(v) The credit ratings of several Eurozone countries were repeatedly downgraded and France and Austria received warnings about their AAA ratings;

(vi) Following the sovereign rating cuts, continuous credit rating cuts affected European banks;

(vii) The problems of French-Belgian Dexia Bank ended up in the nationalization of this bank, and

(viii) Bank recapitalization plans.

TABLE 19
EUROZONE: SOVEREIGN DEBT RATING

Country	**S&P**		**Fitch**		**Moody's**	
Date	**Dec.11**	**Dec.10**	**Dec.11**	**Dec.10**	**Dec.11**	**Dec.10**
Germany	AAA	AAA	AAA	AAA	Aaa	Aaa
Netherlands	AAA	AAA	AAA	AAA	Aaa	Aaa
Finland	AAA	AAA	AAA	AAA	Aaa	Aaa
Luxembourg	AAA	AAA	AAA	AAA	Aaa	Aaa
France	AAA	AAA	AAA	AAA	Aaa	Aaa
Austria	AAA	AAA	AAA	AAA	Aaa	Aaa
Belgium	AA	AA+	AA+	AA+	Aa3	Aa1
Estonia	AA-	A	A+	A	A1	A1
Slovenia	AA	AA	AA-	AA	Aa3	Aa2
Spain	AA-	AA	AA-	AA+	A1	Aa1
Slovakia	A+	A+	A+	A+	A1	A1
Malta	A	A	A+	A+	A2	A1
Italy	A	A+	A+	AA-	A2	Aa2
Ireland	BBB+	A	BBB+	BBB+	Ba1	Baa1
Cyprus	BBB	A	BBB	AA-	Baa3	Aa3
Portugal	BBB-	A-	BB+	A+	Ba2	A1
Greece	CC	BB+	CCC	BBB-	Ca	Ba1

Source: Bloomberg.

TABLE 20
INDICATORS OF SOME EUROPEAN COUNTRIES

	2009	2010	2011
Countries with the EU/IMF program			
Greece			
Growth (%)	-3.3	-3.5	-6.9
CDS Spreads (bps) 1/ [1/]	286	1,010	8,786
Fiscal result (% of GDP)	-15.7	-10.6	-9.3
Debt ratio (% of GDP)	129.0	145.0	165.0
Annual average inflation (%)	1.2	4.7	3.3
Unemployment (%)	10.2	14.8	21.0
Ireland			
Growth (%)	-7.0	-0.4	0.9
CDS Spreads (bps) 1/ [1/]	158	609	724
Fiscal result (% of GDP)	-14.2	-31.3	-10.3
Debt ratio (% of GDP)	65.2	92.5	105.4
Annual average inflation (%)	-4.5	-1.0	2.6
Unemployment (%)	13.1	14.6	14.3
Portugal			
Growth (%)	-2.9	1.4	-1.6
CDS Spreads (bps) 1/ [1/]	92	501	1,082
Fiscal result (% of GDP)	-10.1	9.8	-4.2
Debt ratio (% of GDP)	83.0	93.3	108.0
Annual average inflation (%)	-0.8	1.3	3.7
Unemployment (%)	10.1	11.1	14.0
Countries without the EU/IMF program			
Spain			
Growth (%)	-3.7	-0.1	0.7
CDS Spreads (bps) 1/ [1/]	114	350	380
Fiscal result (% of GDP)	-11.1	-9.2	-8.5
Debt ratio (% of GDP)	53.3	61.2	68.5
Annual average inflation (%)	-0.2	2.0	3.2
Unemployment (%)	18.8	20.3	22.9
Italy			
Growth (%)	-5.5	1.8	0.4
CDS Spreads (bps) 1/ [1/]	109	240	484
Fiscal result (% of GDP)	-5.3	-4.6	-3.9
Debt ratio (% of GDP)	116.1	118.7	120.1
Annual average inflation (%)	0.8	1.5	2.8
Unemployment (%)	8.3	8.3	8.1

[1/] At the end of period.
Source: Eurostat, IMF, Moody's and others.

The evolution in **money markets** was differentiated and affected mainly funding conditions for European banks.

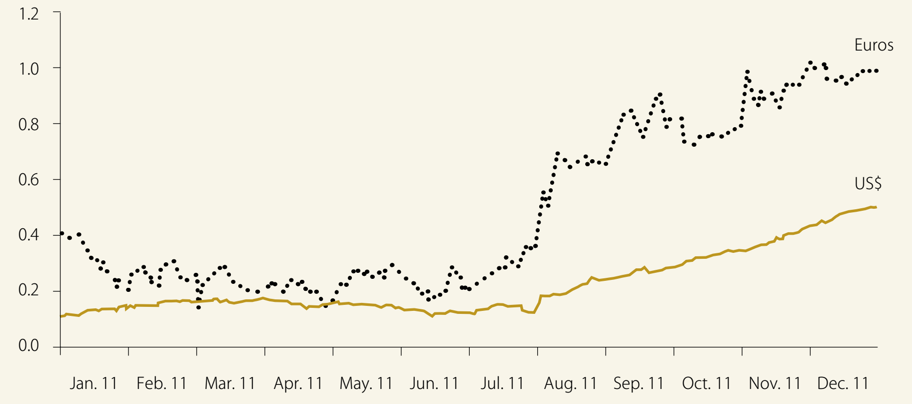
European and American markets showed stability during the first half of the year, reflecting expectations that low rates and abundant global liquidity would continue to be observed. However, in the second half of the year, while U.S. markets experienced almost no liquidity constraints, the Eurozone markets showed more restrictive conditions for funding in euros or dollars, in line with the deepening of the sovereign debt crisis.

The interbank rates in euros reflected higher credit risks associated with European banks' exposure in sovereign bonds of economies with debt problems and with increased risks of a recession in this European region. Moreover, the risk of a scarcity of collaterals increased due to the greater use of the markets of secured bonds, one of the main sources of funding of the Eurozone banks.

In line with these developments, banks experienced continuous rating cuts from the main rating agencies, which aggravated even more their delicate position. The greater demand for capital for regulatory purposes added onto the funding problem, generating pressures on the balance sheets and a potential credit crunch, all of which increased even further the risks of recession in the Eurozone.

These conditions reflected in Indicators of stress in money markets, such as the spreads between the 3-month Libor and the overnight rate in SWAP markets –or Overnight Index Swaps (OIS). European banks had to face the closure of financing in wholesale markets, particularly of American funds.

GRAPH 35
3 MONTH SPREAD (%):
LIBOR - OIS (US$) AND EURIBOR - OIS (Euros)



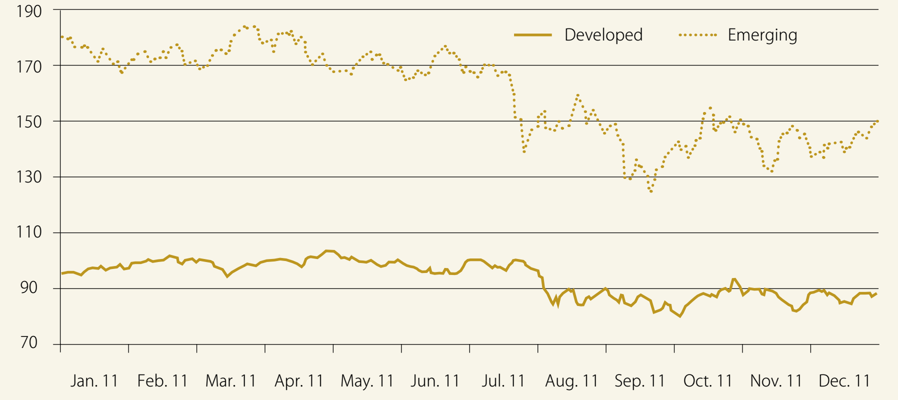
Source: Bloomberg.

In this context, in order to improve funding conditions in euros, the European Central Bank (ECB) implemented a series of measures, such as full allocation liquidity injections at a fixed rate and with a 36 month maturity, reduced the monetary policy interest rate and the rate of reserve requirements, expanded the list of collaterals accepted in banking operations, implemented the second program of purchases of secured bonds, and reinitiated the purchases of sovereign securities.

To improve financing conditions in US dollars in a coordinated manner, the six major central banks of developed economies –that is, the ECB and the central banks of the United States, the United Kingdom, Japan, Switzerland, and Canada– decided to reduce the rate for swap lines in dollars and extended the term of allocations. All these measures had a positive impact on markets, particularly at the end of the year after the first liquidity injection operation with a maturity of 36 months was carried out on December 21.

Stock markets showed an evolution in line with risk aversion. Although markets showed stability in the first half of the year, signs of a moderation of growth and the deepening of the Eurozone debt crisis in the second half of the year led to widespread losses, except in the United States due to the better prospects for growth observed in this country since November.

GRAPH 36
STOCK EXCHANGE INDICES IN DEVELOPED AND EMERGING COUNTRIES
(Jan.07=100)



Source: Bloomberg.

TABLE 21
STOCK MARKETS
(Main indices, end of period)

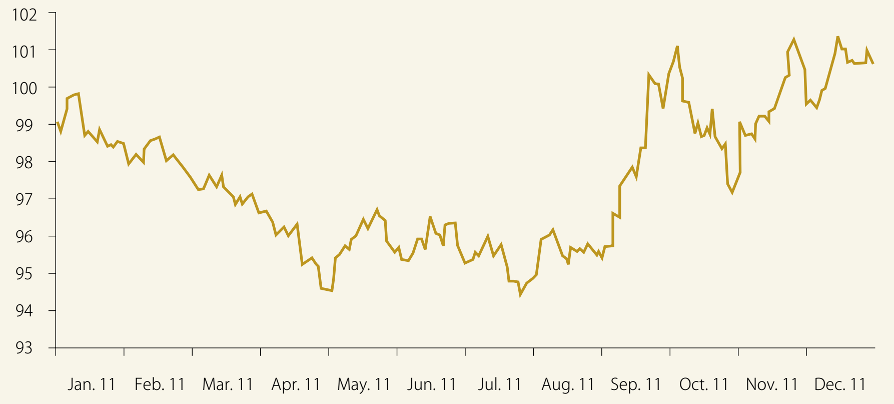
		% Change Dec.11 compared to:		
		Dec.08	**Dec.09**	**Dec.10**
USA	Dow Jones	39.2	17.2	5.5
BRAZIL	Bovespa	51.1	-17.3	-18.1
MEXICO	IPC	65.7	15.4	-3.8
CHILE	IGP	77.8	21.0	-12.4
PERU	Ind. Gral.	176.3	37.5	-16.7
GERMANY	DAX	22.6	-1.0	-14.7
FRANCE	CAC 40	-1.8	-19.7	-17.0
UNITED KINGDOM	FTSE 100	25.7	2.9	-5.6
JAPAN	Nikkei 225	-4.6	-19.8	-17.3
CHINA	Shangai C.	20.8	-32.9	-21.7

Source: Bloomberg.

In **foreign exchange** markets the dollar depreciated during the first half of the year, in line with stability in financial markets and with the increase in the rate spread. However, the dollar showed an appreciatory trend since the second half of the year due to the increase of the risk aversion as a result of the deepening of the debt crisis in the Eurozone and the higher probabilities that European economies would go into recession, as well as due to the likelihood of interest rate cuts in Europe.

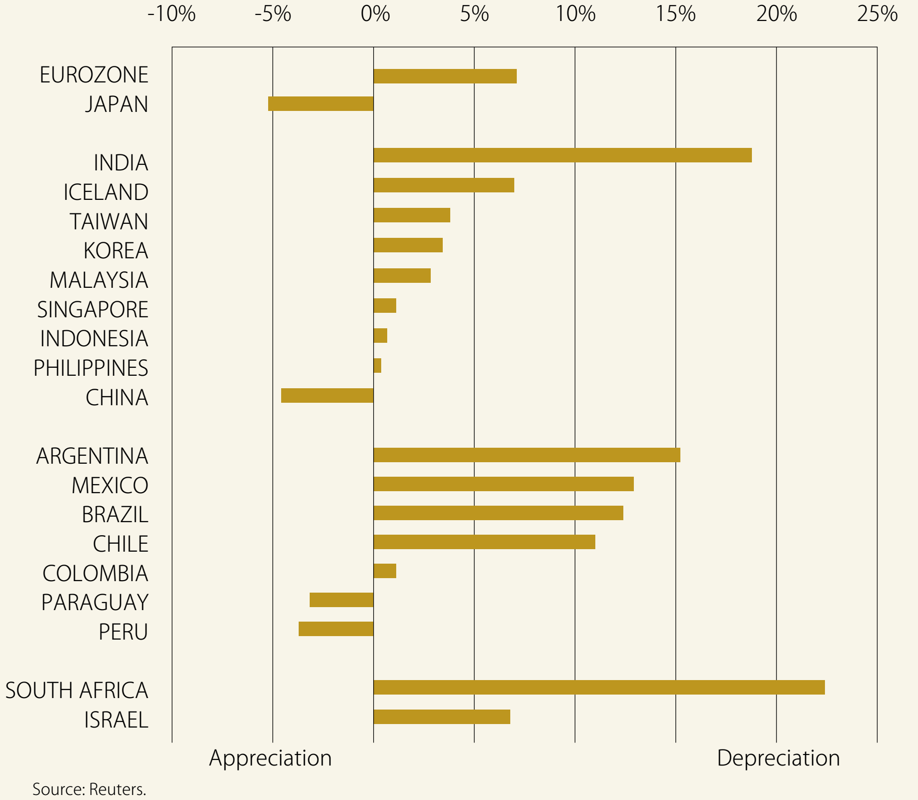
According to the Federal Reserve of the United States, whose currency basket includes the currencies of its main trading partners, based on data at the end of the period, the dollar depreciated 5 percent in the first half of the year and then appreciated 7 percent.

GRAPH 37
US DOLLAR BASKET INDEX*



* A rise in the index represents an appreciation of the US dollar.
Source: FED.

GRAPH 38
EXCHANGE RATE
(Monetary units per US$; % change Dec.11/Dec.10)



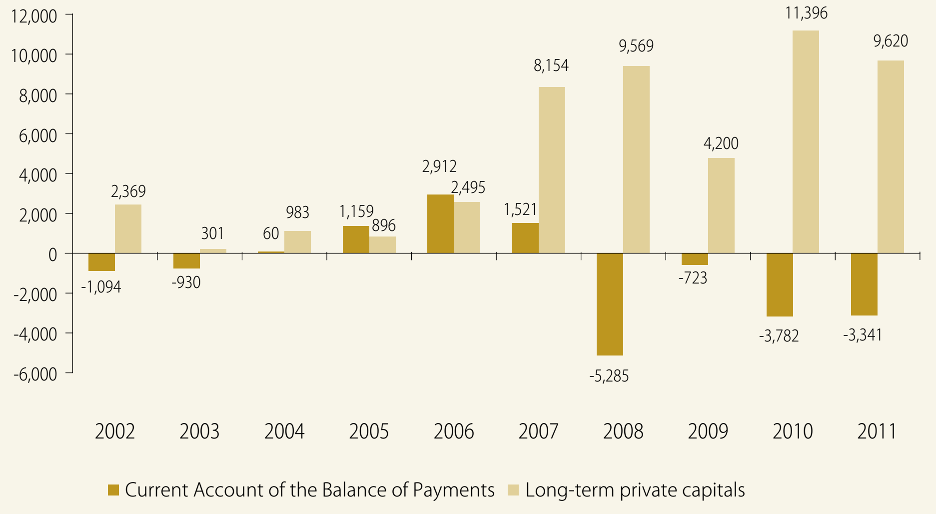
Source: Reuters.

4. Balance of Payments

In 2011 Peru's balance of payments was marked by a significant improvement in the trade balance, which offset the higher profits generated by companies with foreign shareholding. Thus, the current account deficit fell from 2.5 percent in 2010 to 1.9 percent in 2011.

In an international context of lower demand, the country's diversification of markets and increased exports to Latin American countries is worth pointing out. Exports grew 30.1 percent, while imports maintained their pace of growth, with a rate of 28.3 percent due to increased consumption and investment. The trade surplus was higher by US$ 2.55 billion than in 2010 and terms of trade improved by 5.4 percent.

GRAPH 39
CURRENT ACCOUNT AND LONG TERM CAPITALS
(Millions of US$)



Source: BCRP.

The financial account recorded a flow of US$ 9.16 billion (5.2 percent of GDP) and consisted of long term private capitals (5.4 percent of GDP), especially the reinvestment of profits of mining, hydrocarbons, financial and service enterprises with foreign capital shareholding and loans from parent companies to mining companies. A positive flow of long-term loans directed mostly to the financial sector was also observed. The financial account of the public sector showed a flow of US$ 848 million. These flows were in part offset by negative capital flows that reflected non-financial firms increased short-term assets abroad.

TABLE 22
BALANCE OF PAYMENTS

	Millions of US$			% of GDP		
	2009	2010	2011	2009	2010	2011
I. CURRENT ACCOUNT BALANCE	**- 723**	**- 3,782**	**- 3,341**	**- 0.6**	**- 2.5**	**- 1.9**
1. Trade Balance	5,951	6,750	9,302	4.7	4.4	5.3
a. FOB Exports	26,962	35,565	46,268	21.2	23.1	26.2
b. FOB Imports	- 21,011	- 28,815	- 36,967	- 16.5	- 18.7	- 20.9
2. Services	- 1,176	- 2,345	- 2,132	- 0.9	- 1.5	- 1.2
a. Exports	3,636	3,693	4,364	2.9	2.4	2.5
b. Imports	- 4,812	- 6,038	- 6,497	- 3.8	- 3.9	- 3.7
3. Investment Income	- 8,385	- 11,212	- 13,710	- 6.6	- 7.3	- 7.8
a. Private	- 8,450	- 10,982	- 13,173	- 6.6	- 7.1	- 7.5
b. Public	65	- 230	- 537	0.1	- 0.1	- 0.3
4. Current transfers	2,887	3,026	3,200	2.3	2.0	1.8
of which: Remittances	2,409	2,534	2,697	1.9	1.6	1.5
II. FINANCIAL ACCOUNT	**2,406**	**13,606**	**9,161**	**1.9**	**8.8**	**5.2**
1. Private Sector	4,200	11,396	9,620	3.3	7.4	5.4
a. Assets	- 3,586	- 1,375	- 1,298	- 2.8	- 0.9	- 0.7
b. Liabilities	7,786	12,771	10,918	6.1	8.3	6.2
2. Public Sector	291	2,468	848	0.2	1.6	0.5
a. Assets	- 320	- 37	- 273	- 0.3	0.0	- 0.2
b. Liabilities [1/]	610	2,505	1,121	0.5	1.6	0.6
3. Short term capital	- 2,085	- 258	- 1,307	- 1.6	- 0.2	- 0.7
a. Assets	- 601	- 1,844	- 1,319	- 0.5	- 1.2	- 0.7
b. Liabilities	- 1,484	1,587	12	- 1.2	1.0	0.0
III. EXCEPTIONAL FINANCING	**36**	**19**	**33**	**0.0**	**0.0**	**0.0**
IV. NET ERRORS AND OMISSIONS	**- 675**	**1,348**	**- 1,129**	**- 0.5**	**0.9**	**- 0.6**
V. BALANCE OF PAYMENT RESULT (V = I + II + III + IV) = (1-2)	**1,043**	**11,192**	**4,724**	**0.8**	**7.3**	**2.7**
1. Change in the balance of NIRs	1,939	10,970	4,711	1.5	7.1	2.7
2. Valuation effect.	896	- 222	- 13	0.7	- 0.1	0.0

1/ As of this Annual Report, government bonds issued abroad and held by residents are excluded from the external liabilities of the public sector, and government bonds issued in the domestic market and held by non-residents are included in the external liabilities of the public sector.
Source: BCRP, MEF, SBS, SUNAT, MINCETUR, COFIDE, ONP, FCR, Tacna Free Trade Zone, Banco de la Nación, Cavali S.A. ICLV, Proinversión, Bank for International Settlements (BIS), and businesses.

4.1 Trade Balance

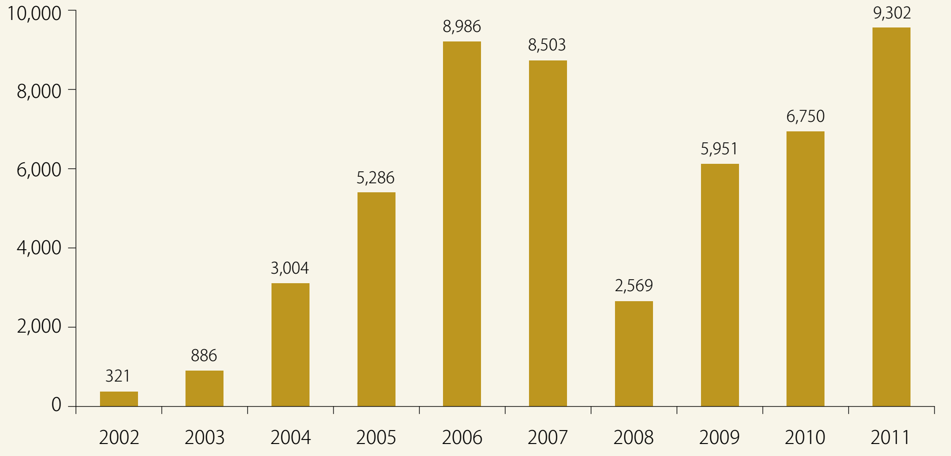
In 2011 the trade balance registered a surplus of US$ 9.30 billion, a balance US$ 2.55 billion higher than the one recorded in 2010.

Exports, which totaled US$ 46.27 billion, were 30.1 percent higher than in 2010. The increase in the volume of exports of non-traditional products, particularly agricultural, fishing, and chemical products, as well as the higher average prices of traditional products are worth pointing out. The prices of the main commodities rose due to several factors, especially due to the high levels of international liquidity.

The volume of exports of traditional products grew 5.2 percent, favored by increased shipments of fishmeal and coffee. The increase in the volume of exports of coffee was associated with supply problems in producer countries (Brazil and Colombia), while the increase in the volume of exports of fishmeal was associated with the higher quota established for anchovy fishing.

Imports, which totaled US$ 36.97 billion, were 28.3 percent higher than in 2010 due to the increase observed in all the types of imports. The volume of imports grew 12.8 percent, while the prices increased 13.8 percent.

GRAPH 40
TRADE BALANCE
(FOB value in Millions of US$)



Source: BCRP, SUNAT, Zofratacna, Banco de la Nación and businesses.

Peru's main trading partners continued to be the United States and China, which accounted for about a third of Peruvian exports. However, the share of the U.S. declined by 3.7 percentage points to 13 percent of total exports due to the lower demand of this country. On the other hand, the share of other markets such as Asia, Andean countries, and Mercosur increased.

TABLE 23
TRADE BY MAIN COUNTRIES AND REGIONS [1/]
(% structure)

	Exports [2/]			Imports [3/]			X + M		
	2009	**2010**	**2011**	**2009**	**2010**	**2011**	**2009**	**2010**	**2011**
United States of America	17.4	16.9	13.2	19.1	19.2	19.3	18.4	18.0	15.9
China	15.3	15.4	15.2	15.5	15.6	16.4	15.2	16.0	15.7
Switzerland	14.8	10.9	12.8	0.5	0.3	0.4	8.6	6.2	7.3
Canada	8.6	9.4	9.1	1.8	1.4	1.5	5.7	6.0	5.7
Brazil	1.9	2.7	2.8	7.6	6.5	6.4	4.4	4.7	4.3
Japan	5.1	5.1	4.7	4.7	2.8	3.3	4.7	4.8	4.1
Chile	2.8	3.9	4.3	4.0	4.1	3.8	3.6	3.9	4.1
South Korea	2.8	2.5	3.7	3.6	4.1	3.8	2.8	2.9	3.8
Germany	3.9	4.3	4.1	3.4	3.1	3.0	3.6	3.7	3.6
Ecuador	2.2	2.3	1.8	4.1	5.4	5.1	3.3	3.5	3.3
Colombia	2.4	2.2	2.3	4.6	3.9	3.9	3.3	3.2	3.0
Spain	2.8	3.4	3.7	1.4	1.5	1.5	2.2	2.5	2.7
Argentina	0.3	0.4	0.4	3.6	5.2	5.0	2.0	1.9	2.4
Mexico	0.9	0.8	1.0	4.0	4.0	3.9	2.0	2.1	2.3
Others	18.8	19.8	21.9	22.2	22.9	22.8	20.3	20.5	21.7
TOTAL	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Memo:									
Asia	26.0	25.9	26.4	27.9	30.9	31.5	26.8	28.1	28.8
North America	27.1	27.2	23.6	25.0	24.8	24.7	26.2	26.1	24.1
European Union	15.9	18.4	17.6	11.3	10.6	10.4	13.9	15.0	14.3
Andean Countries [4/]	10.9	11.0	11.3	16.3	14.9	14.6	13.2	12.7	12.9
Mercosur [5/]	2.3	3.1	3.3	12.9	12.1	12.2	6.9	7.2	7.5
Others	17.8	14.3	18.6	6.7	6.6	6.6	13.0	10.9	12.5

X: Exports. M: Imports.
1/ Imports were grouped by country of origin.
2/ Exports exclude goods sold and repairs of foreign ships and aircrafts.
3/ Imports exclude defense material, other purchased goods, and ships and aircrafts abroad.
4/ Bolivia, Chile, Colombia, Ecuador and Venezuela.
5/ Brazil, Argentina, Uruguay and Paraguay.
Source: BCRP, SUNAT and Zofratacna.

The U.S., which accounted for Peruvian exports for a total of US$ 2.34 billion, was the main destination for our non-traditional exports, followed by Venezuela and Colombia, which accounted for Peruvian exports amounting to a total of US$ 893 million and US$ 825 million, respectively. By regions, sales of Peruvian products to Andean countries amounted to US$ 3.35 billion, a sum US$ 700 million higher than the one of sales to North American markets.

In the U.S., the best selling products were T-shirts (US$ 294 million), fresh asparagus (US$ 177 million), knitted shirts (US$ 169 million), and calcium phosphates (US 105 million), whereas in the Andean countries, the best selling products were copper wire (US$ 270 million), T-shirts (US$ 148 million), sulfuric acid (US$ 86 million), and flexible laminated plates (US$ 80 million).

TABLE 24
MAIN DESTINATION: NON TRADITIONAL EXPORTS
(Millions of US$)

	Year			% Chg. 2011 / 2010
	2009	**2010**	**2011**	
USA	1,573	1,939	2,342	20.8
Venezuela	588	487	893	83.2
Colombia	556	690	825	19.6
Ecuador	377	492	616	25.1
Chile	328	429	595	38.8
Spain	326	390	485	24.4
Netherlands	291	339	431	27.2
Bolivia	303	365	428	17.4
Brazil	120	256	353	38.0
China	182	254	331	30.3
France	142	195	232	19.1
Mexico	111	143	218	53.0
Italy	105	126	188	49.7
Germany	106	151	178	18.1
United Kingdom	111	144	169	17.6
Others	967	1,243	1,845	48.5
Total	6,186	7,641	10,130	32.6
Memo:				
Andean countries 1/	2,152	2,463	3,356	36.3
North America	1,742	2,151	2,657	23.5
European Union	1,183	1,529	1,969	28.8
Asia	436	601	862	43.4
Mercosur 2/	195	356	516	45.0

1/ Bolivia, Chile, Colombia, Ecuador and Venezuela.
2/ Brazil, Argentina, Uruguay and Paraguay.
Source: SUNAT.

TABLE 25
EXPORTS 1/
(% change compared to the previous year)

	Volume			Prices		
	2009	2010	2011	2009	2010	2011
Exports	**-4.1**	**1.9**	**8.5**	**-10.0**	**29.9**	**20.0**
Traditional exports	**1.6**	**-1.5**	**5.2**	**-13.6**	**36.8**	**22.9**
Of which						
Fish meal	-1.6	-29.7	19.3	6.5	55.4	-8.4
Coffee	-12.2	16.3	27.8	-2.6	27.2	45.1
Copper	0.7	0.5	0.3	-21.4	50.0	20.6
Gold	8.9	-9.2	1.1	11.6	25.8	28.1
Zinc	-5.2	-3.0	-18.9	-17.6	48.1	10.4
Crude oil and derivatives	11.2	12.7	-8.8	-36.4	33.0	33.7
No tradicionales	**-14.8**	**15.3**	**20.2**	**-4.0**	**6.9**	**10.4**
Of which						
Agricultural exports	5.0	17.4	25.7	-9.1	2.1	2.5
Fisheries	-14.6	-6.5	37.9	-2.2	32.6	17.1
Textiles	-29.9	2.5	3.1	5.3	1.4	23.2
Chemicals	-12.0	31.6	21.7	-8.5	10.5	11.1
Iron and steel 2/	-26.3	23.4	-1.4	-14.4	31.9	24.4

1 / Calculated on the basis of unit values (the result of dividing the total value of each category by the total volume).
2 / Includes jewelry.
Source: BCRP, SUNAT and businesses.

Classification of Exports according to Economic Activity Groups

Today exports are classified into exports of traditional and non-traditional goods. Traditional products are the ones obtained from the extraction and basic processing of natural resources, while non-traditional products are "new" products or products with a higher added value. In order to make statistical data on exports compatible with statistical data on economic activity, the main tariff items –up to 98 percent of the FOB value exported in 2010– have been regrouped in accordance with the International Standard of Industrial Classification Revision 4 (ISIC Rev. 4).

All ISIC groups were classified into four groups: agriculture, fishing, mining and hydrocarbons, and manufacturing. In some cases, different ISIC groups were combined to obtain a similar classification to the one used in statistics of economic activity. For example, ISIC groups 0121 - 0126, which were used to classified several fruits, have been combined in a single group called "Fruits", which includes fresh grapes, avocados, mangos, bananas and mandarins, among others. Moreover, all the mining concentrates, both refined and processed, are now under the category "mining and hydrocarbons", regardless of whether they are "traditional" or "non-traditional" products.

As a result of this reclassification, in 2011 total agricultural exports amounted to US$ 3.87 billion, fishing exports to US$ 2.83 billion, mining and hydrocarbon exports to US$ 32.30 billion, and manufacturing exports to US$ 5.35 billion.

Exports of coffee and fruits stand out in the group of agricultural products (US$ 1.58 billion and US$ 795 million, respectively), while exports of fishmeal and canned fish and seafood products stand out in the group of fishing products (US$ 2.80 billion). Moreover, exports of non-ferrous minerals (US$ 12.13 billion) and primary products based on non-ferrous minerals (US$ 14.17 billion) were noteworthy in the group of mining and hydrocarbons exports, while exports of textiles –fabrics, yarn, garment, and synthetic fibers– stand out in the manufacturing group (US$ 1.71 billion).

The graph below shows that agricultural products increased from 6 to 9 percent of total exports between 2007 and 2011, while fishing exports remained at 6 percent, mining exports declined slightly from 72 to 71 percent, and manufacturing exports fell from 12 to 14 percent.

GRAPH 41
EXPORTS BY GROUP OF ACTIVITY

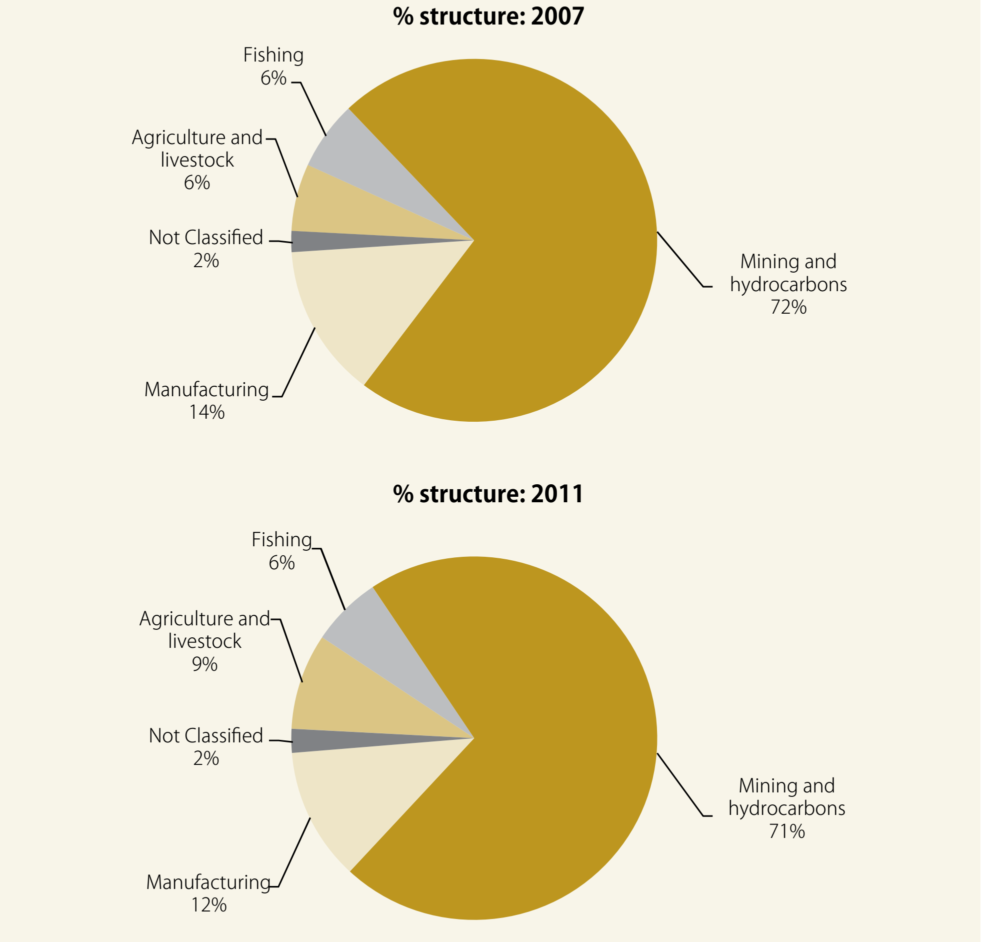


TABLE 26
EXPORTS[1/] BY GROUP OF ECONOMIC ACTIVITY
(Millions of US$)

CIIU	Sector	2007	2008	2009	2010	2011
	AGRICULTURAL PRODUCTS	**1,677**	**2,179**	**2,085**	**2,684**	**3,872**
0111	Cereals, legumes and oilseeds, except rice	75	102	89	115	136
	Of which:					
	Tara powder	17	23	13	27	29
	Quinoa	2	5	7	13	24
	Black Eye Bean	13	14	14	21	22
0113	Vegetables, tubers and roots	266	261	296	357	366
	Of which:					
	Fresh Asparagus	236	228	251	291	292
	Fresh onions	22	21	28	42	43
0121-0126	Fruits	263	344	401	505	795
	Of which:					
	Grapes	60	83	136	180	301
	Avocados	47	73	64	85	164
	Mangos	63	63	71	89	115
	Organic bananas	31	46	51	49	64
0127	Coffee	427	644	584	887	1,580
0128	Spices and medicinal and aromatic plants	110	154	120	121	160
	Of which:					
	Whole paprika	69	86	68	66	87
	Ground paprika	12	24	14	15	24
1030	Canned fruits of legumes and vegetables	461	564	472	554	690
1072	Sugar cane	20	26	39	68	51
	Others	54	84	84	78	94
	FISHING	**1,714**	**2,048**	**1,952**	**2,266**	**2,830**
0311	Fresh or frozen products	11	20	13	24	23
1020	Fishmeal and canned fish, crustaceans and molluscs	1,700	2,024	1,935	2,237	2,804
	Others	4	5	3	5	4
	MINING AND HYDROCARBONS	**20,243**	**21,272**	**18,368**	**24,862**	**32,302**
0610	Crude oil	621	588	353	505	577
0620	Natural gas	0	0	0	284	1,284
0710	Iron	285	381	298	523	1,023
0729	Non-ferrous minerals	8,710	7,867	6,470	9,729	12,136
0891	Phosphates, sulphates and other	8	11	10	70	254
1920	Oil refining products	1,684	2,089	1,562	2,239	2,801
2420	Primary products of precious metals and nonferrous metals	8,914	10,301	9,637	11,466	14,171
	Others	20	35	39	47	56
	MANUFACTURING	**3,821**	**4,728**	**3,613**	**4,300**	**5,350**
1040	Oils and fats of vegetable and animal origin	253	392	263	285	352
1050	Milk products	66	91	62	83	103
1061-1071-1074	Milling and Bakery	72	95	88	111	150
1073	Cocoa and chocolate and confectionery products	60	84	83	97	125
1079	Others foodstuffs	21	45	36	46	56
1080	Prepared animal food	50	62	63	79	104
1311-1430-2030	Textiles (yarn, tissues, garments and fibers)	1,560	1,822	1,340	1,380	1,713
1610	Wood	155	160	120	128	114
1709	Articles of paper and cardboard	47	82	75	75	89
1811	Brochures, books and other impressions	67	79	62	59	74
2011	Basic chemicals	297	354	248	496	720
2012	Fertilizers	30	87	67	56	53
2013	Supplies of plastics and synthetic rubber	29	34	30	48	66
2023	Toiletries and cleaning products	67	108	97	109	129
2029	Others chemicals	46	52	49	53	65
2211	Tires and cameras	33	45	35	56	78
2220	Plastic products	214	275	221	296	390
2392	Building Materials	35	51	49	71	80
2410-2431	Iron and steel industry	104	172	110	143	145
2432	Smelting of nonferrous metals	180	151	92	154	184
2710	Electric motors, generators, transformers and distribution equipment	10	16	19	37	24
2732	Others electric and electronic cables	24	26	24	15	23
2822-2824	Machinery and equipment	22	29	33	48	47
3211-3250	Miscellaneous articles	123	109	80	92	99
	Others	257	311	267	285	368
	NOT CLASSIFIED	**525**	**601**	**570**	**711**	**968**
	TOTAL	**27,980**	**30,828**	**26,588**	**34,824**	**45,322**

[1/] Considering only definitive exports.

Traditional Exports

Traditional exports, which amounted to US$ 35.84 billion, were 30 percent higher than in 2010. This increase reflected the higher prices of products such as coffee, copper, and gold, as well as the greater volume of exports –up 5 percent– of products such as fishmeal and coffee.

The value of exports of fisheries amounted to US$ 2.09 billion and grew 11 percent compared to 2010 as a result mainly of increased shipments of fishmeal (up 19 percent) that reflected the higher extraction of anchovy. The prices of these exports increased 3 percent.

TABLE 27
FOB EXPORTS, BY GROUP OF PRODUCTS

	FOB Value: Millions of US$			% change		
	2009	2010	2011	2010	2011	Average 2002-2011
I. TRADITIONAL PRODUCTS	**20,622**	**27,669**	**35,837**	**34.2**	**29.5**	**20.9**
FISHING	**1,683**	**1,884**	**2,099**	**11.9**	**11.4**	**8.9**
Fishmeal	1,425	1,609	1,767	12.9	9.8	7.9
Fish oil	258	274	333	6.4	21.3	17.0
AGRICULTURAL PRODUCTS	**636**	**975**	**1,672**	**53.2**	**71.6**	**22.7**
Coffee	584	888	1,581	52.0	78.0	23.7
Sugar	37	65	48	74.7	- 26.5	11.3
Cotton	3	1	8	- 59.1	608.9	12.8
Other agricultural products 1/	12	20	36	69.7	77.5	14.3
MINING	**16,382**	**21,723**	**27,361**	**32.6**	**26.0**	**21.8**
Copper	5,934	8,870	10,711	49.5	20.8	24.6
Gold	6,805	7,756	10,104	14.0	30.3	21.0
Lead 2/	1,116	1,579	2,424	41.5	53.5	27.7
Zinc	1,233	1,691	1,522	37.1	- 10.0	13.5
Iron	298	523	1,023	75.7	95.5	28.6
Tin	479	663	755	38.5	13.9	17.1
Molybdenum	276	492	571	78.4	15.9	24.4
Refined silver	214	118	219	- 44.8	85.6	2.4
Rest of mining products 3/	28	29	31	6.3	6.5	19.8
OIL AND NATURAL GAS	**1,921**	**3,088**	**4,704**	**60.8**	**52.3**	**26.4**
II. NON-TRADITIONAL PRODUCTS	**6,186**	**7,641**	**10,130**	**23.5**	**32.6**	**16.2**
Agricultural products	1,825	2,190	2,830	20.0	29.2	17.8
Textiles	1,495	1,558	1,986	4.2	27.5	11.4
Chemicals	837	1,223	1,645	46.3	34.5	20.5
Iron and steel, and jewelry	569	918	1,128	61.4	22.8	17.6
Fishing products	518	642	1,047	24.0	63.0	20.4
Metal mechanic productss	366	394	464	7.7	17.8	15.5
Non-metallic minerals	148	251	487	69.6	94.2	21.8
Wood and paper manufacturing	335	355	398	5.9	12.2	8.4
Others 4/	93	110	145	18.1	31.8	16.0
III. Others 5/	**154**	**254**	**301**	**65.3**	**18.3**	**12.9**
IV. TOTAL EXPORTS	**26,962**	**35,565**	**46,268**	**31.9**	**30.1**	**19.6**

1/ Includes coca leaf and derivatives, molasses, wool and furs.
2/ Includes silver content.
3/ Includes bismuth and tungsten, mainly.
4/ Includes furs, leather, and handcrafts, mainly.
5/ Includes sales of fuels and food to foreign vessels and repairs of capital goods.
Source: BCRP, SUNAT and businesses.

Mining exports accumulated a value of US$ 27.36 billion, a sum 26 percent higher than in 2010. This mainly reflected the higher prices of metals, such as copper and gold, and higher exported volumes of lead, iron, and molybdenum.

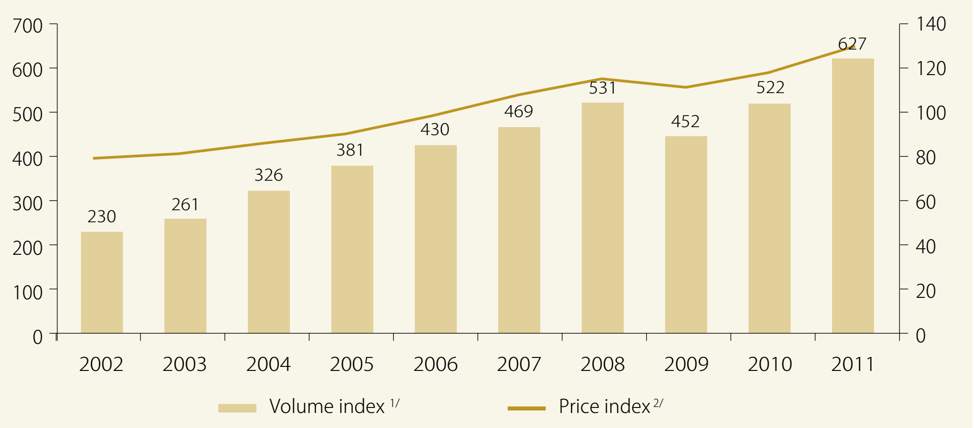
Finally, the sales of crude and natural gas grew 52 percent due both to the higher prices of oil and oil derivatives (22 percent) and to higher exports of natural gas, which amounted to US$ 1.28 billion in the year.

Non-Traditional Exports

Exports of non-traditional products amounted to US$ 10.13 billion in 2011, that is, a sum 33 percent higher than in 2010. The volume of these exports grew 20 percent, reflecting the high growth recorded in agricultural, chemical, and fishing products.

Exports of non-traditional products have increased by an annual 16 percent on average in the last ten years. The volume of exports has grown by an annual 11 percent on average, with the growth of the following products standing out: agricultural products (21 percent), chemicals (17 percent), fishing products (11 percent), and textiles (4 percent).

GRAPH 42
NON TRADITIONAL EXPORTS
(1994=100)



1/ Left axis.
2/ Right axis.

Sales of agricultural products amounted to US$ 2.83 billion in 2011. Exports of fresh grapes, asparagus, and artichoke preserves were noteworthy. The main destination markets were the European Union –fresh avocados, asparagus, and fresh grapes–; North America –fresh asparagus, paprika, artichoke preserves, and fresh grapes–, and the Andean countries –shrimp food, fresh onions; and cocoa.

In the last ten years, exports of agricultural products have grown at an average annual rate of 18 percent. Thus, the value exported in 2011 was four times higher than in 2002. This growth reflects the increase registered in shipped volumes of fresh grapes, fresh avocados, fresh mango, asparagus, paprika, and artichoke preserves, among other products.

Exports of fishery products amounted to US$ 1.05 billion, reflecting higher sales of frozen squid, squid preserves, and frozen fish. The main markets for these products were the United States (US$ 171 million), China (US$ 152 million), and Spain (US 139 million). In the last ten years, the volume of fish products has grown at an average annual rate of 11 percent.

TABLE 28

MAIN NON-TRADITIONAL AGRICULTURAL PRODUCTS
(Millions of US$)

Most popular products	2002	2011	Annual average % change
Fresh grapes	19	301	32.0
Fresh Asparagus	83	292	13.4
Fresh avocados	5	164	42.2
Asparagus prepared	85	141	5.1
Paprika	19	132	21.1
Canned artichokes	2	123	50.1
Fresh mangoes	33	115	13.3
Piquillo peppers	11	112	25.7
Shrimp feed	12	94	23.4
Evaporated milk	10	93	24.6
Organic bananas	6	64	26.4
Cocoa beans	1	63	49.0
Canned jalapeños	2	50	35.5
Noodles	7	48	20.6
Subtotal	297	1,793	19.7
Total	**550**	**2,830**	**17.8**

Source: BCRP and SUNAT.

MAIN NON-TRADITIONAL FISHING PRODUCTS
(Millions of US$)

Most popular products	2002	2011	Annual average % change
Frozen giant squid	36	228	20.4
Canned giant squid	4	199	47.0
Frozen scallops	9	135	31.1
Frozen fish	3	79	40.8
Frozen prawns tails	10	58	18.7
Frozen fillets	18	75	15.5
Canned fish	11	59	18.6
Canned anchovies	1	22	38.4
Whole frozen shrimps	3	19	20.9
Giant Squid meal	1	15	30.9
Shark fins	4	14	12.0
Egg of fish	2	13	18.9
Subtotal	102	929	24.7
Total	**164**	**1,047**	**20.4**

Source: BCRP and SUNAT.

Textile exports registered a value of US$ 1.98 billion, up 28 percent compared to the previous year. The volume of textile exports grew 3 percent, while mean prices increased 23 percent. The recovery in the volume of these exports was associated with increased sales to the markets of the region, especially Venezuela and Brazil, as a result of export companies' efforts of gaining new markets. Sales of textiles to Andean and the Mercosur countries amounted to US$ 870 million, while sales of textiles to the United States amounted to US$ 737 million. The growth of prices reflected not only the higher price of cotton, the main input in the sector of textiles, but also firms' orientation towards higher value-added market niches.

In the last ten years the value of textile products has risen by an annual 11 percent on average and the volume of textile exports has risen by an annual 4 percent. One of the main factors explaining this increase is the diversification of markets, reflected in the higher annual average sales to Venezuela (27 percent), Colombia (23 percent), Brazil (35 percent), and Ecuador (14 percent).

TABLE 29
MAIN COUNTRIES OF DESTINATION OF TEXTILE PRODUCTS
(Millions of US$)

Top destinations	2002	2011	Annual average % change
United States	404	737	6.2
Venezuela	36	401	27.4
Colombia	13	108	23.1
Brazil	5	103	35.0
Ecuador	21	81	14.5
Chile	26	76	11.4
Italy	16	73	16.1
Argentina	0	52	62.6
Bolivia	12	40	12.8
Gerrmany	13	40	11.6
United Kingdom	17	31	6.1
Mexico	12	26	8.4
France	9	21	9.1
China	9	20	8.9
Canada	8	20	9.7
Subtotal	601	1,828	11.8
Total	**677**	**1,986**	**11.4**
Memo:			
Andean Countries 1/	**108**	**705**	**20.7**
European Union	**89**	**201**	**8.5**
Mercosur	**6**	**165**	**39.9**

1/ Bolivia, Chile, Colombia, Ecuador and Venezuela.
Source: BCRP and SUNAT.

Moreover, exports of chemicals totaled US$ 1.64 billion, up 35 percent relative to 2010, as a result of increased shipments of flexible laminates, carmine lacquer, carminic acid, and sulfuric acid. The main markets for these products in 2011 were Venezuela (US$ 226 million), Chile (US$ 207 million), and Colombia (US$ 204 million).

Exports of chemicals have grown 20 percent on average in the last 10 years, the growth of exports of flexible laminates (45 percent), carmine lacquer (29 percent), sulfuric acid (46 percent), zinc oxide (28 percent), and carminic acid (31 percent) stands out among the growth of other exports of chemicals. The main destination markets for these products were countries in the region, such as Venezuela, Chile, and Colombia, among others.

TABLE 30
MAIN COUNTRIES OF DESTINATION OF CHEMICAL PRODUCTS
(Millions of US$)

Top destinations	2002	2011	Annual average % change
Venezuela	23	226	25.7
Chile	21	207	25.6
Colombia	33	204	20.0
Ecuador	36	162	16.1
Bolivia	30	146	17.2
Brazil	5	82	31.9
USA	23	73	12.1
Germany	6	48	22.6
China	0	40	59.2
Netherlands	5	35	22.6
Denmark	1	33	49.6
Mexico	7	33	15.9
Argentina	3	27	23.6
Guatemala	5	27	19.2
Spain	3	25	23.4
Subtotal	202	1,368	21.1
Total	**256**	**1,645**	**20.5**
Memo:			
Andean Countries [1/]	**143**	**944**	**20.8**
European Union	**30**	**230**	**22.7**
Mercosur	**9**	**114**	**29.1**

[1/] Bolivia, Chile, Colombia, Ecuador and Venezuela.
Source: BCRP and SUNAT.

Diversification of exports

A significant growth and diversification of exports, especially of non-traditional exports, was observed in the last decade.

The number of exported non-traditional products[15] has increased from 3,591 in 2002 to 4,142 in 2011, that is, 551 new products are now exported. On the other hand, the number of destinations of non-traditional exports has risen from 148 in 2002 to 185 in 2011, while the number of companies exporting these products has increased by 3,142.

Imports

Imports in 2011 amounted to US$ 36.96 billion and were 28.3 percent higher than in 2010, reflecting the growth of domestic demand. The volumes of imports were 12.8 percent higher due to increased purchases of consumer

15 Measured by the number of entry items.

goods and capital goods oriented mainly to the sectors of transport, mining, manufacturing, and commerce. The prices of imports, on the other hand, grew 13.8 percent, mainly as a result of the higher prices of crude, food products, and industrial inputs.

TABLE 31
FOB IMPORTS, BY USE OR DESTINATION

	FOB Value: Millions of US$			% change		
	2009	2010	2011	2010	2011	Average 2002-2011
1. Consumer goods	**3,962**	**5,489**	**6,692**	**38.5**	**21.9**	**14.3**
Non-durable goods	2,137	2,809	3,465	31.4	23.4	12.9
Durable goods	1,825	2,680	3,226	46.8	20.4	16.2
2. Inputs	**10,076**	**14,023**	**18,255**	**39.2**	**30.2**	**17.2**
Fuel, oils and related	2,929	4,063	5,737	38.7	41.2	19.4
Raw materials for agriculture	773	868	1,091	12.2	25.7	15.9
Raw materials for industry	6,374	9,093	11,428	42.7	25.7	16.3
3. Capital goods	**6,850**	**9,074**	**11,665**	**32.5**	**28.6**	**20.3**
Construction materials	854	1,087	1,447	27.3	33.1	18.2
For agriculture	72	80	110	11.4	37.4	18.3
For industry	4,498	5,539	7,296	23.1	31.7	19.5
Tranportation equipment	1,426	2,369	2,813	66.1	18.8	24.2
4. Others goods [1/]	**122**	**229**	**355**	**87.7**	**54.6**	**20.3**
5. Total imports	**21,011**	**28,815**	**36,967**	**37.1**	**28.3**	**17.5**
Memo:						
Main food products [2/]	**1,349**	**1,725**	**2,295**	**27.8**	**33.0**	**15.4**
Wheat	346	368	535	6.4	45.4	12.1
Maize and/or sorgum	266	372	563	39.7	51.4	19.8
Rice	49	55	116	11.2	112.8	29.6
Sugar [3/]	57	121	135	111.7	11.5	16.3
Dairy products	37	81	96	118.5	19.6	11.9
Soybean	561	679	794	21.2	16.9	15.1
Meat	34	49	55	46.5	11.3	12.4

[1/] Includes donations of goods, purchases of fuel and food by Peruvian ships, and repairs of capital goods in other countries, as well as other goods not considered by the classification used.
[2/] Excludes food donations.
[3/] Includes unrefined sugar, classified as inputs.
Source: BCRP, SUNAT, Zofratacna, Banco de la Nación, and businesses

TABLE 32
IMPORTS [1/]
(% change compared to the previous year)

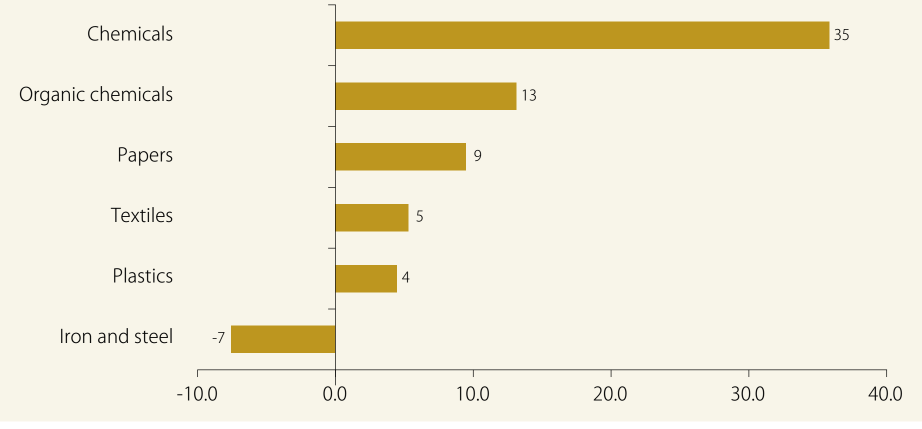
	Volume			Prices		
	2009	2010	2011	2009	2010	2011
Imports	**-20.1**	**24.5**	**12.8**	**-7.4**	**10.1**	**13.8**
1. Consumer goods	**-9.3**	**28.0**	**12.4**	**-4.6**	**8.1**	**8.6**
Main food products [2/]	-21.4	29.0	12.4	-20.5	34.4	16.8
Rest [3/]	-8.9	28.1	12.5	-2.4	6.8	8.0
2. Inputs	**-18.7**	**21.3**	**6.7**	**-14.8**	**15.3**	**22.0**
Main food [4/]	1.7	20.6	-2.5	-18.1	0.0	36.4
Petroleum and derivatives	-16.5	10.0	2.3	-32.4	30.7	37.9
Rest [5/]	-20.7	27.8	10.6	-5.8	11.1	12.6
Of which:						
Plastics	-10.2	28.6	4.5	-26.9	22.8	16.4
Iron and steel	-40.0	62.7	-7.4	-5.9	14.7	13.3
Textiles	-21.5	38.8	5.2	-8.7	17.4	27.2
Papers	-10.0	16.2	9.4	-5.8	2.8	7.1
Chemicals	-14.5	-1.1	35.4	19.6	32.1	14.2
Organic Chemicals	-20.7	23.6	13.0	-5.5	14.9	4.6
3. Capital goods	**-23.9**	**27.5**	**22.1**	**-2.4**	**3.8**	**5.3**

1/ The price index of Imports is calculated on the basis of the prices of imports of food and fuel and the basket of our major trading partners for the rest of Imports. The price index of inputs is calculated based on the unit values (result of dividing the total value of each category by the total volume).
2/ Rice, sugar, milk and meat.
3/ Excludes food.
4/ Wheat, maize and soybean.
5/ Excludes food and crude oil and derivatives.
Source: BCRP, SUNAT, Zofratacna, Banco de la Nación and businesses.

Imports of **consumer goods** grew 21.9 percent compared to 2010, especially due to imports of cars, television sets, motorcycles, medicines, footwear, garments, and perfume items. Increased purchases of food products, such as rice, wheat, and maize, were also recorded.

Increased imports of all the types of industrial **inputs** were also observed, the increase recorded in purchases of chemical products –due to Petroperu and Refinería La Pampilla's purchases of biodiesel– and organic chemicals –due to purchases of alcohol fuel to mix it with gasoline– standing out.

GRAPH 43
VOLUME OF INDUSTRIAL INPUTS WITH HIGHER GROWTH IN 2011
(% change of the volume index compared to the previous year)



Imports of capital goods, excluding construction materials grew 21.5 percent due to increased purchases of telecommunications equipments, civil engineering equipment, electrical connection devices, machinery, pumps, and filtering equipment. Imports of construction materials, on the other hand, increased 33.1 percent, due mainly to higher purchases of iron bars, tubes and welded profiles, and pipes for pipelines.

In terms of economic sectors, the growth of imports of **capital goods** for mining projects (43.4 percent), associated with investment projects such as Xstrata Tintaya's Las Bambas and Minera Chinalco's Toromocho were noteworthy.

Imports of capital goods for the energy sector grew 50.3 percent due to the increased purchases of Kallpa Generación and Generación Eléctrica de Chilca for their energy projects.

TABLE 33
IMPORTS OF CAPITAL GOODS BY ECONOMIC SECTORS

Sector	FOB Value: Millions of US$			% Change		
	2009	2010	2011	2010	2011	Average 2002 - 2011
Agriculture	54	44	39	-18.2	-11.5	21.4
Fishing	5	14	11	168.3	-25.4	18.7
Hydrocarbons	490	514	427	4.8	-16.8	8.6
Mining	717	809	1,160	12.9	43.4	24.5
Manufacture	835	939	1,151	12.3	22.7	19.7
Construction	244	371	430	52.5	15.8	32.0
Electricity	178	149	224	-16.1	50.3	26.0
Transportation	664	1,246	1,622	87.6	30.2	34.7
Telecommunications	467	547	711	17.1	30.0	18.1
Traders of Capital Goods	1,802	2,305	2,813	27.9	22.1	24.4
IT Equipment	400	496	539	24.3	8.6	18.4
Machinery and diverse equipments	371	597	588	60.9	-1.5	26.9
Medicine and surgery instruments	91	87	93	-4.6	7.6	20.7
Office equipments	103	130	221	26.2	70.5	28.7
Financial services	395	358	613	-9.5	71.3	35.5
Other traders	443	638	759	44.0	19.1	21.9
Non classified	1,393	2,135	3,076	53.2	44.1	22.1
Memo:						
Mobile phones	318	377	529	18.7	40.4	21.7
Total	6,850	9,074	11,665	32.5	28.6	22.8

Source: BCRP, SUNAT, Zofratacna, Banco de la Nación and businesses.

Imports of capital goods for industry included the machinery and civil engineering equipment purchased by Ferreyros, Minera Chinalco and Xstrata Tintaya for mining projects, as well as the electrical appliances, pumps and compressors purchased by Generación Eléctrica de Chilca and Kallpa Generación.

TABLE 34
CAPITAL GOODS FOR INDUSTRY [1/]

	FOB Value: Millions of US$			% change		
	2009	2010	2011	2010	2011	Average 2002 - 2011
Telecommunications equipment	546	777	993	42.4	27.8	28.4
Machinery and equipment of civil engineering	418	541	683	29.3	26.2	17.5
Automatic data processing machines	381	454	519	19.1	14.3	18.0
Other machines	266	346	465	30.1	34.7	23.4
Pumps, compressors, fans and filtering devices	276	284	390	3.0	37.1	24.6
Electrical devices for junction	204	240	363	17.7	51.5	25.5
Electric rotating devices	176	191	300	8.3	57.6	28.8
Mechanical equipment handling	171	271	248	57.9	-8.3	31.0
Heating and cooling equipment	201	233	243	15.8	4.4	16.3
Measuring instruments and devices	158	200	237	26.3	18.6	19.3
Pumps for liquids	127	152	214	19.3	41.3	20.5
Non-electrical machinery and engines	100	66	195	-33.8	195.1	52.2
Electricity devices	143	149	194	4.3	30.2	26.1
Other machines, tools and mechanical appliances	127	136	190	7.6	39.7	23.1
Textile machinery and machines for leather work	91	149	184	62.9	23.8	10.6
Rest	1,113	1,351	1,876	21.4	38.9	22.1
Total	4,498	5,539	7,296	23.1	31.7	22.2

[1/] Excluding mobile phones.
Source: BCRP, SUNAT, Zofratacna, Banco de la Nación and businesses.

4.2 Terms of Trade

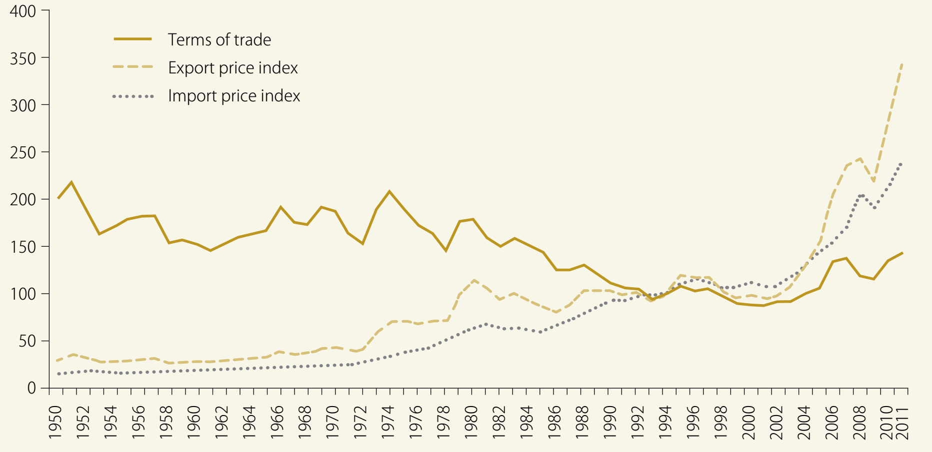
In 2011, terms of trade grew 5 percent, reflecting that the prices of exports grew 20 percent and the prices of imports grew 14 percent.

In general terms, the prices of commodities were favored by high international levels of liquidity, low inventory levels, and some supply constraints, especially in the first semester. The developments in the Eurozone, which generated liquidations of non-commercial positions, brought about temporary corrections in this trend.

The commodities that showed the highest price rises were, on the side of exports, gold, whose price rose 28 percent, and on the side of imports, maize and wheat, whose prices rose 67 and 44 percent, respectively.

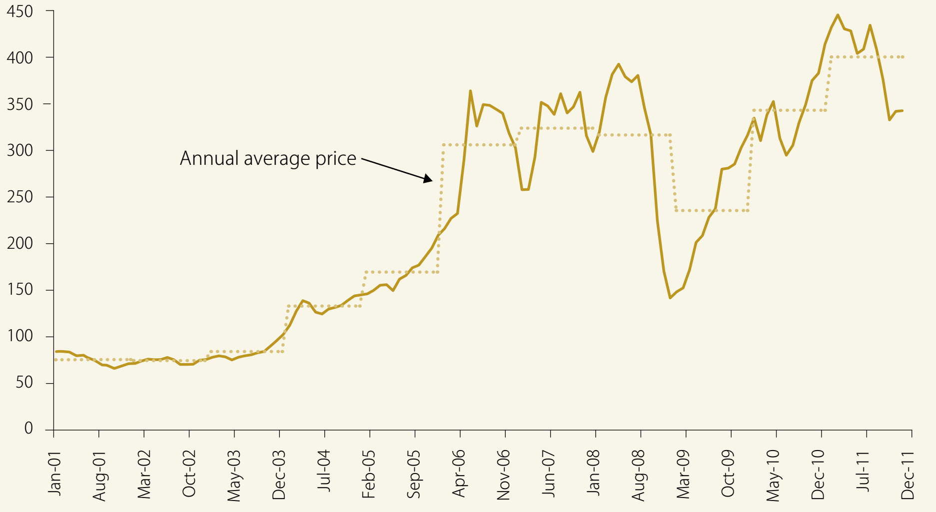
It should be pointed out that the average level of terms of trade in 2011 is higher than the one recorded in 2007; that is, prior to the price fall observed in international prices due to the international financial crisis. The prices of exports were 45 percent higher than the ones recorded in 2007, while the prices of imports were 40 percent higher than the ones observed in that year.

GRAPH 44
TERMS OF TRADE, EXPORT AND IMPORT PRICE INDICES: 1950-2011
(1994=100)



Even though the average price of **copper** registered an increase of 16.9 percent, it showed a declining conduct over the year: after reaching a nominal historical record of US$ 4.60 per pound on February 14, this price declined and closed at US$ 3.85 per pound in December. This conduct was explained by fears of a world recession associated with the deepening of the debt crisis in Europe. However, this trend was offset by the demand of emerging countries and the lower supply of producing countries.

GRAPH 45
PRICE OF COPPER
(Monthly average, US$ cents per pound)

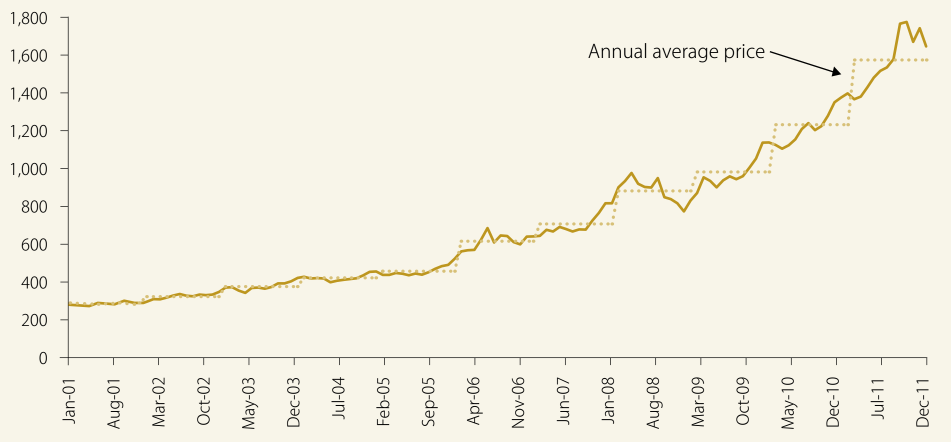


Source: Bloomberg.

The price of **gold** rose 28.1 percent, closing at an average level of US$ 1,570 per troy ounce at year end. Gold was demanded by investors to diversify their portfolios in a context of increased risk aversion, associated with the events observed in North Africa and the Middle East which affected the outlook for the price of crude and inflation. In addition, the prices were also driven upwards by the net purchases of gold made by the emerging economies with the purpose of diversifying their international reserves.

However, the price of gold declined rapidly after it reached an historical peak of US$ 1,899 per troy ounce on September 5. The strong downward correction registered in Q4 reflected increased sales of the metal as a result of closings of books, portfolio adjustments, and a lower demand from jewelry and industry. The demand was stable in the segment of electronic devices, but fell in the segment of dental and industrial uses.

GRAPH 46
PRICE OF GOLD
(Monthly average, US$/tr. oz.)

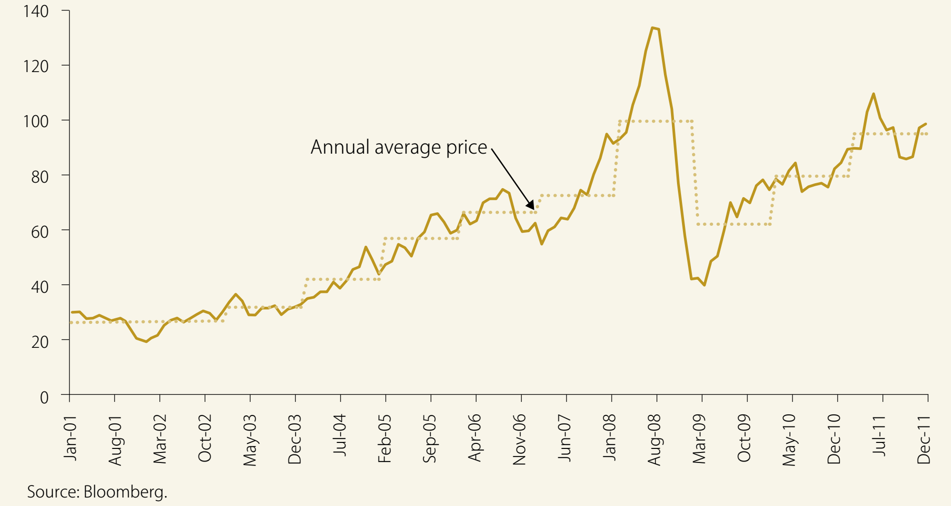


Source: Bloomberg.

The price of **crude** registered an average rise of 19.6 percent, closing 2011 at an average price of US$ 95 per barrel. This rise was associated with the contraction of supply as a result of the conflicts in the Middle East and North Africa, especially in Libya, where exports dropped drastically.

The price of crude reached its highest level in April (US$ 110/barrel), declining gradually thereafter to US$ 86/ barrel in September due to fears of a lower growth of demand in OECD countries, especially in the European Union as a result of the impact of the debt crisis. On the side of supply, the recovery of Libya's production and its exports towards the end of November contributed to reduce the price of oil.

GRAPH 47
PRICE OF WTI OIL
(Monthly average, US$ per barrel)

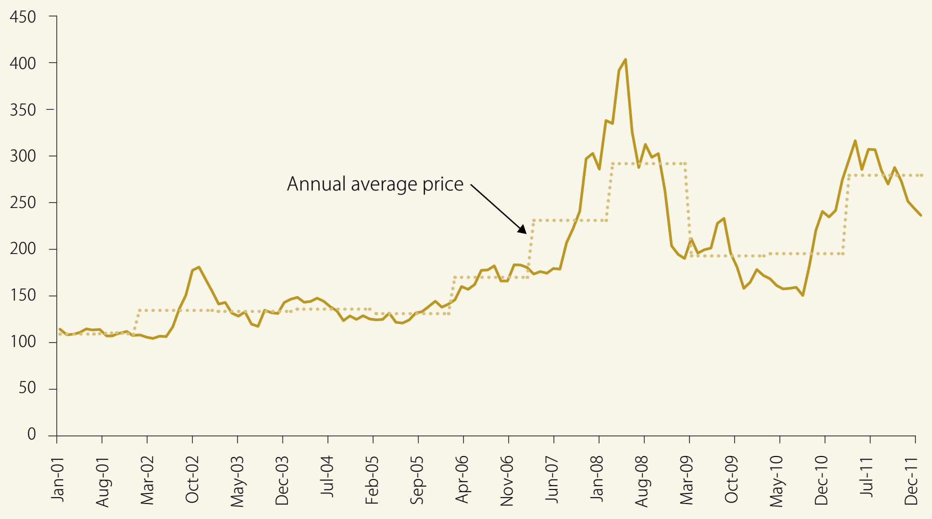


Source: Bloomberg.

The prices of **food** commodities showed significant increases due to supply constraints associated with climatic factors and constraints in producing countries, as well as due to the higher demand of emerging countries for food products in a context of high volatility and tight global inventories. The price index of food products elaborated by Reuters' Commodity Research Bureau (CRB) showed an average level 33 percent higher than the average level recorded in 2010.

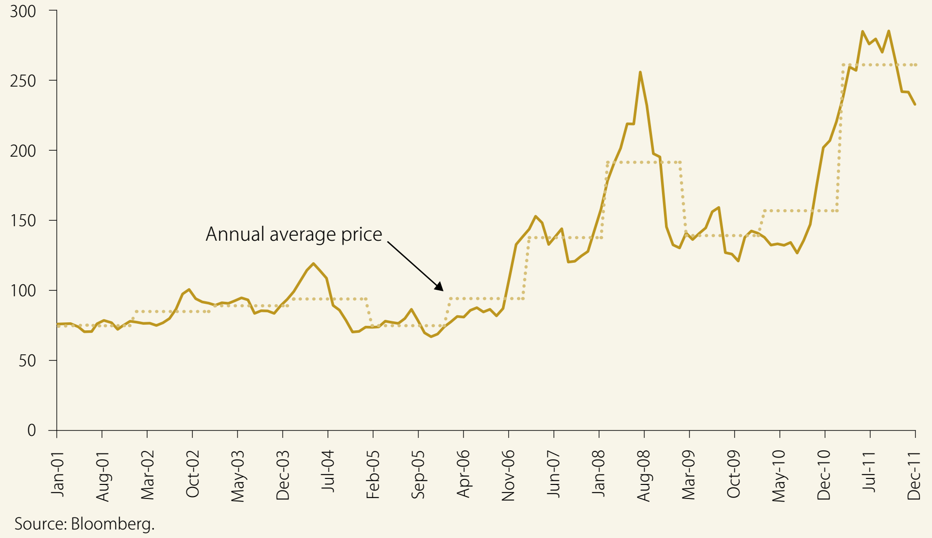
As regards grains, the prices of **wheat** and **maize** rose early in the year after the effects of La Niña in the main producing countries intensified and after Russia and Ukraine established restrictions on their exports of these crops. The growing demand for maize observed in the U.S. and China –mainly– to produce ethanol contributed also to this price rise.

GRAPH 48
PRICE OF WHEAT
(Monthly average, US$/MT)



Source: Bloomberg.

GRAPH 49
PRICE OF MAIZE
(Monthly average, US$/MT)



Source: Bloomberg.

However, a partial downward correction in these prices and increased price volatility were observed in the second semester due to higher global risk, which led investors to liquidate their positions in risky assets.

4.3 Services

The deficit in the foreign trade of services, which amounted to US$ 2.13 billion, was lower by US$ 213 million than in 2010. Revenues increased by US$ 671 million (18 percent) compared to the previous year due mainly to the higher revenues associated with travelers visiting Peru, while outlays increased by US$ 459 million (8 percent) due to increased payments to other countries for other business services and travels.

TABLE 35
SERVICES

	Millions of US$			% change	
	2009	**2010**	**2011**	**2010**	**2011**
I. TRANSPORTATION	**- 979**	**- 1,599**	**- 1,521**	**63.3**	**- 4.9**
1. Credit	758	854	997	12.7	16.7
2. Debit	- 1,737	- 2,453	- 2,517	41.2	2.6
II. TRAVEL	**926**	**740**	**1,008**	**- 20.1**	**36.2**
1. Credit	2,014	2,008	2,360	- 0.3	17.5
2. Debit	- 1,088	- 1,268	- 1,352	16.6	6.6
III. COMMUNICATIONS	**- 69**	**- 78**	**- 47**	**12.7**	**- 40.1**
1. Credit	91	102	132	11.4	29.3
2. Debit	- 161	- 180	- 179	12.0	- 0.8
IV. INSURANCE AND REINSURANCE	**- 176**	**- 325**	**- 359**	**84.7**	**10.3**
1. Credit	271	166	230	- 38.7	38.3
2. Debit	- 447	- 491	- 588	9.9	19.7
V. OTHERS 1/	**- 878**	**- 1,083**	**- 1,214**	**23.4**	**12.1**
1. Credit	501	562	646	12.1	14.9
2. Debit	- 1,379	- 1,645	- 1,861	19.3	13.1
VI. TOTAL SERVICES	**- 1,176**	**- 2,345**	**- 2,132**	**99.4**	**- 9.1**
1. Credit	3,636	3,693	4,364	1.6	18.2
2. Debit	- 4,812	- 6,038	- 6,497	25.5	7.6

1/ Includes government, financial, and information technology services, royalties, leasing of equipment, and business services.
Source: BCRP, SUNAT, Ministry of of Trade Affairs and businesses.

The deficit for **transport** services amounted to US$ 1.52 billion, a figure US$ 78 million lower than in 2010. Incomes increased by US$ 143 million (17 percent) due to the increase observed in sales of national airlines flight tickets abroad and due to the expenditure of foreign carriers in the country, while outlays increased by US$ 64 million due to the higher cost to international fares (11 percent) and freight (5 percent).

Travel services showed a surplus of US$ 1.00 billion, a sum US$ 268 million higher than in the previous year. Incomes increased 18 percent due to the greater number of visitors that came to the country (12 percent) and to the higher average spending of these visitors (5 percent). On the other hand, outlays increased 7 percent due mainly to the increased number of Peruvians who traveled abroad (5 percent).

Increasing by US$ 131 million compared to the deficit in 2010, a deficit of US$ 1.21 billion was recorded in **other services** in 2011. Incomes increased 15 percent, with the growth of business and financial services standing out, while outlays increased 13 percent due to the increased payments made for other business services, royalties, and license rights.

TABLE 36
OTHER SERVICES

	Millions of US$			% change	
	2009	2010	2011	2010	2011
Balance of Other Services	**-878**	**-1083**	**-1214**	**23.4**	**12.1**
Income	**501**	**562**	**646**	**12.1**	**14.9**
Government Services	137	140	143	2.7	2.0
Others services	365	422	503	15.7	19.2
Other business services	293	333	399	13.6	19.7
Financial Services	48	59	67	22.5	15.1
Rest	24	30	37	26.9	22.3
Expenditures	**1,379**	**1,645**	**1,861**	**19.3**	**13.1**
Government Services	146	150	153	2.7	2.0
Other services	1,233	1,495	1,708	21.3	14.2
Other business services	790	978	1,108	23.8	13.3
Computer and Information Services	153	208	196	36.1	-5.6
Royalties and license rights	152	197	216	29.1	9.7
Rest	138	113	188	-18.4	66.9

Source: Ministry of Trade Affairs and businesses.

4.4 Current Transfers

Current transfers totaled US$ 3.20 billion, of which 84 percent was remittances from Peruvians who live abroad. In 2011, remittances amounted to US$ 2.70 billion. This amount of remittances, which is 6.4 percent higher than in 2010, represents 1.5 percent of GDP.

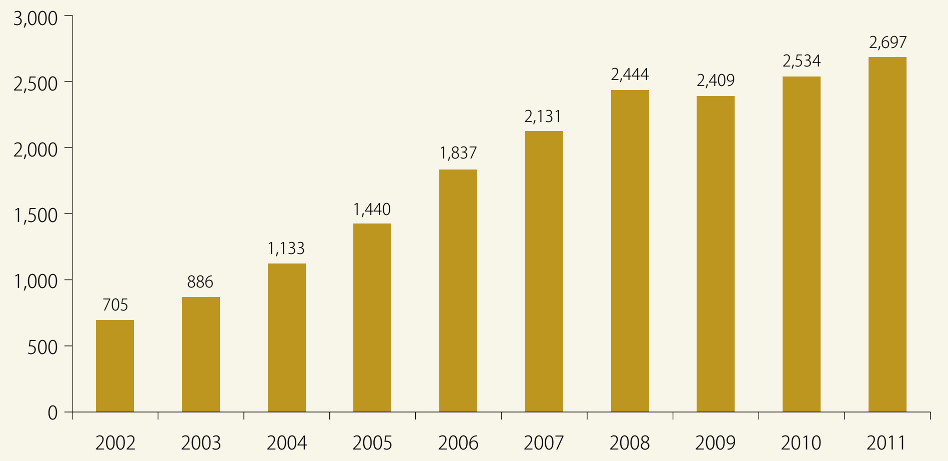
However, remittances showed declining growth rates over the year, especially in the second semester, reflecting uncertainty about the recovery of the U.S. economy and the evolution of the Eurozone debt crisis. Thus, remittances from the United States and Spain represented 49.4 percent of total remittances in 2011, while in 2010 these countries accounted for 51.1 percent of this total.

TABLE 37
REMITTANCES FROM ABROAD

Year	Millions of US$	% change	% of GDP
2002	705	-6.4	1.2
2003	869	23.1	1.4
2004	1,133	30.4	1.6
2005	1,440	27.1	1.8
2006	1,837	27.6	2.0
2007	2,131	16.0	2.0
2008	2,444	14.7	1.9
2009	2,409	-1.4	1.9
2010	2,534	5.2	1.6
2011	2,697	6.4	1.5

Source: SBS, banks and businesses.

GRAPH 50
REMITTANCES FROM ABROAD
(Millions of US$)



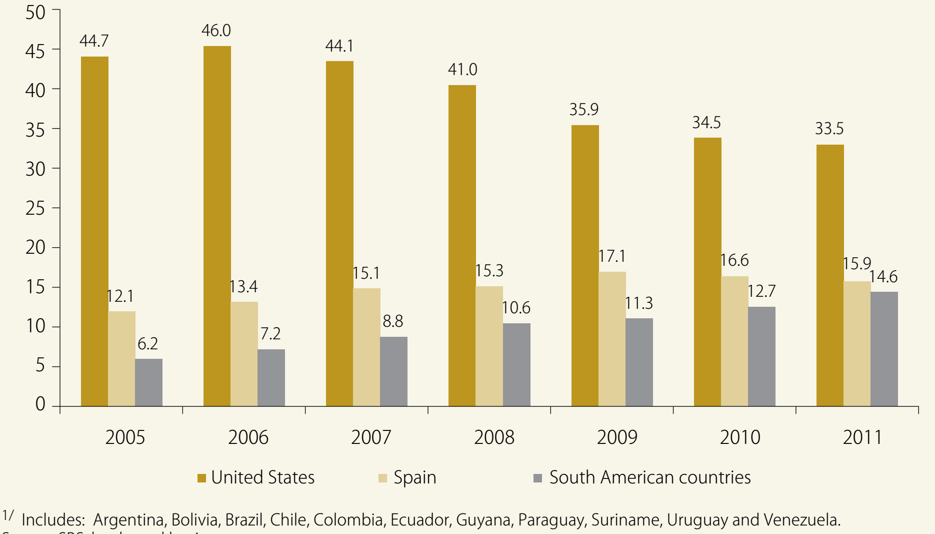
Source: SBS, banks and businesses.

In terms of country of origin, remittances from the United States rank first, with a growth rate of 3.3 percent, followed by Spain, with a growth rate of 2.3 percent.

Remittances from Japan showed a higher share in terms of total remittances increasing from 8.8 percent in 2010 to 9.2 percent in 2011 since they grew 11.6 percent favored by the appreciation of the yen (10.0 percent).

South American countries continued increasing their share, which rose from 12.7 percent in 2010 to 14.6 percent in 2011. Remittances from these countries grew 22.1 percent. Moreover, the share of remittances from countries such as Argentina and Chile, which represented 9.9 percent of total remittances in 2010, increased to 11.5 percent in 2011.

GRAPH 51
REMITTANCES FROM ABROAD: SOUTH AMERICAN REGION[1/] AND MAIN COUNTRIES
(% share)



[1/] Includes: Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Guyana, Paraguay, Suriname, Uruguay and Venezuela.
Source: SBS, banks and businesses.

TABLE 38
REMITTANCES BY COUNTRIES
(% share)

	2009	2010	2011
United States	35.9	34.5	33.5
Spain	17.1	16.6	15.9
Japan	7.9	8.8	9.2
Italy	9.7	8.8	8.2
Chile	4.5	5.1	6.0
Argentina	4.0	4.8	5.5
Other countries 1/	20.8	21.5	21.7
Total	**100.0**	**100.0**	**100.0**

1/ Includes estimated remittances not classified by country (informal channels).
Source: SBS, banks and businesses.

Remittances were primarily intermediated by banks, which registered a share of 47.2 percent of total remittances. On the other hand, fund transfer companies (FTC) and other transfer means intermediated 40.6 percent of total remittances.

TABLE 39
REMITTANCES FROM ABROAD BY SOURCE
(% share)

	2009	2010	2011
Banks	44.0	46.0	47.2
FTCs - Other channels 1/	44.1	42.0	40.6
Informal channels	11.9	12.0	12.2
Total	**100.0**	**100.0**	**100.0**

1/ Fund transfer companies (FTCs) and other means.
Source: SBS, Banks and businesses.

The mean remittance was US$ 285, a sum 5.4 percent higher than in 2010. The average remittances which increased the most were the remittances from Argentina (13.8 percent), Spain (7.5 percent), Chile (7.3 percent), United States (5.2 percent), and Japan (4.8 percent). By number of deliveries, transactions from Spain decreased 4.8 percent and transactions from the United States decreased 1.7 percent.

TABLE 40
REMITTANCES BY COUNTRIES 1/
(US dollars)

	2009	2010	2011
United States	226	229	241
Spain	343	339	364
Japan	599	596	624
Italy	302	310	314
Chile	165	191	205
Argentina	156	172	195
Other countries	346	345	357
Average remittances	**264**	**271**	**285**

1/ Excludes estimated remittances not classified by country (informal channels).
Source: SBS, Banks and businesses.

TABLE 41 **NUMBER OF REMITTANCES TRANSFERS BY COUNTRIES [1/]** (Thousands)			
	2009	**2010**	**2011**
United States	3,835	3,812	3,746
Spain	1,204	1,241	1,181
Japan	318	372	396
Italy	771	718	704
Chile	666	674	786
Argentina	612	715	760
Other countries	624	696	719
Number of remittances	**8,030**	**8,227**	**8,292**

1/ Excludes remittances not classified by country (informal channels).
Source: SBS, Banks and businesses.

4.5 Factor Income

The factor income account showed a deficit of US$ 13.71 billion, higher by US$ 2.49 billion to the one observed the previous year. The private sector deficit amounted to US$ 13.17 billion. The income of the private sector, which amounted to US$ 339 million, consisted of interests on deposits and the yield on the investment made by financial and non-financial entities, while the outlays, which amounted to US$ 13.51 billion, consisted mainly of the profits generated by companies with foreign shareholding. The latter were higher by US$ 2.15 billion due to better results obtained in the mining, oil, industrial, and financial sectors.

TABLE 42 **FACTOR INCOME**					
	Millions of US$			**% change**	
	2009	**2010**	**2011**	**2010**	**2011**
I. INCOME	**1,400**	**1,148**	**1,111**	**- 18.0**	**- 3.2**
1. Private	294	281	339	- 4.4	20.6
2. Public	1,105	867	772	- 21.6	- 11.0
II. EXPENSES	**9,785**	**12,361**	**14,821**	**26.3**	**19.9**
1. Private	8,744	11,264	13,512	28.8	20.0
Profits [1/]	8,172	10,714	12,866	31.1	20.1
Interests	573	549	647	- 4.1	17.7
· Long-term loans	383	367	456	- 4.2	24.5
· Bonds	43	58	54	35.6	- 8.1
· Short-term loans [2/]	147	125	137	- 15.4	9.6
2. Public	1,041	1,097	1,309	5.4	19.3
Interests on long term loans	448	337	289	- 24.7	- 14.3
Interests on bonds	583	757	1,019	29.8	34.7
Interests on BCRP securities [3/]	10	3	0	- 71.0	- 82.6
III. BALANCE (I-II)	**- 8,385**	**- 11,212**	**- 13,710**	**33.7**	**22.3**
1. Private	- 8,450	- 10,982	- 13,173	30.0	19.9
2. Public	65	- 230	- 537	- 454.1	133.7

1/ Profits or losses accrued in the period. Includes profits and dividends sent abroad plus undistributed profits.
2/ Includes interests of non-financial public enterprises.
3/ Includes interests of short-term and long-term loans.
Source: BCRP, MEF, Cofide, ONP and businesses.

The public sector deficit was US$ 537 million ,a figure US$ 307 million higher than the one recorded in 2010, due to the higher outlays for interest on bonds.

4.6 Financial Account

The financial account had a flow of US$ 9.16 billion (5.2 percent of GDP). This flow consisted mainly of private capitals, which were in part offset by the increased acquisition of short-term assets by non-financial firms.

Private Sector

Private sector **liabilities** with other countries amounted to US$ 10.92 billion, of which US$ 8.23 billion was foreign direct investment (FDI) mainly in the form of profit reinvestment by firms with FDI (US$ 5.67 billion). The sectors which registered the higher reinvestment rates were the mining, hydrocarbons, financial, and the services sectors. Net external loans for a total of US$ 2.79 billion were obtained, most of which was for the financial sector (US$ 2.18 billion). On the other hand, non residents sold bonds issued in the local market for a total of US$ 249 million.

Private sector **assets** abroad increased by US$ 1.29 billion, which reflects the purchase of external assets by institutional investors. The purchases made by insurance companies stand out with purchases amounting to US$ 802 million. Direct investments for a total of US$ 113 million were made abroad in the manufacturing sector of cement and sugar.

TABLE 43
PRIVATE SECTOR FINANCIAL ACCOUNT

	Millions of US$			% change	
	2009	2010	2011	2010	2011
1. Assets	**- 3,586**	**- 1,375**	**- 1,298**	**- 61.7**	**- 5.6**
Direct investment abroad	- 411	- 266	- 113	- 35.3	- 57.4
Portfolio investment abroad [1/]	- 3,176	- 1,109	- 1,185	- 65.1	6.8
2. Liabilities	**7,786**	**12,771**	**10,918**	**64.0**	**- 14.5**
Foreign direct investment	6,431	8,455	8,233	31.5	- 2.6
a. Reinvestment	5,385	5,317	5,671	- 1.3	6.7
b. Capital inflows and other transactions	1,828	2,445	276	33.7	- 88.7
c. Net loans to parent companies	- 782	693	2,285	118.5	229.9
Portfolio foreign investment	306	381	- 102	24.7	- 126.7
a. Capital participation [2/]	47	87	147	85.2	70.0
b. Other liabilities [3/]	259	294	- 249	13.8	- 184.5
Long-term loans	1,050	3,935	2,787	274.8	- 29.2
a. Disbursements	2,189	5,251	3,886	139.8	- 26.0
b. Amortization	- 1,139	- 1,315	- 1,099	15.5	- 16.5
3. TOTAL	**4,200**	**11,396**	**9,620**	**171.3**	**- 15.6**
Memo:					
Net foreign direct investment	6,020	8,189	8,119	36.0	- 0.8

1/ Includes mainly shares and other assets of the financial and non-financial sectors. The negative sign indicates an increase of assets.
2/ Includes non-residents' net purchases of shares listed at Cavali S.A. and traded at the Lima Stock Exchange (LSE), as well as, placements of American Depositary Receipts (ADRs).
3/ Including bonds, credit notes and securitizations in net terms (issuance minus redemption).
Source: BCRP, Cavali S.A. ICLV, Proinversion, and businesses.

Private External Debt

At December 31 the balance of the medium and long term debt of the private sector, excluding bonds, totaled US$ 16.48 billion, a figure 20 percent higher than the amount recorded at end 2010 (US$ 13.69 billion).

Accounting for 77 percent of the debt, with loans amounting to US$ 12.64 billion, international banks were the main lender. The share of international banks was higher than in 2010 mainly due to external financing provided to local banks. International organizations ranked second in terms of financing sources, with a share of 21 percent, concentrated mainly in the sector of hydrocarbons.

TABLE 44
PRIVATE MEDIUM AND LONG TERM EXTERNAL DEBT BY SOURCE
(End of period levels)

	Millions of US$			% of GDP		
	2009	2010	2011	2009	2010	2011
Private Sector [1/]	**9,762**	**13,697**	**16,485**	**7.7**	**8.9**	**9.3**
International banks	6,124	9,515	12,645	4.8	6.2	7.2
International Organizations	3,151	3,672	3,380	2.5	2.4	1.9
Suppliers	130	146	151	0.1	0.1	0.1
Others	357	366	308	0.3	0.2	0.2
Financial Sector	**4,357**	**7,396**	**9,093**	**3.4**	**4.8**	**5.1**
International banks	3,165	6,066	8,029	2.5	3.9	4.5
International Organizations	985	1,114	903	0.8	0.7	0.5
Others	207	217	161	0.2	0.1	0.1
Non Financial Sector	**5,405**	**6,301**	**7,392**	**4.2**	**4.1**	**4.2**
International banks	2,960	3,449	4,617	2.3	2.2	2.6
International Organizations	2,166	2,558	2,477	1.7	1.7	1.4
Suppliers	130	146	151	0.1	0.1	0.1
Others	150	149	147	0.1	0.1	0.1
Hydrocarbons	**2,248**	**2,791**	**2,944**	**1.8**	**1.8**	**1.7**
International banks	249	458	733	0.2	0.3	0.4
International Organizations	1,999	2,332	2,210	1.6	1.5	1.3
Others	0	1	1	0.0	0.0	0.0
Mining	**1,105**	**1,357**	**1,566**	**0.9**	**0.9**	**0.9**
International banks	1,031	1,298	1,521	0.8	0.8	0.9
International Organizations	0	0	0	0.0	0.0	0.0
Suppliers	27	27	21	0.0	0.0	0.0
Others	47	31	23	0.0	0.0	0.0

[1/] Without bonds.
Source: Businesses.

Public Sector

The government net liabilities with non-residents increased by US$ 848 million. Of this amount, US$ 990 million was external disbursements destined mainly to projects in the sectors of transportation and sanitation and to the service of the external debt, while US$ 998 million was transactions in the secondary market of debt securities. These increases were partially offset by the amortization of the external debt (US$ 868 million) and the increase in net external assets (US$ 273 million).

TABLE 45
PUBLIC SECTOR FINANCIAL ACCOUNT [1/]

	Millions of US$			% change	
	2009	2010	2011	2010	2011
I. DISBURSEMENTS	**3,229**	**4,261**	**990**	**32.0**	**-76.8**
Investment projects	616	722	679	17.3	-6.0
Central government	521	509	616	-2.4	21.1
Public enterprises	95	213	63	125.0	-70.6
- Financial	4	0	0		
- Non-financial	91	213	63	134.7	-70.6
Freely disposable funds	580	875	311	51.0	-64.5
Bonds [2/]	2,033	2,664	0	31.0	-100.0
II. AMORTIZATION	**- 1,879**	**- 5,268**	**- 868**	**180.3**	**-83.5**
III. NET EXTERNAL ASSETS	**- 320**	**- 37**	**- 273**	**-88.3**	**631.1**
IV. OTHER OPERATIONS WITH DEBT SECURITIES (a-b)	**- 739**	**3,513**	**998**	**- 575.1**	**-71.6**
a. Securities in the domestic market purchased by non residents	- 249	2,905	546	-1,266.7	-81.2
b. Securities in the foreign market purchased by non residents	490	- 608	- 452	-224.0	-25.6
V. TOTAL	**291**	**2,468**	**848**	**749.3**	**-65.7**

[1/] Medium- and long-term accounts; excludes loans to BCRP to support the balance of payments.
[2/] Bonds are classified according to the market where they are issued.
Source: BCRP, MEF, Cofide, and FCR.

Short-Term Capitals

The net flow of short-term capitals was negative by US$ 1.31 billion. Assets purchased abroad amounted to US$ 1.32 billion, with banks' purchases accounting for US$ 140 million of this amount and the purchases of the non financial sector accounting for US$ 1.17 billion of this amount. On the other hand, liabilities increased by US$ 12 million with a share of US$ 625 million of the non financial sector, offset by the lower liabilities of banks (US$ 664 million).

TABLE 46
SHORT TERM CAPITAL FINANCIAL ACCOUNT

	Millions of US$		
	2009	2010	2011
1. BANKS	**-87**	**855**	**- 805**
Assets [1/]	224	- 194	- 140
Liabilities [2/]	- 311	1,049	- 664
2. BCRP [3/]	**- 583**	**- 80**	**0**
3. BANCO DE LA NACIÓN	**- 30**	**- 11**	**- 4**
Assets [1/]	- 30	- 11	- 4
Liabilities [2/]	0	0	0
4. NON-BANK FINANCIAL	**- 45**	**42**	**51**
Assets [1/]	- 20	3	- 1
Liabilities [2/]	- 25	39	52
5. NON-FINANCIAL SECTOR [4/]	**- 1,340**	**- 1,063**	**- 549**
Assets [1/]	- 774	- 1,642	- 1,174
Liabilities [2/]	- 565	579	625
6. TOTAL SHORT-TERM CAPITAL	**- 2,085**	**- 258**	**- 1,307**
Assets [1/]	- 601	- 1,844	- 1,319
Liabilities [2/]	- 1,484	1,587	12

[1/] The negative sign indicates an increase of assets.
[2/] A positive sign indicates an increase of liabilities.
[3/] Obligations in national currency to non residents for Certificates of Deposit issued by the Central Bank.
[4/] Net flow of assets with other countries. The negative sign indicates an increase in net assets.
Source: Central Bank, Bank for International Settlements (BIS) and businesses.

International Investment Position

At end 2011 international assets amounted to US$ 79.79 billion, a sum 11 percent higher than the one recorded at end 2010 due to the 12 percent increase observed in the assets of the financial system. On the other hand, the international liabilities, which amounted to US$ 124.66 billion, were 9 percent higher than at end 2010. The increase observed in foreign direct investment, associated with reinvestment flows, as well as the greater balance in the private medium and long term external debt are worth pointing out.

TABLE 47
NET INTERNATIONAL INVESTMENT POSITION
(End of period levels)

	Millions of US$			% of GDP		
	2009	**2010**	**2011**	**2009**	**2010**	**2011**
I. ASSETS	**55,561**	**72,104**	**79,787**	**43.7**	**46.8**	**45.1**
1. Reserve assets of BCRP	33,175	44,150	48,859	26.0	28.7	27.6
2. Assets of financial sector (excluding BCRP)	14,006	16,606	18,479	11.0	10.8	10.5
3. Others assets	8,470	11,347	12,450	6.6	7.4	7.0
II. LIABILITIES	**89,312**	**114,910**	**124,660**	**70.1**	**74.6**	**70.5**
1. Bonds and total external debt private and public 1/	**35,157**	**43,674**	**47,544**	**27.6**	**28.4**	**26.9**
a. Medium and long term debt	30,431	37,359	41,219	23.9	24.3	23.3
Private sector 2/	10,314	14,424	16,987	8.1	9.4	9.6
Public sector (i - ii + iii) 3/	20,117	22,934	24,232	15.8	14.9	13.7
i. External public debt	20,600	19,905	20,204	16.2	12.9	11.4
ii. Public debt issued abroad purchased by residents	1,891	1,283	831	1.5	0.8	0.5
iii. Public debt issued locally purchased by non-residents	1,408	4,313	4,859	1.1	2.8	2.7
b. Short term debt	4,726	6,315	6,325	3.7	4.1	3.6
Financial sector (excluding BCRP)	1,425	2,514	1,901	1.1	1.6	1.1
BCRP	124	45	43	0.1	0.0	0.0
Others 4/	3,177	3,756	4,381	2.5	2.4	2.5
2. Direct investment	**34,521**	**42,976**	**51,208**	**27.1**	**27.9**	**29.0**
3. Capital participation	**19,634**	**28,260**	**25,908**	**15.4**	**18.4**	**14.7**

1/ External public debt includes the debt of the Central Government and public enterprises. The latter now represents less than 5 percent of total. The external debt is mostly medium and long term debt (99 percent).
2/ Includes bonds.
3/ Since these publication government bonds issued abroad and in the hands of residents are excluded from foreign liabilities of the public sector. Government bonds issued locally, in the hands of non-residents, are included foreign liabilities of this sector.
4/ Includes mainly short term debt of the nonfinancial private sector.
Source: BCRP, MEF, Cavali SA ICLV, Proinversión, BIS and businesses.