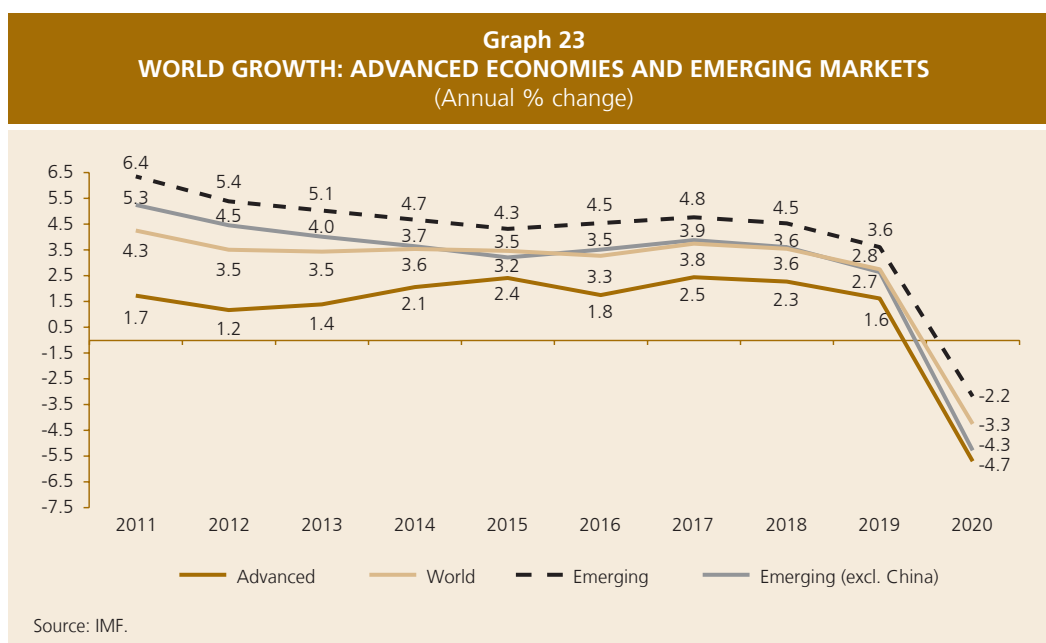


# EXTERNAL SECTOR

## 1. International Environment

In 2020, the global economy faced a severe unforeseen shock: the COVID-19 pandemic. The virus, which first broke out in China in late 2019, spread rapidly to other countries and the pandemic was declared a global pandemic in March 2020 by the World Health Organization. This led many countries to impose sanitary measures which included mobility restrictions, border closures, the lockdown of activities with a high degree of human interaction, among other actions. As a result of all of this, world GDP contracted 3.3 percent in 2020, the worst drop recorded since the mid-1940s. According to information from the International Monetary Fund (IMF), economic activity decreased in 86 percent of countries during the year, a higher percentage than that registered during the 2009 Global Financial Crisis (47 percent).



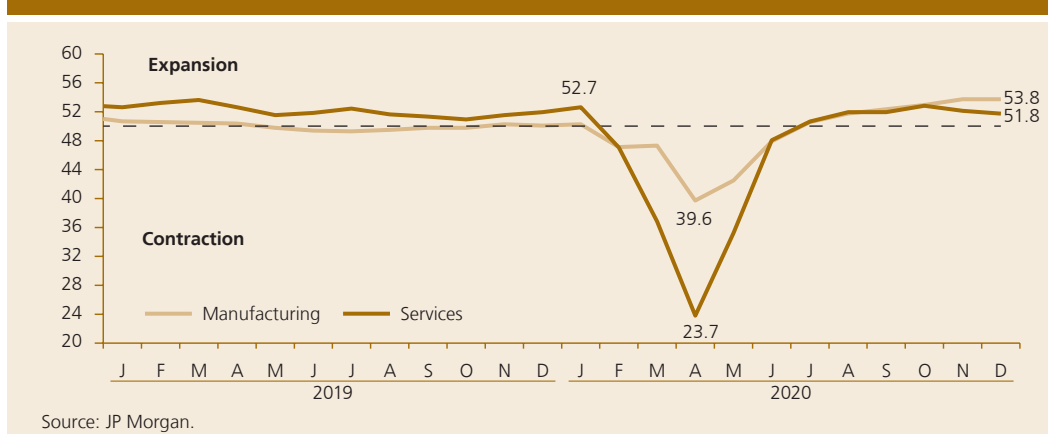
**Table 16**  
**GLOBAL GROWTH**  
(Annual % change)

	% PPP 1/	% Peru's trading 1/	2018	2019	2020	Average 2011-2020
<b>Developed countries</b>	<b>42.5</b>	<b>43.6</b>	<b>2.3</b>	<b>1.6</b>	<b>-4.7</b>	<b>1.2</b>
Of which						
1. USA	16.0	20.0	3.0	2.2	-3.5	1.7
2. Eurozone	12.0	10.4	1.9	1.3	-6.6	0.5
Germany	3.4	3.0	1.3	0.6	-4.9	1.0
France	2.3	0.8	1.9	1.5	-8.2	0.3
Italy	1.9	1.6	0.9	0.3	-8.9	-0.9
Spain	1.4	2.8	2.4	2.0	-11.0	-0.2
3. Japan	4.0	2.9	0.6	0.3	-4.8	0.4
4. UK	2.3	0.9	1.3	1.4	-9.9	0.6
5. Canada	1.4	5.0	2.4	1.9	-5.4	1.3
<b>Developing countries</b>	<b>57.5</b>	<b>56.4</b>	<b>4.5</b>	<b>3.6</b>	<b>-2.2</b>	<b>4.1</b>
Of which						
1. Developing Asia	32.4	35.1	6.4	5.4	-1.0	5.9
China	18.6	34.8	6.7	6.0	2.3	6.8
India	6.7	3.0	6.5	4.0	-8.0	5.0
2. Commonwealth of Independent States	4.4	0.6	3.2	2.6	-3.0	1.6
Russia	3.1	0.5	2.8	2.0	-3.1	1.3
3. Latin America and the Caribbean	7.3	17.9	1.2	0.1	-6.9	0.7
Brazil	2.4	4.2	1.8	1.4	-4.1	0.2
Chile	0.4	3.7	4.0	1.1	-6.0	2.1
Colombia	0.6	2.6	2.5	3.3	-6.8	2.5
Mexico	1.9	0.9	2.2	-0.1	-8.2	1.3
Argentina	0.7	2.6	-2.6	-2.1	-10.0	-0.7
Peru	0.3	-	4.0	2.2	-11.1	2.4
<b>World Economy</b>	<b>100.0</b>	<b>100.0</b>	<b>3.6</b>	<b>2.8</b>	<b>-3.3</b>	<b>2.8</b>
<b>Memo:</b>						
Trading partners 1/	65.4		4.0	3.3	-2.4	3.4

1/ Weights correspond to 2020. World GDP is sized in Purchasing Power Parity by IMF. Peru's 20 main trading partners.  
Source: IMF, Statistical Institutes and Central Banks.

The initial impact on activity came from the mobility restriction measures that affected domestic demand, particularly private consumption. At the sector level, activity was most affected in the sector of services and, in term of regions, the European and Latin American economies registered the sharpest contractions. The services index reached an all-time low in April while the manufacturing index recorded its lowest level since the Global Financial Crisis.

**Graph 24**  
**PMI GLOBAL MANUFACTURING AND SERVICES**



Despite the fact that the COVID-19 pandemic also generated negative shocks in the supply of various products, the strong drop in domestic demand was accompanied by a substantial reduction in inflation

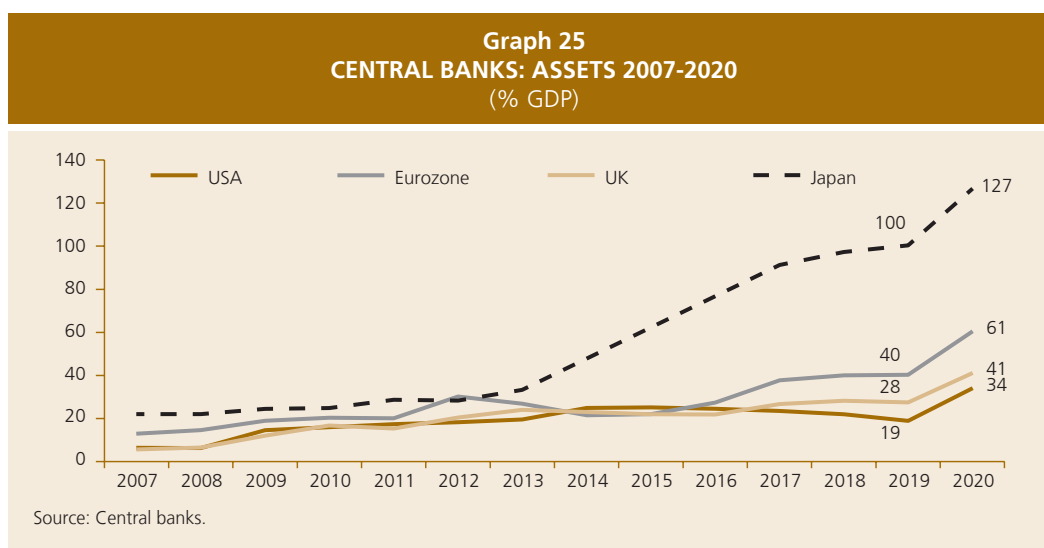
rates. This downward trend in price indices occurred to a greater extent in developed economies, where inflation rates showed levels below the targets set by central banks and even negative rates for several months in some countries in 2020.

**Table 17**  
**INFLATION**  
(% change last 12 months, average of period)

	2018	2019	2020	Average 2011-2020
<b>Developed countries</b>	<b>2.0</b>	<b>1.4</b>	<b>0.8</b>	<b>1.4</b>
<i>Of which</i>				
1. USA	2.4	1.8	1.5	1.8
2. Germany	2.0	1.3	0.5	1.4
3. Japan	1.0	0.5	-0.1	0.5
<b>Developing countries</b>	<b>4.9</b>	<b>5.1</b>	<b>5.0</b>	<b>5.1</b>
<i>Of which</i>				
1. China	2.1	2.9	2.9	2.6
2. India	3.4	4.8	4.9	6.1
3. Brazil	3.7	3.7	2.7	5.6
4. Peru	1.3	2.1	1.8	2.8
<b>World economy</b>	<b>3.6</b>	<b>3.5</b>	<b>3.2</b>	<b>3.5</b>

Source: IMF and BCRP.

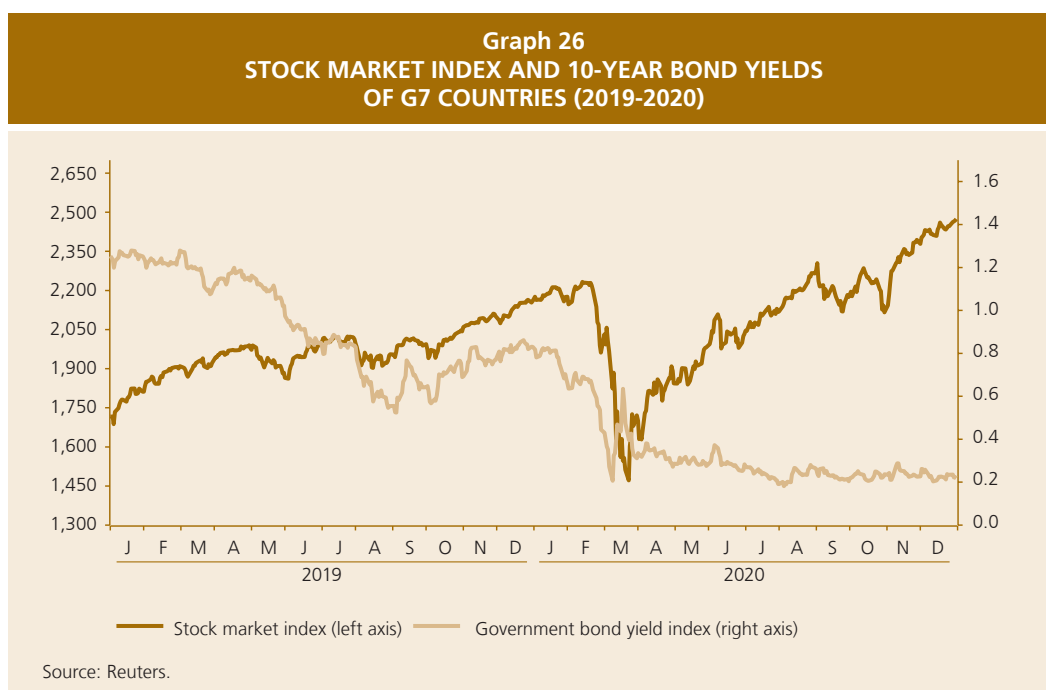
In this context, most economies implemented countercyclical policies. On the monetary policy side, central banks reduced their interest rates and supported commercial banks through credit lines and also increased asset purchases. As a result of these measures, central bank assets increased significantly as a percentage of GDP.



On the fiscal policy side, government measures included transfers to households, corporate support programs, increased health spending, and guarantees for bank loans. Based on preliminary data, it is estimated that the public debt of developed economies would have increased from 104 percent of GDP in 2019 to 124 percent in 2020, while the public debt of emerging countries would have increased from 53 to 63 percent. In both cases, debt ratios are at historic highs.

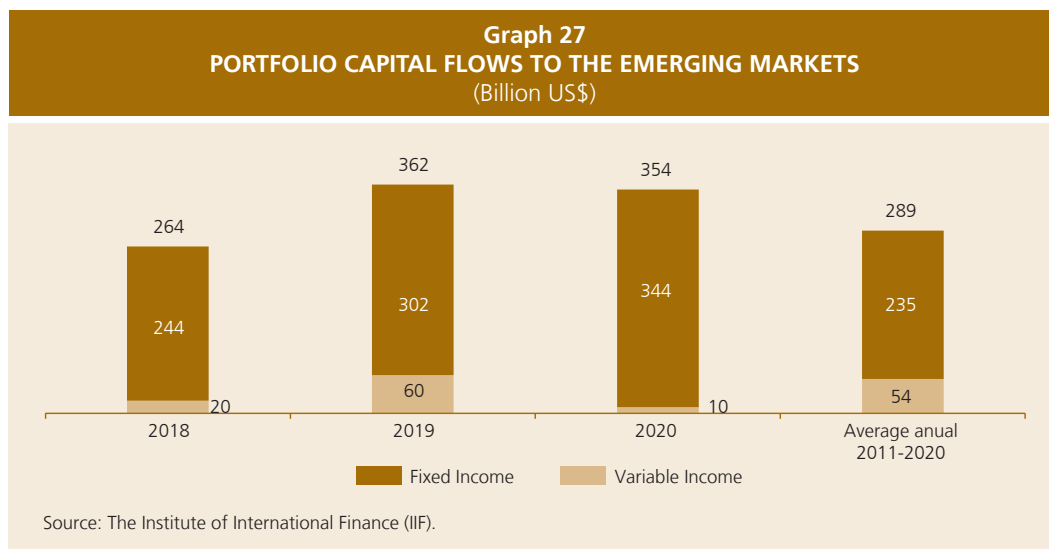
In developed countries, the countercyclical measures implemented and the gradual reopening of locked-down sectors led to a significant recovery from the third quarter onwards, although without fully reversing the previous losses. In addition, the economy lost momentum in the fourth quarter of the year because new restrictions were established in response to a new wave of infections, particularly in Eurozone countries and in the United Kingdom.

A similar pattern was observed in emerging countries. The rapid dynamism of China as from March 2020 stood out, as it allowed the Chinese economy to reach a positive growth rate in 2020 (2.3 percent). In Latin America, even though all of its economies showed a significant contraction, the declines observed up to May were partially reversed in the following months, in line with the recovery of world economic activity, the easing of domestic restrictions, the stimulus packages applied, and a significant improvement in commodity prices as well.



As for financial markets, the measures adopted by the major economies at the end of March contributed to reverse the negative trend in stock markets and the dollar's propensity to appreciate in international markets. This trend was reinforced in the following months by the gradual reopening of the economies and, towards the end of the year, by the progress made in the development of the vaccine against COVID-19. Thus, most stock markets closed 2020 with gains, and the dollar – as measured by the DXY index– depreciated 13 percent at the end of December compared to the maximum levels it reached in mid-March.

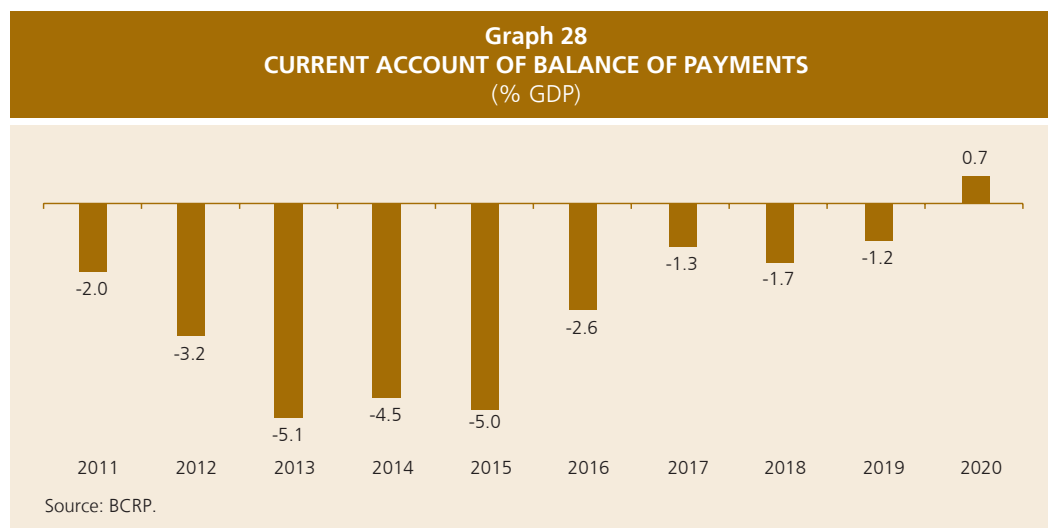
In this context of abundant liquidity, capital flows to emerging economies, particularly those destined for fixed-income markets, were positive for most of the year and even recorded record inflows in November. This trend was limited, however, by a number of factors that temporarily increased risk aversion, including the political cycle in the United States, new waves of coronavirus infections, Brexit negotiations, and idiosyncratic shocks in emerging countries, among others.



## 2. Balance of Payments

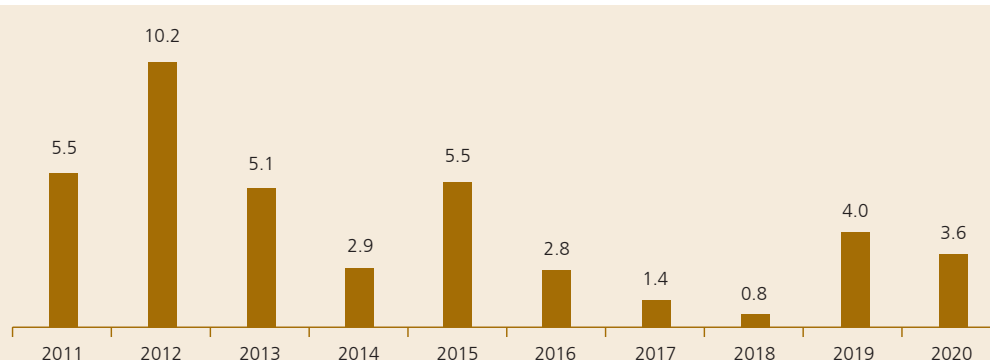
The balance of our external accounts in 2020 reflected the contraction in domestic demand, the impact of the lockdown on primary production, the slowdown in global growth associated with the COVID-19 crisis, and the increase in the terms of trade.

In 2020, the **current account** of the balance of payments showed a surplus of 0.7 percent of GDP, the highest surplus since 2007, which contrasted with the deficit of 1.2 percent recorded in the previous year. This increase in the current account is explained by the impact of the contraction of the profits of companies with foreign direct investment in the country, the effect of weak domestic demand on imports, and the recovery of the terms of trade.



The **financial account** recorded a positive flow of US\$ 7,345 million, equivalent to 3.6 percent of GDP, as a result of higher net portfolio investment in public assets and, to a lesser extent, lower net portfolio investment abroad by the private sector. The result of the public financial account was associated with the increase in net portfolio investment in public assets associated with the placement of global bonds to address the health emergency. On the other hand, net portfolio investment abroad was reduced by AFPs' sale of their external assets to meet the approved withdrawals of funds of their affiliates.

**Graph 29**  
**FINANCIAL ACCOUNT OF BALANCE OF PAYMENTS**  
(% GDP)



Source: BCRP.

**Table 18**  
**BALANCE OF PAYMENTS**  
(Million US\$)

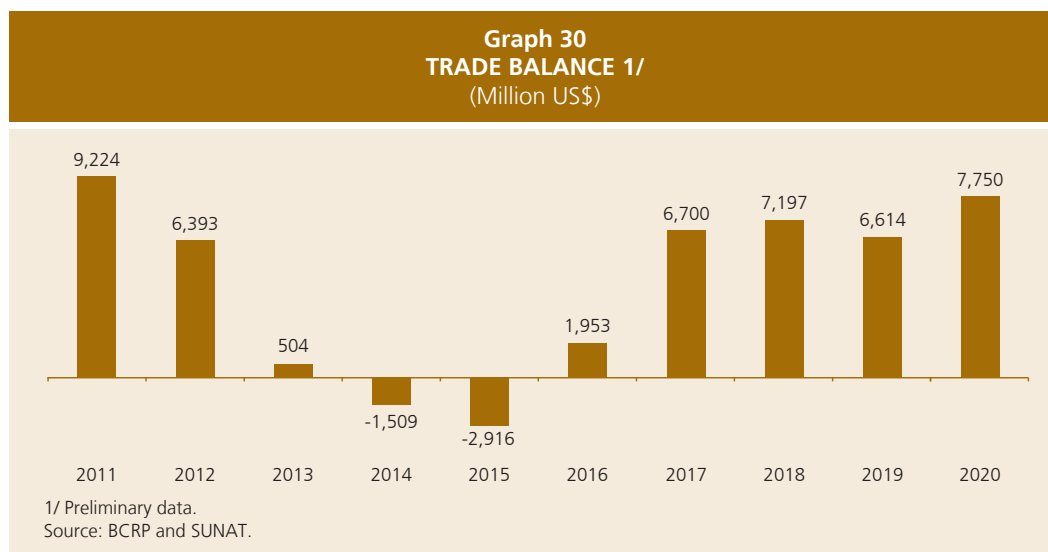
	Million US\$			% GDP	
	2018	2019	2020	2019	2020
<b>I. CURRENT ACCOUNT BALANCE</b>	<b>-3,915</b>	<b>-2,657</b>	<b>1,504</b>	<b>-1.2</b>	<b>0.7</b>
1. Trade Balance	7,197	6,614	7,750	2.9	3.8
a. FOB Exports	49,066	47,688	42,413	20.6	20.7
b. FOB Imports	-41,870	-41,074	-34,663	-17.8	-17.0
2. Services	-2,759	-3,152	-4,170	-1.4	-2.0
a. Exports	7,090	7,523	3,268	3.3	1.6
b. Imports	-9,850	-10,675	-7,438	-4.6	-3.6
3. Investment Income	-11,908	-9,838	-6,146	-4.3	-3.0
a. Private	-10,796	-8,961	-5,259	-3.9	-2.6
b. Public	-1,113	-877	-887	-0.4	-0.4
4. Current transfers	3,556	3,718	4,071	1.6	2.0
Of which: Remittances	3,225	3,326	2,939	1.4	1.4
<b>II. FINANCIAL ACCOUNT</b>	<b>1,851</b>	<b>9,266</b>	<b>7,345</b>	<b>4.0</b>	<b>3.6</b>
1. Private sector	1,672	4,363	-1,496	1.9	-0.7
a. Assets	-3,546	-2,505	175	-1.1	0.1
b. Liabilities	5,219	6,868	-1,670	3.0	-0.8
2. Public sector	2,122	4,399	9,818	1.9	4.8
a. Assets	-201	212	-288	0.1	-0.1
b. Liabilities 1/	2,323	4,187	10,106	1.8	4.9
3. Short-term capital	-1,944	504	-977	0.2	-0.5
a. Assets	-2,830	1,915	-2,489	0.8	-1.2
b. Liabilities	886	-1,411	1,512	-0.6	0.7
<b>III. ERRORS AND NET OMMISIONS</b>	<b>-1,565</b>	<b>301</b>	<b>-3,288</b>	<b>0.1</b>	<b>-1.6</b>
<b>IV. BALANCE OF PAYMENT RESULT</b>	<b>-3,629</b>	<b>6,909</b>	<b>5,562</b>	<b>3.0</b>	<b>2.7</b>
<b>(IV = I + II + III) = (1-2)</b>					
<b>1. Change in the balance of NIRs</b>	<b>-3,500</b>	<b>8,195</b>	<b>6,391</b>	<b>3.5</b>	<b>3.1</b>
<b>2. Valuation effect</b>	<b>130</b>	<b>1,286</b>	<b>829</b>	<b>0.6</b>	<b>0.4</b>

1/ 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.

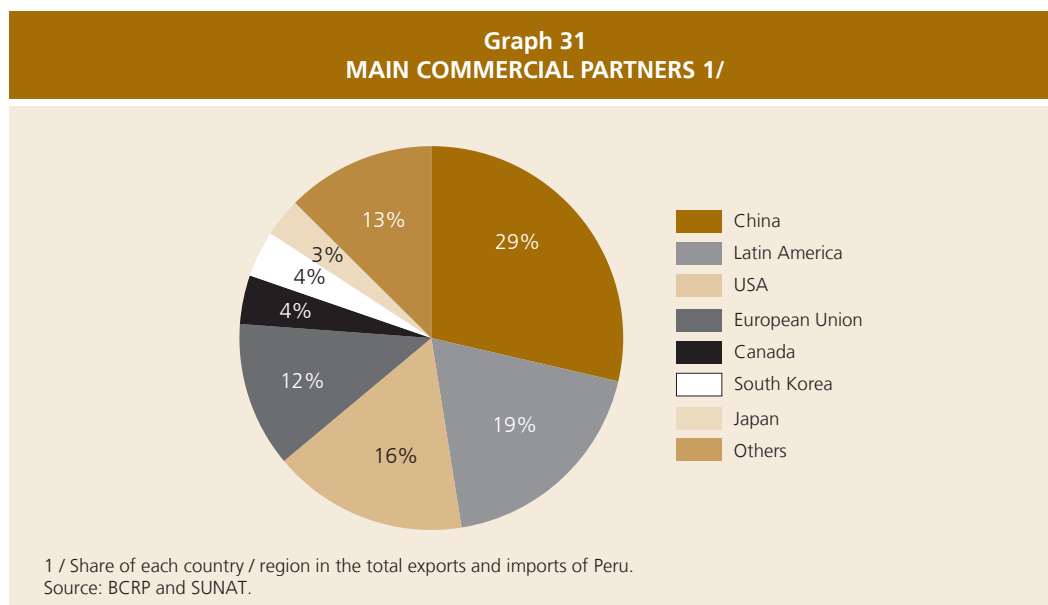
Source: BCRP, MEF, SBS, SUNAT, MINCETUR, PROMPERU, Ministry of Foreign Affairs, COFIDE, ONP, FCR, Tacna Free Trade Zone, Banco de la Nación, Cavali S.A. ICLV, Proinversión, Bank for International Settlements (BIS), and businesses.

## 2.1 Trade Balance

The trade balance recorded a balance of US\$ 7,750 million in 2020. The volumes of exports and imports decreased by 13.4 and 11.1 percent, respectively, reflecting mainly the impact of the pandemic-related crisis on local activity and on domestic and external demand, as well as its impact on foreign trade logistics operations. The price of exports increased by 2.7 percent, mainly due to the significant increase in the international prices of commodities such as copper, zinc, gold, coffee, among others. On the other hand, the price of imports decreased by 5.1 percent due to the lower prices of inputs such as oil, plastics, textiles, and paper, among others.



China and the United States continued to be Peru's two major trading partners, the transactions with these countries representing 45 percent of the total trade carried out in 2020. In the context of the pandemic, total trade –the sum of exports and imports–with all of the country's major trading partners fell in 2020, except Canada.



**Table 19**  
**TRADE BY MAIN COUNTRIES AND REGIONS 1/**  
(Million US\$)

	Exports 2/			Imports 3/			X + M		
	2018	2019	2020	2018	2019	2020	2018	2019	2020
China	13,238	13,503	12,291	9,775	9,935	9,773	23,013	23,438	22,064
USA	7,939	5,671	6,304	8,757	8,467	6,382	16,696	14,138	12,686
Brazil	1,720	1,441	776	2,304	2,309	1,873	4,023	3,749	2,649
Mexico	440	474	471	1,899	1,802	1,479	2,339	2,276	1,950
Argentina	180	137	111	1,153	1,616	1,514	1,332	1,752	1,625
Chile	1,227	1,294	1,115	1,457	1,503	1,241	2,684	2,798	2,356
Colombia	761	792	678	1,549	1,297	955	2,309	2,088	1,633
Ecuador	858	794	654	1,889	1,257	434	2,748	2,051	1,088
Germany	1,126	1,033	927	1,057	1,099	970	2,183	2,132	1,896
Japan	2,178	1,974	1,819	1,011	1,023	691	3,188	2,997	2,510
South Korea	2,462	2,228	2,402	928	911	606	3,390	3,139	3,008
Spain	1,804	1,205	1,139	906	850	636	2,711	2,054	1,775
India	2,481	1,787	1,101	863	838	774	3,344	2,625	1,874
Italy	656	611	492	657	718	546	1,313	1,329	1,038
Canada	923	2,408	2,436	652	633	737	1,576	3,041	3,173
Vietnam	120	141	83	359	502	470	480	642	553
Thailand	127	192	128	386	404	339	512	596	467
Bolivia	1,837	2,413	1,817	428	385	474	2,265	2,798	2,291
Taiwan	289	201	240	346	324	273	635	525	513
Russia	136	211	136	389	319	238	524	530	374
Rest	8,565	9,179	7,293	5,106	4,883	4,259	13,671	14,063	11,552
<b>Total</b>	<b>49,066</b>	<b>47,688</b>	<b>42,413</b>	<b>41,870</b>	<b>41,074</b>	<b>34,663</b>	<b>90,936</b>	<b>88,762</b>	<b>77,076</b>
China	13,238	13,503	12,291	9,775	9,935	9,773	23,013	23,438	22,064
Latin America	7,655	8,297	6,115	11,107	10,600	8,413	18,762	18,897	14,528
USA	7,939	5,671	6,304	8,757	8,467	6,382	16,696	14,138	12,686
Asia (less China)	8,736	8,165	7,259	5,242	5,219	4,309	13,978	13,383	11,568
European Union	7,249	6,157	5,613	4,572	4,584	3,817	11,821	10,741	9,430
Others	4,249	5,896	4,832	2,418	2,270	1,969	6,667	8,166	6,801

X: Exports M: Imports

1/ Preliminary data.

2/ Exports exclude goods sold and repairs of foreign ships and aircrafts. Since August 2020, Copper, zinc and molybdenum exports were estimated on the basis of production levels.

3/ Imports are grouped by country of origin and exclude defense material, other purchased goods, and ships and aircrafts abroad.

Source: SUNAT.

## Exports

Exports in 2020 totaled US\$ 42,413 million, a figure US\$ 5,275 million lower than in the previous year. This reduction is explained by lower export volumes, especially in the second quarter of the year (-37.2 percent) when sanitary measures to control the pandemic had their greatest impact on local activity. Moreover, the volumes of exports of traditional and non-traditional products were lower by 17.7 and 1.5 percent, respectively, during the year. Despite this, however, it is worth highlighting that the increase in the volume of exports of agricultural products and the increase in commodity prices offset the reduction in the value of exports.

## Classification of Exports by Groups of Economic Activity

In 2020 Peru's exports of agricultural products –the only Peruvian exports that increased in comparison with their level in the previous year– amounted to US\$ 6,858 million. Exports of fishing products amounted to US\$ 2,867 million, while mining and hydrocarbons exports totaled US\$ 27,724 million and non-primary manufacturing exports amounted to US\$ 4,842 million.





**Table 20**  
**EXPORTS 1/ BY GROUP OF ECONOMIC ACTIVITY 1/**  
(Million US\$)

Sector	2018	2019	2020	Part. % 2020	% change 2020/2019
<b>1. Agricultural</b>	<b>5,907</b>	<b>6,333</b>	<b>6,858</b>	<b>16.2</b>	<b>8.3</b>
Grapes	820	875	1,057	15.4	20.9
Fruit, legumes, and canned vegetables	837	831	939	13.7	13.0
Blueberry	548	825	1,010	14.7	22.4
Avocados	723	752	759	11.1	1.0
Coffee	682	637	649	9.5	1.8
Fresh asparagus	384	400	385	5.6	-3.6
Cereals, leguminous, and oil seed	285	308	283	4.1	-7.9
Mangoes	258	262	291	4.2	10.8
Rest	1,369	1,444	1,484	21.6	2.8
<b>2. Fishing</b>	<b>3,296</b>	<b>3,542</b>	<b>2,867</b>	<b>6.8</b>	<b>-19.0</b>
Fishmeal	1,564	1,509	1,180	41.1	-21.8
Giant Squid	640	884	621	21.6	-29.8
Fish oil	375	420	367	12.8	-12.7
Canned or frozen products	233	223	229	8.0	2.3
Prawns	146	139	140	4.9	0.9
Rest	339	367	332	11.6	-9.6
<b>3. Mining</b>	<b>29,814</b>	<b>29,039</b>	<b>26,372</b>	<b>62.2</b>	<b>-9.2</b>
Copper 2/	14,939	13,893	12,742	48.3	-8.3
Gold	8,259	8,482	7,850	29.8	-7.5
Zinc 2/	2,574	2,103	1,715	6.5	-18.5
Lead	1,545	1,530	1,431	5.4	-6.5
Iron	484	979	1,126	4.3	15.0
Molybdenum 2/	612	638	456	1.7	-28.6
Zinc products	422	315	228	0.9	-27.5
Tin	352	371	355	1.3	-4.3
Calcium phosphates	231	242	199	0.8	-17.6
Silver refined	123	76	93	0.4	23.4
Rest	273	411	177	0.7	-57.0
<b>4. Hydrocarbons</b>	<b>4,039</b>	<b>2,974</b>	<b>1,352</b>	<b>3.2</b>	<b>-54.5</b>
Oil and oil products	2,997	2,351	820	60.7	-65.1
Natural gas	1,042	623	532	39.3	-14.7
<b>5. Manufacturing</b>	<b>5,822</b>	<b>5,647</b>	<b>4,842</b>	<b>11.4</b>	<b>-14.2</b>
Papel and chemicals	1,777	1,797	1,704	35.2	-5.2
Textiles	1,402	1,354	1,024	21.2	-24.3
Copper products	355	326	327	6.8	0.5
Milling and Bakery	196	216	222	4.6	2.7
Prepared animal food	253	210	148	3.1	-29.4
Iron products	181	173	128	2.6	-26.1
Jewelry	129	118	74	1.5	-37.5
Glasses and glass products	91	97	76	1.6	-21.1
Tile floors	113	97	72	1.5	-25.0
Dairy products	121	93	80	1.6	-14.7
Manufacturing and metals	97	82	65	1.3	-21.1
Rest	1,107	1,085	922	19.0	-15.0
<b>6. Others 3/</b>	<b>189</b>	<b>154</b>	<b>121</b>	<b>0.3</b>	<b>-21.4</b>
<b>Total</b>	<b>49,066</b>	<b>47,688</b>	<b>42,413</b>	<b>100.0</b>	<b>-11.1</b>

1 / Preliminary data.

2 / Since August 2020, exports of copper, zinc and molybdenum were estimated based on production levels.

3 / Includes the sale of fuel and food to foreign ships and the repair of capital goods.

Source: BCRP and SUNAT.

Exports of agricultural products standing out included exports of grapes (US\$ 1,057 million) and blueberries (US\$ 1,010 million), products in which our country is one of the world's leading exporters, as well as exports of canned fruits and vegetables (US\$ 939 million). In the fishing sector, the main exports were fishmeal (US\$ 1,180 million), squid (US\$ 621 million) and fish oil (US\$ 367 million), while in the mining and hydrocarbons sector, exports of copper (US\$ 12,742 million) and gold (US\$ 7,850 million) are worth pointing out. Finally, exports of paper and chemical products (US\$ 1,704 million) stood out in the group of non-primary manufacturing exports.

### Traditional Exports

Traditional exports totaled US\$ 29,405 million – a sum 12.9 percent lower than in 2019 (US\$ 33,751 million) – mainly due to lower exports of mining and oil and natural gas products. Moreover, reflecting the impact of the COVID-19 crisis, there was a decrease in the volumes of traditional exports (17.7 percent), which was offset in part by the average increase in their prices (5.9 percent).

**Table 21**  
**EXPORTS BY GROUP OF PRODUCTS 1/**  
(Million US\$)

	2018	2019	2020	% change		
				2018	2019	2020
<b>1. Traditional exports</b>	<b>35,638</b>	<b>33,751</b>	<b>29,405</b>	<b>6.2</b>	<b>-5.3</b>	<b>-12.9</b>
Fishing	1,938	1,929	1,546	8.4	-0.5	-19.8
Agricultural	762	774	733	-7.8	1.5	-5.4
Mining 2/	28,899	28,074	25,774	4.8	-2.9	-8.2
Oil and natural gas	4,039	2,974	1,352	19.9	-26.4	-54.5
<b>2. Non-Traditional exports</b>	<b>13,240</b>	<b>13,783</b>	<b>12,887</b>	<b>12.9</b>	<b>4.1</b>	<b>-6.5</b>
Agricultural products	5,867	6,292	6,817	15.0	7.2	8.3
Fishing products	1,375	1,613	1,321	26.3	17.3	-18.1
Textiles	1,402	1,354	1,024	10.2	-3.4	-24.3
Wood and paper, and its manufacturing	339	321	240	-1.4	-5.3	-25.4
Chemicals	1,562	1,600	1,558	12.8	2.4	-2.6
Non-metallic minerals	629	604	446	7.1	-4.0	-26.1
Iron & steel, and jewelry	1,325	1,310	929	4.1	-1.1	-29.1
Metal mechanic products	591	558	458	13.5	-5.5	-17.9
Others 3/	150	131	93	-1.1	-12.8	-29.0
<b>3. Others 4/</b>	<b>189</b>	<b>154</b>	<b>121</b>	<b>44.6</b>	<b>-18.5</b>	<b>-21.4</b>
<b>4. TOTAL</b>	<b>49,066</b>	<b>47,688</b>	<b>42,413</b>	<b>8.0</b>	<b>-2.8</b>	<b>-11.1</b>

1 / Preliminary data.

2 / Since August 2020, exports of copper, zinc and molybdenum were estimated based on production levels.

3 / Includes furs, leather, and handcrafts, mainly.

4 / Comprise oil and food sold to foreign aircrafts and reparations of capital goods.

Source: BCRP and SUNAT.

<b>Table 22</b>						
<b>EXPORTS 1/</b>						
<b>(% change)</b>						
	<b>Volume</b>			<b>Price</b>		
	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>Traditional exports 2/</b>	<b>-1.5</b>	<b>-1.2</b>	<b>-17.7</b>	<b>7.8</b>	<b>-4.1</b>	<b>5.9</b>
<i>Of which:</i>						
Fish meal	1.0	-0.1	-19.7	6.1	-3.4	-2.6
Coffee	4.4	-10.1	-5.1	-8.5	3.9	7.3
Copper	1.1	2.3	-12.0	6.8	-9.1	4.2
Gold	-1.1	-6.4	-27.2	1.0	9.7	27.1
Zinc	-2.5	-0.6	3.5	10.0	-17.8	-21.2
Crude oil and derivatives	-10.0	-14.9	-55.3	28.2	-7.8	-22.0
<b>Non-Traditional exports</b>	<b>11.0</b>	<b>5.7</b>	<b>-1.5</b>	<b>1.8</b>	<b>-1.5</b>	<b>-5.1</b>
<i>Of which:</i>						
Agricultural	18.4	6.7	14.9	-2.9	0.5	-5.7
Textiles	2.9	-6.1	-21.0	7.1	2.8	-4.2
Fishing	15.5	29.2	-13.4	9.4	-9.2	-5.4
Chemicals	8.1	2.8	6.9	4.4	-0.4	-8.9
Iron & steel, and jewelry	-0.9	5.9	-27.7	5.1	-6.6	-1.8
<b>TOTAL</b>	<b>1.6</b>	<b>0.6</b>	<b>-13.4</b>	<b>6.3</b>	<b>-3.4</b>	<b>2.7</b>

1/ Preliminary data.  
2/ Since August 2020, exports of copper, zinc and molybdenum were estimated based on production levels.  
Source: BCRP and SUNAT.

Mining exports totaled US\$ 25,774 million, a figure 8.2 percent lower than in 2019 despite the fact that the export prices of copper and gold increased (4.2 percent and 27.1 percent, respectively). In terms of volumes, on the other hand, Peru exported 2,189 thousand fine metric tons (FMT) of copper, 4,440 thousand ounces of gold, and 1,190 thousand metric tons of zinc. As a result, and despite the COVID-19 crisis, Peru continues to maintain a leading position in world mining production, particularly in the production of copper, silver, and zinc.

<b>Table 23</b>	
<b>MINING PRODUCTION 2020</b>	
<b>Product</b>	<b>World ranking</b>
Copper	2
Silver	2
Zinc	3
Lead	4
Molybdenum	4
Tin	4
Gold	8

Source: Mineral Commodity Summaries 2021 - US Geological Survey.

Sales of oil and natural gas to other countries amounted to US\$ 1,352 million, which represents a decline of 54.5 percent with respect to the previous year. This result reflects lower prices and lower volumes of crude oil and oil derivatives (-22.0 and -55.3 percent, respectively). It is worth mentioning that the decline in terms of volume was associated with the temporary closure of the Talara refinery during 2020.

The value of fishery exports amounted to US\$ 1,546 million in 2020 –19.8 percent less than in the previous year–, essentially due to the drop in the prices and volumes of fishmeal exports (-2.6 and -19.7 percent, respectively).

## Non-Traditional Exports

Exports of non-traditional products totaled US\$ 12,887 million, a sum 6.5 percent lower than in 2019, due to both lower prices (-5.1 percent) and volumes (-1.5 percent). Nonetheless, it is worth highlighting the increase registered in the volume of exports of agricultural and chemical products (14.9 and 6.9 percent, respectively).

The main destination markets for Peruvian non-traditional products were the United States, with exports amounting to US\$ 3,929 million, and the Netherlands, with these exports totaling US\$ 1,279 million. Moreover, exports to these countries increased by 0.4 and 9.8 percent, respectively, compared to 2019. It is worth mentioning that part of the increase in shipments to the Netherlands results from the border restrictions imposed by other European countries during the pandemic, which caused shipments to that continent to be redirected through the Netherlands. In the rest of the main destinations of our non-traditional exports, except for Mexico, there was a decrease compared to 2019.

<b>Table 24</b>				
<b>MAIN DESTINATION: NON-TRADITIONAL EXPORTS 1/</b>				
(Million US\$)				
	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>% chg. 2020/2019</b>
United States	3,662	3,911	3,929	0.4
Netherlands	1,101	1,165	1,279	9.8
Chile	743	795	723	-9.1
Ecuador	768	714	596	-16.5
Spain	708	681	679	-0.2
Colombia	658	669	585	-12.4
China	471	612	442	-27.8
Bolivia	567	561	461	-17.7
Brazil	399	409	303	-26.0
United Kingdom	408	392	386	-1.6
Canada	193	365	249	-31.8
South Korea	311	309	299	-3.3
Mexico	304	307	338	10.0
Germany	281	244	217	-11.4
Italy	223	217	160	-26.5
Rest	2,444	2,432	2,243	-7.8
<b>Total</b>	<b>13,240</b>	<b>13,783</b>	<b>12,887</b>	<b>-6.5</b>
<b>Memo:</b>				
Latin America	3,991	3,984	3,481	-12.6
United States	3,662	3,911	3,929	0.4
European Union	3,323	3,224	3,186	-1.2
Asia (less China)	997	1,024	978	-4.5
China	471	612	442	-27.8
Other	797	1028	873	-15.1
1/ Preliminary data. Source: Sunat and BCRP.				

The most important exports to the United States –the main destination for our non-traditional products– continued to be exports of agricultural products and textiles, which represented 77 percent of total non-traditional exports to the U.S. market in 2020. The top-selling products were blueberries (US\$ 539 million), fresh grapes (US\$ 482 million), fresh asparagus (US\$ 263 million), fresh avocados (US\$ 158 million), and fresh mandarins (US\$96 million).

Exports of **agricultural products**, which included fresh grapes, blueberries, fresh avocados, and asparagus totaled US\$ 6,817 million. It is worth pointing out that exports of grapes and blueberries became the first non-traditional exports to exceed US\$ 1 billion per year. These results confirm Peru's leadership as an exporter of blueberries and grapes, ranking first and third worldwide, respectively, in

the 2019 ranking. Over the past ten years, exports of agricultural products have grown at an average annual rate of 12.0 percent, so the value exported in 2020 was more than three times the value of these exports in 2010.

<b>Table 25</b>			
<b>MAIN NON-TRADITIONAL AGRICULTURAL PRODUCTS 1/</b>			
<b>(Million US\$)</b>			
<b>Most popular products</b>	<b>2011</b>	<b>2020</b>	<b>Average % chg. 2011-2020</b>
Fresh grapes	288	1,057	19.0
Blueberries 2/	0	1,010	78.7
Fresh avocados	161	759	24.5
Fresh asparagus	294	385	2.9
Fresh mangoes	115	291	12.4
Shrimp and prawn feed	94	135	6.7
Organic bananas	65	152	11.8
Cocoa	63	131	14.2
Quinoa	25	126	25.3
Asparagus prepared	144	103	-0.3
Canned artichokes	129	100	0.3
Fresh onions	43	97	8.7
Frozen food	16	102	35.8
Vegetables prepared in vinegar	51	76	4.7
Mangoes	25	119	19.3
Subtotal	1,513	4,642	15.1
<b>Total</b>	<b>2,819</b>	<b>6,817</b>	<b>12.0</b>

1/ Preliminary data.  
2/ Average percentage change 2014-2019  
Source: BCRP and SUNAT.

Exports of **fishery products** amounted to US\$ 1,321 million –18.1 percent less than in 2019–, reflecting lower exports of frozen and canned squid. The average volume of these exports decreased by 13.4 percent, while prices fell by 5.4 percent. The main destination markets were the United States, Spain, and South Korea, with shipments to the United States standing out since they grew 16.5 percent compared to 2019. Over the last ten years, fishery exports have increased at an average annual rate of 9.4 percent.

**Textile exports** totaled US\$ 1,024 million, 24.3 percent less than the amount recorded in 2019. These exports registered a 21.0 percent drop in terms of volume and a 4.2 percent fall in terms of prices. It is worth mentioning that the United States, the main destination for Peruvian textile products, accounts for 54 percent of these exports and that shipments to Norway showed a noteworthy increase (14.5 percent).

Exports of **chemical products** amounted to US\$ 1,558 million in 2020, a sum 2.6 percent lower than in 2019. Moreover, these exports registered an increase in terms of volume (6.9 percent), but recorded a drop in terms of prices (8.9 percent). The main markets for Peruvian exports of chemical products were Chile, Bolivia, Ecuador, and Colombia, which together with the United States, accounted for 54.4 percent of total exports of chemical goods.

## Imports

**Imports** amounted to US\$ 34,663 million, a figure US\$ 6,411 million lower than in 2019, mainly as a result of lower imports of inputs (19.3 percent) at a time of contraction in domestic demand due to the impact of the COVID-19 crisis.

**Table 26**  
**FOB IMPORTS BY USE OR DESTINATION 1/**  
(Million US\$)

	Million US\$			% change		
	2018	2019	2020	2018	2019	2020
<b>TOTAL IMPORTS</b>	<b>41,870</b>	<b>41,074</b>	<b>34,663</b>	<b>8.1</b>	<b>-1.9</b>	<b>-15.6</b>
<b>1. CONSUMER GOODS</b>	<b>9,591</b>	<b>9,576</b>	<b>8,723</b>	<b>2.7</b>	<b>-0.1</b>	<b>-8.9</b>
Non-durable goods	5,305	5,409	5,438	2.9	2.0	0.5
Main food products	518	450	554	-23.3	-13.1	22.9
Rest	4,786	4,959	4,884	6.8	3.6	-1.5
Durable goods	4,286	4,167	3,285	2.5	-2.8	-21.2
<b>2. INPUTS</b>	<b>20,516</b>	<b>19,101</b>	<b>15,405</b>	<b>14.6</b>	<b>-6.9</b>	<b>-19.3</b>
Fuel, oils, and related	6,593	5,648	2,970	22.3	-14.3	-47.4
Raw materials for agriculture	1,459	1,449	1,525	-0.7	-0.7	5.3
Raw materials for industry	12,463	12,004	10,910	12.9	-3.7	-9.1
<b>3. CAPITAL GOODS</b>	<b>11,641</b>	<b>12,295</b>	<b>10,445</b>	<b>2.9</b>	<b>5.6</b>	<b>-15.0</b>
Construction materials	1,193	1,304	1,081	12.4	9.3	-17.1
For agriculture	150	152	153	4.9	1.3	1.0
For industry	7,373	7,803	7,108	-0.3	5.8	-8.9
Transportation equipment	2,926	3,037	2,103	7.8	3.8	-30.8
<b>4. OTHERS GOODS</b>	<b>123</b>	<b>102</b>	<b>90</b>	<b>-25.2</b>	<b>-17.1</b>	<b>-11.7</b>

1/ Preliminary data.

Source: SUNAT, Tacna Free Trade Zone, and MEF.

The volume of total imports dropped by 11.1 percent, mainly due to lower imports of crude oil and oil derivatives. The import price index contracted by 5.1 percent during the year, due to lower prices of industrial inputs and crude. Moreover, a generalized fall was observed in the prices of all industrial inputs, with the exception of chemical products.

**Table 27**  
**IMPORTS 1/**  
(% change)

	Volume			Price		
	2018	2019	2020	2018	2019	2020
<b>TOTAL IMPORTS</b>	<b>1.3</b>	<b>-0.2</b>	<b>-11.1</b>	<b>6.7</b>	<b>-1.7</b>	<b>-5.1</b>
<b>1. Consumer Goods</b>	<b>0.9</b>	<b>-1.2</b>	<b>-9.3</b>	<b>1.7</b>	<b>1.0</b>	<b>0.4</b>
Not durable	1.7	1.1	0.1	1.2	0.8	0.4
Durable	0.0	-4.0	-21.4	2.4	1.3	0.4
<b>2. Inputs</b>	<b>2.3</b>	<b>-2.3</b>	<b>-9.0</b>	<b>12.0</b>	<b>-4.7</b>	<b>-11.4</b>
Main Foods	4.6	3.8	-0.3	3.1	-5.0	3.0
Oil and derivatives	-3.2	-8.2	-24.1	27.8	-7.0	-31.9
Industrial supplies	5.2	-0.2	-5.4	5.9	-3.4	-4.1
Plastics	7.8	0.7	0.6	12.7	-13.9	-12.4
Iron and Steel	17.6	-9.3	4.1	17.9	-7.8	-8.7
Textiles	4.4	4.1	-7.4	6.8	-8.6	-12.3
Papers	14.6	-10.6	-20.7	10.3	-2.0	-12.3
Chemical products	-0.1	1.6	2.4	-2.0	0.2	1.1
Organic chemicals	5.9	0.9	-3.2	6.3	-10.4	-7.5
Rest	2.1	1.4	-8.0	3.1	1.1	0.3
<b>3. Capital goods</b>	<b>0.4</b>	<b>4.3</b>	<b>-15.6</b>	<b>2.4</b>	<b>1.3</b>	<b>0.6</b>
Construction materials	9.8	7.9	-17.6	2.4	1.3	0.6
Rest of capital goods	-0.5	3.9	-15.3	2.4	1.3	0.6

1/ Preliminary data.

Source: Sunat, ZofraTacna and MEF.

In 2020, imports of non-durable consumer goods increased by US\$ 29 million (0.5 percent), a positive flow being recorded in medicines for human use, protective masks, clothing, edible and prepared products, and printed items.

Imports of consumer durables fell by US\$ 882 million (-21.2 percent), mainly due to lower imports of automobiles (down by US\$ 505 million).

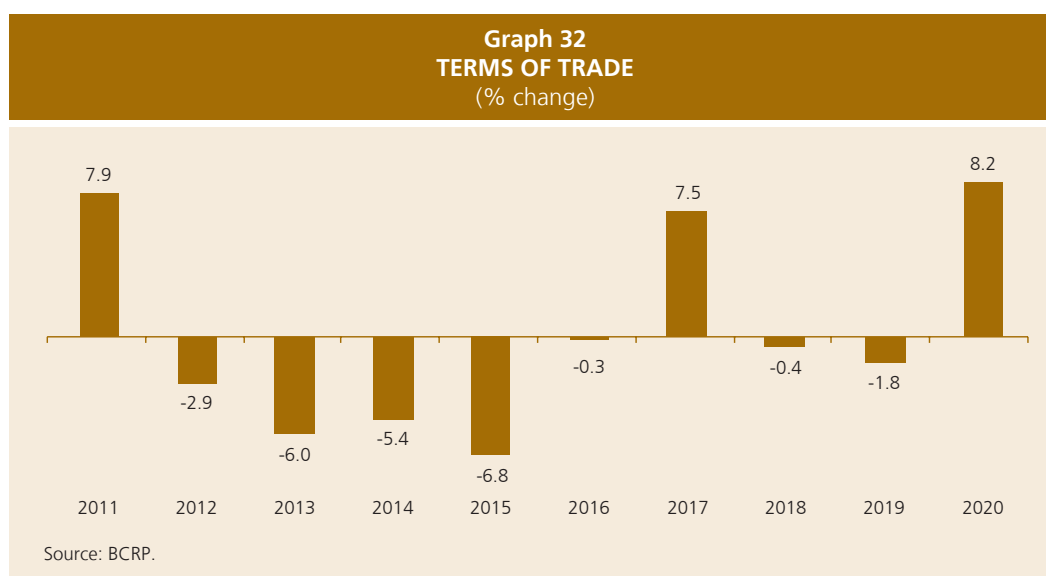
The most important reduction in imports was the one recorded in imports of inputs (US\$ 3,696 million), which was mainly due to the contraction of US\$ 2,678 million in purchases of fuels and a contraction of US\$ 1,094 million in imports of raw materials for industry.

Imports of oil and oil derivative products fell by US\$ 2,682 million (-48.3 percent). The average price of oil imports fell by 25.8 percent, while the volume imported fell by 30.4 percent. In the international context, the drop in oil prices resulted from the contraction in world demand and the subsequent oversupply of oil barrels, which led producers to offer zero or even negative prices (as in April), given the shortage of warehouses. The largest reduction occurred between April and May, when the import price fell by an average of 50 percent.

The value of imports of capital goods decreased by 15.0 percent, mainly due to a US\$ 934 million drop in imports of transportation equipment and a US\$ 695 million drop in imports of industrial goods. In terms of volume, imports registered a contraction of 15.6 percent, while prices, on the other hand, increased by 0.6 percent.

## 2.2 Terms of Trade

The annual increase in the prices of Peru's main export commodities, i.e. copper, gold, and coffee, led export prices to show a 2.7 percent increase in comparison to 2019. On the other hand, the drop in the price of oil and industrial inputs led to a 5.1 percent reduction in import prices. As a result, the **terms of trade**, defined as the ratio of average export and import prices, recorded the largest increase in the last ten years in 2020.



**Table 28**  
**TERMS OF TRADE 1/**  
(Annual % change)

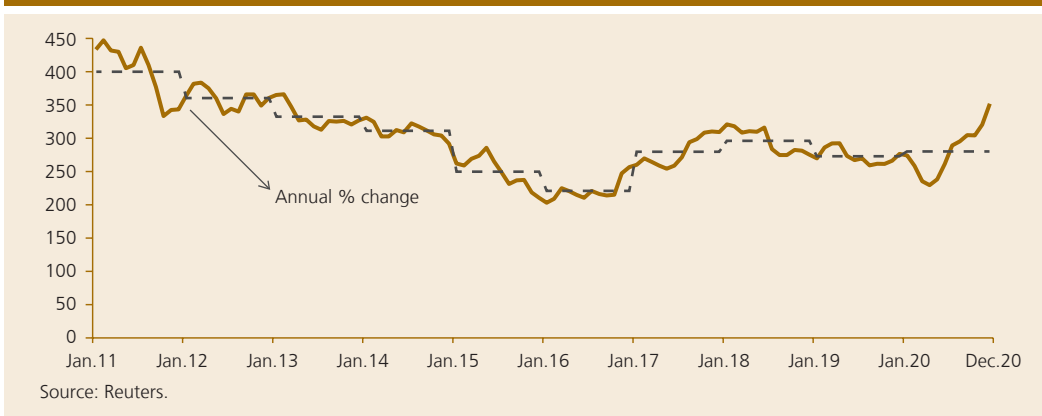
Years	Price of exports	Price of imports	Terms of Trade
2018	6.3	6.7	-0.4
2019	-3.4	-1.7	-1.8
2020	2.7	-5.1	8.2

1/ Preliminary data.  
Source: BCRP.

The prices of **basic metals and oil** were initially affected by the economic contraction associated with the pandemic. However, in line with the subsequent recovery of the global economy, the dynamism of manufacturing, and the depreciation of the dollar, prices rebounded and even reached higher levels in December 2020 than those observed at the end of 2019 in the cases of copper and zinc.

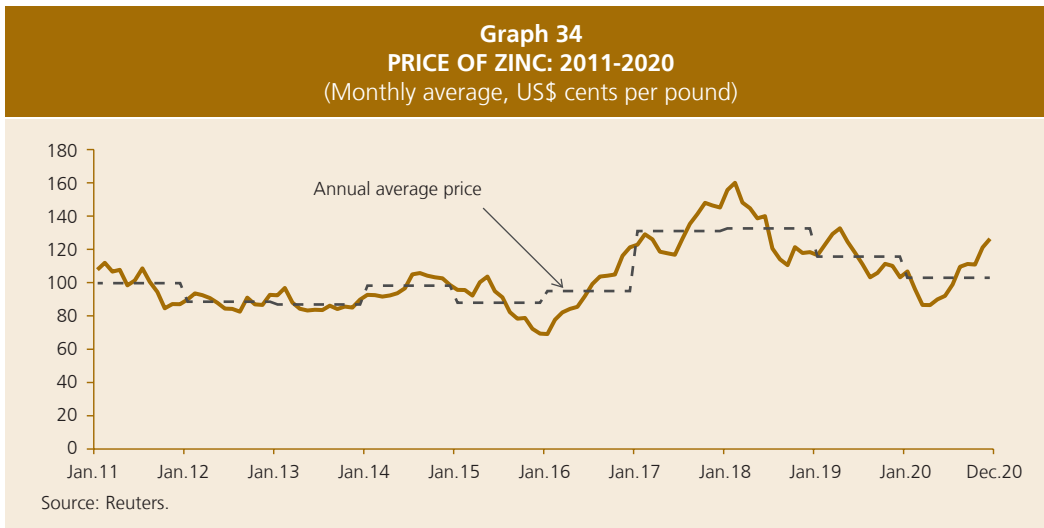
The average price of **copper** increased 2.6 percent. In addition to the factors mentioned above, the recovery observed from the second quarter onwards was supported by increased demand from various technology industries (particularly from the industry of electric cars) as well as by the restrictions introduced by China on imports of recycled copper. At the end of 2020, the price of copper reached levels not seen since the beginning of 2013.

**Graph 33**  
**PRICE OF COPPER: 2011 - 2020**  
(Monthly average, US\$ cents per pound)

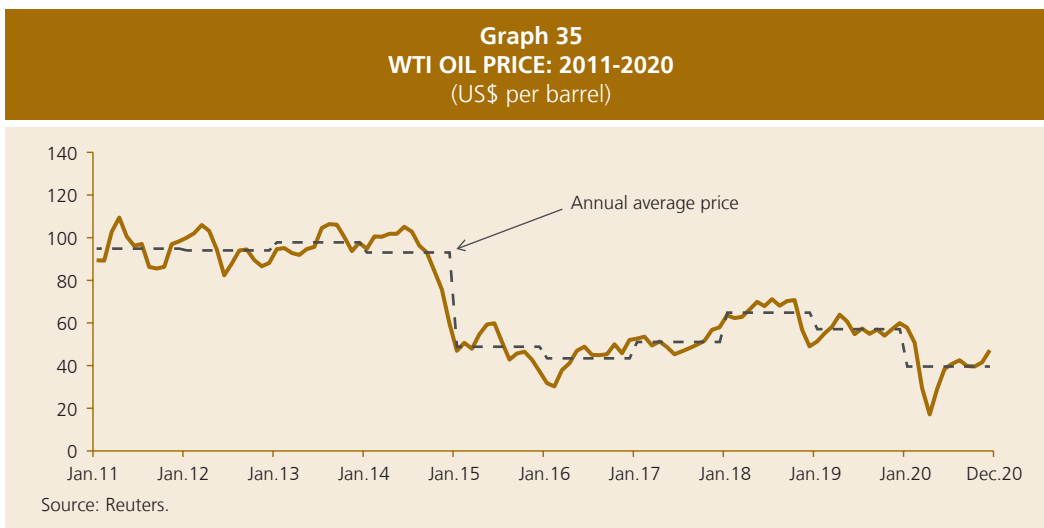


On the other hand, the average price of **zinc** was 11 percent lower than that of the previous year, this drop reflecting basically the low prices observed in the first half of the year. However, as from July the price of zinc showed an upward trend that led the price of this metal to be 22 percent higher in December 2020 than in the same month of 2019. Among other factors, the recovery observed in the second half of the year is explained by the recovery in global economic activity, by a similar dynamism in China and the main developed economies, and by the shortage of zinc concentrates and low zinc inventories.



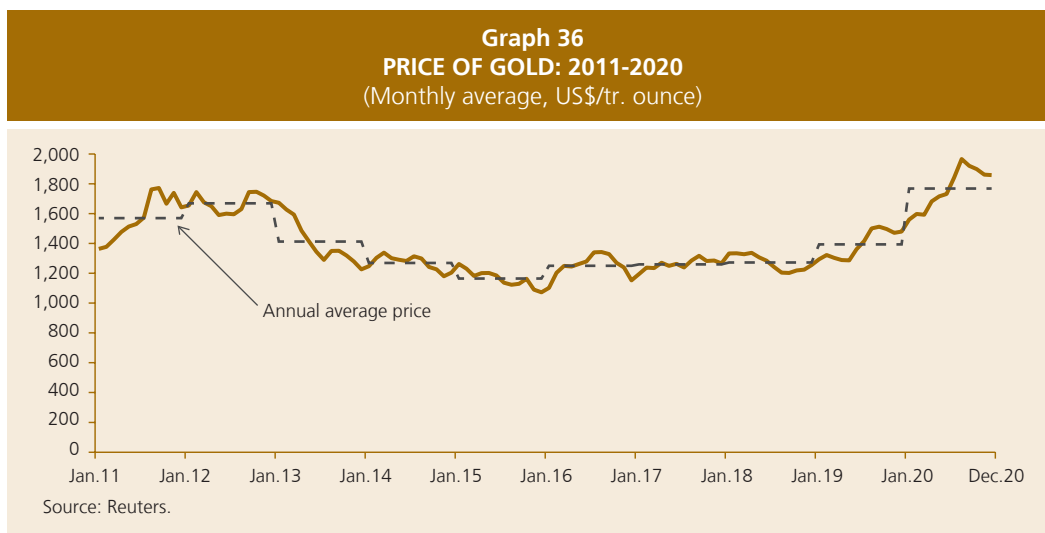


**Oil** prices contracted 31 percent in 2020. The demand for oil fell significantly due to the COVID-19 pandemic given that sanitary restrictions had a severe impact on land and air transportation. In April, because of excess inventories and storage difficulties in the United States, the price of WTI oil even reached negative levels. However, as happened with most products, the price subsequently recovered, in line with economic reopening, which boosted demand for fuel, and with expectations that OPEC and Russia will maintain production cuts beyond the agreed deadline (March 2021). Despite the recovery observed in the second half of the year, the average price of oil in December (US\$ 47 per barrel) represented a 22 percent decrease compared to December 2019 (US\$ 60 per barrel).



The price of **gold** rose 31 percent during 2020. At the beginning of the year, the price of gold benefited from risk aversion associated with the evolution of the pandemic. However, from the second quarter onwards, the price of gold found support in the sustained depreciation of the dollar against the major

currencies, as well as in expectations that the US Federal Reserve would maintain an expansionary monetary policy for a prolonged period of time. This upward trend was offset by central banks' lower purchases of gold, the reduction of market fears regarding the reopening of the economy, and the progress made in developing a vaccine in shorter terms than initially expected.



### 2.3 Services

The deficit for **services** rose to US\$ 4,170 million in 2020 –US\$ 1,018 million more than in 2019– in a context marked by the measures taken in response to the COVID-19 health crisis. Revenues fell to US\$ 3,268 million, declining by US\$ 4,255 million (-56.6 percent), while expenditures fell to US\$ 7,438 million, a figure US\$ 3, 237 million (-30.3 percent) lower than in the previous year. The greater impact on revenues was mainly due to the contraction in travel and passenger transportation. This result is associated with the health measures imposed to curb the spread of the coronavirus, including immobility, social distancing, and the closure of international borders as of March 16, 2020, with only humanitarian flights being authorized to operate. A progressive reactivation of international flights began at Jorge Chávez International Airport as of October 5 after seven months of restrictions.

The deficit in **transport services** in 2020 was US\$ 248 million higher than in 2019 and amounted to US\$ 1,765 million. Revenues decreased by US\$ 897 million (-54.5 percent) and expenditure fell by US\$ 649 million (-20.5 percent), mainly due to the restrictions established to international flights for international passenger transportation, partially offset by an increase in freight costs due to higher international rates worldwide. The increase in international rates observed throughout the year intensified in the last quarter amid a shortage in container availability and an unanticipated recovery in demand. In response to this, shipping lines optimized slots and cancelled some trade lanes.

In 2020, **travel services** recorded a surplus of US\$ 43 million. As a result of the travel ban and closures of airports and borders, which reduced the flow of international travelers, revenues totaled US\$ 776 million (-79.2 percent) and expenditure totaled US\$ 733 million (-73.6 percent). Moreover, arrivals of foreign travelers decreased by 77.3 percent and total international traveler departures decreased

by 73.9 percent compared to the previous year. The evolution of the pandemic led countries to reintroduce tighter travel restrictions, including mandatory COVID-19 clearance testing, quarantines and, in some cases, complete border closures, all of which made it difficult for international travel to resume.

The **insurance and reinsurance account** showed a deficit of US\$ 488 million in 2020, this deficit being US\$ 244 million higher than in 2019. Revenues were lower by US\$ 237 million (-26.9 percent), with insurance and reinsurance against fire, earthquake and other disasters accounting mostly for this result. On the other hand, expenditures were US\$ 7 million higher due to the increase in premiums paid for reinsured risks abroad.

Services under the heading **Other services** showed a deficit of US\$ 1,746 million, US\$ 388 million lower than in 2019. Expenditures decreased by US\$ 533 million (-16.3 percent), mainly due to lower expenses for business services, information technology, and royalties. Revenues decreased by US\$ 146 million (-12.8 percent), mainly due to lower business services.

<b>Table 29</b>					
<b>SERVICES</b>					
(Million US\$)					
	Million US\$			% change	
	2018	2019	2020	2019	2020
<b>I. TRANSPORTATION 1/</b>	<b>-1,300</b>	<b>-1,516</b>	<b>-1,765</b>	<b>16.6</b>	<b>16.4</b>
1. Credit	1,611	1,648	751	2.3	-54.5
2. Debit	-2,911	-3,164	-2,515	8.7	-20.5
<b>II. TRAVEL</b>	<b>954</b>	<b>963</b>	<b>43</b>	<b>1.0</b>	<b>-95.6</b>
1. Credit	3,557	3,738	776	5.1	-79.2
2. Debit	-2,604	-2,775	-733	6.6	-73.6
<b>III. COMMUNICATIONS</b>	<b>-209</b>	<b>-221</b>	<b>-214</b>	<b>5.9</b>	<b>-3.0</b>
1. Credit	110	114	102	4.1	-10.9
2. Debit	-319	-335	-316	5.2	-5.7
<b>IV. INSURANCE AND REINSURANCE</b>	<b>-274</b>	<b>-244</b>	<b>-488</b>	<b>-11.0</b>	<b>100.0</b>
1. Credit	797	881	644	10.6	-26.9
2. Debit	-1,071	-1,125	-1,132	5.0	0.6
<b>V. OTHERS 2/</b>	<b>-1,930</b>	<b>-2,134</b>	<b>-1,746</b>	<b>10.6</b>	<b>-18.2</b>
1. Credit	1,016	1,142	996	12.4	-12.8
2. Debit	-2,946	-3,276	-2,742	11.2	-16.3
<b>VI. TOTAL SERVICES</b>	<b>-2,759</b>	<b>-3,152</b>	<b>-4,170</b>	<b>14.2</b>	<b>32.3</b>
1. Credit	7,090	7,523	3,268	6.1	-56.6
2. Debit	-9,850	-10,675	-7,438	8.4	-30.3

1/ Includes port expenses of ships and aircraft and transport commissions, mainly.  
2/ Includes government, financial, and information technology services, royalties, leasing of equipment, and business services.  
Source: BCRP, SUNAT, SBS, Mincetur, PROMPERÚ, Ministry of Trade Affairs and businesses.

## 2.4 Factor Income

**Factor income** showed a deficit of US\$ 6,146 million in 2020, declining by US\$ 3,692 million (37.5 percent) from the previous year, due to the decrease in the profits of foreign direct investment companies, affected by the impact of the COVID-19 crisis on local activity.

**Table 30**  
**FACTOR INCOME**  
(Million US\$)

	Million US\$			% change	
	2018	2019	2020	2019	2020
<b>I. REVENUE</b>	<b>1,796</b>	<b>2,416</b>	<b>1,944</b>	<b>34.5</b>	<b>-19.5</b>
1. Private	1,011	1,140	590	12.8	-48.2
2. Public	785	1,276	1,354	62.5	6.1
<b>II. EXPENDITURE</b>	<b>13,704</b>	<b>12,254</b>	<b>8,090</b>	<b>-10.6</b>	<b>-34.0</b>
1. Private	11,806	10,101	5,850	-14.4	-42.1
Profits 1/	9,746	8,155	4,299	-16.3	-47.3
Interests 2/	2,060	1,945	1,551	-5.6	-20.3
- Long-term loans	1,118	990	743	-11.5	-24.9
- Bonds	649	670	637	3.2	-5.0
- Short-term loans 3/	292	285	171	-2.3	-40.1
2. Public 2/	1,898	2,153	2,241	13.4	4.1
Interests on long-term loans	256	232	191	-9.4	-17.8
Interests on bonds	1,641	1,920	2,018	17.0	5.1
Other	1	1	32	1.3	5,805.0
<b>III. BALANCE (I-II)</b>	<b>-11,908</b>	<b>-9,838</b>	<b>-6,146</b>	<b>-17.4</b>	<b>-37.5</b>
1. Private	-10,796	-8,961	-5,259	-17.0	-41.3
2. Public	-1,113	-877	-887	-21.2	1.1

1/ Profits or losses accrued in the period. Includes profits and dividends sent abroad plus undistributed profits.

2 / Includes commissions

3/ Includes interests of non-financial public enterprises and liabilities in domestic currency with non-residents.

Source: BCRP, MEF, Cofide, ONP and businesses.

Foreign direct investment earnings totaled US\$ 4,299 million, US\$ 3,857 million less than in the previous year, in line with the contraction of activity due to the pandemic. Industry, services, and financial services were the most affected sectors, reflecting the fall in domestic demand. Interest on private external debt decreased by US\$ 395 million, in line with the lower balance owed.

Revenues, which amounted to US\$ 1,944 million, was US\$ 471 million lower than in the previous year. This amount includes the interest on deposits and the return on private and public sectors' external investments (companies and financial and non-financial entities), in a context of low interest rates due to the expansionary monetary policies adopted by the world's main central banks.

## 2.5 Current Transfers

In 2020, **current transfers** amounted to US\$ 4,071 million, which represented an increase of US\$ 353 million from 2019. In addition, extraordinary income for a total of US\$ 705 million was recorded in this period due to non-residents' payments of income tax on the sale of Luz del Sur shares to China Three Gorges Corporation.

On the other hand, remittances from Peruvians working abroad totaled US\$ 2,939 million, US\$ 387 million less (-11.6 percent) than in 2019, while remittances from Peru to other countries (mainly to Venezuela) totaled US\$ 165 million. These lower levels of remittances are related to the lockdown of activities and job losses in the main countries where they originate. By country, remittances from the United States increased by 1.9 percent, while those from the following countries decreased: Chile (0.6 percent), Spain (2.2 percent), Italy (1.9 percent), Japan (12.9 percent), and Argentina (45.9 percent).

Moreover, remittances from the United States, Chile, and Spain represented 66.2 percent of total remittances to the country in 2020 (58.0 percent in 2019). In GDP terms, however, total remittances in 2020 represented the same percentage as in 2019 and 2018: 1.4 percent of GDP.

**Table 31**  
**FOREIGN REMITTANCES**

Years	Million US\$	% change	% GDP
2018	3,225	5.7	1.4
2019	3,326	3.1	1.4
2020	2,939	-11.6	1.4

Source: SBS, banks and companies.

**Table 32**  
**FOREIGN REMITTANCES BY COUNTRIES**

	Annual Remittance (% share)			Average Annual Remittance (US\$)			Number of shippings 2/ (Thousands)		
	2018	2019	2020	2018	2019	2020	2018	2019	2020
USA	36.4	37.7	44.0	264	265	266	4,440	4,784	4,857
Chile	11.0	11.2	11.8	200	186	227	1,772	1,874	1,525
Spain	9.0	9.0	10.4	288	271	266	1,012	1,154	1,150
Italy	7.6	7.3	8.2	257	238	243	954	1,031	991
Japan	7.3	6.9	6.7	524	518	503	448	438	392
Argentina	4.2	3.1	1.8	202	175	168	675	554	313
Rest of countries 1/	24.5	24.8	17.1	319	270	278	1,240	1,497	1,308
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>269</b>	<b>256</b>	<b>266</b>	<b>10,541</b>	<b>11,332</b>	<b>10,537</b>

1/ Includes estimate of remittances by informal means, not classified by country.

2/ Excludes estimates of remittances by informal means, not classified by country.

Source: SBS, banks and companies.

The main source of origin of remittances was money transfer operators (MTOs) and other financial companies, which intermediated 50.0 percent of total remittances. Banks had a 45.0 percent share. Thus, compared to 2019, remittances sent through MTOs and banks increased their share by 3.0 percent and 4.0 percent, respectively.

**Table 33**  
**FOREIGN REMITTANCES BY SOURCES**  
(% share)

	2018	2019	2020
ETFs - Other 1/	47	47	50
Banks	40	41	45
Informal	12	12	5
<b>Remittances from abroad</b>	<b>100</b>	<b>100</b>	<b>100</b>

1 / Fund Transfer Companies (ETFs) and other means.

Source: SBS, banks and companies.

## 2.6 Private Sector Financial Account

In 2020 the **private sector financial account** showed a negative flow of US\$ 1,496 million –US\$ 5,859 million less than in 2019–, mainly due to lower foreign direct investment in the country and lower disbursements of long-term loans. This was due to the contraction of domestic investment due to the COVID-19 crisis, as well as to a greater preference for financing in local currency. On the other hand, there was also less portfolio investment abroad, particularly by the PFAs since they had to meet the fund withdrawal requirements of their members.

<b>Table 34</b>					
<b>PRIVATE SECTOR FINANCIAL ACCOUNT</b>					
(Million US\$)					
	Million US\$			Change	
	2018	2019	2020	2019	2020
<b>1. ASSETS</b>	<b>-3,546</b>	<b>-2,505</b>	<b>175</b>	<b>1,041</b>	<b>2,680</b>
Direct investment abroad	-136	-941	-503	-804	437
Portfolio investment 1/	-3,410	-1,565	678	1,846	2,243
<b>2. LIABILITIES</b>	<b>5,219</b>	<b>6,868</b>	<b>-1,670</b>	<b>1,649</b>	<b>-8,538</b>
Foreign direct investment	6,967	8,055	982	1,088	-7,074
a. Reinvestment	5,127	2,268	1,631	-2,859	-637
b. Equity capital	1,763	2,965	365	1,201	-2,599
c. Net liabilities to affiliated enterprises	77	2,823	-1,015	2,745	-3,837
Portfolio investment	166	1,096	715	930	-381
a. Equity securities 2/	-442	-511	-209	-69	303
b. Fixed-rate income 3/	608	1,607	924	999	-683
Long-term loans	-1,915	-2,283	-3,367	-368	-1,084
a. Disbursements	3,353	3,570	1,489	217	-2,081
b. Amortization	-5,268	-5,853	-4,857	-585	997
<b>3. TOTAL</b>	<b>1,672</b>	<b>4,363</b>	<b>-1,496</b>	<b>2,691</b>	<b>-5,859</b>
Memo:					
Net direct investment	6,831	7,115	478	283	-6,636

1/ Includes stocks and other foreign assets of the financial and non-financial sector. The negative sign indicates an increase.  
2/ Considers the net purchase of shares by non-residents through the LSE, recorded by CAVALI SA ICLV. Also, includes ADRs.  
3/ Includes bonds, credit notes and securitization, among others, in net terms (issuance less redemption).  
Source: BCRP, Cavali S.A. ICLV, Proinversion, and businesses.

External assets decreased by US\$ 175 million after having increased by US\$ 2,505 million in 2019. AFP portfolio investments, which had amounted to US\$ 747 million in 2019, decreased by US\$ 2,488 million in 2020, in line with the situation in financial markets and with AFPs' need to meet the fund withdrawals of their members. In contrast, the portfolio of mutual funds abroad grew by US\$ 581 million. It is worth mentioning that in 2019, their portfolio had risen by US\$ 730 million.

Liabilities decreased by US\$ 1,670 million in 2020. Foreign direct investment in the country increased by US\$ 982 million, a figure well below that recorded in 2019 (more than US\$ 8 billion), reflecting the reduction in local economic activity and lower domestic private investment, both affected by the sanitary measures. At the level of its domestic components, higher reinvestment was offset by lower net lending with parent companies. This flow was oriented to the sectors of mining (US\$970 million), manufacturing (US\$215 million), and energy (US\$251 million).

**Table 35**  
**FOREIGN DIRECT INVESTMENT IN COUNTRY BY DESTINATION SECTOR 1/**  
(Million US\$)

	2018	2019	2020
Hydrocarbons	-222	4	74
Mining	2,802	2,392	970
Financial sector	91	1,097	99
Non-financial services	2,538	2,248	-627
Manufacturing	1,297	521	215
Energy and others	462	1,794	251
<b>TOTAL</b>	<b>6,967</b>	<b>8,055</b>	<b>982</b>

1/ Includes contributes and other net capital operations, net loans to affiliated enterprises and reinvestment (current profits).  
Source: Businesses.

The positive evolution of portfolio investment in the country is explained by bond placements in foreign markets, which totaled US\$ 1,293 million, this amount including bonds issued by both financial and non-financial companies. The bonds issued by financial companies were used to amortize other obligations. These operations were driven by low interest rates in international markets.

Long-term loans registered a net negative flow of US\$ 3,367 million, explained mostly by the amortizations of US\$ 4,857 million made by entities of the financial and non-financial sector, and by lower disbursements with respect to 2019.

## 2.7 Short-Term Capital Flows

The net flow of **short-term capital** in 2020 was negative by US\$ 977 million, compared to a positive flow of US\$ 504 million the previous year. **Short-term capital** outflows corresponded mainly to the increase in foreign assets, both from the non-financial sector (US\$ 1,713 million) and from banks (for US\$ 819 million), although greater flows of liabilities from the non-financial sector (for US\$ 1,575 million) were also recorded.

**Table 36**  
**SHORT-TERM CAPITAL FINANCIAL ACCOUNT**  
(Million US\$)

	Million US\$			Change	
	2018	2019	2020	2019	2020
<b>1. BANKS</b>	<b>980</b>	<b>-2</b>	<b>-957</b>	<b>-982</b>	<b>-955</b>
Assets 1/	109	504	-819	396	-1,323
Liabilities 2/	871	-506	-138	-1,377	368
<b>2. BANCO DE LA NACIÓN</b>	<b>49</b>	<b>-22</b>	<b>9</b>	<b>-71</b>	<b>31</b>
Assets 1/	49	-22	9	-71	31
Liabilities 2/	0	0	0	0	0
<b>3. NON FINANCIAL BANKS</b>	<b>-4</b>	<b>-35</b>	<b>109</b>	<b>-30</b>	<b>143</b>
Assets 1/	-52	9	34	61	24
Liabilities 2/	48	-44	75	-92	119
<b>4. NON-FINANCIAL SECTOR 3/</b>	<b>-2,969</b>	<b>562</b>	<b>-138</b>	<b>3,531</b>	<b>-700</b>
Assets 1/	-2,936	1,424	-1,713	4,360	-3,137
Liabilities 2/	-33	-861	1,575	-829	2,437
<b>5. TOTAL SHORT-TERM CAPITALS</b>	<b>-1,944</b>	<b>504</b>	<b>-977</b>	<b>2,447</b>	<b>-1,481</b>
Assets 1/	-2,830	1,915	-2,489	4,745	-4,404
Liabilities 2/	886	-1,411	1,512	-2,298	2,923

1 / The negative sign indicates an increase in assets.

2 / The positive sign indicates an increase in liabilities.

3 / Corresponds to the flow of net assets abroad. The negative sign indicates an increase in net assets.

Source: BCRP, BIS, and companies.

## 2.8 Public Sector Financial Account

In 2020, the public financial account recorded a net inflow of external funds of US\$ 9,818 million, mainly as a result of issuances of global bonds for a total of US\$ 7,000 million and credit from international organizations for a total of US\$ 2,134 million, destined to finance the higher expenditure required to face COVID-19, within the framework of Emergency Decree No. 051-2020.

The public financial account increased by US\$ 5,419 million compared to 2019, due to higher disbursements by US\$ 8,114 million, obtained mainly from global bonds and credits to face the pandemic, and to a lesser extent, from the placement of bonds by Corporación Financiera de Desarrollo - COFIDE (US\$ 500 million), as well as by lower debt amortization (by US\$ 1,270 million). This balance was in part offset by the reduction in non-residents' holdings of sovereign bonds (by US\$ 2,625 million).

<b>Table 37</b>					
<b>PUBLIC SECTOR FINANCIAL ACCOUNT 1/</b>					
	Million US\$			Change	
	2018	2019	2020	2019	2020
<b>I. DISBURSEMENTS</b>	<b>1,800</b>	<b>1,863</b>	<b>9,977</b>	<b>63</b>	<b>8,114</b>
Investment projects	1,782	740	269	-1,042	-471
Central government	455	691	192	236	-500
Public enterprises	1,327	49	78	-1,278	29
- Financial	44	0	0	-44	0
- Non-financial	1,283	49	78	-1,234	29
Free disposable loans 2/	18	372	2,208	355	1,836
Global bonds	0	750	7,500	750	6,750
- Global	0	750	7,000	750	6,250
- Financial public enterprises	0	0	500	0	500
- Non-financial public enterprises	0	0	0	0	0
<b>II. AMORTIZATION</b>	<b>-1,614</b>	<b>-2,205</b>	<b>-935</b>	<b>-591</b>	<b>1,270</b>
<b>III. NET EXTERNAL ASSETS</b>	<b>-201</b>	<b>212</b>	<b>-288</b>	<b>413</b>	<b>-499</b>
<b>IV. OTHER OPERATIONS</b>					
<b>WITH DEBT SECURITIES (a-b)</b>	<b>2,137</b>	<b>4,530</b>	<b>1,064</b>	<b>2,393</b>	<b>-3,465</b>
a. Securities in domestic market purchased by non-residents	1,822	4,190	1,565	2,368	-2,625
b. Securities in foreign market purchased by residents	-315	-340	501	-25	841
<b>V. TOTAL</b>	<b>2,122</b>	<b>4,399</b>	<b>9,818</b>	<b>2,277</b>	<b>5,419</b>

1/ Medium- and long-term accounts. Bonds are classified according to the market where they are issued. Global and Brady bonds, issued in foreign markets, are part of external debt including those purchased by residents.

2/ Includes disbursements for S/ 2,134 million of contingent loans from the Inter-American Development Bank and the World Bank, which are used to finance the cost of prevention and containment of COVID-19 (DU N ° 051-2020). In 2018 and 2019, the disbursements of Contingent credits were classified as disbursements to finance investment projects, because they were allocated to the Fund for Interventions in the event of natural disasters.

Source: BCRP, MEF, COFIDE, and FCR.

## 2.9 International Investment Position

In December 2020, **external assets** totaled US\$ 142,735 million, a figure US\$ 10,139 million higher than that recorded at the end of 2019, this balance being mainly explained by BCRP reserve assets and by assets of non-financial sector entities. BCRP reserve assets reached a balance that represented 36.6 percent of GDP.

Total **external liabilities**, which increased by 15.0 percentage points of GDP, came to represent 108.9 percent of GDP at the end of 2020. This increase is mainly explained by higher issuances of global bonds and medium- and long-term public sector loans to address the health crisis. As a result,



the public sector debt balance represented 23.8 percent of GDP, 6.8 percentage points more than in the previous year.

The medium- and long-term private debt reached 14.9 percent of GDP as of December 2020, a level 0.7 percentage points higher than in the previous year. On the other hand, the balance of direct investment in the country increased by 6.9 percentage points, a figure equivalent to 56.7 percent of GDP at the end of 2020. Finally, capital participation accounted for 8.7 percent of GDP at the end of 2020, 0.7 percentage points below its level at the end of 2019.

**Table 38**  
**NET INTERNATIONAL INVESTMENT POSITION**  
(End-of-period levels)

	Million US\$			% GDP	
	2018	2019	2020	2019	2020
<b>I. Assets</b>	<b>121,826</b>	<b>132,596</b>	<b>142,735</b>	<b>57.4</b>	<b>69.8</b>
1. BCRP reserve assets	60,288	68,370	74,909	29.6	36.6
2. Assets of financial sector (excluding BCRP) 1/	34,902	38,503	39,921	16.7	19.5
3. Others assets	26,636	25,723	27,906	11.1	13.7
<b>II. Liabilities</b>	<b>205,541</b>	<b>216,978</b>	<b>222,589</b>	<b>93.9</b>	<b>108.9</b>
<b>1. Bonds and total private and public external debt 2/</b>	<b>78,170</b>	<b>80,200</b>	<b>88,768</b>	<b>34.7</b>	<b>43.4</b>
a. Medium and long term debt	68,723	72,277	79,185	31.3	38.7
Private sector 2/	33,811	33,013	30,553	14.3	14.9
Public sector (i - ii + iii) 3/	34,912	39,264	48,632	17.0	23.8
i. External public debt	22,977	22,554	32,469	9.8	15.9
ii. Public debt issued abroad purchased by residents	1,353	1,013	1,514	0.4	0.7
iii. Public debt issued locally purchased by non-residents	13,288	17,724	17,676	7.7	8.6
b. Short-term debt	9,447	7,923	9,583	3.4	4.7
Financial sector (excluding BCRP) 2/	4,374	3,824	3,761	1.7	1.8
BCRP	167	54	202	0.0	0.1
Others 4/	4,907	4,045	5,621	1.8	2.7
<b>2. Direct investment</b>	<b>106,918</b>	<b>114,973</b>	<b>115,955</b>	<b>49.8</b>	<b>56.7</b>
<b>3. Capital participation</b>	<b>20,453</b>	<b>21,804</b>	<b>17,867</b>	<b>9.4</b>	<b>8.7</b>

1/ Includes assets in domestic currency with non-residents.

2/ Includes liabilities in domestic currency with non-residents.

3/ External public debt is the sum of external public debt (including financial sector) and sovereign bonds in the hands of non-residents and excluding debt issued abroad in the hands of residents.

4/ Includes mainly short-term debt of the non-financial private sector.

Source: BCRP, MEF, Cavali SA ICLV, Proinversión, BIS, and businesses.

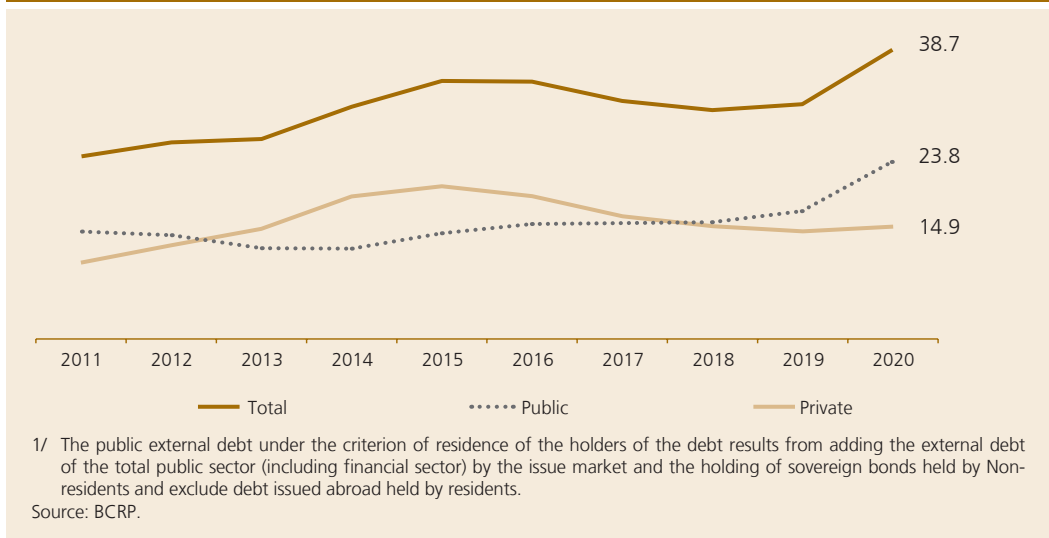
**Table 39**  
**NIR INDICATORS**

As a % of:	2011	2015	2020
a. GDP	28.6	32.1	36.5
b. Short-term external debt 1/	476	437	540
c. Short-term external debt plus Current account deficit	358	261	606

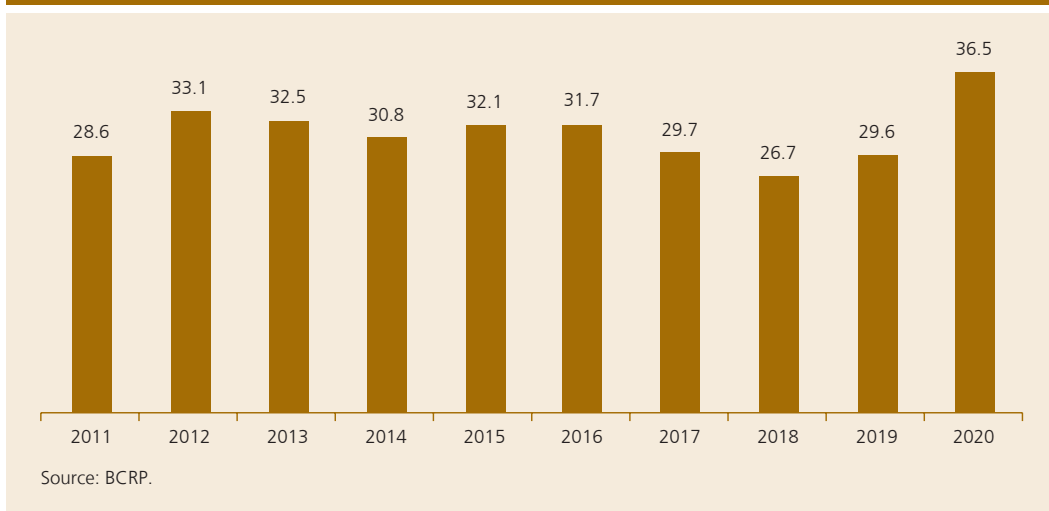
1/ Includes short-term debt balance plus redemption (1-year) from private and public sector.

Source: BCRP.

**Graph 37**  
BALANCE OF MEDIUM AND LONG TERM EXTERNAL DEBT, 2011-2020 1/  
(% GDP)



**Graph 38**  
INTERNATIONAL RESERVES  
(% GDP)



## 2.10 Management of International Reserves

At the end of 2020, 71 percent of the investment portfolio was invested in liquid high credit quality securities, 26 percent in deposits in first-class foreign banks, and the remaining 3 percent was invested in gold. The securities portfolio consists mainly of sovereign debt securities and bonds issued by supranational entities and foreign public entities with long-term credit ratings equal to or greater than A+.

The country's international reserve assets generated a yield of S/ 3,082 million in fiscal year 2020, this return being 36.8 percent lower than in the previous year due to the reduction in international interest rates.

<b>Table 40</b> <b>COMPOSITION OF LIQUID INTERNATIONAL ASSETS</b> (Million US\$)		
<b>Item</b>	<b>December 2019</b>	<b>December 2020</b>
Deposits abroad	28	26
Securities	69	71
Gold	3	3
<b>Total</b>	<b>100</b>	<b>100</b>

Source: BCRP.

<b>Table 41</b> <b>MATURITY AND RATING OF INTERNATIONAL ASSETS</b> (% structure)		
	<b>December 2019</b>	<b>December 2020</b>
<b>By maturity term</b>	<b>100</b>	<b>100</b>
0-3 months	55	46
3-12 months	8	12
> 1 year	37	42
<b>By long-term rating</b>	<b>100</b>	<b>100</b>
AAA	42	58
AA+/AA/AA-	25	23
A+/A/A-	33	19

Source: BCRP.

As for the quality of the portfolio, 58 percent of IRA was held in entities with a long-term credit rating of AAA and the rest in entities with credit ratings ranging between AA+ and A. Moreover, the average duration of the investment portfolio was 0.81 years in 2020.

The effective exposure of the BCRP foreign exchange position to the U.S. dollar was 87 percent, while the exposure to other currencies and gold was 13 percent.

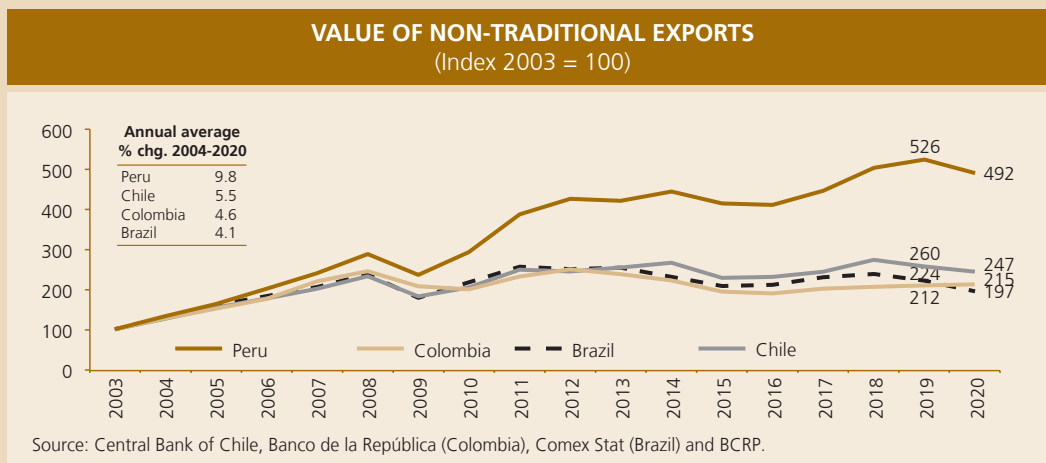
<b>Table 42</b> <b>INTERNATIONAL POSITION: EFFECTIVE EXPOSURE</b> (% structure)		
	<b>December 2019</b>	<b>December 2020</b>
US\$	85	87
Other currencies	11	9
Gold	4	4
<b>Total</b>	<b>100</b>	<b>100</b>

Source: BCRP.

Since the beginning of the pandemic, the issuance of socially responsible bonds or bonds that follow environmental and social protection guidelines (ESG), which focus mainly on financing projects associated with the control of the coronavirus, has increased significantly. Thus, as part of the investment of its international reserves during 2020, BCRP purchased this type of bonds for a total of US\$ 275 million, of which US\$ 200 million were sustainable bonds and US\$ 75 million were social bonds. As a result, as of December 31, 2020, the balance of ESG bonds, which include the categories of green bonds, sustainable bonds, and social bonds, amounted to US\$ 525 million.

**Box 1**  
**EVOLUTION OF NON-TRADITIONAL EXPORTS**

Exports of non-traditional products have grown steadily since the 1990s, as a result of which the value of such exports has increased at an annual rate of approximately 10 percent between 2004 and 2020. This growth rate exceeds that observed in other countries in the region, where similar average indicators have been lower over the last 17 years, as can be seen in the following graph.

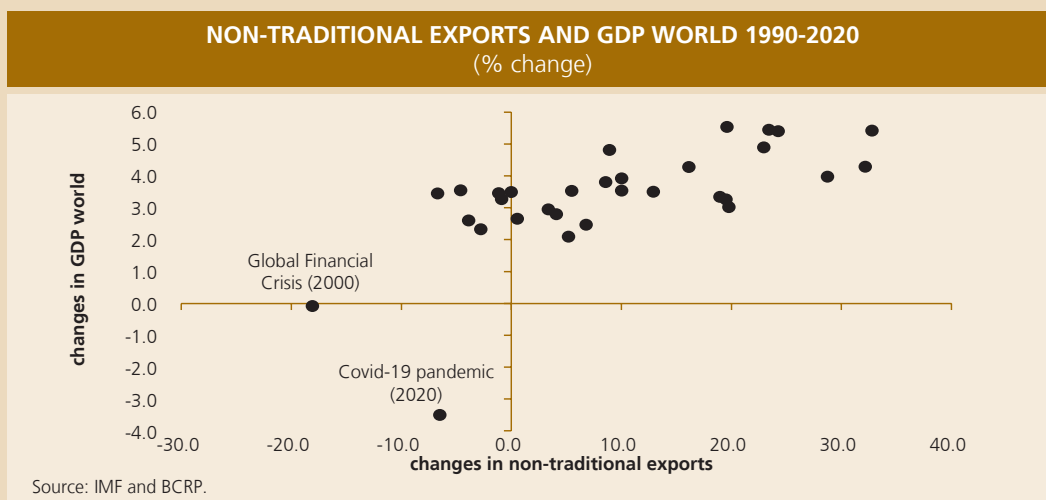


At the sector level, exports from the agricultural sector have shown the greatest increase, with an average annual rate of 15.1 percent in the 2004-2020 period. Agricultural exports currently account for approximately 50 percent of total non-traditional exports, and are followed by exports of the fishing and non-metallic mining sectors, which show average growth rates of 11.5 and 11.2 percent, respectively, in the same period.

**NON-TRADITIONAL EXPORTS**  
(Annual average % 2004-2020)

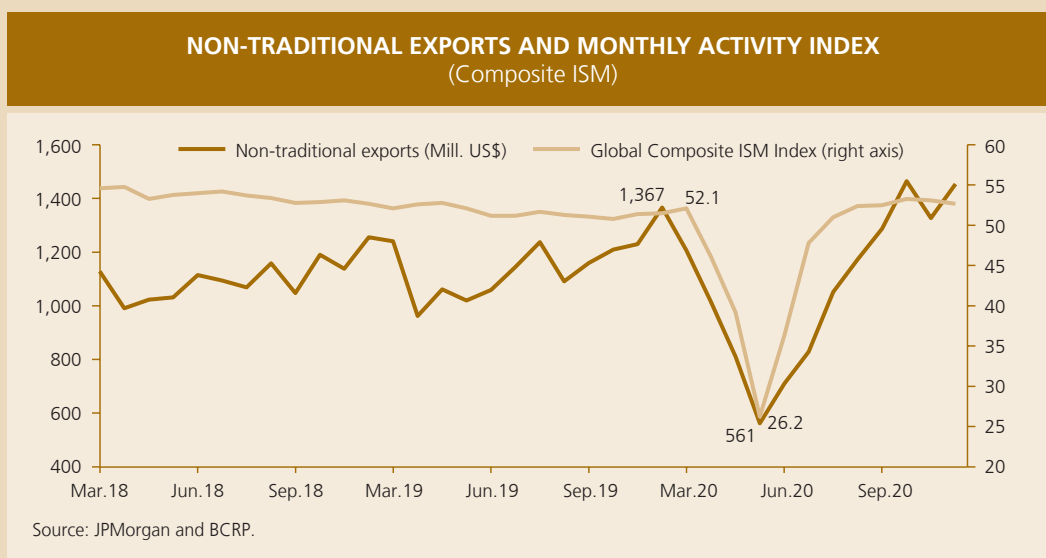
Agriculture and Livestock	15.1
Fishing	11.5
Non-metallic minerals	11.2
Chemicals	9.8
Metal-mechanical	9.4
Iron&Steel and jewelry	7.7
Wood and papers	2.0
Textiles	1.3

Source: SUNAT.

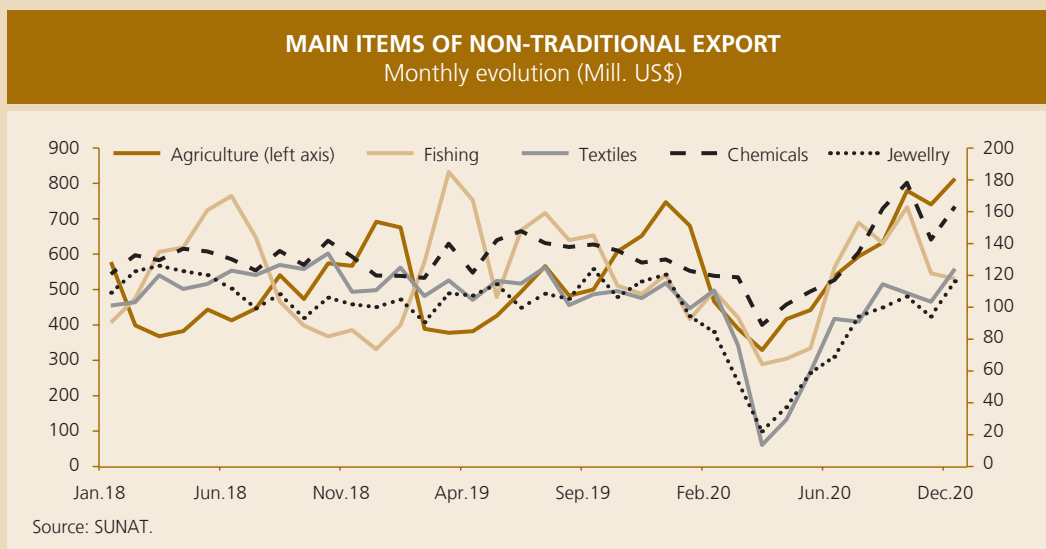


As a result of the sharp contraction in global demand resulting from the COVID-19 pandemic in 2020, non-traditional exports declined by 6.5 percent annually in Peru. However, despite the fact that global activity in the current health emergency has had a much more severe impact, this drop in non-traditional exports has been lower than that observed in 2009 during the Global Financial Crisis (18 percent).

In monthly terms, exports of non-traditional products have resumed their positive trend as world economic activity began to recover, particularly since the second half of 2020. Thus, after recording drops between February and April –months in which they reached minimum levels–, the exports of all sectors rebounded and, with the exception of textiles and wood, registered in December levels even higher than those observed in January 2020.



The recovery of agricultural exports during the second half of 2020 stands out as it counterbalanced the fall of the previous months and led these exports to register an 8.3 percent expansion in annual terms. The second most important sector, chemicals, showed a contraction of 2.6 percent on an annual basis, while the rest of the sectors registered declines between 18 and 29 percent.



The products that led the recovery of agricultural exports were blueberries, grapes, and avocados, which exceeded the agricultural goods exported in 2019 both in terms of value and volume. Blueberries and grapes became the first agricultural products to surpass the US\$ 1 billion annual target. With these results, Peru not only continues to be the world's leading exporter of blueberries, but is also among the top two exporters of fresh grapes.

ANNUAL EXPORTS OF AGRICULTURAL PRODUCTS (Million US\$)				
Items	2018	2019	2020	% chg. (2020-2019)
Blueberries	548	825	1,010	22.4
(Thousands MT)	74	125	164	31.0
Grapes	820	875	1,057	20.9
(Thousands MT)	343	375	442	17.9
Avocados	723	752	759	1.0
(Thousands MT)	361	312	411	31.7

Source: SUNAT.

Over the past decade, the export basket of Peru's main agricultural products has included grapes, avocados, and fresh asparagus with average annual growth rates of 19.0, 24.5 and 2.9 percent, respectively. In addition, new fruits such as blueberries and fresh mangos have been consolidating their positions among the main exported products. The case of blueberries is worth highlighting as these exports have reached an average annual growth rate of 78.7 percent in the relatively short time during while they have been exported (2014-2020). It should also be pointed out that total agroexports have grown at an average annual rate of 12.0 percent in these 10 years.

