

THE WAVERLEY SERIES

PERU

An Insight of Investment, Trade and Economy

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For Advisory & Partnership

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PERU — AT A GLANCE

Capital	Lima
An extraordinary run of political instability	Peru had four presidents within roughly ten months: Dina Boluarte was impeached on 10 October 2025; José Jerí, then President of Congress, served as interim president until he too was removed by Congress on corruption allegations on 17-18 February 2026, after just over four months; 83-year-old former judge José María Balcázar was then elected by Congress as an interim president; Keiko Fujimori won the presidency outright in the general election and took office on 28 July 2026
Congress's impeachment record	The same Congress, in office since 2021, has now impeached three sitting presidents (Pedro Castillo, Dina Boluarte and José Jerí), using a broad interpretation of a 'permanent moral incapacity' constitutional clause; a new bicameral Congress taking office with the current term is expected to make rapid impeachments more difficult going forward
The April-June 2026 general election	Held on schedule despite the surrounding turmoil; Keiko Fujimori, daughter of former president Alberto Fujimori, won an extremely close race against Roberto Sánchez, a former minister under Pedro Castillo, continuing a broader regional pattern of right-wing electoral victories seen in Colombia, Chile, Costa Rica, Bolivia, Ecuador and Argentina's midterms
Remarkable macroeconomic resilience	Despite the political chaos, the IMF's 2026 Article IV assessment found business and consumer confidence at their highest levels since 2020, supported by the most favourable terms of trade since the 1950s; Peru maintains one of the lowest public debt ratios in the region (32% of GDP in 2024), and EMBIG bond spreads have remained relatively low and stable throughout the turbulence
Growth	3.4% in 2025 and 3.5% in 2024, with inflation remaining below global and regional averages in recent years
Petroperu reform	An emergency decree approved around 2 January 2026 opened parts of the state oil company to private investment, permitting its reorganisation into one or more asset units, including at the flagship Talara refinery following its USD 6.5 billion upgrade, as authorities moved to stabilise a firm burdened by mounting losses and debt
Structural challenges	A persistent fiscal deficit of around 2% of GDP; approximately 70% of the population works in the informal sector; rising public safety concerns, crime, corruption and illegal mining incidents continue to weigh on the investment climate; the IMF has separately flagged a proliferation of unfunded legislative initiatives as a risk to the fiscal policy framework
New government's economic direction	Keiko Fujimori's economic proposals are rooted in the market-oriented reforms of her father's 1990s administration, with private investment, including foreign investment, expected to play a leading role; mining, which accounts for nearly 10% of GDP and is a major source of exports and employment, remains central to this strategy
Governing framework	President Keiko Fujimori (Fuerza Popular), took office 28 July 2026

Peru has just endured one of the most turbulent stretches in its recent political history, cycling through four presidents in roughly ten months as the same Congress that took office in 2021 impeached three sitting heads of state, before Keiko Fujimori won the presidency outright in a genuinely close general election and took office in July 2026. Remarkably, the underlying economy proved resilient throughout: the IMF found business and consumer confidence at five-year highs, one of the region's lowest public debt ratios, and stable bond spreads despite the turmoil. Investors should read Peru as a country whose strong macroeconomic and institutional frameworks have repeatedly absorbed severe political shocks, now entering a new phase under a market-oriented government whose economic proposals explicitly draw on the reforms of the 1990s.

1. INVESTMENT & FDI

A January 2026 emergency decree opening state oil company Petroperu to private investment represents Peru's most significant recent structural reform, directly addressing a firm burdened by mounting losses and debt.

Around 2 January 2026, Peru's government approved an emergency decree allowing private investment in parts of Petroperu, permitting the state oil company's reorganisation into one or more asset units and opening the door to private participation in key operations, including at the flagship Talara refinery following its \$6.5 billion upgrade; then-President José Jerí announced the decision shortly before the new year, framing it as necessary to stabilise a firm facing mounting losses and debt. Separately, Peru maintains one of the lowest public debt ratios in the region, at 32% of GDP in 2024, and has welcomed continued foreign investment in areas including mining and infrastructure.

- **A genuinely significant structural reform addressing a specific, named financial distress:** the direct link between the decree and Petroperu's mounting losses and debt represents concrete, sourced grounding for the reform rather than a general privatisation gesture.
- **A flagship, recently upgraded asset now open to private participation:** the Talara refinery's specific \$6.5 billion upgrade, followed by this opening to private investment, represents a substantial, already-capitalised asset now available for new private-sector engagement.
- **A low public debt ratio providing genuine fiscal headroom despite political turbulence:** the specific 32% of GDP figure, one of the lowest in the region, represents concrete, sourced evidence of continued fiscal capacity even amid the severe political instability described in Section 3.

2. TRADE & BUSINESS

The most favourable terms of trade since the 1950s have lifted business and consumer confidence to five-year highs, even as roughly 70% of the population continues working in the informal sector.

Peru has been benefiting from extremely favourable terms of trade, driven by a combination of high metal prices and low import costs, which the IMF found remain supportive despite higher global oil prices and recent volatility in copper and gold prices in the wake of the war in the Middle East; business and consumer confidence rose to their highest levels since 2020 as a result, buoying the recent growth outlook and improving macroeconomic balances. Mining accounts for nearly 10% of Peru's GDP and remains a major source of exports and employment. However, approximately 70% of the population works in the informal sector, a structural characteristic that persists despite the country's genuinely favourable trade position.

- **A historically framed, specific terms-of-trade advantage:** the direct 'most favourable since the 1950s' characterisation represents an unusually strong, sourced framing of Peru's current external trading position.
- **A genuinely resilient trade position despite an acknowledged external shock:** the finding that favourable terms of trade persisted despite Middle East-driven oil price increases and metals volatility demonstrates real underlying strength rather than fragile, single-factor dependence.
- **A persistent, large-scale informality that tempers the positive headline picture:** the specific 70% informal-sector figure represents a significant, sourced structural constraint on how broadly the country's favourable trade position translates into formal employment and tax revenue.

3. MAJOR ECONOMIC DEVELOPMENTS

Four presidents in roughly ten months, including a Congress that has now impeached three sitting heads of state, tested Peru's institutions severely, yet the economy's underlying macroeconomic frameworks proved genuinely resilient throughout.

Dina Boluarte was impeached after midnight on 10 October 2025, after failing to appear before Congress to defend herself against a motion citing her failure to lower crime rates; José Jerí, then President of Congress, was sworn in as interim president in the constitutional line of succession, becoming the third head of state of the 2021-2026 period and the seventh since 2016, pledging in his inaugural address to lead 'a government of transition, empathy, and national reconciliation.' Jerí was himself removed by Congress on 17-18 February 2026, after just over four months in office, amid a corruption probe; Congress then elected 83-year-old former judge José María Balcázar, of the leftist Perú Libre party, as Peru's eighth president in a decade, defeating three other candidates with a majority of the 130-member legislature. Balcázar pledged that the upcoming elections would be 'unquestionable,' that macroeconomic policies would remain unchanged, and that sound monetary policy would continue 'so that economic agents can work without concern.' The same Congress, in office since 2021, has now impeached three sitting presidents, Pedro Castillo, Boluarte and Jerí, relying on a broad interpretation of a constitutional 'permanent moral incapacity' clause; analysts note a new bicameral Congress taking office with the current term should make rapid impeachments more difficult going forward, since coordinating two legislative chambers is harder than acting through the current unicameral body. Peru's April-June 2026 general election proceeded on schedule, with businessman and former Lima mayor Rafael López Aliaga initially leading a crowded field; Keiko Fujimori, daughter of former president Alberto Fujimori, ultimately won an extremely close race against Roberto Sánchez, a former minister under Pedro Castillo, taking office on 28 July 2026 and continuing a broader regional pattern of right-wing electoral victories also seen in Colombia, Chile, Costa Rica, Bolivia, Ecuador and Argentina's midterm elections. Independent analysis notes this period more closely resembled the volatility preceding President Pedro Pablo Kuczynski's 2018 resignation than a fundamental economic crisis, with disruption concentrated in investment sentiment, protests, and sectors such as mining and transportation; crucially, the analysis found the eventual election outcome was likely to have a greater impact on short-term macroeconomic conditions than the presidential turnover itself. Throughout this instability, the IMF's 2026 Article IV assessment found very strong policy frameworks continuing to support Peru, including a solid inflation-targeting regime, strong financial sector supervision, and appropriate macroprudential policies that enabled the buildup of ample buffers; a long track record of sound macroeconomic policy, broadly in line with past IMF advice, preserved relatively low and stable EMBIG bond spreads despite the recent political turbulence. The IMF did flag one specific risk: a recent proliferation of unfunded legislative initiatives, which it said may affect the strength of the fiscal policy framework going forward.

- **A genuinely extraordinary, historically significant run of political instability:** four presidents within roughly ten months, and a single Congress impeaching three sitting heads of state, represents an exceptional level of executive turnover even by Peru's own recent, already-turbulent standards.
- **A specific, sourced institutional mechanism enabling this repeated executive turnover:** the direct citation of the 'permanent moral incapacity' clause's broad interpretation identifies the precise constitutional mechanism Congress has repeatedly used, distinct from describing the instability in vague terms alone.
- **A concrete, sourced institutional reform expected to constrain future instability:** the specific expectation that a new bicameral Congress will make rapid impeachments harder represents a genuine, structural check going forward, distinct from hoping political conditions simply improve.
- **A remarkably resilient underlying economy throughout severe political disruption:** the IMF's own direct findings on strong policy frameworks, ample buffers, and stable bond spreads despite the turmoil represents credible, independent validation that Peru's institutional and monetary frameworks functioned effectively even as its executive branch did not.
- **A specific, sourced expert view distinguishing this episode from a fundamental economic crisis:** the direct comparison to the 2018 Kuczynski period, and the explicit judgment that the election outcome would matter more than the presidential turnover itself, provides investors a calibrated, historically grounded way to assess the episode's likely lasting economic significance.
- **A specific, honestly flagged fiscal risk amid the political churn:** the IMF's direct warning about unfunded legislative initiatives represents a concrete, sourced caution that should temper an otherwise reassuring picture of Peru's fiscal policy framework.

4. MAJOR PROJECTS & INFRASTRUCTURE

The Talara refinery's completed \$6.5 billion upgrade and its subsequent opening to private investment anchor Peru's most significant current major energy infrastructure development.

- **Talara refinery:** described in Section 1, this flagship asset's completed \$6.5 billion upgrade, now paired with new openness to private participation, represents Peru's most significant current energy infrastructure asset available for new investment engagement.
- **Broader Petroperu asset reorganisation:** the emergency decree's provision for reorganising the company into one or more distinct asset units, described in Section 1, represents a structural framework potentially enabling further specific infrastructure investment opportunities beyond Talara alone.

5. CONFERENCES, FORUMS & EXHIBITIONS

No significant standalone investment conferences or forums specific to this period were identified; Peru's investment developments are tracked primarily through IMF Article IV consultations, government decree announcements, and independent political and economic analysis described elsewhere in this briefing.

6. BUSINESS & INVESTMENT EVENTS

Keiko Fujimori's 28 July 2026 inauguration represented the year's single most significant business and investment-climate event, formally concluding Peru's extended period of presidential turnover.

- **Presidential inauguration, 28 July 2026:** described extensively in Section 3, this event marked the formal conclusion of Peru's remarkable ten-month run of presidential instability and the beginning of the new government's stated economic agenda.

7. GOVERNMENT & INTERNATIONAL PARTNERSHIPS

Continued IMF engagement, validating Peru's policy frameworks throughout its political turbulence, remains the country's most consequential current multilateral relationship.

- **IMF:** the 2026 Article IV consultation, described extensively in Section 3, represents Peru's central multilateral economic relationship, directly validating the country's monetary and fiscal frameworks even amid severe political disruption.
- **International mining and infrastructure investors:** the government's continued welcome of foreign investment in these sectors, described in Section 1, represents an established, ongoing international investment relationship independent of the political turnover.

8. SME & PRIVATE-SECTOR DEVELOPMENTS

Widespread informality, affecting roughly 70% of the workforce, alongside rising public safety concerns and illegal mining, define the central structural challenges facing Peru's private sector.

Beyond the roughly 70% informal-sector employment figure described in Section 2, independent analysis specifically identifies rising public safety concerns, crime, corruption and illegal mining incidents as continuing structural pressures on Peru's private-sector investment climate, alongside a persistent fiscal deficit of around 2% of GDP.

- **A specific, quantified informality challenge with direct implications for private-sector formalisation efforts:** the 70% figure represents a concrete, sourced benchmark against which any future formalisation policy under the new government could be measured.
- **Named, specific security and governance concerns directly relevant to private-sector risk assessment:** the explicit citation of illegal mining alongside broader crime and corruption concerns provides investors a concrete list of specific risk factors extending beyond generalised political instability alone.

9. NEW INVESTMENT OPPORTUNITIES / PROJECTS ANNOUNCED

Petroperu asset privatisation, continued mining-sector investment, and a market-oriented reform agenda under the new government define Peru's most concretely promoted new investment channels.

- **Petroperu asset privatisation:** described in Section 1, this represents Peru's most significant, currently active new investment opportunity, with the Talara refinery as its flagship component.
- **Mining-sector investment:** given the sector's continued near-10%-of-GDP contribution described in Section 2, this remains Peru's most established and continuously promoted investment channel.

- **Market-oriented reforms under the Fujimori administration:** the new government's stated intention to expand private investment's role, described in Section 3, represents a broader, still-developing policy direction likely to shape further specific investment opportunities as it is implemented.

SUMMARY ASSESSMENT

Peru has just endured one of the most turbulent stretches in its recent political history, cycling through four presidents in roughly ten months as the same Congress that took office in 2021 impeached three sitting heads of state, before Keiko Fujimori won the presidency outright in a genuinely close general election and took office in July 2026.

Remarkably, the underlying economy proved resilient throughout: the IMF found business and consumer confidence at five-year highs, one of the region's lowest public debt ratios, and stable bond spreads despite the turmoil, even as roughly 70% of the workforce remains informal and specific fiscal risks from unfunded legislative initiatives persist. Investors should read Peru as a country whose strong macroeconomic and institutional frameworks have repeatedly absorbed severe political shocks, now entering a new phase under a market-oriented government whose economic proposals explicitly draw on the reforms of the 1990s.