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Peru: Country Overview and U.S. Relations

Since 2001, Peru has emerged from a period of domestic terrorism, authoritarian rule, and erratic economic performance to one of improved citizen security, democratic—though often unstable—governments, and sustained market-oriented economic growth. The United States has worked closely with Peru to stem narcotics-related transnational crime, promote bilateral trade and sustainable livelihoods for Peruvians, and advance shared democratic values. Members of Congress may be interested in considering U.S. options to strengthen democratic institutions and address rising poverty and food insecurity.

Political Situation


Peru's 1993 constitution, written under the authoritarian government of President Alberto Fujimori (1990-2000), established a representative form of government with independent executive, legislative, and judicial branches and strong protections for individual rights. The constitution maintains a centralized state structure, which historically has contributed to the concentration of political and economic power in the coastal capital of Lima and has fueled resentment among the country's interior and Andean populations. These groups assert they are excluded from decisionmaking with respect to how the wealth generated by the country's vibrant, export-led economy is distributed.

In recent years, Peruvian politics have been characterized by ideologically charged debates over the distribution of proceeds from the lucrative mining sector, representation of rural and Indigenous communities in national politics, and the legacy of the authoritarian Fujimori years. Widespread corruption and inadequate public services have diminished public trust in Peru's political leadership. The 130-member unicameral congress is highly fragmented, and political party affiliations are fluid, complicating Peruvian presidents' efforts to build governing coalitions. The constitution's low bar to impeachment and removal by congress has further weakened the presidency, leading to the impeachment or forced resignation of four of six presidents since 2018.

Castillo Administration and Impeachment

General elections in April 2021 brought to office President Pedro Castillo, a little-known teacher and union leader from Peru's north, and a new congress with representatives from 10 parties. Castillo had been one of 18 presidential candidates competing in the 2021 elections. He won a runoff in June 2021, leading the far-left *Perú Libre* (Free Peru) party to a narrow victory over Keiko Fujimori (daughter of former President Fujimori) of the far-right *Fuerza Popular* party. Castillo drew support mainly from Peru's rural areas, including the Andean south, where lower-income and Indigenous voters responded to his

campaign pledges to alleviate poverty and identified with his *campesino* (rural peasant) background.

<p>Population: 34.2 million (2022, est.) [1]</p> <p>Ethnic makeup: 60.2% mestizo, Indigenous 25.8%, White 5.9%, Black 3.6%, Other/don't know 4.5% (2017 Census)</p> <p>Poverty rate: 25% (2022, est.) [2]</p> <p>GDP: \$239.3 billion; \$7,005 per capita (2022, current prices, est.) [1]</p> <p>Key trading partners: China (28.3%), United States (19.4%), Brazil (4.6%) (2022, total trade) [3]</p> <p>Key trade products: Exports: Copper, precious metals, mineral fuels, edible fruits and nuts. Imports: Mineral fuels, machinery, motor vehicles, consumer electronics. (2022) [3]</p> <p>Legislature: Unicameral (130 seats, 5-year terms) [4]</p> <p>Sources: [1] International Monetary Fund's World Economic Outlook, October 2021; [2] U.N. Economic Commission for Latin America and the Caribbean; [3] Trade Data Monitor; [4] CIA World Factbook. Map, CRS.</p>	
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President Castillo took office amid a fragile recovery from the Coronavirus Disease-2019 (COVID-19) pandemic. By mid-2021, Peru had experienced the world's highest COVID-19 mortality rate, a ranking it maintained at the end of March 2023 with over 650 deaths per 100,000 population, according to Johns Hopkins University's Coronavirus Resource Center. Castillo's government also faced political headwinds, including allegations by the far-right parties in congress that his election had been fraudulent. Castillo's first Cabinet, dominated by far-left *Perú Libre* members, collapsed after three months amid political uncertainty and nationalization threats that rattled markets and sharply devalued Peru's currency (the *Sol*). Subsequent Cabinets included more moderate ministers from other parties of the Peruvian left, as well as independent members. Nevertheless, critics derided Castillo's repeated Cabinet reshuffling—a minister was replaced every six days, on average—and his appointment of controversial political figures, including some under investigation for corruption. In December 2021, Peru's congress launched the first of three impeachment attempts against Castillo on the grounds of “moral incapacity.”

During 2022, Peruvian farmers and poorer households were hit by soaring prices for fuel, fertilizer, and other imported commodities whose supply was disrupted due to spillover effects from Russia's invasion of Ukraine. In late March, large anti-government protests erupted in Lima as many Peruvians blamed their economic hardship on the president. Opposition members of congress attempted a second, failed, impeachment, again alleging that Castillo had engaged in corruption and was morally unfit to govern. On December 7, 2022, facing a third impeachment vote, which he was widely expected to survive, Castillo attempted a so-

called *self-coup*. In a move that observers likened to former President Fujimori's assumption of dictatorial powers 30 years earlier, Castillo addressed the nation to announce the dissolution of congress and the judiciary and his intention to rule by decree. Instead, within hours, the Cabinet resigned, the Supreme Court invalidated Castillo's declaration, and congress voted to impeach Castillo for violating the constitution. Unlike Fujimori, Castillo failed to gain the support of the armed forces, which, together with the Peruvian National Police (PNP), refused to move against congress. Instead, the PNP arrested Castillo as he attempted to flee to the Mexican embassy. Peru's attorney general ordered Castillo placed in pretrial detention for up to 36 months while authorities investigate his actions on December 7, as well as his alleged role in corruption.

Boluarte Administration and the Political Crisis

With Castillo's removal from office, Vice President Dina Boluarte became Peru's first woman president under the constitutional rules of succession. Boluarte, a lawyer and civil servant from the outskirts of Lima, had been elected on the *Perú Libre* party slate but had distanced herself from Castillo and the party once in office. She faced an immediate challenge to her authority from Castillo's rural and Indigenous supporters, who considered the former president a champion of their rights. In the days following Castillo's arrest, tens of thousands of his supporters staged protests across much of Peru's interior. Protesters' demands included Castillo's release, President Boluarte's resignation, early elections, and the convening of a constitutional convention. In southern Peru, protesters set up hundreds of roadblocks and occupied several dozen regional airports, crippling much of the economy.

In response to the protests, Boluarte declared a state of emergency and ordered the armed forces and PNP to clear the roads and restore airport services. In her early public remarks, Boluarte appeared to accept the Peruvian far-right's interpretation of the protests as a terrorist assault on democracy instigated by foreign agents. As the protests grew, clashes between protesters and police became increasingly violent. On December 15, 2022, PNP and army units defending an airport in the southern city of Ayacucho allegedly opened fire on civilians attempting to occupy the facility, resulting in 10 civilian deaths. In January 2023, in the southern department of Puno (see map), the PNP and soldiers allegedly fired indiscriminately on protesters, killing 17, with one officer killed. In response to alleged excessive use of force by the armed forces and PNP, on January 10, Peru's attorney general opened an investigation into President Boluarte and selected Cabinet members' alleged role in the violence. By mid-March, Peru's human rights ombudsman estimated that 66 people had died and more than 1,300 were injured as a result of anti-government clashes and blockades.

Economic and Social Conditions

Since the early 1990s, Peru has pursued market-oriented, export-led growth policies and measures to narrow income disparities and address social exclusion. Peru's economy has been one of the strongest macroeconomic performers in Latin America, characterized by an open investment environment, robust commodities exports, and moderate

public spending. Under the 2009 U.S.-Peru Trade Promotion Agreement, U.S. trade with Peru more than doubled, from \$9 billion to over \$22 billion in 2022. Peru also halved its poverty rate, from 42% in 2007 to 20% in 2019. The pandemic caused a sharp rise in unemployment, a spike in poverty, and an 11% contraction in gross domestic product (GDP) in 2020. According to the Economist Intelligence Unit, the economy recovered in 2021, with 13.6% GDP growth, but slowed to 2.7% growth in 2022 and a projected 1.9% in 2023. Economic activity has faltered because of supply disruptions associated with the war in Ukraine, tightening global financial conditions, and Peru's political crisis. As a major importer of fertilizer and food, Peru has seen its domestic food prices rise in response to surging costs internationally. Until early 2022, Russia supplied half of Peru's fertilizer imports; shortages pose a major risk to the agricultural sector. About half of Peru's population, according to a November 2022 United Nations study, currently suffers from lack of reliable access to food, and poverty remains above pre-pandemic levels.

U.S.-Peru Relations

The United States has maintained close bilateral ties with successive Peruvian governments, including that of President Boluarte. Bilateral U.S. assistance aims to reduce the production and trafficking of cocaine from Peru, mitigate the impact of transnational crime, and increase citizen security by strengthening Peru's criminal justice system. It also seeks to combat food insecurity and promote sustainable livelihoods; support Peru's efforts to provide humanitarian assistance and integration for the 1.5 million Venezuelan refugees and migrants residing in Peru; and strengthen governance and social inclusion.

The Biden Administration requested a total of \$107.6 million in assistance for Peru for FY2024, \$1.5 million less than requested in FY2023. The FY2024 request includes \$55 million in development assistance; \$8.5 million for Global Health Programs; \$41.3 million in International Narcotics Control and Law Enforcement assistance; \$2 million in Nonproliferation, Anti-terrorism, Demining, and Related Programs; and \$800,000 in International Military Education and Training funding. In mid-March 2023, the U.S. Agency for International Development (USAID) notified Congress it intended to obligate \$8 million in FY2023 support to Peru from the Complex Crises Fund (CCF), which USAID employs to mitigate conflict in the face of unforeseen crises or violence.

Some Members of Congress have called on the Biden Administration to halt all security assistance to Peru until the Administration can confirm that Peruvian officials responsible for human rights abuses are being held accountable. In light of these and related allegations of excessive use of force by Peruvian police and military, Congress may consider seeking additional oversight over State Department-provided law enforcement assistance. Congress also may consider whether to review USAID assistance levels to ensure funding adequately supports Peru's efforts to expand economic and social development, increase public integrity to reduce corruption, and strengthen sustainable natural resource management.

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