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Indonesia–Peru: Navigating the Next 50 Years of Friendship

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Indonesia and Peru celebrate 50 years of friendship and cooperation, marking a significant milestone in their bilateral relationship. Both countries have moved beyond the category of Least Developed Countries (LDCs) according to the OECD classification, reflecting important economic progress. However, the realities on the ground reveal challenges and opportunities that still require attention and international collaboration. Strategically located on the western coast of South America with direct access to the Pacific Ocean, Peru has established itself as one of the region's leading exporters, opening up a range of possibilities to strengthen commercial and strategic cooperation with Indonesia in the next phase of this historic alliance.

Peru: A Growing Partner on the Trade Map

Peru has positioned itself as one of Latin America's main exporting countries thanks to an active trade liberalization policy since the early 2000s, adopting the "open regionalism"

approach as a pillar of its international integration. The first major milestone was the Free Trade Agreement (FTA) with the United States (negotiated 2004–2006, effective since 2009), followed by agreements with China (2010), South Korea (2011), Japan (2012), Singapore (2009), Thailand (2011), and the European Union (2013).

Currently, Peru has 22 active trade agreements covering the Americas, Europe, and Asia, including membership in the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) alongside Malaysia, Vietnam, Brunei, and Australia. Simultaneously, Peru is negotiating new treaties with Hong Kong, India, and the European Free Trade Association (EFTA). In this context, a major milestone was reached during the presidential visit to Jakarta on August 11, 2025, when Peru and Indonesia signed the Comprehensive Economic Partnership Agreement (CEPA), a pact designed to reduce tariffs, remove non-tariff barriers, and open new opportunities for trade and investment between the two nations.

Thanks to this strategy, Peru's foreign trade has seen sustained growth, multiplying its export and import values more than fourfold over the last two decades. In the early 2000s, total exports barely exceeded USD 7 billion, while in 2023 they reached nearly USD 64 billion, mainly driven by mining but with significant growth in agroindustry and seafood for human consumption. Imports also expanded, from about USD 8 billion in 2000 to over USD 57 billion in 2023, reflecting deeper integration into global value chains and access to capital goods, inputs, and technology.

Besides mining, which accounts for the majority of exports, Peru has developed highly competitive non-traditional sectors. Agroindustry leads this group, with exports totaling USD 10.4 billion in 2023, including grapes (USD 1.8 billion), blueberries (USD 1.6 billion), avocados (USD 1.2 billion), mangoes (USD 535 million), and coffee (USD 1.3 billion). Seafood for direct human consumption registered USD 2.1 billion, especially squid, scallops, and shrimp. In addition, light manufacturing—encompassing cotton and alpaca textiles, chemicals, and metalworking—has gained ground in global markets, diversifying Peru's export base.

Over the past 20–25 years, Peru's trade with Asia has grown notably, though concentrated mainly in mining (copper, gold, and steel). Since joining APEC in 1998, trade (exports and imports) with Asian economies multiplied more than tenfold, rising from USD 7.5 billion to nearly USD 78 billion in 2023. Particularly, exports to China have shown spectacular growth: since the 2009 FTA, shipments have increased eighteenfold, focusing on mineral products such as copper and zinc. India is another fast-growing market, rising from USD 356 million to USD 4.7 billion, driven mainly by gold demand.

Other Asian markets have made progress but without mining's strength. Trade with South Korea, Japan, Singapore, and Thailand has grown alongside agreements like the South Korea FTA (2011) or CPTPP, but the increase has been slow and concentrated in few sectors. In Japan, fishmeal, fish oil, asparagus, and recently fresh grapes following market openings stand out; in South Korea, refined copper and fishmeal; in Singapore, zinc, chemicals, and some coffee; and in Thailand, squid, grapes, and avocados. However, volumes of non-mining products remain modest, evidencing that Asia still represents a trade challenge for Peru.

Indonesia and Peru as Gateways to Latin America

Over the past decade, Indonesia has steadily increased its exports to Latin America, primarily capital goods (vehicles, motorcycles, machinery) and intermediate goods (biodiesel, rubber, paper), with a smaller share of primary products. In 2023, total trade between Indonesia and the region reached approximately USD 13 billion, up 8.9% from 2018. Bilateral trade with Peru stood at USD 444 million, with an Indonesian trade surplus of USD 290 million, driven mainly by vehicles (USD 144 million), footwear (USD 44.9 million), biodiesel (USD 31.8 million), and paper (USD 13 million).

In 2024, Indonesia's main Latin American markets were Brazil (USD 2.3 billion), Mexico (USD 1.4 billion), Chile (USD 731 million), Peru (USD 487 million), and Argentina (USD 436 million). For Indonesia, a key logistical advantage is that three of its principal partners—Mexico, Chile, and Peru—are all situated along the Pacific coast. This shared maritime route enables more efficient logistics and direct connectivity with Asia, making these countries strategic gateways for expanding Indonesia's trade and economic engagement in Latin America.

The strengthening commercial ties between Peru and Indonesia are evident not only in trade volumes but also in increased cooperation and mutual interest in sectoral diversification. The 2024 Indonesia-Latin America and Caribbean Business Fair and Forum (INA-LAC), held in Lima and featuring over 30 Indonesian companies from sectors such as food, technology, fashion, energy, and automotive, underscores Peru's role as a strategic partner in the region. This growing momentum opens new avenues for expanding trade and investment, particularly as both countries advance negotiations on the Comprehensive Economic Partnership Agreement (IP-CEPA) to establish a broader and more dynamic economic alliance.

The Transpacific Role of Peruvian Port Infrastructure

Beyond its network of free trade agreements, Peru has pushed strong investment in port infrastructure over the past two decades to boost its export capacity. The port of Callao, the country's most important, has been modernized with investments from international operators like DP World and APM Terminals, improving efficiency and connectivity. Likewise, regional terminals such as Paita in the north and San Martín in the south have expanded capacity to meet growing demand for agro-industrial and fishery exports, contributing to diversifying trade routes.

In this context, the recent inauguration of the Chancay port, a joint investment by COSCO Shipping and the Peruvian mining company Volcan, marks a strategic milestone to consolidate Peru's logistics networks. Designed as a hub port with direct connection to Asia, it significantly reduces maritime transit times: the route between Chancay and Shanghai takes only 22 days, less than the time currently required to ship cargo from Europe to Indonesia. Weekly shipping services enable faster and more efficient flow of goods to and from key Pacific markets. In its first seven months of operation, the port is not only strengthening Peru's commercial integration with Asia but also positioning it as a key logistical node in South America, with neighboring countries already using Chancay as their gateway to Asian markets.

The Next 50 Years Anchored at a Good Port

In 2024, the official visit of the President of Indonesia to Peru, followed this week by the visit of the President of Peru to Indonesia, reinforce the bilateral alliance and commitment to deepen economic and strategic cooperation between both countries. A prime example of this effort is the Indonesia–Peru Comprehensive Economic Partnership Agreement (CEPA), signed on August 11, 2025 in Jakarta. The accord will lower tariffs and ease non-tariff barriers for both nations, boosting trade in sectors ranging from Indonesian textiles and motor vehicles to Peruvian agricultural exports. This goodwill was already visible in July 2025, when Indonesia cleared Peruvian blueberries for its 281-million-strong market.

Beyond trade and logistics, there is significant potential for the exchange of knowledge and technology. Peru can contribute its experience in clean technologies applied to large mining projects, while Indonesia offers valuable lessons on developing industries with greater added value from natural resources. Both countries share “environment and climate change” as a priority area in their OECD accession roadmaps, opening the door for collaboration. Indonesia’s experience in sustainable forest management after facing deforestation challenges can guide Peru in protecting the Amazon and leveraging it sustainably and economically. Additionally, Peru’s strategic position and leadership in port connectivity on the South Pacific coast make it a natural logistical gateway for Indonesia to access South American markets, thus strengthening a bilateral relationship looking ahead to the next 50 years.

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