



The Fastener Market in Peru: Current Trends and Future Prospects



Overview of Peru's Economy

General Economic Landscape

Peru, located on the western edge of South America, has a diverse and growing economy characterized by significant contributions from mining, agriculture, manufacturing, and services. As of 2023, Peru's Gross Domestic Product (GDP) stood at US\$267.6 billion. This figure reflects the country's economic activities across various sectors, including a substantial informal sector that contributes significantly to the economy but is often not fully captured in official statistics.

Key Economic Indicators

- **Purchasing Managers' Index (PMI):** The PMI is a critical indicator of the economic health of the manufacturing and services sectors. From December 2022 to August 2023, the PMI for manufacturing showed a consistent downward trend, indicating contraction in the sector. The figures declined from 45.3 in December 2022 to 43.0 in August 2023. This downward trend suggests that the manufacturing sector faced challenges such as reduced production levels and declining new orders, reflecting broader economic slowdowns.

Conversely, the services sector demonstrated stronger performance, indicating growth and expansion. The PMI for services increased from 49.9 in December 2022 to a peak of 55.9 in April 2023, before slightly declining to 49.5 in August 2023. This growth in the services sector was driven by increased consumer spending and business activities, though it experienced a slight slowdown towards the end of the period.

- **Inflation:** The annual inflation rate for consumer prices in Peru was 6.5% in 2023. This rate reflects the general increase in prices of goods and services, impacting purchasing power and cost of living.
- **Unemployment:** The total unemployment rate in Peru, as estimated by the International Labour Organization (ILO), was 4.8% in 2023. This figure indicates the percentage of the labor force that is without work but is available for and seeking employment.

Industrial Sectors Driving Fastener Demand

The Construction Industry

The construction industry in Peru is a major economic driver, contributing significantly to GDP and employment. Ongoing urbanization and infrastructure projects have bolstered this sector, leading to increased demand for construction materials, including fasteners.

Key Projects

Investment in infrastructure is pivotal for Peru's development, enhancing both citizens' quality of life and the economy. The Ministry of Economy and Finance (MEF) of Peru projects a 3% GDP growth to compare with the last year, which hinges on significant infrastructure investments.

Key projects include the New San Juan de Marcona Port Terminal (US\$405 million) and the Peripheral Road Ring (US\$3.4 billion). Additionally, several projects are expected to be awarded this year, such as the Huancayo – Huancavelica Railway (US\$394 million), Longitudinal de la Sierra Section 4 (US\$1.2 billion), 15 electricity sector projects worth US\$900 million, and the Puerto Maldonado Wastewater Treatment Plant (US\$98 million). These initiatives are crucial for driving Peru's economic progress.

The Mining Industry

Peru is one of the world's leading producers of minerals such as copper, gold, and silver. The mining sector is vital for the national economy, contributing significantly to GDP and providing employment.

This country is home to one of the largest copper mines globally, among other mines that have attracted significant international investment. The construction and operation of these mines require a vast array of fasteners for equipment, machinery, and infrastructure.

The Automotive Industry

The automotive industry in Peru is experiencing growth, driven by increasing domestic demand and the establishment of manufacturing facilities. This sector includes vehicle production and auto parts manufacturing, both of which heavily rely on fasteners.

Several international automobile manufacturers are establishing assembly plants in Peru to cater to the regional market. These plants require a wide range of fasteners for vehicle assembly and component manufacturing. The production of auto parts has seen growth due to domestic demand and export opportunities. Fasteners are essential in manufacturing various auto parts, including engines, chassis, and body parts.



The Renewable Energy Sector

Peru is investing in renewable energy projects, including wind, solar, and hydroelectric power. The shift towards sustainable energy sources is driving demand for specialized fasteners used in renewable energy installations.

Various solar power projects are underway in Peru, particularly in the northern regions. These projects require specific types of fasteners for mounting solar panels and constructing support structures.

In the heart of the Nazca Desert lies Peru's largest wind farm. The construction and maintenance of the wind turbines at this site involve the use of high-strength fasteners.

Market Analysis of the Fastener Industry

Market Size and Trade Statistics

In 2024, the sales of industrial fasteners in Latin America are estimated to reach USD 488.6 million. The market is projected to expand at a compound annual growth rate (CAGR) of 3.8%, reaching approximately USD 709.46 million by the end of 2034. The key contributors to this market include Brazil, Mexico, Argentina, Chile, and Peru.

By 2034, the sales of industrial screws are expected to total USD 135.47 million, while the market for industrial nuts is predicted to grow at a steady CAGR of 4.5%, reaching a value of USD 161.82 million.

In the same category (HS Code 7318), Peru imported approximately USD 150 million worth of fasteners in 2023, primarily from China and the United States. In contrast, Peru exported only about USD 9.6 million worth of fastener products. The major importers and exporters of Peru's fastener products are illustrated in the following tables.

Peru's Fastener Exports Over the Last Five Years (in USD million)

Importers	2019	2020	2021	2022	2023
Chile	0.42	0.26	0.98	1.98	4.30
Colombia	2.80	2.09	3.11	3.63	1.62
USA	1.10	0.48	0.47	1.10	1.01
Mexico	0.15	0.02	0.13	0.53	0.80
Bolivia	1.09	0.60	0.47	1.47	0.55
Others	1.65	1.02	1.46	1.63	1.33
Total	7.20	4.47	6.61	10.35	9.62

Peru's Fastener Imports Over the Last Five Years (in USD million)

Exporters	2019	2020	2021	2022	2023
China	43.65	33.59	67.43	60.89	48.76
USA	34.84	28.71	36.89	42.87	41.87
Italy	5.41	4.24	8.42	8.66	8.71
Germany	5.32	4.16	5.99	5.71	6.99
Chile	3.71	3.00	3.38	3.77	5.42
Others	33.01	24.33	34.29	40.10	38.03
Total	125.94	98.03	156.40	162.00	149.78

As stated above, Peru imports a significant portion of its fasteners due to limited domestic production capabilities. However, there is a growing trend towards local manufacturing, especially in the automotive and industrial sectors.

Key Segments

- Industrial Fasteners:** This segment includes fasteners used in heavy machinery, construction, and mining equipment. The growth of the mining and construction industries directly impacts the demand for industrial fasteners.
- Automotive Fasteners:** The growth of the automotive sector has led to an increased demand for specialized fasteners used in vehicle manufacturing and assembly. This segment is expected to grow significantly as more assembly plants are established. Since 2010, Peru's vehicle market has consistently expanded at an annual growth rate of 12.1%. In 2023, Peru ranked 52nd globally in vehicle registration numbers, just behind Denmark, which also registered approximately 261,000 units.
- Aerospace Fasteners:** Although not a major player in the aerospace and technology sectors, Peru has shown interest in space research and satellite technology. Despite its smaller size, the aerospace fastener market is growing, driven by Peru's increasing involvement in regional and international aerospace activities.

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Challenges

- **Economic Volatility:** Fluctuations in global economic conditions and internal political instability can impact the construction and mining sectors, thereby affecting the demand for fasteners.
- **Import Dependency:** Heavy reliance on imported fasteners can lead to supply chain disruptions and increased costs, especially during global trade tensions or logistical challenges.
- **Technological Advancements:** Keeping pace with technological advancements in fastener manufacturing requires substantial investment in research and development, which can be a challenge for local producers.

Opportunities

- **Local Manufacturing:** Encouraging local production of fasteners can reduce dependency on imports, create jobs, and boost the economy. Investments in advanced manufacturing technologies can enhance the quality and competitiveness of locally produced fasteners.
- **Sustainable Construction:** The global shift towards sustainable construction practices presents an opportunity for the fastener industry to innovate and develop eco-friendly products. Fasteners made from recyclable materials or designed for easy disassembly and reuse can gain market traction.
- **Expansion of Industrial Sectors:** Continued growth in the construction, mining, automotive, and renewable energy sectors will drive demand for a wide range of fasteners. Companies can capitalize on this demand by diversifying their product offerings and entering new markets.

Conclusion

The fastener market in Peru is poised for growth, driven by robust industrial activities and infrastructure development. Key sectors such as construction, mining, automotive, and renewable energy are expected to contribute significantly to the demand for fasteners. While challenges such as economic volatility and import dependency exist, the opportunities for local manufacturing and sustainable product development present a positive outlook for the industry.

Strategic investments, technological advancements, and supportive government policies can further enhance the growth prospects of the Peruvian fastener market. By addressing the challenges and leveraging the opportunities, the industry can play a vital role in supporting Peru's economic development and industrial advancement. ■

Sources

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