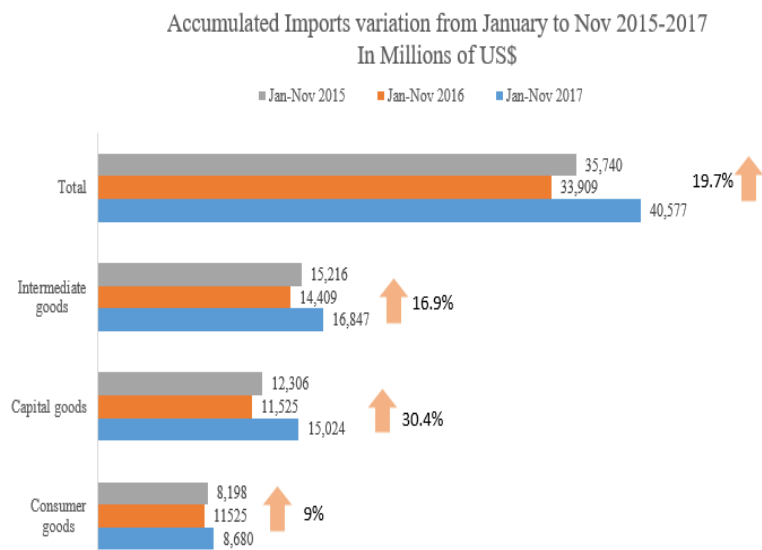


Economic & Commercial Report for the week ending 05th January 2018

1. Analysis of Trade Data (Peru)

Peru imports data November 2017

The accumulated import variation from January to November 2015 -2017, show a total increase of 19.7% in the total amount from the same period last year with a total import figure of US\$40.577 Million. Capital goods imports grew the most with a 30.4% growth compared to the same period last year, with an amount of US\$15,024 Million this year. This group includes mobile phones, auto parts, electronic devices, etc.



Total imports by country of origin In millions of US\$ Jan- Nov 2016/2017						
RK. 17	RK. 16	Main Countries	2016	2017	Var. 17/16	Part. % 2017
1	1	China	7538	8,107	7.6%	20%
2	2	US	6,485	7,409	14.2%	18.3%
3	7	Germany	1,178	5,141	336.6%	12.7%
4	3	Brasil	1960	2243	14.5%	5.5%
5	4	Mexico	1557	1626	4.5%	4%
6	8	Colombia	1059	1372	29.5%	3.4%
7	10	Ecuador	990	1299	31.1%	3.2%
8	9	Chile	1054	1108	5.2%	2.7%
9	12	Argentina	790	1079	36.5%	2.7%
10	15	Spain	607	1001	64.9%	2.5%
11	11	Japan	956	955	-0.1%	2.4%
12	6	South Korea	1182	945	-20.0%	2.30%
13	5	India	1321	757	-42.7%	1.9%
14	13	Italy	671	716	6.8%	1.8%
15	14	Canada	629	605	-3.7%	1.5%
		Other	5,932	6,213	4.70%	15.3%
TOTAL			33,909	40,577	19.70%	100.0%

As regards the ranking of the countries from which Peru import, India is in position 13, down 8 positions vis-à-vis last year. In the period from January to November this year it represents 1.9% of the total imports with an amount of US\$ 757 million, showing a negative variation of 42.7%

Markets with the Biggest Drop in Capital Goods imported

On the other hand, as for the countries that had a strong slowdown in their sales to Peru of Capital Goods, India is the market that decreased the most with a balance amount of US \$ 603 million and showing a negative variation of 83% compared with the same period last year.

The products that show a greater decrease are machines and appliances for the sugar industry, parts of other gas turbines, new rubber tyres, with high reliefs in the form of blocks, angles or similar, of the types used in vehicles and machines for construction or industrial maintenance, for tyres with a diameter greater than 61 cm, Other ceramic tiles and flagstones, for paving or covering.

Countries with the biggest drop in capital goods imported In millions of US\$ Jan- Nov 2016/2017					
RK. 17	Main Countries	2016	2017	Balance US\$	Part. % 2017
1	India	725	122	-603	-83%
2	US	1,486	1,348	-138	-9.3%
3	Tailand	255	156	-99	-38.9%
4	South corea	321	244	-77	-24.1%
5	Arab Emirates	56	1	-55	-98%
6	Mexico	558	504	-54	-9.6%
7	Colombia	85	61	-24	-28.8%
8	Malasia	57	44	-13	-23.1%
9	Japan	501	491	-10	-1.9%
10	Switzerland	61	51	-10	-15.9%

Source: LCC

2. News analysis related to Trade

Peru:

i. Peru: Mining investment speeds up, expands 54.8% in November 2017 (Andina : 05/01/2018) - Energy and Mines Ministry (MEM) said mining investment is accelerating and amounted to US\$515 million in November 2017, up by 54.8% over the same month a year earlier. "The balance was quite positive through November last year," Deputy Mines Minister Ricardo Labo underlined. These investments were driven by increased demand and better prices of

metals on international markets. Between January and November 2017, the mining sector registered a total investment of US\$4.254 billion, a 13.8% rise as compared to the same period in 2016. Most sub-sectors posted positive growth rates. For instance, investments in infrastructure (45.2%), exploration (28.3%), and preparation activities (26.5%) stood out among the rest. These three segments accounted for 49% of total investments.

ii. Pro Inversión expects US \$ 5 billion in projects (*El Comercio :04/01/2018*) - The Public Investment Promotion Agency (Pro Inversion) plans for this year the award of various projects valued together at US \$ 5,000 million, according to the Minister of Economy and Finance, Claudia Cooper. In a press conference, the head of the MEF said that within the plans for this year are the following projects: Michiquillay (Cajamarca), for the mining sector; Salaverry (La Libertad) and Marcona (Ica), for the construction of ports and the Huancayo-Huancavelica railway. She also explained that other projects are also expected. "We also have the San Martin-La Libertad-Pasco-Huanuco and Arequipa-Ancash broadband projects, the gas massing project in the south west, and two Essalud hospitals: in Piura and Chimbote," Cooper said.

iii. Balance and challenges of trade policy in Peru (*El Comercio :04/01/2018*) - The government has resumed the search for bilateral trade agreements. This year FTA will be signed with Australia and experts believe that India will be a key market. In 2002, the Ministry of Foreign Trade and Tourism (MINCETUR) was created and the development of a network of treaties that have helped to boost the national economy began. Between free trade agreements (FTA) and multilateral agreements, Peru has twenty agreements in force, whose benefit is seen in the figures of exports and imports. Although the FTA with Australia would be signed this year, the one for India would take 2 more years, commented Jessica Luna, General Manager of COMEX. According to Carlos Posada, Executive Director of the Foreign Trade Research and Development Institute of the Chamber of Commerce of Lima (CCL), the trade agreement with India would bring a great benefit to Peru given its number of inhabitants and the level of growth that the country has, which exceeds 7% per year.

iv. CCL: Peru economy may expand 3.9% in 2018 (*Andina : 03/01/2018*) - Peruvian economy may reach a 3.9% growth in 2018 due to the diversified expansion of sectors such as mining and construction, Lima Chamber of Commerce's (CCL) Institute of Economics and Business Development (IEDEP) projected Wednesday. "Primary sectors will have outstanding performances in 2018," IEDEP Executive-Director Cesar Peñaranda expressed. "The mining and hydrocarbons [sector] might expand up to 6.5%, considering this sector would operate in an environment with better terms of trade, which may expand by 8.2% and 2.8% in 2017 and 2018, respectively," he added. Likewise, the construction sector would reach a growth rate of 7.2% —the highest level in the past five years— driven by the execution of major infrastructure works that are included, for instance, in the Reconstruction Plan, whose budget totals US\$7.4 billion for the 2017-2020 period.

Bolivia:

v. Non-traditional exports fell by US \$ 302 million (*Pagina Siete : 05/01/2018*) - In 2017, exports of non-traditional products from Santa Cruz decreased by 302 million dollars as compared to 2016, according to the evaluation of the Chamber of Exporters of Santa Cruz (CADEX). Last year, for the sale of soybean and its derivatives, sugar, sunflower and sorghum, 881 million dollars were collected among other products; while in 2016 the figure was 1,183 million dollars. It is anticipated that at the national level, the sale of non-traditional products will also reflect a decline from 1,895 million to 1,545 million dollars. In the total sales to the foreign market, CADEX estimates that Bolivia closed the year with 7.8 billion dollars and that Santa Cruz contributed 1.925 billion dollars.

vi. Evo: Public investment and gas price will raise GDP this year (*La Razon : 03/01/2018*) - President Evo Morales predicts that the growth of the Gross Domestic Product (GDP) of the country in this management year will be "better" than in 2017 thanks to the rise in the price of a barrel of oil, which affects the income from the sale of natural gas, and a greater allocation of resources for public investment. "This new year 2018 is going to be even better (than 2017), for the following reason: first, this (public) investment that we accelerated in the last four months of last year, some results are going to be for this year, and second, in this moment the barrel of oil is 60.2 dollars (...). Let's assume on average it's going to be \$ 55 this year. Imagine the results that we are going to have in economic growth," the Head of State said yesterday during a press conference.

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