

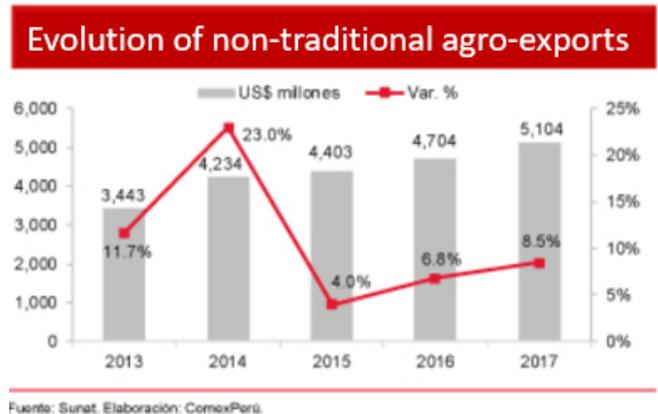
Economic & Commercial Report for the week ending 23rd of February 2018

1. Analysis of Trade Data (Peru)

Agricultural exports growing steadily

The dynamism of Peruvian agro exports is a case of success, because since the Peruvian economy adopted a model of trade liberalization and integration with the world (1990), it has been growing steadily. According to figures from the Central Reserve Bank of Peru (BCRP), non-traditional exports of the agricultural sector recorded an average annual growth of 15.2% in the period 1990-2016.

With regard to the result of non-traditional agro-exports, these slowed down in 2015, as they went from an annual growth of 23% in 2014 to one of 4% in 2015. However, in 2016 and 2017, the annual percentage variation of exports of this type began to rebound. According to figures from Sunat, an export value of US \$ 5,104 million was reached in 2017, 8.5% more than in 2016. It should be noted that, in 2017, non-traditional agro-exports accounted for 11.6% (US \$ 5,104 million) of total exports (US \$ 44,116 million) and 43.7% of total non-traditional exports (US \$ 11,693 million). This is how the agricultural sector is positioned as the second largest export sector, after traditional mining.



One of the main factors driving the dynamism of this sector was the growing international demand for food products. The main destination of Peru's exports of this type was the USA, with 32.7% of the total and a value of US \$ 1,668 million, 9.7% more than in 2016. It is worth mentioning that, in the period 2009-2017, our agricultural exports to the US recorded an average annual growth of 14.1%. Among the destinations that follow the North American market are the Netherlands, with US \$ 796 million (15.6% of the total), and Spain, with US \$ 362 million (7.1%).

Products that gave impetus

The three products that led the non-traditional agro exports in 2017 were grapes (US \$ 651 million, -1.5%), avocados (US \$ 581 million, + 46.3%) and asparagus (US \$ 409 million; -3.2%). Likewise, the products that registered a greater dynamism were the avocados, the blueberries (+ 48.7%) and the artichokes (+ 12.3%). Currently, according to the International Trade Center (ITC), Peru is the third largest avocado exporter in the world. In 2017, according to figures from Sunat, our shipments to the world reached close to 250,000 tons, 27.4% more than in 2016. When analyzing the last 5 years, exports of this product registered an average annual growth of 33.4%.

On the other hand, Peru's exports of blueberries, since they entered the international market in 2010, have registered an average annual growth of 282.5%, going from US \$ 30,000 in that year to US \$ 359 million in 2017. Thus, both in 2016 as in 2017, they managed to position themselves in the 4th place in the ranking of exports of agricultural products. It should be mentioned that, according to the ITC, Peru is the third largest exporter of blueberries in the world.

Finally, shipments of Peruvian artichokes reached an export value of US \$ 109 million, with a growth of 12.3% over 2016. Also, in the period 2013-2017, export of this product registered an average annual growth of 5.3%

Source: COMEX PERU

2. News analysis related to Trade

Peru:

i. Peru to invest US\$7.7 bn in transport infrastructure (*Andina: 23/02/2018*) – Investment commitments in Peru's transport infrastructure projects —for the coming five years— currently stand at US\$7.7 billion, Supervisory Board for Investment in Public Transport Infrastructure (Ositran) Chairwoman Veronica Zambrano affirmed. Likewise, the official explained, investment commitments worth US\$15 billion are linked to the Inca country. From this amount, US\$7.3 billion has been used so far (48% of the total). The remaining US\$7.7 billion will be implemented in the next five years [...].

ii. Israel willing to sign FTA with Peru (*Andina: 21/02/2018*) - Israeli Ambassador Raphael Singer on affirmed his country is interested in signing a Free Trade Agreement (FTA) with Peru in the near future, since both nations rely on an investment protection agreement. "Israel is an observer at the Pacific Alliance, and we hope to reach an FTA with Peru in the future," Singer pointed out. "There is already an investment protection agreement, which is the basis for an FTA," he added.

iii. Ministry of Energy and Mines to prepare new renewable energy promotion scheme by the end of the year (*Gestión: 22/02/2018*)- The Ministry of Energy and Mines (MEM) is evaluating the regulatory framework of Renewable Energy Resources (RER), so that they can participate in the market in free competition with other technologies. The Deputy Minister of Energy Raúl García Carpio said that this would be ready by the end of the year, in order to later carry out RER auctions again. Alternatives are being evaluated such as the recognition of firm power (maximum power of a generator) to participate in tenders.

iv. Domestic demand grew at its best pace in almost five years (*El Comercio: 19/02/2018*) - The best economic environment in the world began to infect the Peruvian economy in the second part of 2017, and gained strength in the last three months. According to the National Institute of Statistics and Informatics (INEI), domestic demand in Peru grew 5% in the fourth quarter of last year, which represents its greatest dynamism in almost five years. This result represented an acceleration for the third consecutive quarter. The last time a higher figure was observed was the second quarter of 2013, when combined consumption and investment grew by 7.1%.

Bolivia:

v. Bolivia increased the value of banana exports to US \$ 39 million in 2017 (*La razón: 21/02/2018*) - Bolivia increased in 2017 the value of banana exports from 35 million to 39 million dollars in relation to 2016, informed the director of the National Fund for Integral Development (Fonadin), Erlan Oropeza. Oropeza said that Bolivia exports 6,500 hectares of banana from the production of 15,000 hectares in the tropical region of Cochabamba, to the benefit of 1,300 families that produce this fruit.

vi. Livestock farmers calculate loss of US \$ 10 million due to flooding in Beni (*La razón: 22/02/2018*)- The leader of the Federation of Ranchers of Beni, Fernando Boehme, estimated a loss of 10 million dollars until Feb 15 in cattle and other damages caused by the flood in the department.

Arup Kumar Saha
Commercial Representative
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