

Economic & Commercial Report for the week ending 1st March 2018

1. Analysis of Trade Data (Peru)

Peruvian mangoes for the world

According to figures from Sunat, in 2017, Peruvian exports of mangoes reached a historic record. With 162,680 tons and a value of US \$ 191.8 million in shipments to the world, they ranked as the sixth most important product in Peruvian agro-export portfolio and the ninth in the non-traditional category. Although this result represented a fall in terms of monetary value, of 3.8% with respect to 2016, it showed an increase of 1.1% in volumes. This mixed result was mainly due to lower shipments (and lower associated prices) to the United States and the United Kingdom, two of the main destinations of Peruvian mangoes; which was offset by the better performance in the Netherlands and the higher average prices in France, Germany, Switzerland and South Korea.



It is worth remembering that the history of Peruvian mango exports dates back to 1997, when it sent only 340 tons (just over US \$ 400,000) and it reached only 4 countries in the world. There were significant leaps in 1998, 2006, 2010 and 2015, years in which year-on-year growths of 2,392%, 54%, 30% and 41% were registered, respectively, to reach more than the 160,000 tons that we export today, by almost US \$ 200 million, to 39 countries in the world.

Currently, the five main export destinations of the Peruvian mango represent, altogether, 86% of Peru's total shipments. The Netherlands is positioned as the ultimate destination, reaching, in 2017, US \$ 79.4 million, with a growth of 3.8% with respect to 2016. It was followed by the US, with US \$ 48.9 million (-11.9%); Spain, with US \$ 14.5 million (+11.4%); United Kingdom, with US \$ 13.9 million (-23%), and France, with US \$ 7.3 million (-13.6%). Today there are 234 companies that export Peruvian mangoes the main ones are Sunshine Export, Camposol, Dominus, Asica Farms and Golden Fresh Agroindustries.

Mexico and South Korea are the countries which paid the highest average price for Peruvian mangoes. Even in the case of the Asian country, there was a significant increase last year (+14.3%) to sell at US \$ 3,253 per ton. It is interesting to note that, since 2016, Peruvian exports of mangoes to South Korea began to take special importance. In that year, 835 tons were shipped, worth US \$ 2.4 million, after 2015 during which only 2 tons were exported, for US \$ 5,028. What changed in history for Peru to enter this Asian market? Currently, South Korea is Peru's eleventh mango export destination. In March 2016, after 13 years of negotiations, the Ministry of Foreign Trade and Tourism (Mincetur) and the Ministry of Agriculture and Irrigation, through the National Service of Health and Food Quality (Senasa), managed to get the Korean Quarantine Agency Animal and Plant approved the phytosanitary protocol for the entry of our fresh mangoes to that country.

With the good performance in international markets, a greater willingness of the Government to continue opening markets to our agricultural products and the unprecedented dynamism that has shown the last year after entering South Korea, everything seems to indicate that good times are coming for this Peruvian fruit.

Source: ComexPeru

2. News analysis related to Trade

Peru:

i. Peru: Total exports up 19.35% in Feb 2018 (*Andina: 02/03/2018*) – Peru's total exports increased 19.35% in February 2018 over the same period last year, thus marking 19 months of continuous growth, National Institute of Statistics and Informatics (INEI) reported. Such increase was mainly underpinned by higher shipments of traditional (21.27%) and non-traditional (15.4%) products. According to information available as on February 27, the most demanded traditional products were those derived from mining activities, as well as crude oil and natural gas. However, fishing and agricultural exports decreased. As for the non-traditional sector, farming, textile, and chemical products stood out, whereas fishing and non-metallic mining shipments declined.

ii. Peru makes significant progress on sustainable finance reforms (*Andina: 28/02/2018*) - Peru is one of the 34 countries that have initiated banking reforms to expand sustainable lending, making emerging markets a major force in driving development and fighting climate change, an International Finance Corporation's (IFC) report revealed. According to this study titled Global Progress Report of the Sustainable Banking Network (SBN), Brazil, Colombia, Ecuador, Mexico, and Peru are paving the way for other countries in the region, with established sustainable finance policies and principles in place. It must be noted Latin America represents about one-third of SBN members; that is, 11 out of 34 nations.

iii. Peru to present mining project portfolio worth over US\$58 bn in Canada (*El Peruano: 27/02/2018*)- Peru will present a mining investment portfolio —projected for the next 10 years and worth over US\$58 billion— at the Prospectors and Developers Association of Canada (PDAC 2018 Convention), Private Investment Promotion Agency (ProInversión) has reported. Said portfolio includes the implementation of projects in regions such as Cusco, Cajamarca, Moquegua, Tacna, Ica, Lima, Arequipa, Junin, Piura, Ancash, Huancavelica, and Lambayeque. Likewise, it comprises the Areas of Non-Admission of Claims, which will be promoted as Colca and Jalaoca mining projects, both located in Apurimac region. According to ProInversión Executive-Director Alberto Ñecco, the Government will call an international public tender for these two projects on March 2.

iv. ProInversión will tender up to six electricity transmission lines, including one to Ecuador (*Gestión: 28/02/2018*) - The Ministry of Energy and Mines (MEM) indicated that the good pro of these five to six lines of transmission and reinforcement of substations will require investment of approximately US \$ 100 million. ProInversión will tender other power transmission lines this year, including one that will go to Ecuador. In total, between five and six concessions are expected, including the reinforcement of electrical substations and the connection with Ecuador, according to the Vice Minister of Energy of the MEM, Raúl García Carpio.

Bolivia:

v. Bolivia exported palmito for more than USD 71 million in last five years (*La Razón: 27/02/2018*) - Bolivia "exported hearts of palm worth more than 71 million dollars" between 2013 and 2017, the private Bolivian Foreign Trade Institute (IBCE) reported. According to that institution, since 2013 Argentina was the main Bolivian palmito market, while Chile was the second with \$ 21 million of exports. The IBCE reported that last year 52% of palm heart production was exported to Argentina, 27% to Chile, 8% to the United States, 7% to Uruguay, 4% to Paraguay and 2% to other countries.

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