

Economic & Commercial Report for the week ending 9th of March 2018

1. Analysis of Trade Data (Peru)

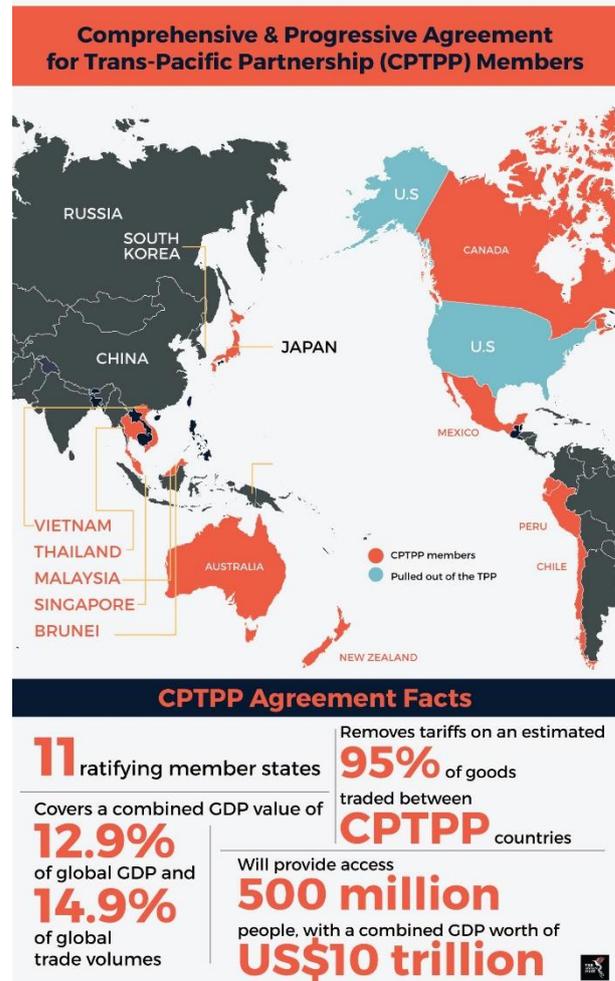
Eleven countries sign new TPP and it is expected to enter into force at the end of the year

The eleven countries of the Pacific basin that signed the Comprehensive Trans-Pacific Partnership Treaty in Chile on March 8 expect this multilateral pact to come into force by the end of 2018. The CPTPP, for its acronym in English, one of the largest trade agreements with 498 million people and 13% of the global economy, was ratified on Thursday (08th March) by the ministers of Brunei, Australia, Canada, Chile, Malaysia, Mexico, Japan, New Zealand, Peru, Singapore and Vietnam.

"It is an ambitious, modern and forward-looking treaty that creatively incorporates the new international trade issues that demand that the benefits of globalization reach everyone," said Michelle Bachelet, who led the ceremony in Santiago. The Chilean president stressed that this agreement also known as TPP11 is a comprehensive and progressive pact "as the commercial agenda of the 21st century should be", and it is a clear message that the countries that signed it support "open markets and the revaluation of Commerce".

The agreement is the fruit of the negotiations that the eleven nations had during a year, after the withdrawal of the United States under the presidency of Donald Trump from the original Trans-Pacific Partnership Agreement (TPP), signed in February 2016. The new treaty preserves the essence of the original TPP but a score of points were suspended to safeguard the balance sheets between the signatory countries, mainly from the Intellectual Property chapter.

Chilean Foreign Minister Heraldo Muñoz explained that the expeditious ratification of TPP11 was achieved because no provisions of the original document were touched as access to markets, and that they only focused on "recalibrating the agreement". "That required political will, and the climate of protectionism was an additional stimulus to move forward," he said. The eleven ministers present also announced in a press conference that they have already initiated domestic processes to obtain the approval of their respective parliaments, with the purpose of having the TPP11 enter into force at the end of this year. They agreed on the benefits that this contract will provide for the total population involved, in terms of job creation, development of small and medium enterprises and access to credit, labor rights, environmental and gender perspective, among other qualities.



Source: AseanPost

Source: Gestión

2. News analysis related to Trade

Peru:

i. Peru registers US\$592 million trade surplus in January 2018 (Andina: 09/03/2018) Peru's trade balance posted a US\$592 million surplus in January 2018, US\$258 million higher than the figure recorded in the same month last year, thus maintaining the positive performance registered since July 2016, Central Reserve Bank

(BCR) informed Friday. During the analyzed month, Peru's total exports reached US\$3.983 billion, up by 20.6% over the same period in 2017. The positive result was driven by the increase in prices (17%) and export volume (3%). The value of traditional shipments grew 22.8% in January, mainly influenced by the greater export value of copper, gold, oil derivatives, and zinc. Likewise, non-traditional exports registered a 15.3% rise in value, underpinned by higher sales of farming, chemical, metal-mechanic, and textile products.

ii. Peru: Cobriza copper mine might be awarded soon (*El Peruano: 07/03/2018*) - Huancavelica-based Cobriza copper mine —Doe Run Peru's production unit— might be awarded before April 2 this year, which is the last auction date available for such asset, Energy and Mines Minister Angela Grossheim projected on 07th March. According to MEM, the system —in these processes— is to carry out up to three auctions for the asset. The deal is thus expected to be reached in one of them. Grossheim explained the auctions for Cobriza copper mine and La Oroya Metallurgical Complex —a range of foundries and refineries— will be held separately, since bidders for each of these assets are different.

iii. INIA (National Institute of Agrarian Innovation) will invest S/- 600 million in agricultural technological innovation this year (*Gestion:09/03/2018*) - The National Institute of Agrarian Innovation (INIA) will invest S/- 600 million in agricultural technological innovation, as it is an incentive for the growth of agricultural exports. This was announced by the head of INIA, Miguel Barandarián, who explained that the results of the great contribution of innovation to the agriculture sector will be reflected in the value of agricultural exports. He recalled that sales abroad amount to US \$ 6,000 million and is expected to reach US \$ 10,000 million by 2021. Among the products of greatest export are asparagus, avocados, blueberries, among others, the same ones that have benefited from the technological innovation practices imposed in agriculture.

iv. The expectation of growth of construction companies has declined (*Gestion: 09/03/2018*) - After falling for two consecutive years, the construction sector reversed this negative trend and grew 2.2% in 2017. For this year, the Peruvian Chamber of Construction (CAPECO) estimated that this economic activity would grow 8% this year despite the corruption cases. However, 48% of surveyed construction firms indicated that their operations could decrease more than 10% in the year. In the same line of operations, they also expect a lower performance in investments in the sector for this year. In total, the level of investment for this 2018 in new projects will decrease from 5.38% to 3.3%.

Bolivia:

v. Gas production in Tarija decreased by 22% since 2014 (*Paginasiete: 09/03/2018*) - The gas production of the main producing department of the country, Tarija, which reached a peak of 41.61 million cubic meters day (MMmcd) in 2014, decreased to 32.45 MMmcd in 2017, 22% less, according to data from the National Hydrocarbon Agency. The only department in which there was an increase in gas production was Santa Cruz, which reached 16.37 MMmcd, 44.4% more than in 2014. In this way it became the second producing region of the country. Its supply of liquids went from 7,374 BDP to 12,733 BDP. Mauricio Lea Plaza, departmental assemblyman of Tarija, explained that in 2017 the production of gas and liquids of three of the four most important fields in the region, Sabalo, San Alberto and Itaú decreased and only Margarita increased. "The loss is irreversible and can't be changed; consequently, that will have a long-term negative effect on the economy of the department," he warned.

vi. Consultancy firm indicates that the second Bolivian satellite is viable (*Cambio: 09/03/2018*) - A consulting study conducted by a French firm on technical and financial aspects concluded that the project to build the second Bolivian communications satellite is viable. The director of the Bolivian Space Agency (ABE), Iván Zambrana, said that it was decided to submit the project to a previous study in order that the technical, economic, design and construction feasibility meet the programmed objectives. Once the technical and financial feasibility is known, the decision will now be with the national authorities to authorize, or not, the construction of the project, said Zambrana. "We have estimated that this second satellite will cost 200 million dollars, significantly less than the first," he said. Zambrana indicated that for the new satellite they will analyze the most convenient and viable offer in different aspects, such as technology, Chinese companies, the United States, Japan, France, among others.

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