

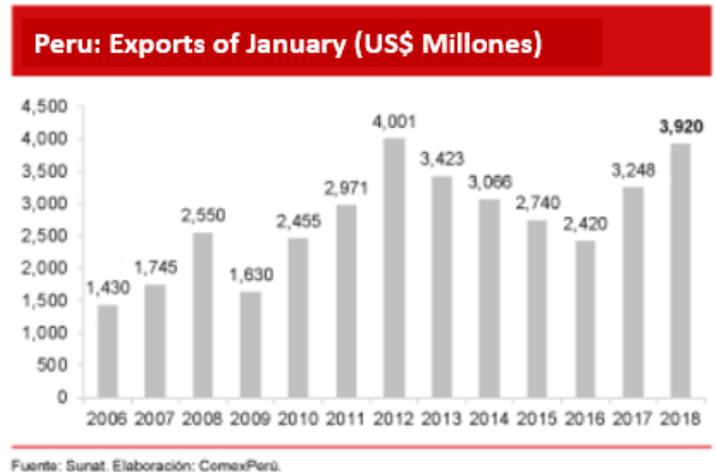
Economic & Commercial Report for the week ending 16th of March 2018

1. Analysis of Trade Data (Peru)

January Exports: Starting with the Right Foot

In January 2018, Peru's exports reached a value close to that registered in January 2012, one of the highest in the last 20 years. With US \$ 3,920 billion in shipments, they achieved a growth of 20.7% with respect to the same month of the previous year. This also meant the beginning of the year with a positive trade balance for Peru, of US \$ 457 million over the result obtained in January 2017 (US \$ 188 million in positive).

It should be noted that the good performance of Peru's exports in January was mainly due to the unprecedented growth of its shipments to South Korea, which registered an increase of 223%, from just US \$ 80 million in January 2017 to US. \$ 257 million in January 2018. The increase in exports to the US also contributed to this result. (+ 21%), **India (+ 149%)**, Japan (+ 66%) and Germany (+ 205%). It should also be noted that in this first month of the year Peruvian shipments to its destination par excellence, China, fell by 1%.



The exports that performed best in January 2018 were those of the oil sector and derivatives (+ 50.2%), mining (+ 32.7%) and agriculture (+ 26%). Between the three they represented 85% of Peru's total shipments to the world, and therefore their performance has a relevant impact on the overall results. Except for the first two -that this year benefit from a favorable economic context at the global level, due to the higher price of commodities and the better situation of the main countries that demand them-, the non-traditional agriculture returns to attract attention. With 10 consecutive years of uninterrupted growth, exports of the agricultural sector reached, in January 2018, a value of US \$ 583 million almost four times that registered in the same month of 2009. This also meant an accumulated growth of 276% in the last decade.

The grapes were the star product of this sector in the first month of the year. They registered shipments worth US \$ 223 million, which represented 61.7% more than in January 2017. Mangos were the second product of the agro-export basket. Exports of this important Peruvian fruit reached a value of US \$ 70.9 million during January, which represented a growth of 14.8% with respect to the same month of the previous year. On the other hand, fresh or frozen asparagus also entered the top 3 and were exported for US \$ 38.2 million, although they suffered a fall of 8.8% with respect to January 2017, due to lower shipments to the US. (-21%). Peruvian blueberry exports deserves honorable mention, which registered a growth of 176%, with a value of US \$ 28.4 million, almost three times more than in January 2017.

Source: ComexPeru

2. News analysis related to Trade

Peru:

i. Sale of vehicles would grow for the second consecutive year (*El Comercio: 13/03/2018*) In the year 2017, 180,281 new cars were sold, 6% more than in 2016, according to figures from the Automotive Association of Peru (AAP). This result marked a turning point in the sector, after three consecutive years of

falling sales, between 2014 and 2016, according to Scotiabank in its weekly report. By segments, the sale of light vehicles increased its sales volume by 6.4% during 2017 compared to 2016. The bank said. "The sale of light vehicles was driven by the largest commercialized volume of SUVs (+ 16%), followed by pick-up trucks and vans (+ 14%), and vans of up to 16 passengers (+ 14%), in contrast to a fall in the sale of light cars and station wagon, registering a drop close to 3%".

ii. Minagri: agro sector will grow 5% this year (*El Comercio: 11/03/2018*) - The perspectives of the agricultural sector are positive. The head of the Ministry of Agriculture and Irrigation (Minagri), José Arista, said that this year the agricultural sector may grow 5% due to the prospects of increasing the production of various products, while exports would close at US \$ 7,000 million driven by the blueberries and avocado. In 2017, agricultural production despite the impacts caused by coastal El Niño, closed with a growth of 2.6%, influenced by the rise in agricultural production by 2.6%, as the production of live animals and animal products reached 2.7%.

iii. Peru ranked third among countries with largest growth in exports last year (*Andina:13/03/2018*) - Peru was placed third among countries with the highest increase in exports last year, Foreign Trade and Tourism Minister Eduardo Ferreyros said on 13th March. The announcement was made at 2017 Peru Export Forum, held at Lima Convention Center. The Inca country's total exports amounted to US\$44.212 billion in 2017, posting a 21.8% increase from 2016. According to the high-ranking official, Peru experienced the highest export growth rate in Latin America, thus overtaking Brazil, Ecuador, and Mexico. As for this year's goals, Ferreyros stated total sales are expected to reach US\$50 billion in 2018. He said the idea is to sell up to US\$13 billion in non-traditional products and US\$8 billion in services. Finally, the minister affirmed Peru has been able to leverage the allegedly new "economic course" for the next years.

Bolivia:

iv. Exports up 22% in value and 10% in volume (*Cambio: 13/03/2018*) - Bolivian exports recovered and increased 22% in value and 10% in volume in January 2018, according to the report of the Bolivian Foreign Trade Institute (IBCE). According to the private entity, sales increased from \$ 545 million in January 2017 to \$ 665 million in the same period of this year. In volume there was also an increase of 1,646,935 to 1,813,110 tons during the indicated months. According to the IBCE analysis, the increase in exports is mainly due to the recovery of raw material prices in the international market, which directly benefited the sales of gas and minerals. In this context, exports of energy and hydrocarbon derivatives increased 40%, while mineral sales rose 30%. Conversely, non-traditional exports, such as soybean, chestnut, quinoa, sunflower and its derivatives, among other products, registered a fall of 23% in value and 27% in volume, according to the data of the private statistical entity.

3. Trade Promotion Activities of the Mission

i. India Sourcing Fair by ITPO : The 2nd consecutive India Sourcing Fair in Lima organized by ITPO was formally inaugurated on March 15, 2018 by Mr. Eduardo Ferreyros, the Peruvian Minister of Foreign Trade and Tourism. The fair will continue till March 19. The fair represented 40 retailers of handicrafts, jewelery, clothing, furniture items, footwear, etc. 04 artisans are also present for live demonstration of their work. With many cultural programmes, yoga workshops, Indian food stalls arranged at the venue, the fair witness huge participation of Peruvians in the first two days of its opening.

ii. Handicrafts BSM by EPCH: On March 15th, 2018 a four day BSM with the participation of 34 handicrafts companies from India was also inaugurated by Mr. Eduardo Ferreyros, Minister of Foreign Trade & Tourism. The BSM was organized at the same venue of India Sourcing Fair of ITPO in partnership with Lima Chamber of Commerce (CCL).

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