

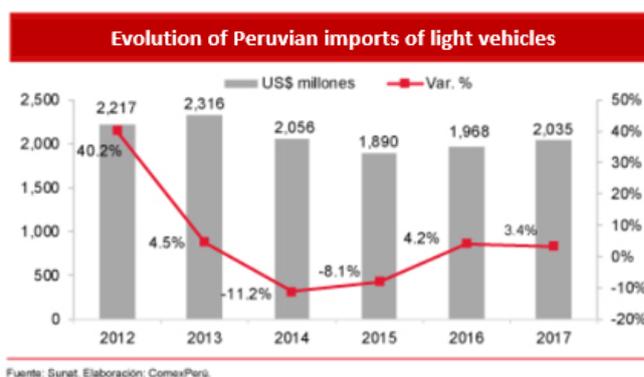
**Economic & Commercial Report for the week ending 6<sup>th</sup> of April 2018**

**1. Analysis of Trade Data (Peru)**

**Import of light vehicles in recovery**

According to figures from Sunat, in 2017, imports of light vehicles amounted to US \$ 2,035 million, 3.4% more than in 2016. Likewise, in 2016, these reached a value of US \$ 1,968 million, a figure 4.2% higher with respect to 2015. It should be noted that, in 2017, the imported value was close to the year 2013 (US \$ 2,316 million), year in which a historical record was reached.

According to the Automotive Association of Peru (AAP), imports of light vehicles, measured in vehicles, increased in 2017 compared to 2016, as they went from 138,452 imported vehicles to 163,787, an 18.3% increase. In addition, the brands that had a greater share of this market were Toyota, with 17.9% of the total of light vehicles imported in 2017, Hyundai (15.5%), Kia (10.7%) and Chevrolet (7.5%). The growth of imported units was also accompanied by the increase in units sold last year, which went from 153,876 units to 163,668 units, an increase of 6.4%, according to the AAP. On the other hand, between 2011 and 2016, the origins of these imports have been concentrated in 3 countries: South Korea - which remains the main supplier of light vehicles -, Thailand and Japan. However, in 2017, those who occupied the top 3 positions in the ranking of origin were South Korea, with 21.8% of total imports; Japan, with 17.2%, and Argentina (which displaced Thailand), with a participation of 13.7%.



*How was the performance in January?*

When analyzing the value of imports of light vehicles in January 2018, it can be said that the year started with the right foot, which would continue with the dynamism registered in the last two years. Thus, according to figures from the Sunat, the percentage variation that was obtained in January 2018, compared to January 2017, was 35.8%, going from US \$ 104 million to US \$ 142 million. In addition, South Korea remained the main supplier (17.1% of the total) and followed by Mexico (15.4%) and **India** (11.4%). Likewise, imports measured per unit of vehicles, in January 2018, were 11,073, 12.8% higher than in the same period of 2017, according to data from the AAP.

Analyzing the evolution of imports of light vehicles, and indirectly sales, would be an approximation of the performance of the economy on the side of consumption (which represents around 60% of GDP, according to BCRP statistics). In addition, light vehicles, being far from being classified as basic goods, also allow us to infer the purchasing power status of Peruvians.

Source: ComexPeru

**2. News analysis related to Trade**

**Peru:**

**i. Canatur estimates an 8% increase in the arrival of foreign tourists to Peru in 2018** (*Gestión*: 02/04/2018) The arrival of foreign tourists to Peru will increase between 7% and 8% this year compared to 2017, projected the president of the National Chamber of Tourism (Canatur), Carlos Canales. He said that the first months of this year were complicated for Peru, since the growth of tourism in the corporate segment

was affected by the political situation of that time but now the expectation is different. According to official figures from the Ministry of Foreign Trade and Tourism (Mincetur), 2017 closed with 4'032,339 foreign tourists who arrived in Peru.

**ii. Exports to India rebounded by more than 110% in 2017 due to demand for gold and copper** (*Gestion: 03/04/2018*) - Total Peruvian exports to India increased 110.89% in 2017 to add 1,964 million 213,883 dollars for the good performance of traditional shipments, according to the Commission for the Promotion of Peru for Export and Tourism (Promperú). In this way, Peruvian sales to India went from 931 million dollars in 2016 to 1,964 million dollars in 2017, which represented an increase of 110.89% compared to 2016. The traditional shipments grew in terms of value 125.07% last year to reach 1,908 million dollars, from the 847 million dollars achieved in 2016, and explained the advance of Peruvian sales to this Asian country in 2017. In 2018 likewise, total Peruvian exports to India grew 149.3% in January of this year driven by the performance of traditional mining shipments such as gold, according to Promperú. Thus, Peruvian sales to India went from 59 million dollars in January 2017 to 148 million dollars in the same period of 2018.

**iii. Agricultural sector grew 4.3% in the first two months of 2018** (*El Comercio: 01/04/2018*) - The agricultural sector in the first two months of this year accumulated a growth of 4.3% compared to the same period of 2017, said the Minister of Agriculture and Irrigation (Minagri). He also stated that the production of the agricultural subsector in this period of the year, increased by 6.3%. The main crops that stood out in higher production were blueberries that grew 131% in La Libertad and Lambayeque, lemon in 56% in Piura, coffee in 36% in Junín and San Martín, cacao in 27% in Ucayali and San Martín. Paddy rice also accounts for 16% in Piura, San Martín and Tumbes, hard yellow maize in 15% in Ancash, San Martín and Ica, grapes in 13% in Ica, Lambayeque and Arequipa, potatoes in 6% in Huánuco, Lima and Puno, among others.

**iv. Moody's: Peru corporate sector to remain mostly steady amid abrupt political change** (*Andina: 30/03/2018*) - Moody's Investors Service does not expect a significant variation from Peru's current policy stance on macroeconomic management, following Pedro Pablo Kuczynski's resignation and Martin Vizcarra's assumption of the presidency. According to Moody's, the quick transition witnessed last week shows a continuity of policies in the Inca country, thus reducing the risk of political uncertainty, if early elections had been called. "For now, we are maintaining our baseline forecasts for Peru of 3.5% growth in 2018-19, and we do not anticipate changes to Peru's A3 rating and stable outlook resulting from the change in the presidency," the credit rating agency notes.

**v. BCR: Trade surplus of US \$ 461 million in February** (*Gestion: 05/04/2018*)- The trade balance registered a surplus of US \$ 461 million in February, which maintained the positive behavior observed since July 2016. Thus, a positive commercial result of US \$ 1,077 billion was accumulated in the first two months of the year, maintains the Central Reserve Bank (BCR). In February, exports totaled US \$ 3,575 billion, an increase of 0.2% compared to February 2017, due to higher sales of non-traditional products (19.1%), among which the exports of agricultural and chemical products stood out. On the other hand, the BCR details that imports reached US \$ 3,114 million, an increase of 9.6% compared to the one registered in February last year, due to higher purchases of consumer goods, inputs and capital goods.

#### **Bolivia:**

**vi. Good economic year in Bolivia due to public investment** (*Jornada Net: 05/04/2018*) - The Bolivian Minister of Development Planning, Mariana Prado, reported on 4<sup>th</sup> April that the execution of public investment this year reached 11.8 percent in the first two months. "It's a figure that really encourages us a lot because it means that since January 2 we have not stopped even a day in executing public investment," she told reporters. According to Prado, the good performance of public investment is evident in the dynamics of the economy since many state entities are taking up projects effectively, mainly in civil works, despite natural disasters and heavy rains.

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