

Economic & Commercial Report for the week ending 12th of April 2018

1. Analysis of Trade Data (Peru)

January imports: an industry that grows

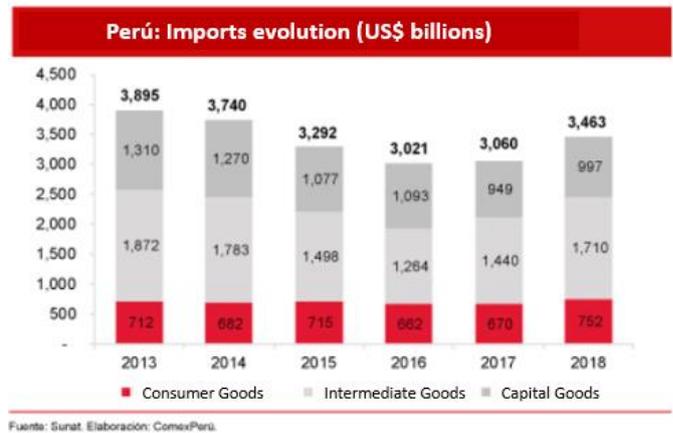
The trade balance opened in positive for Peru thanks to the fact that exports achieved a growth of 20.7% compared to January 2017. However, imports were not left behind. In January 2018, Peru registered an import value of US \$ 3,463 billion, 13.2% more than the same month of the previous year.

Imports of intermediate goods stood out, since they achieved a growth of 18.7%, being the raw materials for the industry, which would indicate that Peruvian production and industry could begin to reverse the deficit that has been dragging on for years previously. The intermediate goods imported by Peru registered in January a value of US \$ 1,710 billion and represented almost 50% of the total of imported products in that month. Within this first group are raw materials for industry (US \$ 1,033 billion, + 14.4%), fuels (US \$ 577.9 million, + 28.3%) and raw materials for agriculture (US \$ 119.2 million; + 16.4%).

As for capital goods, these represented 29% of Peru's total imports in January, reaching a value of US \$ 997.1 million and a growth of 5.1% with respect to the same month of the previous year. In this second group, imports of capital goods for industry stood out, reaching US \$ 659.4 million (66%), although they registered a fall of 2% in relation to January 2017. Transport equipment and materials of construction, although they had a lower participation (US \$ 199.7 million and US \$ 125.9 million, respectively), they grew by 19% and 36% respectively compared to the previous year.

Consumer goods represented 22% of Peru's total. In this third and last group, imports of non-durable goods took the lead in January by very little, registering a value of US \$ 401 million (53% of the item) and a growth of 4.1% with respect to January 2017. Imports of durable consumer goods, on the other hand, registered a value of US \$ 351.4 million (47%) and an increase of 25.5%.

In January vehicles among the main imported consumer goods stand out for their participation and good performance. Among them, the vehicles of displacement between 1,500 cm³ and 3,000 cm³ (US \$ 50.1 million; + 5.6%), the vehicles with displacement between 1,000 cm³ and 1,500 cm³ (US \$ 46.3 million; + 74.5%) and motorcycles (US \$ 20.3 million; + 121.8%), brought mainly from South Korea, Mexico and China, respectively. It also highlighted the import of televisions, since it registered a value of US \$ 22.7 million, although this meant a fall of 5.7% with respect to January 2017.



Source: ComexPeru

2. News analysis related to Trade

Peru:

i. Mining investment grew 50% in February for better prices (*Gestion: 10/04/2018*) - The projections that the price of copper will remain high, in this and the following years, are reactivating investment decisions in mining projects. According to the Ministry of Energy and Mines, last February, companies in the sector invested an amount of US \$ 293 million, an increase of 50.3%, compared to February 2017. In the accumulated months of January and February of 2018, investments reached US \$ 525 million, higher by 23.4% as compared to the first two months of 2017. The BCR projected that mining investment this year would grow 16.5%, after adjusting upwards the expected price of copper (13.5%) for 2018.

ii. Peru: there are four private port initiatives for US \$ 1,185 billion (*Andina: 12/04/2018*) The National Port Authority (APN) reported on 12th April that there are four private port initiatives to date with an investment amount of 1,185 billion dollars, which are located along the Peruvian coast. These private initiatives are the port terminal of Lambayaque (380 million dollars), the port terminal of Salaverry (210 million dollars), the port terminal of Chimbote (110 million dollars) and the port terminal of San Juan de Marcona (485 million dollars), informed the president of the APN, Edgar Patiño. In this regard, the port of Salaverry will be awarded in the first half of May. In the port terminal of San Juan de Marcona and the port terminal of Chimbote, it is expected that the declaration of interest is ready by the end of December of this year, he mentioned.

iii. China-US trade dispute could be an opportunity for Latin America (*Gestion: 12/04/2018*) - An eventual trade war between the United States and China, the two largest economies in the world, could pave the way for Latin America to increase its exports to the Asian giant, said Jia Guide, the Chinese ambassador to Peru. "If China does not import goods from the United States, it will import from other countries. From this point, it seems that the disputes between China and the United States bring opportunities to American countries," said Jia.

Bolivia:

iv. GDP rises to US\$ 37,816 million and is quadrupled in twelve years (*Cambio: 08/04/2018*) - The size of Bolivia's Gross Domestic Product (GDP) reached the highest historical level until December 2017, with \$ 37,816 billion, four times more than that registered in 2005, when it was \$ 9,574 billion. The annual average of the national GDP was US\$ 24,952 billion in the period 2006-2017 (12 years), while between 1986 and 2005 (20 years) was only of US\$ 6,749 billion.

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