

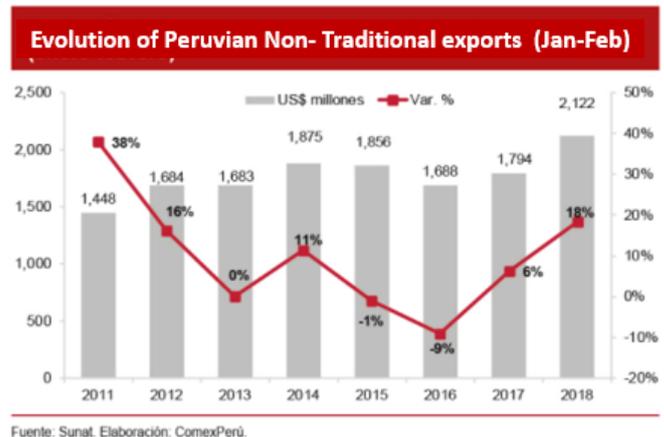
Economic & Commercial Report for the week ending 20th April 2018

1. Analysis of Trade Data (Peru)

Non-traditional exports maintain a good performance

In the January-February period of 2018, Peruvian exports reached a level of US \$ 7,467 million, which represented an increase of 10.3% over the same period of 2017. Among them, traditional exports amounted to US \$ 5,345 million (+ 7.4%) and non-traditional, to US \$ 2,122 million (+ 18.3%). The good performance of Peru's exports during the first two months of this year continues with the upward trend evidenced in 2017, year in which traditional shipments grew by 27.5% and non-traditional shipments by 8.2%.

It is interesting to analyze the performance of non-traditional exports accumulated between January and February of 2018, since they showed the highest growth in that period. Non-traditional shipments in these months had a 46.5% growth between 2011 and 2018, which is equivalent to an average annual growth of 5.6%. Thus, as shown in the following graph, in 2018, these continued with the recovery initiated in 2017, after two years of successive falls.



Of the total non-traditional exports, US \$ 991 million (47%) corresponded to agricultural shipments, which increased by 27% over the same period of 2017. Not only that, it should also be considered that the agricultural sector had an important participation in the total Peruvian exports, representing 13% of the exports. In the ranking of non-traditional shipments, agricultural sector was followed by the chemical sector, with a value of US \$ 245 million and a growth of 24%; iron and steel (US \$ 215 million; + 16%) and textiles (US \$ 204 million, + 12%).

Due to the significant growth of Peru's agricultural exports in the mentioned period, it is pertinent to analyze what products allowed this performance. The ranking of agricultural products for export in the first two months of 2018 is led by fresh grapes, whose shipments reached a value of US \$ 298 million and an increase of 43%. They were followed by mangoes (US \$ 134 million; + 28%), fresh asparagus (US \$ 48 million; -11%) and blueberries (US \$ 42 million; + 212%). This sector has been growing steadily since 2013 and is expected to continue to do so, thanks to the growing international demand for Peruvian food products. On the other hand, the main destinations of non-traditional exports in the period analyzed were the USA, a country to which a total of US \$ 680 million (32%) was destined; The Netherlands (US \$ 183 million, 8.6%); Ecuador (US \$ 117 million; 5.5%) and Colombia (US \$ 101 million; 4.8%). In terms of agricultural shipments, the main buyers were the US, with US \$ 369 million and a 37.2% share; The Netherlands (US \$ 165 million, 16.6%), Spain (US \$ 56 million, 5.6%) and Ecuador (US \$ 46 million, 4.7%).

Source: COMEXPERU

2. News analysis related to Trade

Peru:

i. Peru to attract US\$8 billion in FDI this year (*Gestion: 18/04/2018*) - Foreign direct investment (FDI) flows to Peru will increase from US\$6.8 billion in 2017 to US\$8 billion this year, Citibank Chief Economist for the North Andean Region Munir Jalil projected on 18th April. He said that regardless of the threat of trade war between the United States and China, money flows continued to enter the Latin American region—including Peru—and to

position themselves. "For this year, we expect foreign direct investment (FDI) —mainly that associated with mining projects— will increase due to a positive outlook for (metal) prices. In the first instance, we expect US\$8 billion for 2018, which would be close to the level recorded in 2015," he pointed out.

ii. IMF: Peru economy to grow 3.7% in 2018 (*Andina: 17/04/2018*) Peruvian economy will expand 3.7% this year and is expected to increase by 4% in 2019, according to the April 2018 World Economic Outlook released by the International Monetary Fund (IMF) on 17th April. In this sense, the multilateral organization revised downwards its 2018 growth forecast for the Inca country from 4% (January) to 3.7% (April). The IMF also projected the world's economy will rise 3.9% in 2018 and 2019, higher than last year's global growth (3.8%). "The global economic upswing that began around mid-2016 has become broader and stronger," the report mentioned.

iii. Andean Community: exports rose 19% more than in 2016 (*Peru 21: 17/04/2018*) - At the end of last year, exports from Bolivia, Colombia, Ecuador and Peru, countries comprised in the Andean Community (CAN), amounted \$107,142 million, 19.1% more than in 2016. Among the four countries, Peru stood out for having the highest growth in terms of shipments, with an increase of 23.3%. Peru was followed by Colombia (19.1%), Ecuador (13.9%) and Bolivia (11.1%). In addition to this, shipments within the block totaled US \$ 7,572 million, 6.2% more than the previous year. The most commercialized products were crude petroleum oils and soybean solid waste.

iv. Peru and Bolivia will build Bioceanic Railway Corridor (*Gestion: 13/04/2018*) - Presidents of Peru and Bolivia agreed to work in coordination to make possible the border integration of these countries through the construction of the Central Bioceanic Railway Corridor Peru - Bolivia. The agreement was taken during the bilateral meeting held by both heads of state, in the sidelines of the VIII Summit of the Americas held in Lima from April 13-14, 2018. Both leaders expressed their intention that the pre-investment works will be completed by the end of this year, and that the investment will begin in 2019. They indicated that it is necessary to implement transportation routes that achieve interconnection between both countries.

Bolivia:

v. Poverty drops to the historical level of 36.4% in Bolivia (*Cambio: 19/04/2018*) - Poverty in Bolivia reached its lowest historical level in 2017, closing at 36.4%, compared to 59.9% in 2006, according to the Household Survey published by the National Institute of Statistics (INE). According to the INE, between 2016 and 2017, poverty in the rural area registered a decrease of 1.8 percentage points, while in the urban area it decreased by 3.4 percentage points. Extreme poverty at the national level showed a drop of 1.2 percentage points, reaching 17.1% for 2017.

vi. Morales emerges plans to export gas to other continents (*La Razon: 19/04/2018*) - President Evo Morales inspected Los Monos gas field, which it is expected to produce around 20 million cubic feet of gas per day and will contribute with 0.5 trillion cubic feet (TCF) to the Bolivian reserves. The State Policy is to first guarantee gas for domestic consumption and then for export to strategic partners. Now Morales also proposes to think about markets in other continents, for which he asked experts to contribute not only in the design of proposals but in future plans.

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