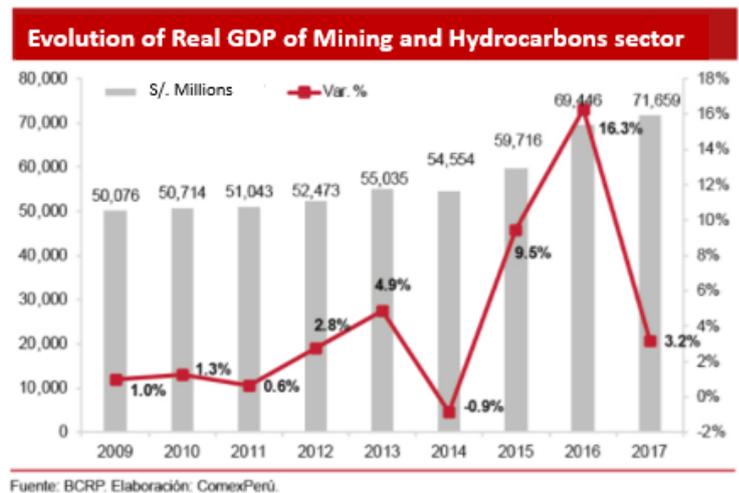


**Economic & Commercial Report for the week ending 27<sup>th</sup> April 2018**

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

**How was the performance of the Mining and Hydrocarbons sector in 2017?**

According to figures from the Central Reserve Bank of Peru (BCRP), in 2017, the mining and hydrocarbons sector achieved a growth of 3.2% compared to 2016, going from a value of S/ 69,446 billion to S/- 71,659 billion, and obtained a 13.9% share of GDP of the year. Within this sector, the mining-metal production increased by 4.2%, but the hydrocarbons sector fell by 2.4%. As can be seen in the graph, from 2009 to 2017, the real GDP of the sector had a considerable increase, going from S/- 50,076 billion to S/- 71,659 billion, which shows an accumulated growth of 43.1%, equivalent to an annual average growth rate of 4.6%. The highest growth was in 2016 (+ 16.3%), when the Las Bambas and Cerro Verde mines reached their optimum level of production.



As for the mining-metal sector, among the minerals that favored the good performance of the sector in 2017 were copper, whose production grew by 4.5%, mainly due to the higher production of Las Bambas and Toromocho; zinc (+ 10.2%), thanks to the greater extraction of Antamina; and molybdenum (+ 3.3%), due to the higher production of Cerro Verde, Toromocho and Las Bambas, according to the BCRP Inflation Report of December 2017. Regarding the hydrocarbons sector, whose production fell by 2.4% in 2017, it is composed of oil, natural gas and natural gas liquids. The production of the first component grew 7.7%, mainly due to the restart of production in lot 192 as of February, according to the BCRP. However, oil growth was overshadowed and reversed by the lower extractions of natural gas and natural gas liquids.

**Exports**

In 2017, mining and metal exports increased by 25.5% with respect to the previous year, going from US \$ 21,048 billion to US \$ 26,406 billion. The main products exported were copper ores and concentrates, with a value of US \$ 11.975 billion and an increase of 37.2%; gold (US \$ 7,091 billion; + 7.2%); cathodes and sections of refined copper cathodes (US \$ 1,774 billion; + 28.7%) and zinc ores and concentrates (US \$ 1,568 billion; + 31%).

On the other hand, regarding the hydrocarbons sector, which is divided into oil and derivatives, Peruvian shipments abroad grew by 51.5%, going from US \$ 2,306 billion in 2016 to US \$ 3,493 billion in 2017. The main products exported were liquefied natural gas, with a value of US \$ 772 million and an increase of 47.5%; other petroleum oils or bituminous minerals (US \$ 706 million; + 20.9%) and other fuel oils (US \$ 508 million; + 196.5%). Thus, despite the decrease in natural gas production in 2017, the value of exports of this product increased due to a higher price which compensated for the low export quantities.

Source: COMEXPERU

## 2. News analysis related to Trade

### Peru:

**i. Mining investment would reach US \$ 20,819 billion** (*El Peruano: 24/04/2018*) - Investments in the mining sector will reach 20,819 billion dollars between 2018 and 2022, an amount that represents 35.6% of Peru nation's total portfolio in this productive sector (58,507 million), projected by the Ministry of Energy and Mines (MEM). MEM specified that from the 58,507 billion dollars of the global amount of investment, 3,850 billion (6.6%) were executed in 2017, leaving 54,657 billion (93.4%) which would be executed between 2018 and 2027.

**ii. Ministry of Economy reduces GDP growth forecast to 3.6%** (*Gestion: 24/04/2018*) The head of the Ministry of Economy and Finance (MEF), David Tuesta, reduced the growth projection of the Gross Domestic Product (GDP) from 4% to 3.6% by the end of this year. "We expect a growth of 3.6% by 2018. We are going to present this projection in the Multiannual Macroeconomic Framework these days" said the minister during his participation in the III Economic and Compliance Forum of Thomson Reuters. "The main analysts say 3.5% and there are others who say 2.9%. By these figures, if we continue in this same dynamic, and public and private investment do not get a better performance, we would surely be around 3%" he added.

**iii. Mincetur will invest S/. 2.5 million To improve tourist experience in Peru** (*Gestion: 25/04/2018*) - The Ministry of Foreign Trade and Tourism (Mincetur) reported today that they will implement actions to improve the experience of tourists entering and leaving Peru. These will be carried out in thirteen control points located in the regions of Cusco, Lima, Loreto, Madre de Dios, Piura, Puno, Tacna and Callao. The Minister of Mincetur, Roger Valencia, said that this measure is taken due to the increase of visitors entering the country. In this sense, investments will be made for an amount greater than S/. 2.5 million in infrastructure, urban furniture, signposting, in the main airports, border control posts, land terminals and railway stations.

**iv. Public investment will grow 9.8% this year** (*El Comercio: 27/04/2018*) - The consultancy Macroconsult projected that public investment will reach a growth of 9.8% during 2018, a result below the 17.5% expected by the Ministry of Economy and Finance (MEF). In its weekly report, they noted that public investment increased 14.8% in the first quarter of the year, driven mainly by higher spending levels of the Ministry of Transport and Communications (40.6%) and the Ministry of Housing, Construction and Sanitation (256.2%). "The investment of the national government has been the most dynamic, with a growth of 27.1% in the first quarter of 2018. Local governments come next, with a growth of 15.2% in the same period. Regional governments have reduced their investment by 5.6%," explained the consultancy.

### Bolivia:

**v. Governments of Peru and Bolivia will meet in Bolivia** (*Jornada: 27/04/2018*) - This weekend President Evo Morales and Peruvian President Martin Vizcarra will meet in Desaguadero, to complement the broad work agenda and a schedule of high-level meetings to be held this year, to discuss various bilateral issues as well as multinational projects. Both leaders will meet on Saturday during the inauguration of a modern Binational Border Service Center. The agenda includes topics such as the international railroad linking the Pacific Ocean with the Atlantic Ocean, through the ports of Ilo in Peru and Santos in Brazil. This project, promoted by Bolivia, has the support of several Latin American countries as well as Europeans who are interested in financing and construction.

Arup Kumar Saha  
Commercial Representative  
April 27, 2018