

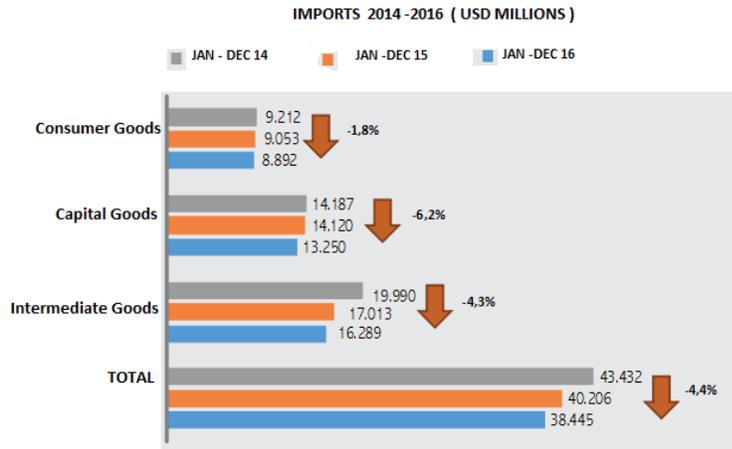
**Economic & Commercial Report for the week ending 27<sup>th</sup> January 2017**

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

**In 2016 Imports were reduced by 4.4%**

According to the report of the Foreign Trade Center (CCEX) of the Lima Chamber of Commerce, at the end of 2016, total imports totaled US\$ 38.45 billion, registering decrease of 4.4% as compared to 2015. Purchases reduced by US\$ 1.76 billion. The main factors that caused this fall were the reduction of Peruvian exports and the rise of the exchange rate.

Main products imported are raw materials and intermediate products, which represents 43% of total imports of the country (US\$ 16.28 billion). Among these imports, imports of API and products for the pharmaceutical chemical industry have decreased by more than US\$ 370 million this year.



At the same time, imports of capital goods and construction materials, which account for 35% of Peru's total imports, registered the highest drop (-6.2%). Imports amounted US\$ 13.25 billion (US\$ 870 million less than in 2015). In addition, imports of machinery for industry registered a fall of 5.4%. As regards consumer goods, imports totaled US\$ 8.89 billion (23% of total imports), 1.8% less as compared to 2015.

MAIN SUPPLIERS ( Rise and Fall by sectors )						
Sector	The Biggest Rise			The Biggest Fall		
Intermediate Goods	Brazil	117M	Rise 16%	Trinidad and Tobago	317 M	Fall 58%
	Ecuador	111M	Rise 14%	USA	251 M	Fall 5%
	Netherlands	68 M	Rise 73%	Russia	89M	Fall 17%
Capital Goods	Germany	607M	Rise 94%	India	546 M	Fall 29%
	Italy	158M	Rise 37%	USA	540 M	Fall 25%
	Brazil	67 M	Rise 8%	China	188 M	Fall 4.7%
Consumer Goods	India	55 M	Rise 16%	China	164 M	Fall 6.5%
	South Korea	36 M	Rise 7.8%	New Zealand	43M	Fall 43%
	USA	25 M	Rise 3.5%	Thailand	36M	Fall 13%

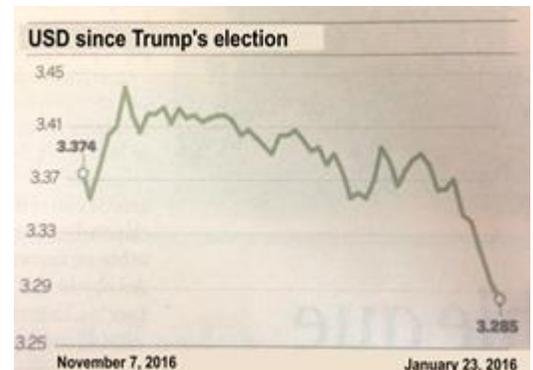
M: CIF USD MILLION - IN COMPARISON WITH THE PREVIOUS YEAR

Only ten countries constitute more than 70% of the total supplying countries of Peru. China remains as the main supplier (21.5% share of total imports, US\$ 8.26 billion) followed by US, Brazil, and Germany. The main products imported from China are: mobile phones, laptops, motorcycles, and clothing.

India gains the biggest in consumer goods (16%) due to increased automobile imports. India sees the biggest fall in capital goods as in the previous year (2015) Peru imported a lot of machinery for sugar plants.

**2. New analysis related to Trade**

**i. Dollar falls and is expected to be S/ 3.25 in the short run** (*Gestión – 24/01/2017*) - According to the Investment Sector Report of AFP Habitat (Pension Fund Administrator), the US dollar will continue to fall after the value reached today of S/. 3.285 soles. If the value falls to S/. 3.25 soles, the Central Reserve Bank of Peru would have to intervene to stabilize the currency. This fall is caused by the investors' loss of confidence on this currency due to President Trump's political measures (exit of the TPP and revision of NAFTA). It is also estimated that the US Federal Reserve will raise its interest rate faster than expected and strengthen the dollar, taking its value to S/. 3.30 or S/. 3.40.



ii. **IMF: Peru should boost investment in local government infrastructure** (*Gestión – 24/01/2017*) - The International Monetary Fund report estimates that GDP growth will be 4.3% in 2017, caused by improvement of mining production. Likewise, Moodys estimated that Peru would grow only by 4% at the end of the first quarter (2017), if private investment does not grow. IMF representative, Mr. Alejandro Werner, highlighted the measures of the Peruvian government to increase the formalization of the economy, and also recommended to boost investment in infrastructure.



iii. **UK looks to deepen trade with Peru** (*Andina – 20/01/2017*)- The Foreign Trade and Tourism Minister, Eduardo Ferreyros announced that the United Kingdom has expressed strong interest in boosting and enhancing trade ties with Peru. (Total trade between Peru and The UK was US\$ 1.32 billion from Jan-Nov 2016). The Foreign Trade and Tourism Ministry’s (Mincetur) head mentioned that his office has been working on a Market Development Plan with the UK. The document contains profiles of products and services with market potential such as agro-products, garments, jewelry and gastronomic franchises.

iv. **Time and cost for the incorporation of companies are reduced** (*La Camara Magazine 23-29/01/2017*) - The Ministry of Production issued a law to facilitate the creation of companies through the Business Development Centers. The National Superintendence of Public Registries (Sunarp) has developed a system (Digital Intermediation System - SID) that helps to set up a company in just 24 hours. From January 1, to December 19, 2016 a total of 6,111 companies were constituted through the digital platform.

v. **“Indian Motos” will open 25 stores and expand to the rainforest** (*Gestión – 26/01/2017*) - Indian Motos, authorized distributor of the Indian brand TVS, aims to continue growing this year. During 2016, sales of TVS motos grow by 35% (total sale of 7700 units in 2016). The company is also looking for new markets in the rainforest of Peru, cities such as Pucallpa, Iquitos and Tarapoto.

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