

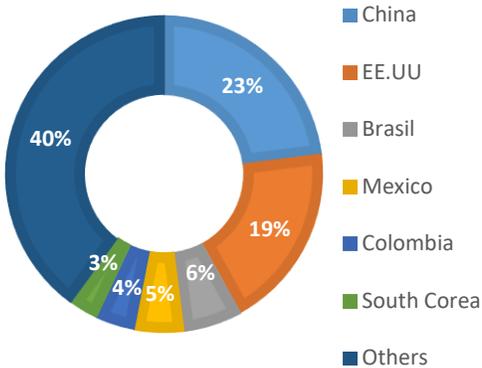
Economic & Commercial Report for the week ending 12th May 2017

1. Analysis of Trade Data (Peru)

Imports in 2016

Due to the fall in private investment and a lower than expected growth of the Peruvian economy, imports declined 4.7% and to reach US \$ 36.362 million in 2016. In addition, the trade balance had a deficit of US \$ 227 million.

MAIN ORIGIN OF PERU'S IMPORTS IN 2016



Source: SUNAT.

Capital goods

Imports of capital goods amounted to US \$ 11,972 million (-7.1%) and had a 33% share of the total imports. Among them, goods for industry stood out for their importance (65% of the total). Although it is important to note that imports of all types of capital goods decreased, building materials fell the most (-21.8%). Likewise, the companies that most imported capital goods were Petroperu, Ferreyros and America Movil del Perú.

Ranking of Importers 2016				
N°	Company	Sector	Mill. US\$	Var.% 16/15
1	Petróleos del Perú - Petroperú	Oil Industry	2,305	26.20%
2	Refinería La Pampilla	Hydrocarbon Industry	1,858	5.20%
3	Toyota del Peru	Automobile Industry	608	5.20%
4	Samsung Electronics	Electronic industry	474	36.10%
5	Ferreyros	Machinery and spare parts Industry	470	-22.90%
6	Alicorp	Food and Beverages Industry	371	-14.20%
7	América Móvil Peru	Telecommunications industry	362	-10.30%
8	LG Electronics Peru	Electronic Industry	356	6.30%
9	Telefonica del Peru	Telecommunications industry	326	-11.40%
10	Pure Biofuels del Peru	Bio fuel industry	305	11.10%
Subtotal			7,435	6.80%
Total			36,362	-4.70%

Source: SUNAT

Principal Capital Goods Imported in 2016			
N°	Product	Mill. US\$	Var.% 16/15
1	Cellphones	1127	0.90%
2	Laptops	365	-16.40%
3	Pick up Truck	267	9.30%
4	Road semi tractor trailers	262	11.80%
5	Telecommunications apparatus	255	21.90%
6	Gas turbines having a power exceeding 5,000 Kw	196	28.00%
7	Self-propelled dump trucks	186	42.00%
8	Telephone parts	160	42.00%
9	Cars with capacity for more than 16 people	158	14.00%
10	Parts of machinery of heading No 84.74	157	22.00%
Subtotal		3,134	8.00%
Total		11,972	-7.10%

Source: SUNAT.

2. News analysis related to Trade

i. **MEM: New environmental regulation will allow to capture 8% of the world investment in mining exploration** (*Gestión* : 08/05/2017) - The Ministry of Energy and Mines (MEM) presented the details of the new environmental regulation for mining exploration at the X International Congress of Prospectors and Explorers (proEXPLO 2017). Tamayo said that in addition to administrative simplification and reduction of paperwork for mining exploration issues, at the environmental level the new regulation seeks that Environmental Impact Studies (EIA), semi-detailed Environmental Impact Studies and the Impact Statement (EIS) are evaluated within the established deadlines.

ii. Peru aims to be the world's largest tin producer (*Gestión : 10/05/2017*) - Following the new discoveries made by mining company Minsur at its Taucane exploration project in Puno, Peru aims to become the world's largest tin producer. Currently Peru is the third tin producer with a single tin mine operated by Minsur, which expects to increase its production by 40% by 2019, with a series of investments.

iii. Peru registers US \$ 60 million trade surplus in March (*Gestión : 10/05/2017*) - Exports increased 14.6% from US \$ 2.8 billion a year ago to US \$ 3.2 billion in March this year, INEI reported with information provided by the National Superintendence of Customs and Tax Administration (Sunat). Imports increased 13.3% to US \$ 3.1 billion, compared with US \$ 2.7 billion in the same month of the previous year.

iv. GDP had a first drop in more than 7 years (*El Comercio : 11/05/2017*) - GDP has been affected by the El Niño phenomenon that decreased mining activity and other sectors of the economy. A Reuters poll showed that eight analysts estimated that the economy would contract between 0.1% and 1.3% and another expert projected zero growth in March. The average showed a fall of 0.63%. The local economy did not show a negative performance since July 2009 when it fell 1.4 percent year-on-year following the onslaught of the global financial crisis.

v. Non-traditional exports accumulate 5 months of growth (*El Comercio : 10/05/2017*) - The non-traditional products exported that contributed the most to this result, according to INEI, were from the fishing sector. This exports grew by 14.9% in March 2017, compared to March 2016, accumulating five months of continuous growth. This was reported by the National Institute of Statistics and Informatics (INEI). The main destination countries for Peruvian exports were China with 27.6%, the United States with 11.3%, Japan with 10.7%, South Korea with 5.3% and India with 5.2% of the total value exported.

Bolivia:

vi. The volume of exports increases but the value of exports falls (*La Razon : 08/05/2017*) - The volume of non-traditional exports increased by 18 percent, but the value fell one percent in February 2017 in relation to the data of the same period of 2016, according to data provided by the Chamber of Exporters of Cochabamba (Cadexco).

vii. Expert warns that Bolivia must adjust to the period of "lean times" (*Correo del Sur : 06/05/2017*) - The economic boom Bolivia had in the last decade began to decline a couple of years ago and the country should adjust its economy to the period of austerity, economic analyst Gonzalo Chávez, warned. In an interview, the expert explained that the country is in a slowdown since 2015, although slow. Other symptoms are the fall in international currency reserves, from 14,000 to 9,000 million dollars, and the budget deficit that in 2016 reached 6.6% and for this year is expected to be 7.8%.

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