

Economic & Commercial Report for the week ending 09th June 2017

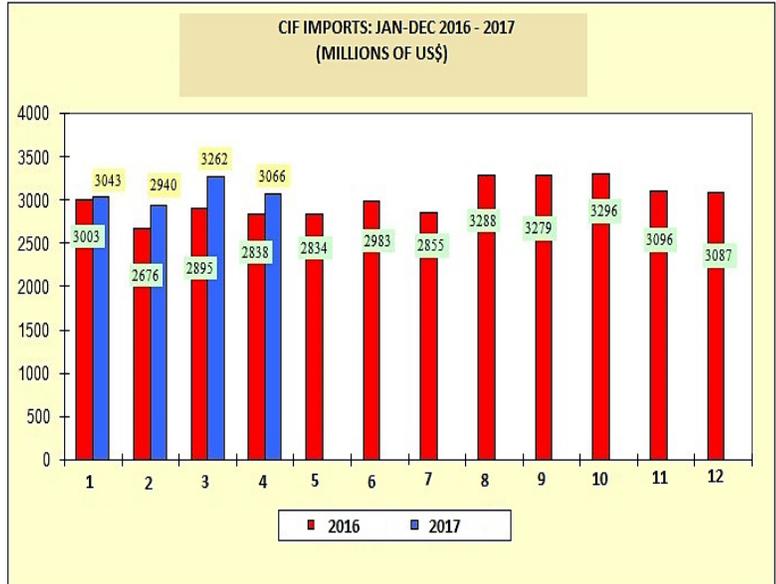
1. Analysis of Trade Data (Peru)

Imports of raw material grew 25.8% in April

Imports in April registered a CIF value of US\$ 3066 million, an increase of 8.0% over the same month of the previous year. In the January-April period, imports amounted to US\$ 12310 million, a 7.9% increase over the same period in 2016.

In April, import growth continued to be associated with higher purchases of raw materials (25.9%), with emphasis on imports of fuels and lubricants (68.8%); As well as imports of raw materials for agriculture (39.4%) and raw materials for industry (10.6%). Regarding consumer goods, in April there was a growth of 10.0%: non-durable consumer goods (9.1%) and durable consumer goods (11.1%).

Imports of capital goods, continued in negative territory, in the last two years (2016 - 2017), recorded fifteen months of negative changes, in this month decreasing by 14.0%.



Four countries accounted for more than 50% of imports in the period January - April: United States, China, Brazil and Mexico represent 22.0%, 21.0%, 6.0% and 5.0% respectively. The import values for these countries were: US\$ 2 758 million, US\$ 2 633 million, US\$ 720 million and US\$ 561 million respectively.

According to commercial blocks, in the first four months of the year, APEC covers 64.0% of imports with an import value of US\$ 5,889 million, the European Union represented 12.0% at US\$ 1438 million, MERCOSUR 9.0% at US\$ 1143 million, the Andean Community 9.0% at US\$ 1 088 million and the REST of non-grouped countries 6.0% at US\$ 781 million.

[Source: Sunat]

2. News analysis related to Trade

i. **Agroexports totaled US \$ 1,502 million (El Comercio : 02/06/2017)** - This numbers means a growth of 5%, ADEX reported. Traditional agricultural dispatches (US \$ 112.525 million) showed a 6.4% increase due to the recovery of coffee (US \$ 77.805), which grew 7% and represented 69.1% of total shipments. From a total of 41 destinations, the five markets that led the ranking are the United States (US \$ 22.109 million) and Belgium (US \$ 14.893 million), which together accounted for 32.8% of the total. Others that stood out for their growth, regardless of their amount, were Spain (58.3%) and India (51.8%).

ii. **Peru: Public investment execution amounts to US\$2.357 billion (Andina : 05/06/2017)** - As at May 31, Peru's public investment amounted to S/- 7.707 billion (about US\$2.357 billion), the Economy and Finance Ministry reported. At central-government level, the Transport and Communications Ministry led the ranking having executed projects worth S/- 1.725 billion (about US\$527.52 million), followed by the Education Ministry with S/- 327 million (about US\$100 million). Concerning regional governments, Arequipa region executed public

investment projects valued at S/- 272 million (about US\$83.18 million). This investment will affect directly the GDP rate next year.

iii. Mining investors remain confident in Peruvian economy (*Andina : 07/06/2017*) - Mining activity will emerge as one of Peru's growth engines, as supported by different company investment announcements for 2017 and subsequent years. Buenaventura mining company will add US\$200 million to its investment in different projects across the Andean country this year, its General Manager Victor Gobitz told El Peruano official gazette. "Resources are mainly aimed at completing Tambomayo works, and at support programs in the operations portfolio," he said. Gobitz went on to say Peru's mining activity is one of the most competitive on a global scale.

iv. First manganese ore mine owned by an Indian company in Peru - Abhijeet Group, headquartered at Nagpur, India, with interests in exploration, mining, steel, ferro, alloys, etc. got environmental clearance on June 6th for the project Maravilloso Manganese Ore Mining concession in Puno, Peru. With this project & clearance in hand, Abhijeet Group can now open its first manganese ore mine in Latin America.

v. Samuel Gleiser: "The textile industry can now be declared dead" (*La Republica : 08/06/2017*) - The former president of the Lima Chamber of Commerce takes some time to analyze the economic situation of the country and insists that the lack of fair competition led the textile industry to a critical situation due to the inaction of the authorities. We have to consider that there is unfair competition right now with regards to dumping of Asian competition, especially the products coming from China. That has to be better managed by Indecopi (The National Institute for the Defense of Competition and Protection of Intellectual Property) who does not act with due criteria quickly to correct these situations that are punishable by the World Trade Organization (WTO).

Bolivia:

vi. Construction grew 7.9% average in seven years (*La Prensa : 08/06/2017*) - The construction sector nationwide grew 7.9 percent on average in the last seven years, according to the study presented yesterday by the Economic Observatory of the Chamber of Construction of Santa Cruz (Cadecocruz). Carlos Schlink, economic advisor of Cadecocruz reported, based on data from the National Institute of Statistics (INE), that for the period 2010-2016 (seven years) the average annual growth of the economy reached 5.1 percent.

vii. Morales: Bolivia lost \$ 206 million for the strikes in Chile (*La Prensa : 05/06/2017*) - President Evo Morales denounced that since 2015 there were eight customs strikes in Chile that caused losses of \$ 206 million to Bolivian trade, and he requested that the free transit established in the Treaty of 1904 be respected. The President was speaking at the United Nations Conference on the Oceans, which took place on June 5 in the US city of New York. "There were 8 strikes along the border with Chile, there are 34 days that the merchandise didn't circulate, the loss that Bolivia has had in the 8 strikes since 2015, including the last one that lasted 10 days, will amount to 206 million dollars," said Morales. "Imagine the economic cost for a country of 138 years of unfair closure," he said.

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