

**Economic & Commercial Report for the week ending 30<sup>th</sup> June 2017**

**1. News analysis related to Trade**

**i. Opportunities and dangers that Peru face in negotiating an FTA with India** (*El Comercio* : 30/06/2017)-

In August, the first round of negotiations will be held in New Delhi for the free trade agreement between Peru and India, the first that the Asian giant signs with a Latin American economy. If India seeks to re-export to markets like the United States, it would have to comply with the rules of origin of the agreements already signed by our country. If this is the case, it is possible that India will invest or take advantage of Peru's manufacturing capacity to move towards new destinations. However, such a strategy may not be as favorable as it would have a lower economic impact on Peru's industrial development. However, Jessica Luna, General Manager of Cómex-Perú, who is confident that the negotiation will result in a reduction or elimination of tariffs, which in the case of coffee and grapes - main non-traditional export products of Peru – are 56.3% and 30.8%, respectively. Luna also bets that tariffs will be lowered for gold and copper, which today enter India with 7.6% of tariff.

**ii. Industry Peru business rounds to see US\$88 million in deals** (*Andina* : 27/06/2017) - A total of 150

foreign buyers and 170 Peruvian exporting companies currently participate in Industria Peru (Peru Industry 2017) business rounds expected to see US\$88 million in deals for the next 12 months, the country's Exports and Tourism Promotion Board (PromPeru) informed. Jointly organized in Lima by PromPeru, Ministry of Foreign Trade & Tourism and National Society of Industries (SNI), Peru Industria 2017 is the most important trade promotion event for the manufacturing sector. The activity is aimed at creating business opportunities for Peruvian entrepreneurs through individual meetings with international buyers, importers and distributors.

**iii. ÁDEX: Peru to export US \$ 200 million in handicrafts by 2021** (*El Comercio* : 27/06/2017) - The

collective brand *Craft Council Peru*, an alliance of 10 companies, will contribute to improve the exposure of Peruvian handicraft products, said the business guild. The Crafts Committee of the Association of Exporters (ADEX) estimated that Peru could export handicrafts worth US \$ 200 million by 2021. During the official launch of the *Craft Council Peru*, he said that the constituent companies generate more than 2,700 jobs in 11 regions of the country, which will now export their products with that 'umbrella brand'.

**iv. Mincetur lists fourteen trade facilitation measures** (*Gestión* : 27/06/2017) - With the objective of

achieving an estimated US \$ 40 billion increase of exports at the end of the year, with an estimated growth of 20% compared to 2016, Minister of Foreign Trade and Tourism (Mincetur), Eduardo Ferreyros, announced that his Ministry is preparing a package of fourteen trade facilitation measures which has to do with customs procedures, but also with formalities and with the improvement of the maritime and air service. On the other hand, his ministry is reviewing the proposed Law on Special Areas of Development (ZED). It is indicated that the ZED can enter any merchandise, except for goods whose importation is prohibited. And, also on the Special Economic Zones (ZEE). There are currently four special economic zones, in Paita, Ilo, Matarani and Tacna. These areas, also known as Special Development Zones, provide tax benefits such as special tariffs, in exchange of investment and employment generation.

**Bolivia:**

**v. Mining investment comes in 2016 to its lowest level in 10 years** (*Pagina Siete* : 30/06/2017) - In 2016

private foreign investment in mining was only 41 million dollars, the lowest level in 10 years of current government, according to data included in the Bolivian Economy Report of the Ministry of Economy. "There is no new investment because the mining law is hard and has no incentive to private investment. Since there are no concessions, if someone wants to invest must do it directly, can't go to the stock exchange. If the investment is made in Comibol area, 55% of the profit remains in the state, so there is no private investment " said Dionisio Garzon, former Minister of the Mining Sector.

vi. **Closure in the port of Arica- Chile emphasizes the importance of creating the Busch port, and diverting cargo through Paraguay-Paraná waterway (IBCE : 29/06/2017)** - The General Manager of the Bolivian Institute of Foreign Trade (IBCE), Gary Rodríguez, gave five good reasons to create the Busch Port, considering the regular strikes/closures in the Chilean port which affects Bolivian trade directly. "We have at least five good reasons for the construction of Busch port: 1) Investment in national territory; 2) There is the design of a multipurpose port for general cargo, containerized, special loads and liquids; 3) Sovereign output to the Atlantic Ocean by international waters; 4) Guaranteed international financing; and 5) Environmental license. Only political will is needed and I think this is the best time to do so " he concluded.

## **2. Trade Promotion Events by the Embassy**

i. **Tourism event at the Embassy by Terra Ignota Travel and Tour Company** - In a welcome initiative, Indian Travel & Tour Company 'Terra Ignota' teamed up with the Embassy and Indian Chamber of Commerce (INCHAM) to do a Tourism promotion event in the Embassy premises on June 23. Large number of Peruvian travel whole sellers and retailers turned up for the event. The discussion was about Innovative Inbound Tourism. It was a good result oriented public-private partnership event.

ii. **Seminar of Foreign Trade and Tourism by ComexPeru** - On June 27, ComexPeru organized a seminar on foreign trade and tourism aimed at entrepreneurs and investors, business guilds and chambers of commerce, specialists and students with the objective of understanding the simplification, facilitation and security of customs regulations by the Peruvian customs authority and also to understand the benefits of a Trade Agreement with India and, finally, to understand the plans of the government in the tourism sector by 2021. Ambassador Sandeep Chakravorty spoke about Trade, Investment & Tourism Opportunities for Peru in India. Ms. Jessica Luna, General Manager spoke on the Myths and Perspective of the Trade Agreement with India. Minister of Foreign Trade and Tourism, Mr. Eduardo Ferreyros also spoke on the occasion. The seminar was also supported by the Embassy.

iii. **Conference "International relations of India in Politics and Economy" at the University of Lima** - On June 27th, University of Lima organized the Conference: International Relations of India in Politics and Economics. Ambassador Sandeep Chakravorty and Prof Oswaldo Morales of Esan University spoke on the occasion. This event was aimed for students, professors and the alumni from this institution. There was also a presentation about Indian cuisine and a performance of Indian classical dance.

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