

**Economic & Commercial Report for the week ending 08<sup>th</sup> September 2017**

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

**Peru Imports data July 2017**

Regarding the products with the biggest drop on the capital goods imported on the period from January to July of this year, machines for the sugar industry shows the biggest drop with a -99.3% variation and a US\$512 Million balance, comparing it to the same period last year. Three products present a variation of 100% on imports this period: Rubber tires, Tiles and other ceramic tiles and prefabricated constructions these products have a balance of US\$51, US\$26 and US\$26 million, respectively.

Countries with the biggest drop (Capital goods) In Millions of US\$ January to July 2016/2017					
RK. 17	Countries with the highest growth	2016	2017	Balance US\$	Var % 17/16
1	India	612	78	-533	-87.2%
2	United States	974	824	-150	-15.4%
3	Thailand	161	95	-65	-40.6%
4	South Korea	212	151	-61	-28.7%
5	Arab emirates	27	1	-26	-96.9%
6	Italy	298	274	-24	-8.1%
7	Japan	323	299	-24	-7.4%
8	Turkey	61	40	-21	-34.0%
9	Mexico	330	313	-17	-5%
10	Sweden	90	75	-15	-16.40%

10 products with the biggest drop (Capital Goods) In Millions of US\$ - January to June 2016/2017						
RK. 17	Tariff Item	Main products imported	2016	2017	Balance US\$	Var % 17/16
1	84383	machines for the sugar industry	516	4	-512.00	-99.3%
2	87041	Dumpers for off-road use	136	36	-100.00	-73.7%
3	85171	Mobile phones	681	600	-80.00	-11.8%
4	84119	parts of other gas turbines	105	40	-65.00	61.7%
5	40116	rubber tires	51	0	-51.00	-100.00%
6	84303	Cutters, pullers and tunneling machines	36	1	-35.00	-97.2%
7	73051	406.4mm diameter tubes	52	18	-34.00	-64.9%
8	73082	cast iron towers and castings	37	4	-34.00	-90.5%
9	69089	Tiles and other ceramic tiles	26	0	-26.00	-100%
10	94060	prefabricated constructions	26	0	-26.00	-100.00%

On the other hand, the country with the biggest drop is India with a variation of -87.2% and a balance of US\$533 million. In terms of balance, is followed by the United States and Thailand, which show a variation of -15.4% (US\$150MM) and -40.6%(US\$65MM), respectively.

**Imports by Current Trade Agreements**

As regards Peru imports by current Trade Agreements, the European Union ranks 1st, 2 positions up comparing it to the same period last year. Peru imported from EU a value of US\$6,673 million from the period January to July this year with a share of 25.7% of the total imports, followed by China and the United States with a share of 18.8% (US\$4,899 millions) and 17.3% (US\$4,503 millions) respectively.

These figures show the importance of having commercial agreements as the FTA's as they make up 100% of imports.

Source: LCC

Total Imports by Current Trade Agreements In Millions de US\$ - January to July 2016/2017							
RK. 17	RK. 16	Trade Agreement	2016	2017	Balance US\$	Var. % 17/16	Part. % 2017
1	3	FTA EU	2,444	6,673	2,229	173.0%	25.7%
2	1	FTA CHINA	4,554	4,899	345	7.6%	18.8%
3	2	FTA EE.UU	4,027	4,503	476	11.8%	17.3%
4	4	MERCOSUR	1,725	2,150	425	24.6	8.3
5	5	CAN	1,410	1,909	499	35.4%	7.3%
6	6	FTA MEXICO	919	1,004	85	9.3%	3.9%
7	8	FTA CHILE	660	674	13	2.0%	2.6%
8	9	FTA JAPAN	592	567	-25	-4.2%	2.2%
9	7	FTA SOUTH C.	713	547	-166	-23.3%	2.1%
10	10	FTA CANADA	426	379	-47	-11.0%	1.5%
11	11	FTA THAILAND	312	255	-57	-18.2%	1.0%
12	12	EFTA	104	97	-6	-6.2%	0.4%
13	14	FTA SINGAPUR	52	55	2	4.6%	0.2%
14	18	FTA CUBA	1	28	27	>1000%	0.1%
15	16	FTA VENEZUELA	8	19	11	136.0%	0.1%
16	15	FTA COSTA RICA	14	14	0	-2.4%	0.1%
17	13	FTA PANAMA	61	13	-48	-78.7%	0.0%
18	17	FTA HONDURAS	5.88	2.62	-3	-55.5%	0.0%
Countries without FTA'S			2,639	2,212	-427	-16.2%	8.5%
<b>TOTAL</b>			<b>20,667</b>	<b>26,001</b>	<b>5,334</b>	<b>25.80%</b>	<b>100.0%</b>

## 2. News analysis related to Trade

### Peru:

i. **Peru: Exports up 24.2% in 2017's first seven months** (*Andina* : 07/09/2017) - Peru's exports have seen thirteen months of continuous growth, thus strengthening the sector's positive evolution, Foreign Trade and Tourism Minister Eduardo Ferreyros highlighted on Thursday. Exports amounted to US\$23.613 billion between January and July 2017, up by 324.2% from the same period last year. Growth was mainly underpinned by the exportable supply increase (14.7%) and —to lesser extent— higher international prices. Likewise, exports are expected to exceed US\$40 billion by year-end, Ferreyros noted.

ii. **Peru to display highest economic growth starting 2018** (*Andina* : 07/09/2017) - Peru will lead the growth ranking, among the region's six largest economies in the period between 2018 and 2021, Economy and Finance Minister Fernando Zavala projected. In this regard, Zavala forecasted national economy will expand beyond those of Argentina, Brazil, Chile and Colombia, among others. Thus, Peru's annual base growth rate is projected at 4% between 2018 and 2021. The high-ranking official also underlined that Peru prudently manages its public finances. This has allowed the three most important credit rating companies to maintain Peru's stable credit outlook.

iii. **Peru likely to export US\$3 billion in fish for human consumption** (*Andina* : 03/09/2017) - Peru's fishery exports for direct human consumption may triple from US\$1 billion to US\$3 billion by 2021, National Society of Industries (SNI) projected. SNI Fishing and Aquaculture Committee Chair Alfonso Miranda stated that this industry will create at least 500,000 formal jobs by 2021. He went on to add prawn exports may —in the short term— double from the US\$150 million registered in 2016.

iv. **Business round in health sector seeks to exceed US \$ 400 million** (*Gestión* : 07/09/2017) - 23 Regional directors of health, Minsa, Essalud and other entities of the Peruvian Health sector seek to negotiate with more than 400 suppliers. India has nearly 30 representatives to improve competitiveness in generic medicines. "At the XI International Convention on Health Products and Related Sciences, Tecnosalud 2017, we seek to close businesses in the areas of medical real estate, generic medicines, biological products, hospital and clinical services, medical devices, among others, for more than US \$ 400 million" said Marco Hurtado, Vice President of Comsalud of the Lima Chamber of Commerce. Of the 8 participating countries, China has brought the most suppliers this time. However, India seeks to reach the Peruvian market strongly. To further that goal, 27 Indian companies are participating to provide generic medicines in Peru. "India is one of the largest countries and have grown in the generic sector quite a lot. With biosimilars products they want to enter the Latin American market and are convinced that Peru is an important market" said Hurtado.

v. **Attention exporters: India has market for everything** (*Gestión* : 04/09/2017) - In the framework of an upcoming trade agreement between Peru and India, *Diario Gestión* interviewed Mr. Arup Saha, Head of Chancery and Commercial Representative, who explained the opportunities exporters have in the Indian market. With a Trade Agreement underway, the time to look beyond the borders of China has arrived. The destination is India, and trade between the Asian country and Peru looks promising. The first advantage that stands out Arup Saha, India's commercial representative in Peru, is that everything sells in his country considering the size of the market. And Peruvians seem to have noticed the detail, as exports to India have grown 162% in the year as of now (compared to the same period in 2016). In fact, to date, Peru has exported US \$ 932 million in 2017. Last year's total export was close to US \$ 1 billion.

### Bolivia:

vi. **Bolivia recorded in August new rise in inflation** (*La Razon* : 06/09/2017) - In August, Bolivia recorded a new rise in the Consumer Price Index (CPI) of 0.79%; the largest in 2017, the state's National Statistics Institute (INE) reported. With this new result, twelve-month inflation reached 3.25%, while accumulated in the year to 1.69%. This is the third consecutive month of rise, following the deflation of April (-0.41%) and May (-0.02%). In July, the CPI had grown 0.75%, the highest rate in 2017 until then. The upward trend was due to higher prices for food and non-alcoholic beverages. Bolivia expects inflation this year not to exceed 5%. In 2016, it registered 4% inflation.

### **3. Trade Promotion activities of the Mission**

**Pharmexcil's participation in Tecnosalud 2017** - The Pharmaceutical Export Promotion Council of India (PHARMEXCIL) participated in the popular annual pharmaceutical fair TecnoSalud 2017 (6-8 September) organized by the Lima Chamber of Commerce (LCC) with 27 Indian companies of the sector. The Mission organized meetings of the Pharmexcil delegation led by Director General Ravi Uday Bhaskar with CENARES, the Ministry of Health organization responsible for bulk purchased of medicine and the procurement officials of the Military Hospital of Peru. The Embassy also set up a stand to promote Make in India and tourism. Promotion materials on commerce and tourism were distributed from the stand.

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September 8, 2017