

Economic & Commercial Report for the week ending 29th September 2017

1. Analysis of Trade Data (Peru)

PERUMIN 2017 - Mining seeks to improve its numbers

The Mining Convention: PERUMIN 2017, was held from 18 to 22 September in Arequipa, which brought together different business and commercial sectors, and counted on participation of professionals such as CEOs, International Delegates, Engineers, Investors, Ambassadors, Ministers, and others at national and international level.

Mining sector looks for alternatives

GROWING INVESTMENT IN THE SECTOR

OF THE WORLD'S INVESTMENT IS SOUGHT TO ATTRACT, UNTIL 2020 IN COPPER EXPLORATION

8%

1 500

MILLIONS OF DOLLARS WILL BE INVESTED BY SHOUANGANG HIERRO PERU IN THE EXPANSION OF ITS PLANT

3%

IT'S THE ESTIMATED INVESTMENT GROWTH FOR 2018

NATIONAL PRODUCTION OF MAIN MINERALS



In 2016, the mining production in Peru was 24,470 million dollars, according to the Institute of Mining Engineers of Peru, the organizers of PERUMIN. Despite the natural disasters that this year affected the country and political instability, mining is trying to improve its figures with the help of new investments. Between January and July 2017, mining investment was: 12% in plant equipment, 25.1% in mining equipment, 25.2% in exploration and 10.5% in exploitation.

According to Cayetana Aljovín, Minister of Energy and Mines (MINEM): "It's the ideal time to invest in Peru. The increase in mineral prices and the promotion measures being promoted by the sector make it possible to be optimistic about investment and mining production". As for the new sectoral policies that will drive growth in 2018, Aljovín comments: As this meeting of Perumin proves, the main points of the mining agenda for the coming years are aimed at maintaining a competitive mining sector and ensuring sustainability. A key aspect for the sustainability of mining investments is the promotion of an adequate social environment, since it is one of the conditions for the development of current and future projects. In this sense, the Ministry of Energy and Mines has been working on the regulation and implementation of the Social Advancement Fund. In terms of competitiveness with less bureaucratic costs and administrative simplification, the ministry has implemented more agile processes and standards to facilitate mining investment, and a more structured strategy for investment promotion.

**Global mining production in 2016
Mining production (Millions of dollars)**



Source: El Comercio Newspaper

2. News analysis related to Trade

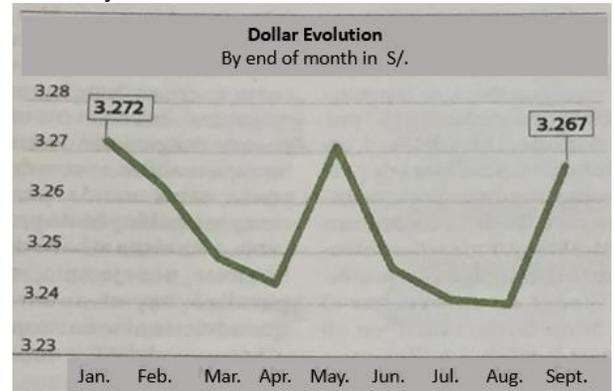
Peru:

i. **Food export industry an engine of growth in Peru (Andina : 28/09/2017)** - The food export industry has become Peru's engine of growth, Peruvian Exporters Association (ADEX) Chairman Juan Varillas said at the opening of Latin America's most important food fair, Expoalimentaria. "It is encouraging to confirm that the number of producers in Peru is increasing year after year, proving that food industry has become a powerful engine of growth and decentralization," he underlined. The Peruvian Coast has a revitalizing effect thanks to agriculture and fishing, thus

creating jobs and boosting production activities. "The highlands are engaged in the economic revolution, with highly nutritious native products, and I'm sure the rainforest and its rich biodiversity will do so soon," Varillas added.

ii. Dollar rebounds in September after three months and continues rally of the local stock (*Gestión* : 29/09/2017) -

The rise of the dollar in September was driven by the high probability that the US Federal Reserve will raise the interest rate by the end of the year. However, the dollar would tend to fall in October from the current price of S / 3.267 to a level between S / 3.23 and S / 3.24, estimated bank treasurers. That would occur because the market has already largely assumed and discounted the Fed's interest rate hike, set for December, a banker said. 2.68% is the decline of the Dollar, so far this year, according to figures from the Central Reserve Bank (BCR).



iii. Fitch Ratings: Peru to remain attractive investment destination in LatAm (*Andina* : 28/09/2017) -

Peru will preserve its position as one of the most attractive investment destinations in Latin America in the coming years, not only for its natural resources but for its potential as a value-addition generator. According to Fitch Ratings Americas Sovereign Panel Associate Director Kelli Bissett-Tom, Peru's stable economy will help attract investments into the country's productive sectors. On the other hand, Peru's Agriculture and Irrigation Ministry (Minagri) recently informed that the forestry sector will become one of its portfolio's priorities as it enters its second year in office. As is known, Peru has 73 million hectares of forest cover, but exports stand at merely US\$200 million a year. Also, the committed investment in forestry amounts to US\$1.4 billion, and its development will increase wood supply in Huanuco, San Martin and Madre de Dios regions.

iv. Produce: Number of startups to grow 60% in 2018 (*El Comercio* : 29/09/2017) -

The formation of companies under the startup structure will grow by 60% in 2018, said Gonzalo Villarán, general director of Innovation of the Ministry of Production (Produce). According to Produce's estimates, the eight startups that completed the Start Up Peru-Program-led financing cycle of Produce have generated more than S / 9 million in the last 36 months and created 182 direct jobs and 1,645 indirect. Although the number of results does not reflect high revenues, "considering that these companies had minimum sales in 2014 we can deduce how fast they can grow," Villarán said. Since its inception in 2012, Start Up Peru has invested a total of S/. 23.3 million in 309 startups; has 247 beneficiaries in Lima and 69 in 18 regions of Peru. Only in 2017, it allocated S/.14 millions in 135 startups.

Bolivia:

v. Expocruz moves US \$ 19.8 million in the first three days of the fair (*El Diario* : 26/09/2017) -

The Minister of Hydrocarbons, Luis Alberto Sánchez, said Thursday that the Ammonia and Urea Plant, inaugurated in the town of Bulobulo, will generate income of at least 233 million dollars a year, by the sale of that fertilizer, both to the internal and external market. At the inauguration of the plant, he said that this project will generate 184 million dollars, just for export billing. About 1,000 entrepreneurs from 21 countries came to Santa Cruz to participate since Wednesday in the Business Round organized by the Cainco in the framework of Expocruz 2017. Throughout the day hundreds of business appointments will be made in the towers of the Chamber of Industry, Commerce, Services and Tourism (Cainco) of Santa Cruz. The president of Cainco, Jorge Arias, highlighted the participation of delegations such as Argentina, which brings about 100 businessmen to the business meeting.

3. Trade Promotion activities of the Mission

i. On its July-August edition of, Perú exporta, the magazine of ADEX (Association of Exporters), carried out an interview of former Ambassador Sandeep Chakravorty on the positives of signing of a Trade Agreement between Peru and India.

ii. In the framework of the 3rd Meeting of Business Leaders (ELE17) organized by CAENE (Centre of Higher Studies on Commerce and Economy), University of San Marcos, Head of Chancery and Commercial Representative, Arup Saha, made a presentation on 'India – Opportunities in Trade, Investment and Tourism' and receiving a formal recognition from the organizers. Notable speakers at the 3-day seminar included Dr. Luis Galarreta, President of the Congress (Speaker); Mr. Eduardo Ferreyos, Minister of External Trade &

Tourism; Ms. Ana Maria Choquehuanca, Minister of Women & Vulnerable Population; Mr. Pedro Olaechea Alvarez, Minister of Production; and Ms. Mercedes Aráoz, Prime Minister of Peru.

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September 29, 2017