

**Economic & Commercial Report for the week ending 24<sup>th</sup> November 2017**

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

**ProlInversión projects attract the eye of 45 international companies**

There is a portfolio of 21 projects for US \$ 5,244 billion for 2018, according to ProlInversión, the investment promotion entity of Peru. It should be noted that this amount does not consider the resources that would be destined for the construction of the new South Peruvian Gas Pipeline. In spite of the national situation, the companies in the world have not stopped seeing Peru as an important investment destination in Latin America. Thus, in the last three months, the projects of ProlInversión have managed to attract the attention of 45 international companies, which have become potential bidders for the future, said Cesar Peñaranda, Director of Services to the investor of the entity, during the Peruvian Forum of Investment and Infrastructure 2017.

Road Show Results	
Countries	Companies
 Mexico	8
 South Korea	20
 China	
 Japan	
 Spain	8
 Canada	6

As part of the results of its roadshows, the investment promotion agency has caught the attention of companies from Mexico, Spain, Canada and Asia (China, Korea and Japan). Out of a total of 131 bilateral meetings with companies worldwide (which move US \$ 800,000 billion in turnover), ProlInversión decided to prioritize these 45, which have been selected by category and, a process of loyalty with them will be worked on in order to be get concrete investments in the coming years. Peñaranda explained that there are other markets such as France, Germany, the United States, Italy, Switzerland, New Zealand, to which they aim to carry out more promotion of the projects to continue adding more bidders soon. He also stated that he has already had a first contact with the Nordic markets, Holland, India, Russia and Singapore.

2018 Challenges: 21 projects – US\$ 5,244 billion	
Transportation Amount: US\$2,976 b	<ul style="list-style-type: none"> <li>Ferrocarril Huancayo-Huancavelica</li> <li>Longitudinal de la Sierra Tramo 4</li> <li>Radioayudas Navegación Nacional (IP)</li> <li>Anillo Vial Periférico (IP)</li> <li>Puerto de Salaverry (IP)</li> </ul>
Water and sanitation Amount: US\$ 994m	<ul style="list-style-type: none"> <li>PTAR Tambo y Chilca-Junín (IP)</li> <li>Obras de cabecera</li> <li>PTAR Titicaca (IP)</li> </ul>
Real state Amount: US\$500m	<ul style="list-style-type: none"> <li>Parque Industrial de Ancón</li> <li>Centro de Convenciones de Lima</li> </ul>
Mining Amount: TBD	<ul style="list-style-type: none"> <li>Proyecto minero Colca<sup>1</sup></li> <li>Proyecto minero Jalaoca<sup>1</sup></li> </ul>
Energy / Hydrocarbons Amount: US\$500m	<ul style="list-style-type: none"> <li>Masificación de uso de gas natural</li> <li>LT Carabaylo y SE Trujillo</li> <li>Subestación Carhuaquero<sup>1</sup></li> <li>Nueva Subestación Planicie</li> <li>Compensador MVAR San Juan</li> <li>Modernización de Enosa (IP)<sup>1</sup></li> </ul>
Health Amount: US\$290m	<ul style="list-style-type: none"> <li>Essalud-Piura</li> <li>Essalud-Áncash</li> <li>Gestión de residuos hospitalarios (IP)</li> </ul>
2019-2020 Challenges: 19 projects – US\$ 12,377 Billion	
Transportation Amount: US\$9,900 b	<ul style="list-style-type: none"> <li>Línea 3 del Metro de Lima</li> <li>Línea 4 del Metro de Lima</li> <li>Tren de Cercanías<sup>1</sup></li> </ul>
Water and sanitation Amount: US\$ 209m	<ul style="list-style-type: none"> <li>PTAR Sullana</li> <li>PTAR Puerto Maldonado</li> <li>PTAR Norte</li> </ul>
Health Amount: US\$921m	<ul style="list-style-type: none"> <li>Hospital Sullana – Piura (IP)</li> <li>Hospital Hipólito Unanue (IP)</li> <li>Hospital Huaycán (IP)</li> <li>Hospital Cayetano Heredia (IP)</li> <li>Hospital Militar Central (IP)</li> <li>Essalud Lima</li> </ul>
Education Amount: US\$329m	<ul style="list-style-type: none"> <li>CER Ate-San Juan de Lurigancho (IP)</li> <li>CER Comas-San Martín de Porres (IP)</li> <li>CER Villa María del Triunfo (IP)</li> <li>CER Lima Metropolitana (IP)</li> <li>COAR Centro (IP)</li> </ul>
Irrigation Amount: US\$1,018 b	<ul style="list-style-type: none"> <li>Valle Chancay-Lambayeque (IP)</li> <li>Valle de Ica (IP)</li> </ul>

**Portfolio of projects** “The Government seeks to streamline investment (public and private) as part of its aim to accelerate the country's economic growth. Under this premise, ProlInversión enlists its portfolio of projects 2018-2020” explained Alberto Ñecco, Executive Director of ProlInversión. For example, in water and sanitation, there is an estimated investment of US \$ 994 million, which includes projects such as the wastewater treatment system of the Lake Titicaca basin (US\$ 304 millions) and the sewage system and wastewater treatment of Huancayo, Tambo and Chila (US\$90 millions) This projects would be awarded in 2018. For the health sector an investment of US \$ 1,217 billion is expected. In the education sector, the estimated investment is US \$ 328 million in seven projects that would be awarded in 2019.

**Other projects** The Minister of Transport, Bruno Giuffra, and the Minister of Energy and Mines, Cayetana Aljovín, presented their own portfolio of projects included in ProlInversión at the same event. The mining sector has a portfolio of 48 projects for US \$ 51,102 billion. For his part, Giuffra highlighted the upcoming construction of alternate roads until 2020 to decongest the Central Highway. In total, ProlInversión is expected to award 21 projects for US \$ 5,244 billion in 2018. In addition, between 2019 and 2020 another 19 projects are planned valued in US \$ 12,377 billion. Ñecco stressed that to achieve the above goals, ProlInversión is in a process of reform to make the institution a more streamlined and efficient entity.

## 2. News analysis related to Trade

### Peru:

- i. Peru's inflation to stand at 1.6% by end-November** (*Andina : 24/11/2017*) - Peru's inflation will stand at 1.6% on an annualized basis in November, thus ending the year at that level, within the target range of 1%-3%, Central Reserve Bank (BCR) General Manager Renzo Rossini projected. "Inflation has fallen to 2% in October from 4% in March, in light of the reversion of negative supply shocks, so the (annualized) inflation would be 1.6% in November and maintain that level by the end of 2017," he said. In this sense, November would mark the third (straight) month of negative readings, Rossini stated at the 28th Annual Seminar of Economic and Social Research Consortium (CIES).
- ii. Peru: Blueberry exports to grow over 12% per year thru 2021** (*Andina : 23/11/2017*) - Peruvian blueberry exports will experience continuous growth above 12% during the coming four years, underpinned by higher demand from main target markets and greater production, Lima Chamber of Commerce (LCC) projected. According to LCC's Foreign Trade Research and Development Institute (Idexcam), main markets' demand for said products will likely expand in the coming years. "Peruvian blueberries are well known abroad as healthy [goods]. This situation will be taken advantage of by our exporters, who already have enough production to respond to an increase in the demand," Idexcam Executive-Director Carlos Posada expressed. In this sense, Posada noted the United States is Peru's largest blueberry importer as it received 54% of total exports of this product in 2016. Other top export destinations are Hong Kong, the European Free Trade Association (EFTA) and the European Union
- iii. Peru leads exports growth in the Andean Community** (*Exportando-Peru : 23/11/2017*) - Peru remains exports growth leader among Andean Community (CAN) countries, with shipments totaling US\$19.745 billion between Jan-Jun 2017, Andean Parliament member Mario Zuñiga underlined. "Our [Peruvian] exports have registered the highest growth rate in the bloc, compared to the first half of 2016," Zuñiga pointed out. "That year, foreign sales totaled US\$15.155 billion; thus, they have expanded 30.3% [...]," he added. Within this context, other CAN members such as Colombia (+21.3%), Ecuador (+18.9%) and Bolivia (+8.3%) have also seen increases. The most demanded Peruvian products in international markets were animal feed, diesel oil, refined copper wires, ceramic tiles and frozen fish fillets.
- iv. BCR (Central Reserve Bank): "Classification to Russia 2018 generates optimism and will boost consumption"** (*RPP : 22/11/2017*) - Peru's qualification for 2018 FIFA World Cup Russia will strengthen short-term private consumption in the Inca country, Central Reserve Bank (BCR) Governor Julio Velarde projected Wednesday. "It [the qualification] gives confidence to the population, and it may likely have an impact [on private consumption]," he underlined. "Yet, that is hard to measure," the official affirmed following his participation in the 28th Annual Seminar of Economic and Social Research Consortium (CIES). According to Velarde, the more confident citizens are, the more optimistic they will become. Thus, they will spend more money. "Consumer optimism makes them more willing to spent more [money], and that boosts economic activities," he expressed.
- v. Peru, Australia to sign FTA** (*Andina : 21/11/2017*) - Peru and Australia are likely to sign a Free Trade Agreement (FTA) in December 2017. The deal will come into force next year, the Andean Country's Foreign Trade and Tourism Ministry (Mincetur) informed. "The text is undergoing a legal review process so that it's ready to be signed by December 2017 or [sometime] in the first weeks of January 2018," Deputy Foreign Trade Minister Edgar Vasquez pointed out. "It will come into force next summer," the government official added. After his participation in the Dream Builder – Ella Exporta congress, he recalled President Pedro Pablo Kuczynski —along with some ministers— signed a Declaration of Intent to conclude negotiations for the Peru-Australia FTA at the 2017 Asia-Pacific Economic Cooperation (APEC) Summit. Likewise, Vasquez said feasibility studies show the FTA might have an impact of 14% on Peru's exports to the abovementioned nation.
- vi. Peru launches international sanitary alert against Chinese preserves with parasites** (*Gestión : 19/11/2017*) - Peru has issued an "International Health Alert" to the General Administration of Quality Supervision, Inspection and Quarantine of China after detecting parasitic worms in a conserve lot from that country. The National Fisheries Health Agency (Sanipes) detailed that the alert was sent by the Peruvian Foreign Ministry after confirming that a consignment of mackerel tomato sauce that had a sanitary certificate issued by the Chinese authority had parasitic worms (anisakid nematodes). The official note stated that this product was manufactured by the Chinese company Tropical Food Manufacturing (Ningbo) Co. Ltd. and that "the sanitary alert to China was issued because that contaminated product puts the health of consumers at risk". Sanipes added that it has prohibited the importation of all the products of the aforementioned company until the Chinese health authority "demonstrates that it can guarantee the safety of these products" to the Peruvian market.

**Bolivia:**

v. **Bolivia signs contracts for \$ 1,583 million for exploration and exploitation in hydrocarbons** (*Página Siete : 21/11/2017*) - President Evo Morales reported Tuesday (21.11.2017) that YPFB signed three contracts for the exploration and exploitation of hydrocarbons, which in 2021 will yield an income of oil revenues of at least 20,000 million dollars. "The signing of these three contracts for exploration and exploitation, is estimated an investment of 1,582 million dollars, and an oil rent that will be over 20,000 million dollars and a production of 20 million cubic meters' a day," said Morales in the act of signing contracts that was carried out within the framework of the Fourth Forum of Gas Producing Countries (FPPG) held in Santa Cruz de la Sierra.

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