

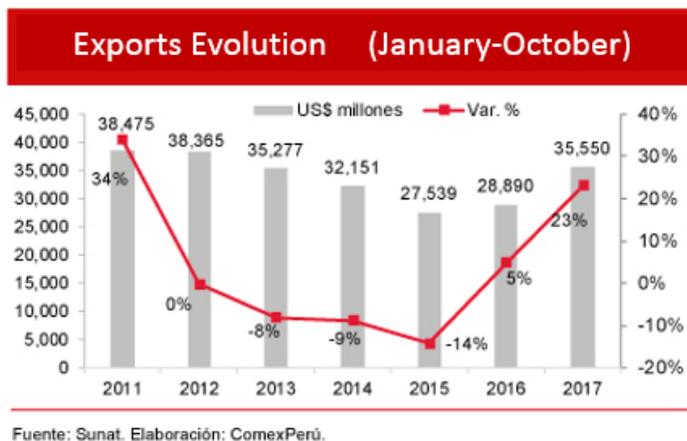
Economic & Commercial Report for the week ending 15th December 2017

1. Analysis of Trade Data (Peru)

ANALYSIS OF PERUVIAN EXPORTS : JANUARY-OCTOBER

According to Sunat, from January-October this year, shipments abroad amounted to US \$ 35,550 million, 23.1% more than in the same period of 2016.

Among the main export destinations are China, with US \$ 9,304 million and 40.1% more than in the same period of 2016; USA (US \$ 5,329 million; +8.4%); Switzerland (US \$ 1,914 million; -10%); South Korea (US \$ 1,663 million; +61.9%) and India (US \$ 1575 million; +126.9%). Also, among the main exporting companies are Antamina (US \$ 2,416 million; + 34.2%); Cerro Verde (US \$ 2,243 million; + 33%); Las Bambas (US \$ 2,233 million; + 142.3%) and Southern Peru (US \$ 1,489 million; + 16.4%).



TRADITIONAL EXPORTS

In the analysed period, traditional exports registered US \$ 26,161 million (+ 28.9%), 73.6% of total exports. This greater dynamism was driven by the mining sector, due to its large participation in the traditional sector. Regarding the mining sector, this reached an export value of US \$ 21,115 million, +25.6% more than in the same period of 2016. This result was due to the evolution of copper exports and its concentrates, which added an amount of US \$ 9,506 million (+ 39.4%), and gold, which reached a value of US \$ 5,829 million (+ 6.4%). This had a positive impact on Peruvian exports, since shipments of both metals accounted for 43.1% of total exports. Likewise, in October of this year, Peruvian exports from the mining sector registered a value of US \$ 2,268 million, +10.9% more than in October 2016.

NON-TRADITIONAL EXPORTS

From January-October this year, non-traditional exports totalled US \$ 9,389 million, 9.2% more than in the same period of 2016, and represented 26.4% of the total shipments. This result was due to the dynamism of agricultural and fishing exports. Exports of the agricultural sector, in this period, reached a value of US \$ 3,948 million, 10.9% more than during the same period last year. It should be mentioned that the agricultural exports represented 11.1% of the total of Peru shipments to the world, which places them as the second in relevance, only behind the mining companies. This dynamism was due to the increase of shipments of avocados (US \$ 576 million, + 45.2%), asparagus (US \$ 316 million, -0.12%), fresh grapes (US \$ 272 million, + 4.2%) and blueberries (US \$ 244.3 million; + 49.4%).

Regarding the exports of non-traditional fishing sector, these amounted US \$ 900 million in the January-October period of this year and recorded a growth of 24.2% over the same period of 2016. This result was due to higher Pota shipments, and other frozen squid, which registered a value of \$ 215 million, 41.4% over the same period of 2016; molluscs (US \$ 142.9 million; + 50.3%); and shrimp and prawns (US \$ 107 million; + 40.2%).

Source: ComexPeru

2. News analysis related to Trade

Peru:

i. Peru ranks fourth among countries with the largest growth in exports (Andina : 13/12/2017) - Peru is placed fourth among countries with the highest growth in exports, behind Kazakhstan, Australia and Russia, Deputy Foreign Trade Minister Edgar Vasquez informed. Likewise, Peru leads the commercial dynamism among

international markets in the Americas. "A major aspect of this growth is that it takes place in a homogeneous manner; that is, each exports sector shows positive results, unlike a few years ago, when our shipments were driven by agroindustry," he noted. Metal mining exports grew by 25% in September this year, while (traditional and non-traditional) agroindustry did so by 8%, fisheries expanded 42% and hydrocarbons 52%. "An interesting sector is the chemical, whose sales abroad had recorded falls in the past years. However, a recovery has been reported in 2017, and shipments have expanded over 1% already," he explained. "The same occurs with the textile sector, which has increased 5% so far this year," Vasquez added. The deputy minister remarked actual exports (actual volume index) between January and October went up by 13%, whereas the export price did so by 9%.

ii. Peru leads economic advance of 2017 within the Pacific alliance (*El Peruano* : 08/12/2017) - For the second year in a row, Peru will have the best Macroeconomic Performance Index (MPI) among Pacific Alliance member countries, according to the latest report by Lima Chamber of Commerce (CCL). The study is prepared annually by CCL's Institute of Economics and Business Development (IEDEP). This indicator measures the national economic performance in relation with other countries and the economic policy management result of countries. Its analysis uses five variables: inflation, fiscal deficit, balance of payments' current account deficit, unemployment, and GDP growth. "Peru is likely to see the best MPI among Pacific Alliance countries in 2017, at 0.4, followed by Chile (-1.3), Colombia (-1.9), and Mexico (-2.8)," said IEDEP Executive-Director Cesar Peñaranda.

Bolivia:

iii. Bolivia exported more jewelry and less textiles in 2017 (*El Diario* : 11/12/2017) - Jewelry, also considered a manufacturing industry, has rallied high and has seen its export figures advance to double digits until the third quarter of this year, according to government reports, meanwhile, textile shipments have fallen to double digits. The jewelry industry is the second largest percentage growth in the country, with figures exceeding 660 million dollars in the first three quarters of the year, that is, 14% above the projections. The textile, on the other hand, has reached record figures of decrease over 41% so far this year and compared to the previous year. Leather and footwear manufacturing have also recorded setbacks, although lower, with a negative balance of 13.2%.

iv. Construction in decline for the fourth consecutive year (*El Diario* : 09/12/2017) - The Bolivian Chamber of Construction (CABOCO) yesterday expressed its concern about the decrease in the construction sector since 2014, the year in which the reduction of public investment destined to infrastructure began to be perceived, which directly affects construction, which is the largest generating sources of employment. The construction sector also verified that until 2016, according to data from the National Institute of Statistics, (INE), it generated 486 thousand jobs, less than 2015 by approximately 5%. The builders also see that there is insecurity that exists for the investment of private infrastructure, "with labor and tax regulations that change and that do not generate a reliable economic environment for investment in Bolivia".

3. Trade Promotion activities of the Mission

The Embassy partnered in a Startup promotional event on December 13 organized by Future Startup Hero in collaboration with INNOVATE Peru (Startup Promotional organization of Ministry of Production). As a build up to the event, a completion was organized at Catolica University on Startup ideas to increase India-Peru bilateral trade where the business web portal *Negociomundo* (opened and operated by an Indian) was declared the winner. Mr. Arup Saha, Commercial Representative spoke on the policy initiatives undertaken by the Government of India in creating an ecosystem of entrepreneurship in India and how the prospective trade agreement could witness a surge in investment in startups in both countries.

Arup Kumar Saha
Commercial Representative
December 15, 2017