

Economic & Commercial Report for the week ending 3rd May, 2019

1. News analysis related to Trade

Peru:

i. MEF: investment in large infrastructure projects would recover in 2019 (*Andina: 30/04/2019*) – The Ministry of Economy and Finance (MEF) indicated that investment in major infrastructure projects would recover this year, according to the provisions of its Update Report on Macroeconomic Projections 2019-2022. This is essentially for the following projects: Line 2 of the Lima and Callao Metro, which implies an amount of US\$ 5.346 billion, the General San Martín Port Terminal (US\$ 249 million) and the expansion of the Jorge Chávez Airport (US\$ 1.500 billion).

ii. Peru's country risk rises four basis points and closes 1.03 percentage points (*Gestion: 30/04/2019*) - Peru's country risk closed today's session at 1.03 percentage points, adjusted after the close, rising four basis points from the previous session, according to EMBI+Peru calculated by investment bank JP Morgan. Peru reported the lowest country risk in the region, followed by Colombia (1.77 points) and Mexico (1.95 points).

iii. Chile seeks to reverse denomination of origin of Peruvian pisco in India (*Gestion 01/05/2019*) - Chile prepares an appeal before the High Court of India against the resolution of the Intellectual Property Appeals Council of India's resolution in February whereby the origin of Pisco was ruled in favour of Peru. In parallel, work is being done on the "request for the pisco geographical indication for Chile" so that it is also granted the designation of its origin. At the same time, Chile continues the legal processes in Thailand to obtain this denomination.

Bolivia:

iv. CAF will finance market studies and competitiveness for the bioceanic train (*La Razon: 25/04/2019*) - The Development Bank of Latin America-CAF will finance the completion of two complementary technical studies on the joint market and competitiveness for the bioceanic train project, which will link the port of Santos (Brazil), in the Atlantic Ocean, and the Peruvian port of Ilo, in the Pacific Ocean, passing through Bolivia. Countries such as Spain and a Swiss-German consortium presented their economic proposals to be part of the bioceanic train project. An investment of at least 14,000 million dollars is foreseen. As of now four pre-investment studies have been carried out by Bolivia and one by Peru.

v. Gas production is reduced by 32% and royalties are down 50% (*Los Tiempos: 29/04/2019*) -Gas production in Bolivia, in March 2019, had an average of 36 million cubic meters per day (MMm3d), which represents a reduction of 32 percent compared to the average registered in 2018 and 36 percent less compared to the average of 2017. The low gas production is due to the reduced demand from Brazil and Argentina.

vi. Manufacturing grew 5.5% due to the development of the chemical sector (*Paginasiete:30/04/2019*) - According to a report of the National Chamber of Industries (CNI), the growth of 5.52% experienced by the manufacturing sector in 2018 (higher than 3.3% in 2017) was generated by the growth of the chemical subsector, driven mainly by the introduction of new products such as urea, potassium chloride and anhydrous alcohol, as a result of the policy of industrialization of hydrocarbons and evaporitic resources.

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