

Economic & Commercial Report for the week ending 24th May, 2019

1. Analysis of Trade Data (Peru)

Main destinations of non-traditional Peruvian exports

According to data from the Superintendence of Tax Administration and Customs, Peruvian exports fell by 7.5% in the January-March 2019 period. This result is due to the fall of exports of the traditional sector, explained by the reduction in international prices of metals and the lower levels of production due to temporary paralysis and the depletion of reserves in some mines.

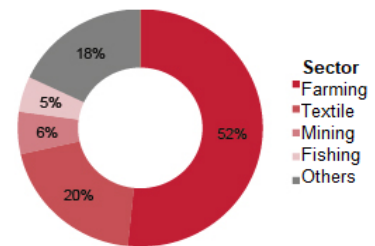
However, non-traditional exports represent 30% of shipments to the world, reaching a value of US \$ 3.243 billion, which reflected an increase of 2.9% compared to the same period of 2018. The main destinations were:

USA it is positioned as the main destination, with a value of \$ 919 million, which represented 28% of the nontraditional shipments to the world. The main product exported to this market was fresh grapes, with a value of US \$ 164 million, followed by blueberries, with a value of US \$ 80 million. Agricultural shipments represented 52% of non-traditional shipments to this country.

The Netherlands, second destination, showed a bad start this year. Between January and March of 2019, non-traditional shipments fell by 10.6%, while in the first quarter of 2018 they grew by 42.3%. This result is due to lower shipments of agricultural products and chemicals, sectors that represent 97% of Peru's non-traditional shipments to the European country.

With regard to **China**, non-traditional exports showed a growth of 75.7%, with a value of \$ 162 million, which allowed it to be the sixth destination for the non-traditional exportable supply. This result was driven by the largest shipments of frozen products, fresh grapes and cuttlefish and squid. It is worth mentioning that non-traditional fishing shipments and agricultural products accounted for 53% and 28%, respectively, of our total shipments to China.

Peruvian exports to the United States (January-March)



Source: COMEX

2. News analysis related to Trade

Peru:

i. **Peru exported blueberries for more than US \$ 80 million in the first quarter of the year** (*Gestion: 20/05/2019*) - Peru's (fresh, frozen, canned, and juice) fruit exports, which make up over 50% of agricultural shipments, grew 9.5% in the first quarter of this year compared to the same period in 2018, this increase was underpinned by higher sales of blueberries (70%), grapes (19%), and pomegranates (27%). Blueberries exports were worth more than US \$ 80 million between January and March of this year. And the main destinations of this are concentrated in the United States, the Netherlands, the United Kingdom, China and Canada. Sales to China, it should be noted, grew close to 150% in the first three months of the year.

ii. **Indecopi could initiate an investigation to Chinese steel tubes imports** (*Gestion: 23/05/2019*) - A few months ago, three companies in the steel sector asked the National Institute for the Defense of

Competition and the Protection of Intellectual Property (INDECOPI) to initiate an investigation process because possible dumping practices in imports of hot-rolled steel tubes (LAC) originating from China, this is because the average price of LAC steel pipe from China is US \$ 705 per ton, while the product manufactured in Peru have a price of US \$ 861 per ton (between January and September 2018), it is lower by 18.2%. Also, only between January and September 2018, the national production of these steel tubes contracted by 6%, while the imports of these products from the Asian country in that period increased by 67.2%. It is expected that Indecopi will take the decision to initiate the investigation from June 3.

iii. The export of pisco is in the process of recovery (*La Republica: 24/05/2019*) – According to the Association of Exporters (Adex), in the first quarter of the year the export amount was 1.5 million dollars, which represents 50.1% more than in the same period last year. In addition, pisco reached 22 markets, whose range was led by the US. which concentrated 44.2% of total exports, followed by Spain, Ecuador, Colombia and the Netherlands. Also, the report highlights the importance of making known the properties and characteristics of Peruvian Pisco, that is clearly different from Chilean, which also uses that name in some countries, creating confusion among international buyers and consumers.

Bolivia:

iv. Bolivia buys processed food from China three times more than 10 years ago (*IBCE News 20.05.2019*) – According to data from the Bolivian Foreign Trade Institute (IBCE), processed foods, imported from China, in 2009, were 2.8 million dollars. In 2018 amounted to 13.2 million dollars and in the first quarter of 2019, it was 2.1 million dollars. Chinese foods have been gaining ground in the Bolivian market, mainly because they have lower prices than domestic products, for example, canned olives of 230 grams of Chinese manufacture are sold at 9 bolivianos, but the same product made in the country is sells for 15 bolivianos. Therefore, local producers consider that the Chinese import is an unfair competition for the small producer.

v. China and Brazil lead household appliances sales (*Los Tiempos: 23/05/2019*) - According to the report of the Bolivian Foreign Trade Institute (IBCE), in 2018, the value of imports of household appliances reached \$ 112 million. The main suppliers of household appliances to Bolivia are China with 44 %; Brazil with 22% of total imports, having displaced the traditional markets of Japan and Europe, because the prices of Chinese products are more competitive and Brazil has a tariff preference. In 2018, imports of appliances from China were 50 million dollars.

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