

Economic & Commercial Report for the week ending 7th June, 2019

1. Analysis of Trade Data (Peru)

Evolution of Textile Sector in the first quarter

The textile-garments sector, represents 8.6% of manufacturing production and 1.1% of national GDP, regarding exports, after reaching its maximum value in 2012, they recorded four consecutive years of decline. Thus, between 2012 and 2016, these shipments were reduced to an average annual rate of 13.9% and went from adding a total value of \$ 2.178 billion in 2012 to \$ 1.198 billion in 2016. Fortunately, in recent years, this trend it is investing in 2017, textile exports grew by 6.4% (\$ 1.275 billion), and in 2018, by 10.5% (US \$ 1.408 billion).

In the first quarter of 2019, textile exports reached a value of US \$ 349 million and grew by 6.8% with respect to the same period of 2018. Thus, within the non-traditional item, these shipments represented 10.8% and were positioned as the fourth sector with the highest exported value, behind agricultural, fishing and chemical. In general, the products that stood out the most were the cotton t-shirts of a single color (+ 1.5% with respect to the first quarter of 2018), the other cotton t-shirts (+ 1.5%) and the fine hair combed or alpaca or llama hairstyle (+ 19.7%).

Evolution of Textile Exports (January - March)



The main commercial partners were China (US\$ 182.5 million), Italy (\$20.9 million), (Chile \$ 16.8 million), Colombia (US \$ 14 million) and Ecuador (US \$ 11.3 million). However, destinations such as Brazil, China and Germany, which occupy positions 6, 7 and 9, fell by 23.9%, 43.4% and 9.7%, respectively.

Source: Comex Peru

2. News analysis related to Trade

Peru:

i. Trade between Peru and China grew 9% annually since 2010 (*El Peruano* 03/06/2019) - According to the Ministry of Foreign Trade and Tourism (Mincetur), since 2010, when the Free Trade Agreement (FTA) between Peru and China came into force, bilateral trade grew 9% on average per year and the percentage increase in the year 2018 was 14%. Also, since 2010, China is the main trading partner of Peru for seven year, out of which five years were consecutive, reaching a total amount of US\$ 23 billion in 2018.

ii. Peru: Agro-exports up 4% between January-April 2019 (*Andina*: 03/06/2019) - According to the Association of Peruvian Exporters (Adex), Peruvian traditional and non-traditional agro-exports amounted to US\$1.931 billion between January and April 2018, thus increasing 4% compared to the same period last year. Traditional agro-exports reached US\$116 million, a 2.2% rise compared to the same term in 2018 and the main destinations were the United States, Germany, and Colombia, which accounted for 51% of the total.

iii. New reserves of lithium found in Puno (*La Republica* : 04/06/2019) - The Ministry of Mines and Energy announced discovery of new reserves of Lithium in Falchani hill in Puno located 6 km from the reserve discovered earlier in the hill. The reserves in Falchani hill are equivalent to 4.71 million tons of lithium carbonate. The value of the project is US \$ 50 billion, considering a price of US \$10 thousand per ton of lithium (last year the price exceeded US\$ 16 thousand per ton). Plateau Energy Metals, the Canadian firm (parent company of Macusani Yellowcake) said they are in talks with interested parties in France and Germany for exploration of the metal.

Bolivia:

iv. World Bank reduces GDP to 4% for Bolivia (*El Deber*: 05/06/2019) - The World Bank reduced its forecast for growth of the Gross Domestic Product (GDP) for Bolivia from 4.3% to 4% in its semiannual report World Economic Outlook, a drop of 0.3 percent in relation to its January estimate. This is due to trade restrictions among the major economies that is likely to affect exports and investment throughout Latin America and the Caribbean.

v. Bolivia and the European Union agree to start trade negotiations (*La Razón*: 02/06/2019) - According to the Vice Ministry of Foreign Trade and Integration, Bolivia and the European Union (EU) set the terms to negotiate a trade agreement that includes cooperation, liberalization of tariffs for trade in consumer goods. Europe has a special interest in "superfoods", such as quinoa and other organic products, which can be exported without tariff barriers, once the agreement is reached.

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June 7, 2019