

Economic & Commercial Report for the week ending 13th September, 2019

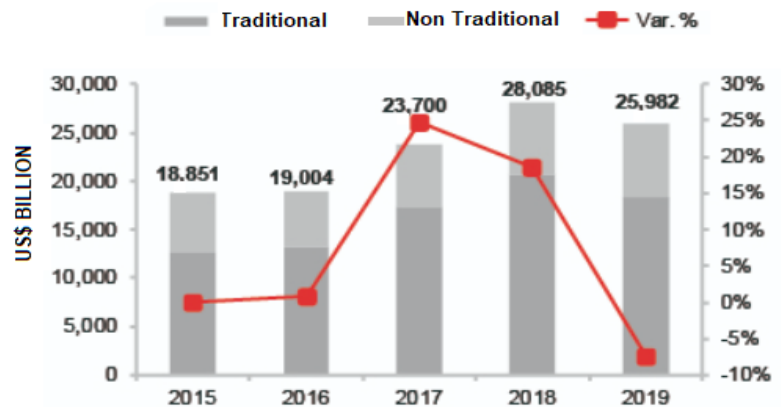
1. Analysis of Trade Data (Peru)

PERUVIAN EXPORTS CONTINUE TO FALL

According to figures from the National Superintendence of Tax Administration (Sunat), between January and July 2019, Peruvian exports totaled US \$ 25.982 billion, representing a fall of 7.5% compared to the same period of 2018. With only five months to finish the year, exports achieved only 54% of the total exported in 2018. This result is mainly due to the decline in traditional shipments, which represent 70.4% of total sales to the world.

During the period analyzed Peruvian exports to China (US\$ 7.835 billion) and the US (US\$ 2.888 billion), were consolidated as the main destination markets, with 30% and 11% of total exports, respectively. On the other hand, the main destinations for non-traditional exports, the United States stood out (US\$ 2.055 billion) and the Netherlands (US \$ 609 million), in addition to some markets in the region, especially the partners of the Pacific Alliance such as Chile (US \$ 479 million) and Colombia (US \$ 397 million).

Peruvian Exports Jan-Jul 2019



Traditional Exports represented 70.4% of total shipments abroad, totaling US\$ 18.302 billion, recording a fall after three years of recovery, as a result of a significant decline in shipments from the mining and oil and derivatives sectors. *Mining exports* totaled US\$ 14.863 billion, representing 81.2% of traditional shipments and fell 10.7%, due to lower shipments of copper ores and concentrates (US\$ 6.918 billion); which means a fall of 10% in relation to the same period of 2018, gold totaled US\$ 3.765 billion; showing a fall of 12.3%. and zinc concentrates totaled US\$ 961 million; representing a fall of 31.2%. *Exports of the petroleum and derivatives sector* totaled US\$ 1.825 billion which represented a fall of 24.1% in relation to the same period of 2018, and the most important shipments were bituminous mineral oils and other gasoline without lead tetraethyl totaling US\$ 403 million; which means a fall of 18.3% in relation to the same period of 2018 and liquefied natural gas totaled US\$ 360 million; a fall of 40%. *Traditional agricultural exports* (concentrated in coffee) fell by 6.5%. On the contrary, those of the *fishing sector* (basically fishmeal and fish oil) showed a slight rebound with a 1.3% growth over the same period of 2018.

Non-Traditional Exports totaled US \$ 7.679 billion in the first seven months of the year and represented 29.6% of total shipments, due to the dynamism of agro-exports. In this context, exports from the *agricultural sector* registered a growth of 7.5%. Among the products of the sector that stood out were: avocados totaling US\$ 622 million, fresh grapes totaling US\$ 358 million and mangoes totaling US \$ 184 million. Likewise, the *fishing sector* totaled US \$ 968 million, maintaining an upward trend due to higher shipments of frozen mollusks (US\$ 335 million), cuttlefish and squid (US\$ 170 million). Also, *chemical sector* had a positive growth (totaled US \$ 921 million; represent a grow of 3.2%), while the iron and steel and metalworking sectors had negative rates of 13.6% and 2.8%, respectively.

The figures show that Peruvian exports continue to fall so far this year, and there is even a slowdown in the performance of non-traditional agro-exports as compared to the previous year.

2. News analysis related to Trade

Peru:

i. **Agro-exports exceed US\$ 3.538 billion in Jan-Jul 2019** (*Gestion: 09/09/2019*) – According to figures from the Association of Peruvian Exporters (Adex), Peru's traditional and non-traditional agro-exports totaled more than US\$ 3.538 billion between January and July 2019, increasing 7.72% compared to the same period last year. Likewise, the non-traditional agro-exports totaled US\$ 3.278 billion in the first seven months of this year, which represent an increase of 7.69% compared to the same period in 2018. Avocados (US\$620 million) and grapes together represented 36.3% of total shipments. On the other hand, traditional agricultural exports reached US\$259 million, representing an 8% expansion.

ii. **Peru and Japan reach an agreement to eliminate double taxation** (*El Peruano : 11/09/2019*)– In order to prevent tax evasion, the Ministry of Foreign Affairs of Japan announced the initialization of an agreement on double taxation with Peru. It includes legal provisions with the purpose of clarifying the scope of taxes in the two countries, eliminating double international taxation and prevent tax evasion. Likewise, it is expected to promote mutual investments and economic exchanges between the two countries. The agreement will be signed after the final text has been revised and the necessary internal procedures have been completed for each of the two governments.

Bolivia:

iii. **President Morales ratifies medicine factory project** (*Opinion: 11/09/2019*)- In March of this year a credit line of US\$ 100 million was announced by India to strengthen bilateral relations between Bolivia and India. In this context, President Evo Morales said, "...we are planning how to have a medicine factory to fight cancer with Indian credit. We are planning it, it is our goal and we will achieve it," during the delivery of medical equipment to the second level hospital at Cochabamba. He emphasized that having a factory would reduce the cost of the medicines used to treat this disease, without competing with the pharmaceutical market.

iv. **Bolivia's trade deficit increases** (*El Diario: 11/09/2019*) - According to figures from the Bolivian Institute of Foreign Trade (IBCE) there is an 320% increase in Bolivia's trade deficit for the period January-July this year, compared to a similar period of 2018 - from US\$160 million to US\$ 671 million. It is explained for the drop in exports of 6% and growth of imports of 4% compared to the same period of 2018. During the period January - July 2019, the main markets for Bolivian exports were Argentina, Brazil and India, while the main suppliers were China, Brazil, Argentina. It was highlighted that the largest bilateral trade surplus was recorded with India (US\$ 410 million).

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