

Economic & Commercial Report for the week ending 30th of November 2018

1. Analysis of Trade Data (Peru)

NON-TRADITIONAL AGROEXPORTATIONS MAINTAIN ITS DYNAMISM

The agro exports of the non-traditional sector have maintained an important dynamism in the last ten years. According to figures from Sunat, in the period 2008-2017, they recorded an accumulated growth of 239% and an average annual growth of 13.5%, which speaks of the good results that come with an investment promotion policy and integration with the world for agriculture in the country.

In the period January-September 2018, non-traditional agro-exports totaled US \$ 4.076 billion, which reflected a growth of 16.7% with respect to the same period of the previous year, according to data from the Sunat. It should be noted that this good performance should be mainly due to purchases made by the US, which registered an increase of 16.5%, going from US \$ 1.044 billion in the period January-September 2017 to US \$ 1.216 billion for the same period of 2018, and that represented 30% of the total exported to the world. This market was followed by the Netherlands, with US \$ 729 million, 18% of the total exported and 26.3% more than in the same period of the previous year.



Fuente: Sunat. Elaboración: ComexPerú.

Among the most exported products in that period, fresh or refrigerated avocados stood out, which reached a value of US \$ 723 million (+ 23.3% compared to the same period of the previous year), 18% of the total of our non-traditional agricultural exports. On the other hand, the grapes registered an exported amount of US \$ 310 million (+ 33.6%), 8% of the total, while the shipments of fresh or refrigerated asparagus reached a value of US \$ 248 million (+ 94.5%), 6% of the total.

Source: ComexPeru

2. News analysis related to Trade

Peru:

i. Enel will invest 600 million euros in Peru between 2019 and 2021 (*El Comercio: 26/11/2018*) - With 73 million end users worldwide, the company announced that, in 2021, 62% of the group's energy production will be set as emissions-free, compared to 48% estimated for this year. According to the investment plan 2019 - 2021, Enel will invest 42% of its budget in the development of renewable energy projects. The investment will be distributed as follows: more than 280 million euros in the Distribution sector; 200 million in Renewable Energy; and 100 million euros will be concentrated in Thermal Energy.

ii. Private consumption remains up in the third quarter of the year (*Gestion 26/11/2018*) - In the third quarter of the year, the economy grew only 2.3%, the lowest rate of the three quarters passed, as the advances of the gross domestic product (GDP) were 3.2% and 5.5% in the first and second, respectively. The result of the GDP between July and September, had two opposite behaviors. On the other hand, the private sector was the one that sustained growth, since both consumption and investment remained positive. Private consumption contributed the most to growth in the third quarter. Its 3.3% growth contributed 2.1% to the economy's performance in that period, according to data from the Central Reserve Bank (BCR).

iii. Tax privileges benefit 28 medical laboratories (*La Republica: 26/11/2018*) - Currently, there are 28 companies that monopolize the sale of 41% of oncological medicines that are exempt from taxes in Peru. Most of these are high-cost biological products and it is unknown how they fix their prices. Since the tax exemptions came into effect, the State included 70 monopolized drugs to the list of beneficiaries. These began to lose their exclusivity in the market over the years, as new companies obtained sanitary registration to sell in the country, others who gave up after their products were removed from the list of tax exempted and a third group emerged as the sole owners when the permits of its competitors expired. The companies that lead this ranking of privilege are Roche, Merck Sharp & Dohme (MSD), Pfizer; Tecnofarma, Bayer S.A., LKM Peru Laboratories, Biopas Laboratory and the Peruvian Laboratories AC Farma.

iv. Government proposes to extend tax incentives for mining (*Gestion 28/11/2018*) - The Executive proposed a bill that plans to standardize the treatment of the contractual benefits enjoyed by mining companies, and which - if approved by Congress - will result in greater predictability - and therefore, greater incentive - for the investments in that activity, according to experts. For this purpose, the Government's initiative proposes to modify the single ordered text (TUO) of the General Mining Law, so that the tax stability contracts signed by mining companies enter into force as of the date on which the mining project concession contract is subscribed.

Bolivia:

v. Foreign investment grows up to 71% (*El Deber 26.11.2018*) - Foreign Direct Investment (FDI) in Bolivia rebounds. Until the first quarter of this year, the injection of foreign capital grew up to 71% in relation to the same period of 2017, according to official figures disclosed by the Bolivian Foreign Trade Institute (IBCE). In the first quarter, FDI reached US\$ 257 million. The sectors that have pushed this growth are hydrocarbons, with US\$ 109.3 million; the manufacturing industry, US\$ 92.8 million; the trade, US\$ 46.3 million and construction, with an injection of US\$ 46.3 million. Between 2010 and 2017, net FDI in Latin America and the Caribbean fell by 18%, while in Bolivia there was a growth of 13% in the same period, according to official figures.

vi. Government invested more than Bs 597 million in irrigation in La Paz in the last 12 years (*Bolivia en tus manos: 28/11/2018*) - The Minister of Environment and Water, Carlos Ortuño, reported on Tuesday (27/11) that the Government invested in the last 12 years more than 597 million Bolivians for irrigation projects in the department of La Paz. Ortuño stressed that the millionaire investments made by the government of President Evo Morales helped incorporate some 29,500 hectares for the cultivation of food under irrigation in the department of La Paz.

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