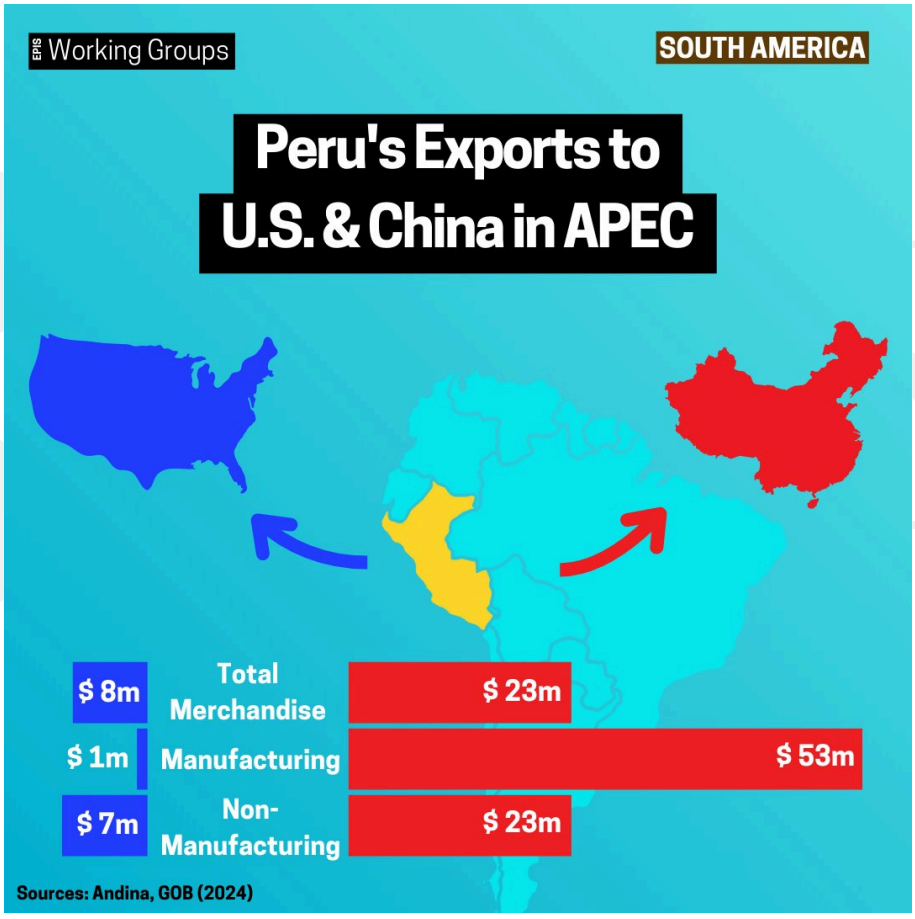
Peru's Exports to U.S. & China in APEC

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The annual Asia Pacific Economic Cooperation (APEC) Summit in Peru this November highlighted shifting dynamics between two major players, China and the United States, as they compete for influence in the region. Chinese President Xi Jinping played a significant role during the inauguration of the Chancay Megaport, whereas U.S. President Joe Biden, in a private meeting with Peruvian President Dina Boluarte, considered Peru a valuable and important partner to the United States. However, President-elect Donald Trump's plans for tariffs, already announced for Mexico and Canada, appear to contradict Biden's intention of increasing cooperation

with Peru. Meanwhile, China continues strengthening its trade relations with Peru in exports and imports.

The following charts represent the trade dynamics between Peru, China, and the United States in 2023, according to APEC's statistical portal. The first indicator is total merchandise exports (ETM), with China leading at $23 million and the U.S. at $8 million. The second indicator is manufacturing exports (EM), which includes goods produced industrially, such as chemicals. These account for 32% of Peru's manufacturing exports, including products like lemon essential oils and sulfuric acid. China leads in this category with $52 million, while the U.S. is at $1 million. There are also non-manufacturing exports, which include goods not produced industrially, such as raw materials and services. Copper and gold make up 50% of Peru's non-manufacturing exports. China spent $23 million in this category, while the U.S. spent $7 million.

In an interview with Carlos Kuriyama from the APEC policy support unit, he offers his unique insight to help make sense of the numbers. Mr. Kuriyama assures that China has now become the main destination for Peruvian exports, as evidenced by the statistical data presented. Since joining APEC in 1998, Peru's trade with these members has grown over 10 times. In 2023, Peru's total trade with APEC reached more than $75 billion, with exports around $44 billion and imports between $30-33 billion. This growth is largely due to commercial opening, free trade agreements, and reduced tariffs. Regarding Trump's plans for tariffs on trading partners, Mr. Kuriyama commented that campaign promises often differ from actual decisions made in the White House. While it could cause issues for the Peruvian economy, any direct impact on Peruvian products remains uncertain. For example, if tariffs rise, it could increase production costs for Peruvian producers.

While the U.S. has fallen to second place as Peru's trading partner and the threat of tariffs may affect this relationship, China has been a steady partner, and the Chancay Megaport represents new opportunities. Mr. Kuriyama seemed optimistic, expressing that the Chancay port will strengthen Peru's position by addressing the infrastructure deficit and facilitating product shipments across the Pacific. This will reduce shipping times to Asia, lower transaction costs, and boost competitiveness. Currently, Peruvian goods are routed through North American ports before being shipped to Asia. With the new port, products will be sent directly using larger vessels, 400 meters long, capable of carrying about 10,000 40-foot containers, making exports more efficient.

The inauguration of the Chancay Megaport was one of the central events of the 2024 APEC Summit with discussions surrounding the strategic importance of infrastructure projects. This ambitious development aligns with Peru's goal of becoming a key trade hub in the Pacific region, a vision supported by both China's investments and the United States' efforts to strengthen its economic ties with Peru.