

Experience of the improvement of international trade: Case Peru

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Resumen

El comercio internacional es una actividad fundamental que fomenta la prosperidad compartida. Los impactos se reflejan con la implementación del Plan Estratégico Nacional Exportador 2025. Se espera seguir avanzando sostenidamente a fin de ofrecer más oportunidades a las personas que laboran en este sector.

Palabras clave: Comercio internacional, negocio, exportación.

Abstract

International trade is a fundamental activity that fosters shared prosperity. The impacts are reflected in the implementation of the National Export Strategic Plan 2025. It is expected to continue to move forward steadily in order to offer more opportunities to people working in this sector.

Keywords: international trade, business, export.

1. Introduction

It is undeniable that international trade has a favourable impact on the productive activity of countries. According to the World Bank (WB), this activity is fundamental to ending poverty and promoting shared prosperity, specifically because it facilitates developing countries' access to more advanced markets and favours a predictable, rules-based trading system. Various results around the world show that nations open to international trade tend to grow faster and offer more opportunities to their people.

In Peru, the trade balance accumulated seven consecutive quarters of surpluses and totaled US\$10.66 billion. This amount was achieved after a significant period of deficit due to international market conditions. Thus, the trade balance recorded a surplus of 1.723 billion dollars in the first quarter of 2018, higher than the level recorded in the same period of 2017 (1.172 billion), according to the Central Reserve Bank (BCR). This result is mainly explained by higher export volumes and the rise in commodity prices. This advance consolidates the recovery of Peru's international trade. Peruvian exports in 2017 grew 22% and in 2018 would exceed 50 million dollars.

Since August 2016, and after 17 months of decline, our non-traditional Peruvian exports are growing sustainably. With this, the country is the third highest growing exporter in the world and the first in the American continent. Peru also leads the world ranking of non-traditional products

such as dried beans, quinoa, maca and coloring lacquers, as well as a mixture of canned vegetables such as fresh asparagus.

2. Materials and Methods

The dynamism of foreign trade in Peru is set in the national strategic export plan 2025 of Peru, which contemplates four pillars to develop good work for the benefit of the population and the diversification of markets and internationalization of the company. Other pillars are to develop a diversified, competitive and sustainable exportable offer, and to facilitate trade and the efficiency of the international logistic chain and the generation of capacities for the internationalization and consolidation of an exporting culture.

3. Results

Initially, the national export strategic plan 2003-2013 was in place, which allowed the development of the exportable offer. More than 90 products at the national level (including mango, bananas, grapes, textiles and clothing, alpaca fiber, fishery products, exports of services, health services, manufacturing, wood industry, topa wood crafts and jewelry) were prioritized, providing support and direct technical assistance to associations linked to these chains in different regions of the country, through the Regional Strategic Export Plans (PERX). On the other hand, the development and promotion of the export of services constituted a strategy that the foreign trade sector worked resolutely for more than ten years as part of the PENX. In this context, the Peru Service Summit emerges as the emblematic awareness forum and the most expected business meeting for the service sector in recent years, generating business for more than US\$ 160 million, in its last four editions.

Peru had 17 trade agreements in force and a network of 36 Commercial Offices of Peru Abroad (OCEX) dependent on MINCETUR, whose main objective is the opening and consolidation of destination markets, as well as the promotion of the exportable offer and the attraction of investments. As part of this process, Market Operative Plans (POM) have been elaborated for an important part of these markets, prioritizing products and services in the short, medium and long term, identifying and developing actions of access, facilitation and commercial promotion of the Peruvian exportable offer. One of the most important activities in terms of export promotion, emanating from the plans, is EXPO PERU, an event whose purpose is to promote the country's image. In recent years, 25 EXPO PERU have been held in 16 countries around the world, in which more than 1,200 companies have participated, especially exporting SMEs, generating business worth more than US\$360 million. Trade facilitation. Progress was made in reducing the "tramitology" related to foreign trade. For example, through the VUCE, all 260 administrative procedures for restricted goods were incorporated, serving more than 26 thousand users and generating S/.80 million in savings, 400 thousand electronic authorizations and 200 thousand certificates of origin. Likewise, through the Facilitation Plan, it contributed to the reduction of logistic costs through support to the concession processes of ports and airports at the national level (US\$ 4,000 million in investment commitments) and the implementation of Easy Export. On the other hand, access to foreign trade financing was facilitated for SMEs through the improvement and development of financial products such as the Business Guarantee Fund (FOGEM) and the Export Credit Insurance for SMEs (SEPYMEX). Development of an export culture. Policies and strategies were implemented to promote and foster an export culture at the

national level by developing information services, providing training and technical assistance to SMEs in the different regions of the country.

One of the most representative strategies is the creation of the Network of Regional Export Trade Offices. To date, there are three offices - Gamarra, Villa El Salvador and Tacna, the latter inaugurated in 2014 - attending to more than 6,000 queries and 1,000 direct technical assistance visits to companies. One of the highlights of its work is the training of more than 3,200 entrepreneurs and small entrepreneurs. For its part, the Export Region Program has developed more than 1,000 training and dissemination workshops, benefiting more than 30,000 small entrepreneurs, entrepreneurs and students throughout Peru. As a complement to this effort, the Educational Export Program has trained more than 6,500 Secondary Education teachers from 3,500 public educational centers in 22 regions of the country.

Subsequently, the National Export Strategic Plan (PENX 2025) was elaborated. Within the framework of the foreign trade policy, the strategic planning of the programs and activities that will be implemented to give continuity and a new impulse to the development of the country's international business is established. This document contains cross-cutting strategic pillars and its implementation implies close coordination with the private and academic sectors, as well as with the different levels of government at the national and sub-national levels.

PENX establishes four strategic pillars: (i) enterprise internationalization and market diversification, (ii) diversified, competitive and sustainable exportable supply, (iii) facilitation of foreign trade and efficiency of the international logistics chain, and (iv) capacity building for internationalization and consolidation of an export culture. The first pillar of internationalization seeks to support the efforts of Peruvian companies to participate in the economies of other countries for the diversification of markets and products in order to take greater advantage of the best supply conditions. The second pillar of exportable supply seeks to consolidate Peruvian exports with emphasis on non-traditional exports and services. The facilitation pillar seeks to reduce transaction costs associated with foreign trade operations, including not only regulatory and procedural aspects, but also logistical and financial aspects. Finally, the capacity building pillar seeks to strengthen export business capacities that consolidate new markets, diversified products and/or services, recognizing, as PENX does, that the critical unit of intervention is the enterprise (see figure 1).

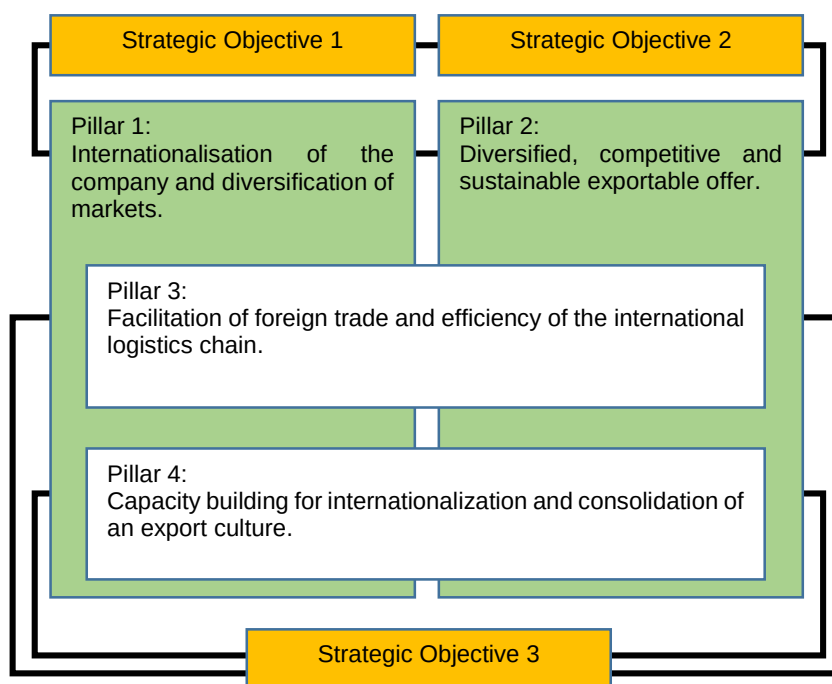


Figure 1. Pillars and strategic objectives of PENX 2025.

Source: PENX, 2025

All the components of PENX 2025, i.e. Pillars, Action Lines, Projects and Activities, interact with each other in a coordinated manner, either sequentially or in parallel, with the purpose of providing the Peruvian businessman with the necessary elements to competitively face a highly globalized international market.

4. Conclusions

Bearing in mind Peru's positioning as a country of opportunities and with a vast variety of natural resources, it is necessary to redesign effective strategies that allow us to orient our potentialities towards international markets using our competitive advantages in this field, in an efficient and proactive manner. We must promote foreign trade in order to take advantage of the possibilities of demand offered by today's world.

Peru has a series of advantages generated by the diversity of resources, the international treaties signed and the emergence of small, medium and large companies that see in international trade a good opportunity to enhance their businesses by expanding their commercial borders; this task is not only incumbent on the State or companies, but also on academia whose effort to highlight facts and opportunities that occur in the framework of international trade is very necessary.

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