

Voluntary - Public

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## Peru

**Post:** Lima

### Annual Asparagus Report

**Report Categories:**

Asparagus

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**Report Highlights:**

Despite the price reduction due to the international financial crisis, asparagus continues to be a booming industry in Peru. Asparagus production in Peru continued to increase in CY 2008, reaching 310,000 MT and is expected to remain at about the same in CY 2009.

**General Information:**

**Executive Summary:**

Asparagus production in Peru continued increasing in CY 2008 reaching 310,000 MT. Post estimates that asparagus production in CY 2009 will slightly decline to 300,000 MT.

Production area is estimated to be 23,000 hectares in CY 2009. Average yields are around 11 tons per hectare, but can reach as high as 20 tons per hectare among some of the most efficient producers.

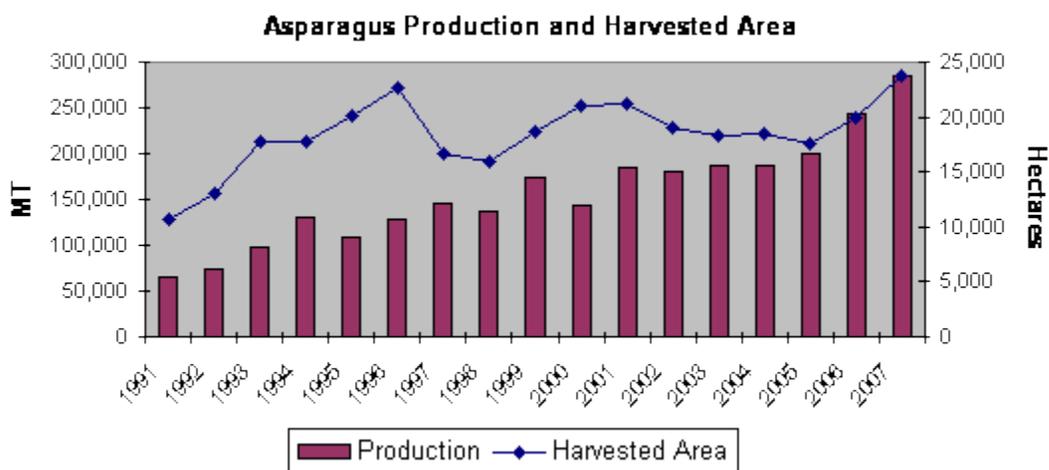
With total exports of about \$452 million in CY2008, asparagus was the second largest agricultural export (after coffee). Fresh asparagus exports in CY 2008 reached 109,713 MT (\$110 million) and are expected at 110,000 MT in CY 2009. Asparagus prices fell up to 30 percent in the beginning of CY 2009 due to the financial crisis which made it very difficult for importers to access credit lines to secure product.

Currently APHIS requires that Peruvian asparagus be fumigated with methyl bromide upon entry due to concerns regarding the presence of *Copitarsia*. The Peruvian SPS authority (SENASA), along with the private sector, is coordinating with APHIS on alternative methods to control the pest and avoid fumigation. One of these methods is the application of Good Agricultural Practices (GAP) to reduce the pest load. Some large producers will implement a pilot program in September/October and, depending on results, wider adoption by the whole industry is possible. Another alternative under evaluation is irradiation.

### Production:

Asparagus production in Peru continued to increase in CY 2008, reaching 310,000 MT. Despite the price reduction due to the international financial crisis, asparagus continues to be a booming industry in Peru, with continued strong investments in packing plants and new areas of production. Post estimates that asparagus production in CY 2009 will reach 300,000 MT.

Peru is one of the few countries where high quality asparagus is produced year-round. Warm temperatures and almost non-existent rainfall prevent the asparagus plant from entering a dormant stage. Peru produces asparagus along its coastal region. The Ica region in the South produces 44 percent of the total asparagus production, and the La Libertad region, in the North, produces 48 percent. Peru produces asparagus for two different markets: green asparagus for the United States and white asparagus for the European market. Green asparagus, which is about 45 percent of total production, is sent fresh to the U.S. packed in 5 kilogram boxes, while white asparagus is processed then exported in cans or jars to Europe.



Due to sound economic policies which resulted in remarkably strong economic growth, investments in agriculture and land consolidation were able to reshape Peruvian agriculture. This process occurred almost exclusively on the coast and asparagus producers have been the most active players and have benefited the most from it. This consolidation has made modern agriculture profitable, attracting investment from other sectors of the economy, such as mining and fisheries, as well as foreign sources. Investors were drawn to asparagus due to high profitability and a fairly stable foreign demand.

### Trade:

With total exports of about \$452 million in CY2008, asparagus was the second largest agricultural export. Fresh asparagus exports in CY 2008 reached 109,713 MT (\$110 million) and are expected to at 110,000 MT in CY 2009. Processed asparagus exports in CY 2008 were 80,016MT (\$223 million).

Though exports, in terms of volume, continued increasing in CY 2008, total revenues dropped due to the international financial crisis. Asparagus prices fell up to 30 percent in the beginning of CY 2009. The financial crisis made it very difficult for importers to issue letters of credit or access credit lines to secure product. Most importers do not have enough guarantees or liquidity to finance stocks. However, prices are beginning to bounce back and the industry expects to be back to normal in the second half of CY 2009.

Accounting for 81 percent of its export market, the United States continues to be main market for Peruvian fresh asparagus. Peruvian asparagus accounted for 55 percent of total U.S. asparagus imports in CY 2008. Other relevant markets are Spain, Netherlands and the U.K.

Peruvian producers usually begin exporting their crop to the United States market between mid June and September at prices ranging from \$14 to \$16. Some producers even try to hold as much of their crop as possible for Thanksgiving or Christmas when prices are the highest.

Asparagus prices in the U.S. market have plummeted in the past ten years due to increasing supply. Ten years ago a 5-kilogram box of fresh asparagus sold for \$50 and now it can fall as low as \$9 a box.

Peruvian producers are also concerned with Chinese asparagus exports. Ninety percent of Peruvian agricultural exports, including asparagus, enter duty free to the European Community. Despite the 16 percent import duty assessed to Chinese asparagus, it still is cheaper than Peruvian asparagus. Though China only impacts the processed asparagus market, it has reduced asparagus prices in Europe sharply over the last five years.

### **Policy:**

Peruvian asparagus receives duty free access under U.S.-Peru Trade Promotion Agreement. Without the TPA, asparagus would be assessed a 21 percent import duty which would make it less competitive. This industry has become a key sector for Peruvian economic development, generating about 70,000 jobs, of which about 30,000 are women.

The GOP does not have an official policy to encourage asparagus production. Most of the GOP's effort is on the marketing side through "Prompex" (the export promotion committee). This rather new organization has been active and has had some success promoting agricultural exports. Prompex activities include a commercial mission to the annual Produce Marketing Association (PMA) in the United States. Producers have been satisfied with the outcome of this activity and have been able to contact new potential customers, especially supermarket chains.

Peru will host the 2009 International Asparagus Symposium next October. Over 300 participants – researchers, producers and traders - from all over the world are expected to attend this event. The program includes scientific presentations, farm tours and a commercial exhibition. Further information can be found at <http://www.ias2009peru.com>

### **SPS**

Currently APHIS requires that Peruvian asparagus be fumigated with methyl bromide upon entry due to concerns regarding the presence of *Copitarsia*. This regulation has created serious problems for Peruvian producers - specifically increased costs, reduction of shelf life and quality, and logistical issues with the companies approved to carry out the fumigation at the Miami port. Moreover, the industry has raised some questions about the treatment since larvae have been found in fumigated containers.

The Peruvian SPS authority (SENASA), along with the private sector, is coordinating with APHIS on alternative methods to control the pest and avoid fumigation. One of these methods is a good agricultural practice program to reduce the pest load. A few large producers will implement a pilot program and, depending on results, it could be adopted by the whole industry. Another alternative under evaluation is irradiation.