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Understanding Peru's Pulse Trade: U.S. Peas and Lentils Expanding in Market Share

Report Categories:

Product Brief
Promotion Opportunities
Agricultural Situation
Market Development Report

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Report Highlights:

Peru is one of the top markets for pulses in Latin America. A staple of the Peruvian diet, consumption is steady and driven by tradition, affordability, and the view that it is a healthy protein source. Lentils, green peas and chickpeas present the best options for export. FAS Lima views the food processing ingredients sector as an untapped market for pulses.

Executive Summary:

Pulses are a staple of the Peruvian diet, helping to rank Peru as one of the top pulse markets in Latin America. This high consumption is driven by well-rooted tradition, recognized health benefits, and affordability as a protein source. Peru is a solid and stable market for U.S. exports and for the last decade, its preference for Canadian product has shifted discretely due to traceability, prices, quality issues, and sustainable sources. Peru is a destination for lentils, green peas and chickpeas. In recent years Easton and Richlea lentils have become increasingly popular. An exported-oriented economy, domestic producers are looking to expand export of domestically produced beans, particularly the black-eye pinto bean or Castilla bean that accounts for 90 percent of bean exports. FAS Lima views the food processing ingredients sector as an untapped market for pulses. Food processing is taking off in Peru, and nutrition and innovation can combine to offer an opportunity of growth for legumes in the long term.

Section I. - Market Overview

Table 1. Peru: Pulse Overview

Pulses Peru	CY 2015	CY 2016
Area Harvested	220,000 HA	220,000 HA
Production	281,000 MT	280,000 MT
Imports	91,200 MT	84,627 MT
Total Supply	372,200 MT	364,627 MT
Exports	27,600 MT	32,130 MT
Total Consumption	344,600 MT	332,497 MT
Ending Stocks	-	0 MT
Total Distribution	372,200 MT	364,627 MT

In 2015 Peru produced 281,000 MT of pulses, according to Peru's official agricultural data. The production area for pulses is 220,000 Ha, of which an estimated 33 percent is devoted to the "common bean", 30 percent to fava beans, and 20 percent to peas.

Peru is a top market destination for U.S. pulses in South America. Traditionally, Peru is a big importer of lentils and split green peas. In 2016, lentils, green peas, and kidney/white pea beans made up roughly 94 percent of pulse imports. Historically, Canada has been Peru's top supplier of pulses, but in 2016 the U.S. became the top pulse exporter with a market share of 43 percent.

Table 2. Peru: Pulse Imports by Country* (Ton.)

		2011	2012	2013	2014	2015	2016	2017*
1	United States	24,311	24,854	26,519	25,613	27,920	36,370	37,812
2	Canada	35,966	42,861	36,325	47,984	43,132	31,137	30,203
3	China	6,952	5,298	3,895	45	7,672	7,189	7,261
4	Mexico	967	2,061	2,426	5,018	6,611	7,138	7,452
5	Other	5,034	3,092	2,743	2,714	5,881	2,795	3,333
	World	73,230	78,166	71,907	81,374	91,215	84,627	86,061

*Calendar Year (CY) January - December figures

Source: Global Trade Atlas, FAS Lima office research.

Table 3. Peru: Pulse Imports from the United States (tons)

<u>HS</u> <u>code</u>	<u>Description</u>	2011	2012	2013	2014	2015	2016	2017*
071310	Peas, Dried Shelled, Including Seed	11,268	13,250	13,919	16,316	17,044	18,852	20,926
071340	Lentils, Dried Shelled, Including Seed	12,512	10,379	11,851	8,254	10,308	15,744	16,531
071320	Chickpeas (Garbanzos), Dried Shelled, Include Seed	486	1,164	410	809	161	1,102	1,150
071333	Kidney Beans & White Pea Beans, Dri Shel, Inc Seed	45	62	340	233	407	672	700
0713	Total	24,311	24,854	26,519	25,613	27,920	36,370	39,307

*Calendar Year (CY) January - December figures
Global Trade Atlas, FAS Lima office research.

Total consumption of pulses in Peru is estimated at almost nine kilograms per person. Peas are the most frequently consumed pulse with 3.8 Kg/person per annum, common beans with 2.6 Kg/person, and lentils with 1.8 kg/person. Pulses are a staple in the Peruvian diet. The National Health Institute (Instituto Nacional de Salud) recommends the consumption of any type of legume three times a week. This Institute works to raise consumer awareness of the benefits of pulse consumption. Peruvian importers consider U.S. pulses to be of good quality and a reliable source. Eston and Richlea lentil varieties are gaining room in the Peruvian market.

Section II. - Market Sector Opportunities and Threats

Six importers dominate the pulse market in Peru, driving 70 percent of total business. There are in total 45 Peruvian companies involved in the pulse business but many of them do business during key windows of opportunity, for instance when offered a direct contract or government bid.

When selecting a business partner in Peru, be diligent. Visits to Peru and face-to-face meetings are highly recommended. Conduct a background check of the prospective partner before signing permanent contractual arrangements.

Table 4. Advantages and Challenges U.S. exporters of Pulses Face in Peru

Advantages (product strengths and market opportunities)	Challenges (product weakness and competitive threats)
Every Monday Peruvians consume lentils to secure wealth for their home. This tradition is called “Lunes de lentejas” (Monday of Lentils) and is widespread among the Peruvian population.	Strong competition from Canada, long dominant in market. China and Mexico are gaining market share in the common bean and chickpea market, respectively.
The National Health Institute advises consumers to eat pulses three times a week.	Processed product manufacturers are not aware of the different ways to incorporate and consume pulses and its versatility as an ingredient.
Pulses are a staple of the Peruvian diet.	Grains and Andean grains are competing as source of protein.
There are no tariffs on U.S. pulses	
U.S. pulse crops have traceability and are recognized by	

their good quality and standard.

Peruvians are looking for healthier, natural and less processed foods. Pulses as a food ingredient can be used to meet these preferences.

Market Size, Structure, Trends

There are two pulse distribution chains in Peru: modern and traditional (Figure 1), with a market share of 20 percent and 80 percent, respectively. Wholesalers are still the main distribution channel for pulses in Peru. However, FAS Lima foresees the expansion of the retailers (supermarket chains) not only in Lima but into the provinces over the coming years. The number of food retailers present in the market continues to rise (Figure 2). The potential for growth in this retail format is evidenced in a comparison with Chile, which has about 1400 supermarkets and a population of 18 million; Peru has 256 supermarkets and a population 31 million.

There are three retail supermarket retailers currently present in Peru:

1. Cencosud Peru with their brands Wong and Metro,
2. Supermercados Peruanos, with Plaza Vea and Vivanda and,
3. Saga Fallabella, with Tottus.

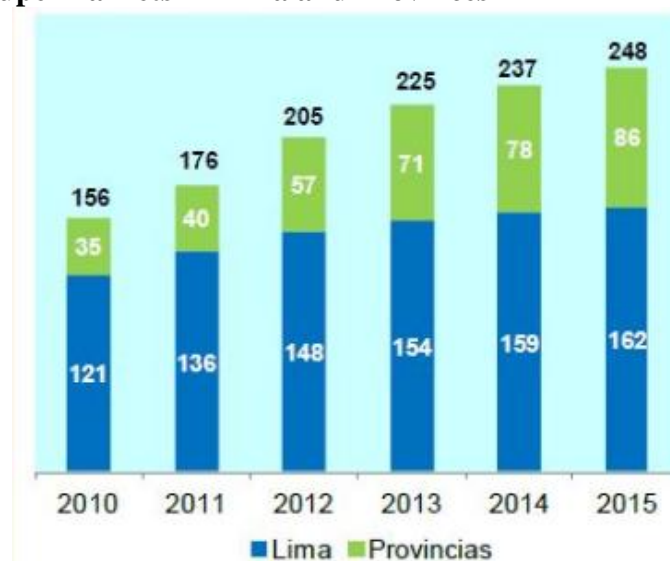
Most popular pulse product in Peru is dry in half a Kg. plastic bags for supermarket and for the traditional market big 50 Kg. brown bags to be sold by weight (Figure 1).

Figure 1. Pulses on the Modern and Traditional Channel Distribution



Source: FAS Lima and USDry Pea and Lentil Council (USDPLC)

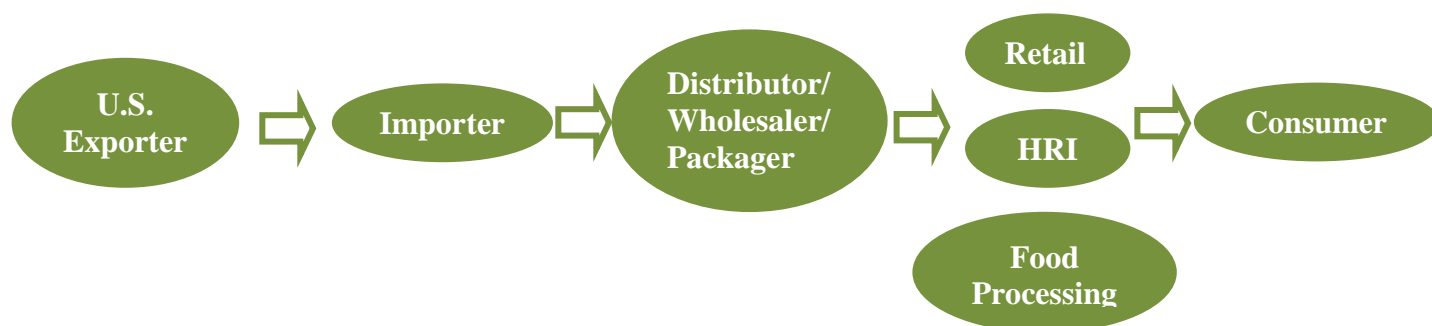
Figure 2. Number of Supermarkets in Lima and Provinces



Source: Gestion/Empresas

Understanding the indirect pulse distribution channel in Peru is key to success in the market. (Figure 3)

Figure 3. Distribution Channel for Imports



Section III. – Costs and Prices

There are no tariffs on U.S. pulses under the United States-Peru Free Trade Agreement (PTPA) which entered into force on February 1, 2009. The PTPA helped to balance the trading conditions of U.S. pulses. For more detailed information please go to [PTPA Final Text](#) ([Annex 2.3 – U.S. Schedule page 35 and 36](#))

Section IV. – Market Access

Detailed information on all the market access regulations, standards and procedures can be found in the Food and Agricultural Import Regulation Standards (FAIRS) report [Peru FAIRS](#). FAS Lima also invites you to visit our website for your convenience: <http://en.fas-usda.pe/> especially our Export's Assistance section for further information: <http://en.fas-usda.pe/exporters-assistance/>