



USDA Foreign Agricultural Service

# GAIN Report

Global Agriculture Information Network

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## Peru

## Asparagus

## Annual

## 2007

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**Report Highlights:**

Asparagus production is expected to reach 246,000 MT in CY 2008, a slight increase from an estimated 240,000 MT in CY 2007. Fresh asparagus exports increased 16 percent in CY 2006 reaching 92,673 MT, of which 66 percent were exported to the U.S.

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Includes PSD Changes: Yes  
Includes Trade Matrix: Yes  
Annual Report  
Lima [PE1]  
[PE]

## Summary

Asparagus production in Peru is expected to increase 6,000 MT reaching 246,000 MT in CY 2008 a slight increase from an estimated 240,000 MT in CY 2007. The asparagus industry, Peru's second largest agricultural export, has become a key sector for Peruvian economic development, generating about 70,000 jobs.

Peru produces asparagus for two different markets: green asparagus for the United States, and white asparagus for the European market. Production area is estimated to be 21,000 hectares in CY 2007. Average yields are around 10 tons per hectare, but can reach as high as 20 tons per hectare among some of the most efficient producers.

Fresh asparagus exports in CY 2006 reached 92,673 MT; increasing 16 percent compared to the previous year and is expected at 95,000 MT in CY 2007. Accounting for 66 percent of its export market, the U.S. continues to be main market for Peruvian fresh asparagus.

Peruvian asparagus currently receive duty free access under ATPDEA and will maintain that benefit under TPA. Peru has announced it will start negotiating a trade agreement with Canada next July. Peru is also seeking a trade agreement with the E.U. that would allow them to keep current tariff preferences.

<b>PSD Table</b>									
<b>Country</b>	<b>Peru</b>								
<b>Commodity</b>	<b>Asparagus, Fresh</b>						(HA)(MT)		
	2005	Revised		2006	Estimate		2007	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
<b>Market Year Begin</b>		01/2006	01/2006		01/2007	01/2007		01/2008	01/2008
Area Planted	20500	20500	21000	20500	20500	21000	0	0	22000
Area Harvested	19000	19000	19849	19000	19000	20000	0	0	20500
Production	205000	205000	242459	208000	208000	240000	0	0	246000
Imports	0	0	0	0	0	0	0	0	0
Total Supply	205000	205000	242459	208000	208000	240000	0	0	246000
Exports, Fresh	83000	83000	92673	85000	85000	95000	0	0	100000
Fresh Dom. Consumption	6000	6000	6000	6000	6000	6000	0	0	6000
For Processing	116000	116000	143786	117000	117000	139000	0	0	140000
Total Distribution	205000	205000	242459	208000	208000	240000	0	0	246000

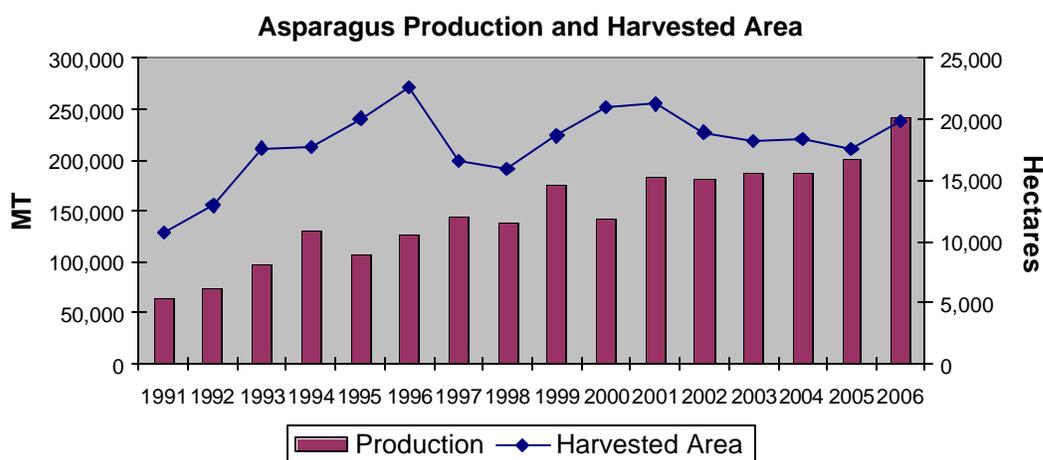
<b>Export Trade Matrix</b>	
<b>Country</b>	<b>Peru</b>
<b>Commodity</b>	<b>Asparagus, Fresh</b>
Time Period	CY 2006
Exports for:	
U.S.	68,478
Others	
Spain	7,346
Holland	6,518
U.K.	5,179
Australia	748
Japan	614
Total for Others	20,405
Others not Listed	3,790
Grand Total	92,673

Units: Metric Tons

## Production

Asparagus production in Peru is expected to increase 6,000 MT reaching 246,000 MT in CY 2008. Though the industry continues claiming that the international demand for asparagus has reached a mature point and it can no longer grow as in the past ten years, Peruvian production and exports continue increasing and new investments are pouring into the fields. Post estimates that asparagus production in CY 2007 will reach 240,000 MT.

Peru's produces asparagus along its coastal region. The Ica region in the South produces 44 percent of total asparagus production, and La Libertad region, in the north, produces 48 percent. Due to favorable weather, warm and no rain, that inhibits the asparagus plant to enter a dormant stage, Peru is one of the few countries where high quality asparagus is produced year round. 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.



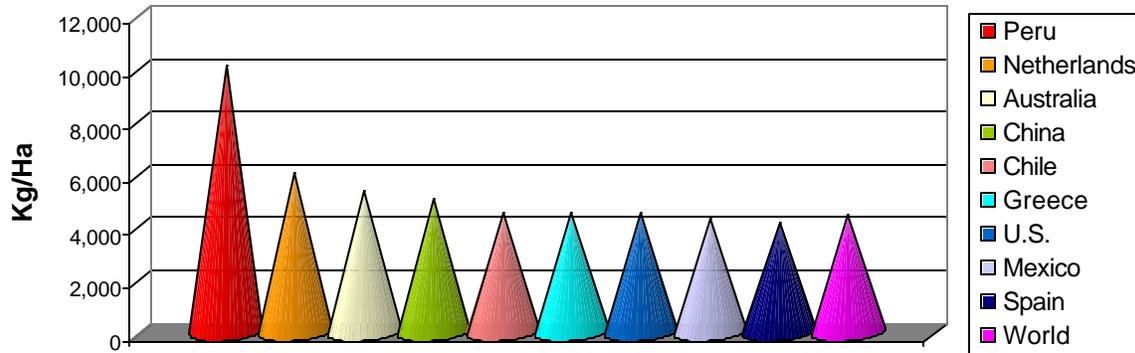
Peru's open market economy, which began in early 1990s, triggered a land consolidation process that continues to date. This process occurred almost exclusively on the coast and asparagus producers have been the most active players and have benefited the most. This consolidation has made modern agriculture profitable, attracting investment from other sectors of the economy, such as mining and fisheries, as well as foreign. Investors were drawn to asparagus due to high profitability and a fairly stable foreign demand.

## Crop Area and Yields

Production area is estimated to be 21,000 hectares in CY 2007. Average yields have increased significantly, about 30 percent, over the past years, due to the use better technology (efficient fertilization and nutrient supply through water) and a thorough knowledge of the crop. Even though production and capital credits are expensive, and production costs are rising, asparagus is still a profitable crop. Farmers in the coastal valleys of Peru are attracted to asparagus more than any other crop, because of the possibilities in the international market.

Average yields are around 10 tons per hectare, but can reach as high as 20 tons per hectare among some of the most efficient producers. Asparagus producers in the Ica region (south of Lima) are usually more efficient. Because surface water only flows from November to March, most producers have wells and drip irrigation systems, which make water available but expensive, due to the high local cost of fuel. Green asparagus production requires more water than white asparagus.

### Average Yields

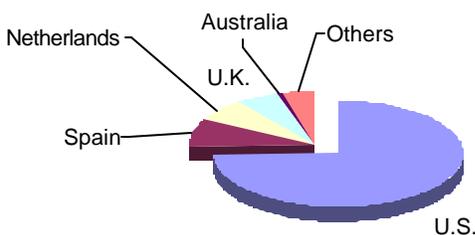


### Trade

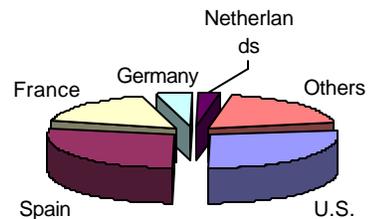
Asparagus continues to be Peru’s second largest agricultural export. Fresh asparagus exports in CY 2006 reached 92,673 MT; increasing 16 percent compared to the previous year and is expected at 95,000 MT in CY 2007. Processed asparagus exports in CY 2006 were 58,126 MT, almost 18 percent higher than the previous year. Asparagus exports totaled \$318 million in CY 2006.

Accounting for 66 percent of its export market, the U.S. continues to be main market for Peruvian fresh asparagus. Other relevant markets are Spain, Netherlands and the U.K. respectively.

#### Exports: Fresh Asparagus



#### Exports: Processed Asparagus



Peruvian producers usually begin exporting their crop to the U.S. 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.

Chinese asparagus exports are a major source of worries for Peruvian producers. 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. Though China only affects the processed asparagus market, it has reduced asparagus prices in Europe sharply over the last four years.

Another difficulty that Peruvian exporters face is expensive freight. Historically airfreight cost from Lima to Miami has been around \$0.85 per kilogram, current cost is \$1.25 per kilogram. The main reason for this increase is the lack of merchandise for the return flight. Currently, freight is up to 45 percent of the total cost of the landed price in the U.S.

### **Policy**

The asparagus industry in Peru is one of the most enthusiastic supporters of the U.S.-Peru Trade Promotion Agreement (TPA). This industry, that has become a key sector for Peruvian economic development, generates about 70,000 jobs, of which about 30,000 are women.

Peruvian asparagus currently receive duty free access under ATPDEA and will maintain that benefit under TPA. Without TPA asparagus would be assessed a 21 percent import duty which will make it less competitive. With growing production and competition from other countries, especially China, Peruvian asparagus producers need to maintain trade benefits from their two main markets, the U.S. and the E.U.

Peru has announced it will start negotiating a trade agreement with Canada next July. Likewise, Peru is seeking a trade agreement with the E.U. that would allow them to keep current tariff preferences. However, negotiations with the E.U. could not be launched due to disagreements within the CAN (Andean Community of Nations), particularly Bolivia.

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 Produce Marketing Association (PMA) annually in the U.S. Producers have been satisfied with the outcome of this activity and have been able to contact new potential customers, especially supermarket chains.

Asparagus exporters have implemented a check-off system to finance marketing programs which include consumption promotion, phytosanitary protection, quality control certification and an information system to supply producers with the latest developments on worldwide and national production and prices. All these activities are carried out by the Peruvian Asparagus and Horticulture Institute (IPEH), which was established in 1998.