



Foreign Agricultural Service

**GAIN Report**

Global Agriculture Information Network

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**Peru**

**Asparagus**

**Annual**

**2001**

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**Report Highlights:**

Asparagus production in Peru is expected to be 180,000 Metric Tons for MY 2001. Post forecasts a growth of five percent for MY2002 to 189,000 MT. Exports of processed asparagus reached 40,274MT in 2000, while fresh exports were 37,044 MT. Asparagus growers are concerned about limited international demand contrasting with increasing supply with the consequent price fall.

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

## **Executive Summary**

Asparagus production in Peru is expected to be 180,000 metric tons for MY 2001 and forecast to grow five percent to 189,000 MT in MY 2002. Asparagus has become the second largest Peruvian agricultural export after coffee. Asparagus exports contribute about \$150 million in export sales annually. Exports of processed asparagus reached 40,274MT in 2000, while fresh exports were 37,044 MT.

This crop grows in the irrigated coastal valleys of Peru. There are two well-defined production areas. La Libertad, in the northern region of Peru, produces white asparagus, which is processed (canned) and exported to Europe. Ica, 300 kilometers south from Lima, produces green asparagus mainly for fresh export to the United States market. Arequipa, a thousand kilometers south of Lima, is also starting to develop production of this crop.

Asparagus growers are concerned about rapidly increasing supplies which has already resulted in sharply falling prices internationally.

PSD Table						
Country:	Peru					
Commodity:	Fresh Asparagus					
		2000		2001		2002
	Old	New	Old	New	Old	New
Market Year Begin		01/2000		01/2001		01/2002
Area Planted	25000	22000	22000	22000	0	22000
Area Harvested	23000	20000	20000	20000	0	21000
TOTAL Production	190000	168000	180000	180000	0	189000
TOTAL SUPPLY	190000	168000	180000	180000	0	189000
Exports, Fresh	35000	37000	35000	35000	0	40000
Domestic Fresh Market	6000	6000	6000	6000	0	6000
For Processing	149000	125000	139000	139000	0	143000
TOTAL UTILIZATION	190000	168000	180000	180000	0	189000

Units: Metric Tons

Export Trade Matrix	
Country:	Peru
Commodity:	PROCESSED ASPARAGUS
Time period:	2000
Exports for	
U.S.	821
Others	
Spain	25944
France	5424
Netherlands	2615
Denmark	1344
Germany	1162
Total for Others	36489
Others not listed	2964
Grand Total	40274

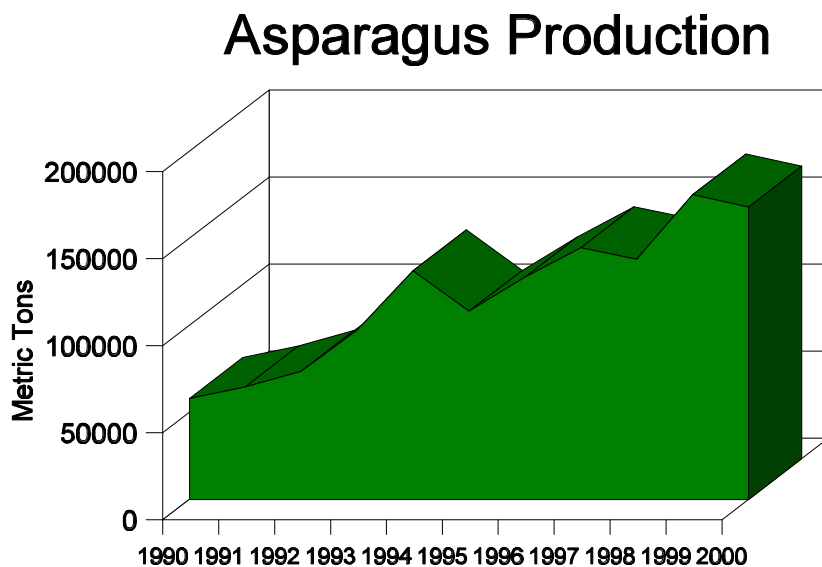
Units: Metric Tons

## Production

Asparagus production in Peru is expected to increase seven percent to 180,000 in 2001. In 2000 production fell four percent to 168,000, driven by lower prices, which fell 24 percent in 2000. Industry officials agree that the asparagus international demand has reached a mature point, and its growth in the near future will not be as sharp as it was in the 1990s. Posts forecasts 200,000 MT in 2001.

Peru is one of the few countries where high quality asparagus is produced year round, due to warm and favorable weather in which the asparagus plant does not enter a dormant stage. 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 35 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.

Agriculture along Peru's coast, has been, and still is, changing. Land tenure (titulation) is allowing more entrepreneurial activity, and it is attracting local and foreign investment. Though capital flow has been limited recently due to political unrest, fresh capital in the agricultural sector is looking to invest in an exportable product, and asparagus is a profitable crop with a stable foreign demand. The large socialist-type cooperatives, especially the sugar cooperatives, are moving toward privatization, providing large tracts of land for production not only of sugar, but other products such as asparagus as well.



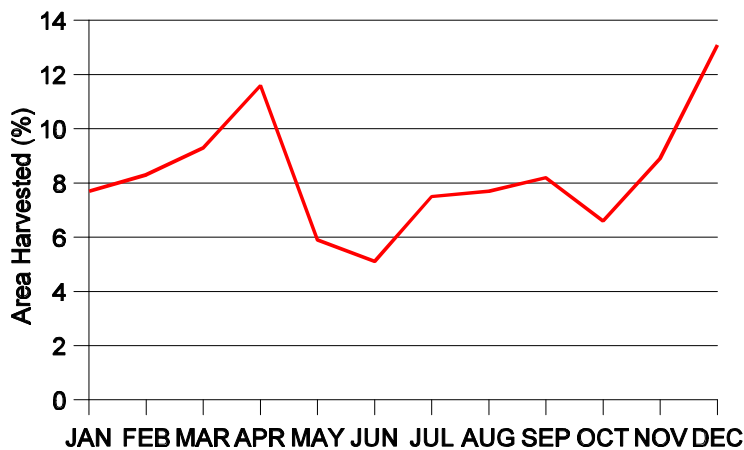
In an effort to increase production, many asparagus growers, especially in the northern areas, are planting at a very high density. As a result they are harvesting more, but the asparagus comes out thinner without the proper quality for the market. Since many processing plants do not own land, they are obligated to buy from small producers in their area. A large proportion of this asparagus is rejected by the plants because it does not meet the quality standards, and as a result the processing plants are finding it increasingly difficult to buy enough good-quality asparagus.

## Crop Area and Yields

Production area is estimated to be 21,000 hectares in 2001. Even though production and capital credits are unavailable or expensive, especially for the medium size and small producer, and production costs are rising, asparagus still is a profitable crop. Farmers in the coastal valleys of Peru are attracted to asparagus more than any other traditional crop, because of the possibilities in the international market.

Average yields are around 6 tons per hectare, but can reach as high as 18 tons per hectare among some of the

## Harvesting Season



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 of them have wells and drip irrigation systems, which make water available but expensive, due to the high local cost of fuel. Furthermore, green asparagus production requires more water than white asparagus.

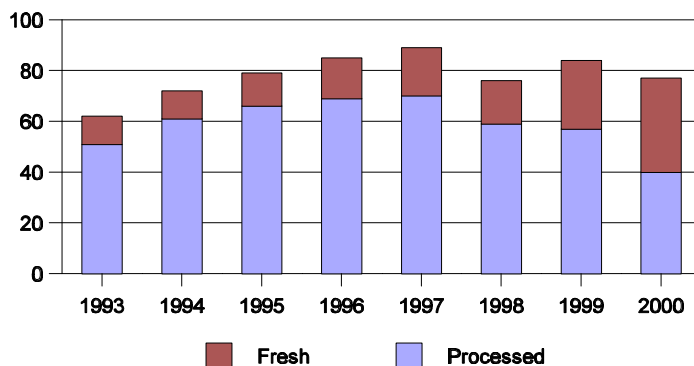
## Trade

Processed asparagus exports reached 77,319 MT in 2001, and are expected to increase ten percent in 2001. Fresh asparagus exports were 37,045 MT and processed asparagus exports were 40,274 MT in 2000, with a f.o.b. value of 53.8 and 81.1 million dollars respectively. Accounting for about 20 percent of total agricultural exports, asparagus is Peru's second most important agricultural export. Peru's most important processed asparagus buyers are Spain, Netherlands, France, Germany and Denmark. The U.S. is the main market for fresh asparagus, accounting for about 81 percent of the market in 2000.

Most Peruvian exporters agree that the world asparagus market has reached a mature level, some even talk about a saturated market. Since asparagus supply in the U.S. has increased faster than demand, Peruvian exporters have seen a sharp reduction in prices. Ten years ago a 5-kilogram box of fresh asparagus sold for \$50 and now it barely reaches \$9.

Chinese asparagus exports are another source of worries for Peruvian asparagus 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 in the last two years.

## Exports



Another hurdle that Peruvian exporters have to face are expensive freights. Historically air freight 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 come-back freight. Another reason for the high cost of freight is the recent increase in oil prices which, according to industry officials, makes freight up to 40 percent of the total cost of landed price in the U.S.

Recently, APHIS has declared that all Peruvian asparagus needs to be fumigated against copitarsia. Peruvian producers have requested that the fumigation be done incountry with the Peruvian SPS agency supervision. Though APHIS has not made a final decision yet, most likely Peruvian asparagus will have to be fumigated.

## Policy

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 organized a commercial mission to the Produce Marketing Association last October, producers were satisfied with the out come of the mission and were able to contact new potential customers, specially supermarket chains.

Asparagus exporters are discussing among themselves a check-off system by which they would have to pay \$0.01 for each 5-kilogram box exported. This fund would be used to implement a marketing program which would include consumption promotion, phytosanitary protection, issue a quality control and create an information system to supply producers with the latest developments on worldwide and national production and prices. Peruvian asparagus producers estimate that they need to invest at least \$1.75 million to promote their products. These negotiations have currently been put on hold until the new administration takes office.

Producers often complain that the Government of Peru has not done enough to repair and expand irrigation systems, expedite reform of the land titulation process, or reduce industrial taxes which could further lower their costs of production.

