

Voluntary Report – Voluntary - Public Distribution

Date: February 16,2021

Report Number: PE2021-0005

Report Name: Asparagus Exports Down for the First Time

Country: Peru

Post: Lima

Report Category: Agricultural Situation, Vegetables

Prepared By: Gaspar Nolte

Approved By: Dwight Wilder

Report Highlights:

Peru's exports of fresh asparagus in 2020 were down 10 percent due to COVID-19 and internal transportation issues. Exports are forecast to rebound to 138,000 metric tons in 2021. The United States continues to be the principal market for Peruvian asparagus exports, accounting for 75 percent of total fresh asparagus exports in 2020.

Production

Peru's asparagus production in calendar year (CY) 2021 is forecast at 370,000 metric tons (MT), a five percent increase compared to CY2020. Asparagus production in 2019 reached 367,000 MT. Production in 2020 fell 4 percent due to a labor shortage during the harvest season, a result of the strict national quarantine imposed by the Government of Peru. Harvested area in 2020 reached 32,000 hectares (HA).

Average yields are approximately 14 MT/HA, while the most efficient growers can produce as much as 20 MT/HA. During the past decade, average yields have increased dramatically due to the use of better technology, more efficient fertigation systems, and a more thorough knowledge of the crop.

Asparagus is a perennial crop, with plants remaining productive for an average of 15-20 years. The majority of Peruvian asparagus is developed from the same type of seed, UC157, F1. White and green asparagus come from the same type of plant, but white asparagus spears are covered and etiolated. The plants grow for about 100 days, at which point the ferns are cut and sold as forage. Then, the asparagus shoots grow and are harvested daily over a 45-day period. One crown can produce 100-300 asparagus spears. Roughly 40 percent of Peru's asparagus harvest occurs between September and December.

Mild temperatures and scarce rainfall make the Peruvian coastal region an ideal environment for growing asparagus. The dry climate prevents asparagus from entering a dormant stage, allowing Peru to be one of the few countries in the world where high quality asparagus is harvested year-round. The regions of Ica and La Libertad are the main producers of asparagus.

Average investment costs for starting asparagus are relatively low, just \$18,000/hectare, compared to nearly \$40,000 to establish a hectare of grapes, another popular export crop in the region. Asparagus production can generate returns on investment in as few as two years. The leading costs of establishment are the drip irrigation systems and land prices. Because surface water only flows from November to March, most producers have wells and sophisticated drip irrigation systems, which provide the precise amount of water needed. Prices are increasing for agricultural land in asparagus producing regions like Ica, where average prices range from \$40,000 to \$60,000 per hectare. The high local cost of fuel - a main contributor to the cost of irrigation systems - combined with increasing land prices may serve as limiting factors for Peruvian asparagus production.

Consumption

Asparagus is not a traditional part of the Peruvian diet. The vast majority of the crop is for export and little is consumed domestically. The little that is consumed domestically is mainly destined for the high-end hotel and restaurant sector.

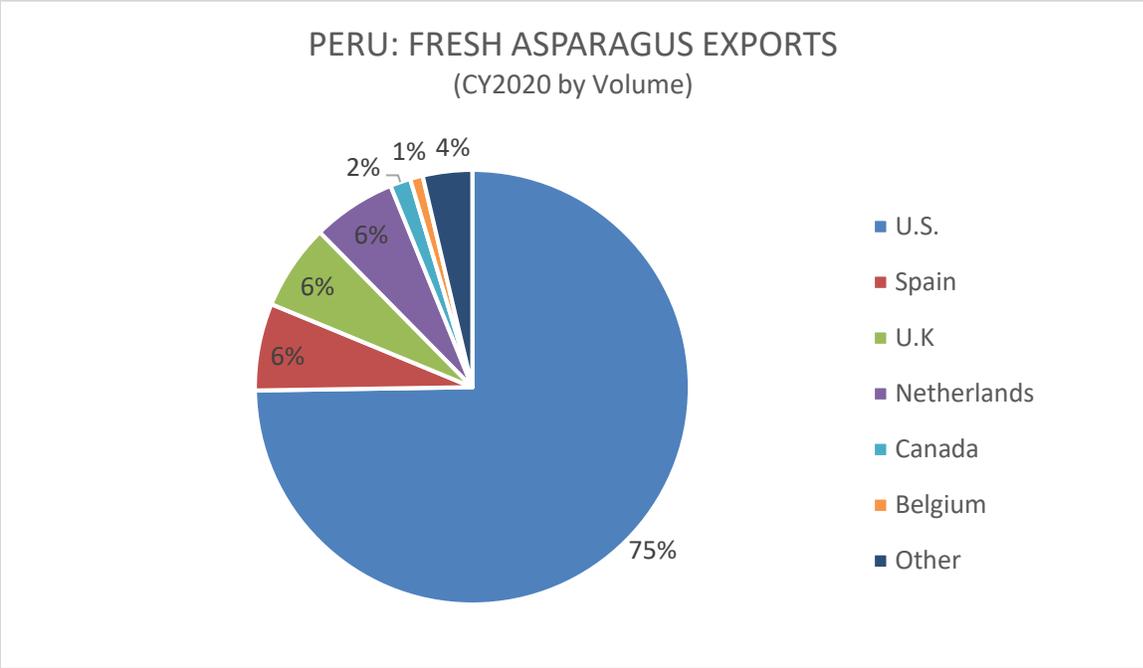
Trade

Exports of fresh asparagus are forecast to rebound 16 percent in CY 2021, reaching 138,000 MT. In CY 2020 exports of fresh asparagus were down 10 percent due to the lockdown implemented by the government to combat the COVID-19 pandemic, which restricted the movement of some workers, both in the field and packing plants. Additionally, social unrest and roadblocks on major highways towards the end of CY 2020 in Ica and La Libertad regions also created a reduction in worker attendance and logistical constraints, particularly by preventing the pick-up of asparagus containers for shipping.

PERUVIAN ASPARAGUS EXPORTS BY CATEGORY				
Category	2019		2020	
	TMT	\$ million	TMT	\$ million
Fresh	132	394	119	360
Canned	32	97	31	94
Frozen	10	42	8	34

Source: Peruvian Customs Agency (SUNAT)

Peru has two distinct asparagus markets: green and white. Green asparagus, which is approximately 80% of total production, is packed fresh in 5-kilogram boxes or frozen for export to the United States, while white asparagus is processed in cans or jars and then exported to Europe. Peruvian fresh asparagus is primarily exported to the United States (75 percent), followed by Spain, the U.K, and the Netherlands. The U.S. market usually peaks in the months prior to the Thanksgiving and Christmas holidays.



Source: Peruvian Customs Agency (SUNAT)

Policy

Peru’s sound economic policies have stimulated strong economic growth and high investment rates for more than 20 years. As part of a land consolidation process, investment in agriculture has also grown consistently in the past decade, allowing Peru to reshape its agricultural production into a modern, high technology, and market-driven industry. This process occurred almost exclusively on the coast, and asparagus producers have been active participants and beneficiaries of the land consolidation movement. Modern agriculture has become more profitable, attracting investment from other sectors of the economy, such as mining, fisheries, and foreign investors. These investors are drawn to asparagus because of its high profitability and fairly stable foreign demand.

This positive outlook recently shifted after strikes and roadblocks by agricultural workers led to an unexpected repeal of the Agricultural Promotion Law at the end of 2020. The replacement regulation has not been finalized and according to FAS Lima contacts, is creating uncertainty among exporting companies and a hesitance among investors. Sources in Peru’s agricultural export sector have named labor costs, temporary employment during harvest season, and tax benefits as the most probable contentious issues.

Attachments:

No Attachments.