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Voluntary Public

Date: 7/21/2017

GAIN Report Number:

Peru

Post: Lima

Peru Remains the World's Second Leading Asparagus Exporter—Fastest Growth in the Frozen Sector

Report Categories:

Vegetables

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Report Highlights:

Peru is forecast to continue being a major asparagus exporter, focused primarily on the U.S. and European markets. Asparagus production is expected to continue growing during 2017. Total fresh asparagus exports fell slightly from the previous year, though frozen exports increased significantly. Peru's asparagus sector is forecast to continue expanding in response to strong import demand, innovations in production and processing technologies, and the lack of trade barriers.

Executive Summary

Peru is forecast to continue being a major asparagus exporter, focused primarily on the U.S. and European markets. Asparagus production, concentrated in the dry coastal regions of the country, is expected to continue growing during 2017 due to positive market factors, following the trend of recent years. Total fresh asparagus exports fell slightly from the previous year as the result of competition and environmental conditions, though frozen exports increased significantly due to demand and investment in technology. Peru's asparagus sector is forecast to continue expanding in response to strong import demand, innovations in production and processing technologies such as individually quick frozen methods, and the lack of trade barriers.

Production

Peru's asparagus production in 2017 is forecast at 390,000 metric tons (MT), slightly higher than the 377,500 MT produced in 2016. Harvested area is forecast at 28,000 hectares in CY 2017.

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 Ica region in the south contributes 45 percent of the total asparagus production, and the La Libertad region in the north produces 43 percent. The remainder is produced in the Lima and surrounding coastal regions.

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.

Average yields are approximately 14 MT per hectare, while the most efficient growers are able to produce as much as 18 MT per hectare. During the past decade, average yields have increased dramatically due to the use of better technology, efficient fertigation systems, and a more thorough knowledge of the crop.

Peru's sound economic policies have stimulated strong economic growth and high investment rates for more than 10 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.

Average investment costs for starting asparagus are relatively low, just \$14,000/hectare, compared to nearly \$35,000/ha 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 main 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 \$20,000 to \$40,000 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.

Investment	
Item	\$/Ha
Soil preparation	2,000
Seeds/crowns	2,500
Drip irrigation	6,000
Machinery	2,000
Unexpected expenses	1,500
TOTAL	14,000

Source: FAS Lima industry contacts

Consumption

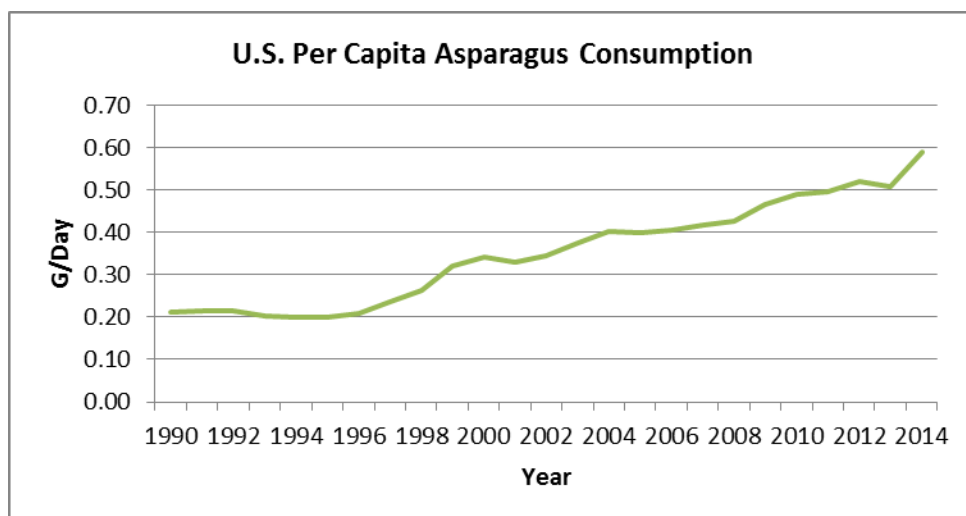
Asparagus is not a traditional part of the Peruvian diet. The vast majority of the crop is for export and little is consumed domestically.

Trade

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 U.S. white asparagus is processed in cans or jars and then exported to Europe.

In 2016, total fresh asparagus exports were 123,710 MT, a 4 percent decrease compared to the previous year. However, export value increased 1 percent in the same period, reaching \$421 million. The remaining exports are represented by preserved and frozen asparagus. Exports of frozen asparagus grew 15 percent from 2015-2016, increasing from 13,949 MT to 16,076 MT.

Peruvian fresh asparagus is primarily exported to the United States (70%), followed by the United Kingdom and the Netherlands (8%), and Spain (7%). Accounting for 55 percent of total frozen asparagus exports, the United States is also Peru's leading frozen asparagus market, followed by Japan and Spain (both 14%). The majority of preserved asparagus in Peru is exported to Spain (38%), France (23%), and the United States (17%). Asparagus consumption in the United States, Peru's main export market, has nearly tripled in the last 15 years, helping drive demand for imported product, particularly during the domestic off-season.



Source: USDA Economic Research Service

Peru 2016 Asparagus Export Trade Matrix (MT)					
Fresh		Preserved		Frozen	
U.S.	86,973	Spain	13,296	U.S.	8,814
UK	9,416	France	7,966	Japan	2,240
Netherlands	9,227	U.S.	6,121	Spain	2,194
Spain	8,655	Germany	3,023	Italy	652
Brazil	1,088	Denmark	833	Canada	462
Others	8,351	Others	3,948	Others	1,714
Total	123,710	Total	35,187	Total	16,076

Source: Global Trade Atlas

Peru is one of the world's leading asparagus exporters. It exports the majority of its fresh asparagus in October, November, and December, peaking in the months before Thanksgiving and Christmas, offering the U.S. market a counter-seasonal supply during high demand.

Leading Fresh Asparagus Exporters (MT)		
Country	2015	2016
Mexico	105,738	141,158
Peru	129,049	123,710
Spain	21,429	17,382
Netherlands	15,200	15,469
United States	5,152	14,865

Source: Global Trade Atlas

Policy

The Peruvian government, through “Prompex” (the export promotion committee) and the Peruvian embassies overseas, promotes Peruvian asparagus in targeted markets. 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 like Walmart.



Asparagus field in Ica, Peru. (Photo Credit: Emily Moore)