

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Peru's Avocado Production and Exports on the Rise

Report Categories:

Avocado

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Report Highlights:

Despite the flooding and disruption caused by the coastal El Niño in March, Peruvian avocado production in CY 2017 is forecast to increase by 20 percent over CY 2016 due to new plantations coming into production. Although the El Niño caused harvest delays, avocado production numbers are forecast to bounce back during the peak April-June harvest season as a result of stabilizing weather conditions.

Executive Summary:

The El Niño season during March 2017 brought less destruction to Peru's avocado crop than previously forecasted. Most damage was offset by new plantations coming into production. As a result, a 20 percent increase in the crop harvest is anticipated in 2017.

Europe is Peru's most important export market. Approximately 67 percent of exports are destined for Europe, while another 20 percent is sent to the United States. Latin American and Asia receive the rest. With growing demand in China, Hong Kong, and Japan, Peru's avocado export markets are forecast to continue expanding. The domestic market is still small, but the sector is conducting aggressive promotions and marketing campaigns to improve local consumption.

Lower than normal production numbers in Mexico bolstered Peru's avocado prices. Moreover, increased worldwide consumption per capita and awareness of health benefits have fortified Peru's position in the avocado market.

General Information:

Production:

According to the Ministry of Agriculture and Irrigation of Peru (MINAGRI), before the coastal El Niño struck, Peru avocado production levels in CY 2017 were expected to rise 30 percent compared to 2016 levels. Although the coastal El Niño caused harvest delays and damage to roads and irrigation canals, the overall impact has been relatively benign for avocado production.

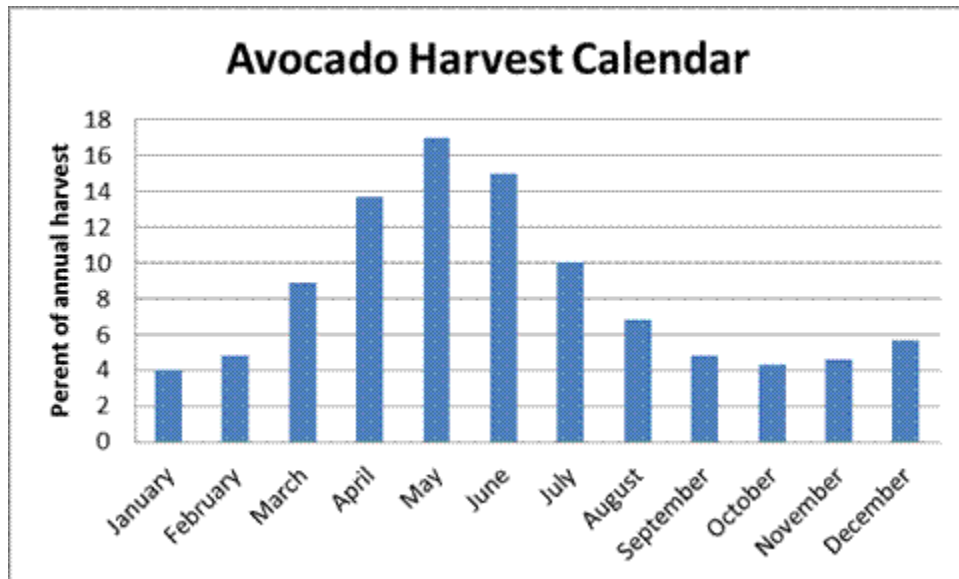


Avocado harvest crates in Trujillo (Photo Credit: Eyob Solomon)

Peru mainly produces two types of avocados: Hass, 95 percent for export, and Fuerte, mostly for local

consumption. The total land under avocado cultivation is estimated at 23,279 hectares. The average expected yield per hectare is 12-15 MT. The regions of La Libertad and Lima account for more than 40 percent of total avocado production.

As shown in the graph below, the majority of avocado production occurs between the months of April and June.



Source: MINAGRI

Most of the avocado production in Peru is located along the desert coast. Larger-scale producers utilize water sourced from the Andes via federal water canals. The water is then applied precisely using a combination of drip irrigation, sensors, and irrigation software.

Consumption:

The domestic consumption of avocado in Peru is estimated at 170,000 MT per year. Peru's consumption per capita is estimated at five kilograms. Peruvians prefer green skin varieties, like Palta Fuerte. Prohass, Peru's hass avocado producers association is currently conducting marketing programs to increase domestic hass avocado consumption.

Trade:

Peruvian avocado exports from January to April 2017 totaled 44,018 MT, up slightly from the previous year. Revenue over the same period is up 12 percent. This significant increase in export revenue, despite the production drop, is the result of a decrease in production in Mexico.

The Netherlands has been the top destination for Peru avocados over the last five years. According to Statistics Netherlands (CBS), four out of five avocados imported by the Netherlands are re-exported to European countries. Therefore, the Netherlands import figures can serve as a proxy for avocado

demand in the European Union.

Peru Export Statistics				
Commodity: Avocados, Fresh				
Year To Date: January - April				
Country	Unit	Quantity		
		2015	2016	2017
World	T	29,794	43,479	44,018
Netherlands	T	18,,205	25,852	25,281
Spain	T	6,801	11876	10,018
United Kingdom	T	3,167	4,042	5,064
United States	T	190	27	855
Russia	T	296	464	762
Chile	T	294	179	582
China	T	0	79	542
Costa Rica	T	0	418	508
Belgium	T	193	156	128

Source: Global Trade Atlas

The United States remains one of the top five destinations for Peruvian avocados. U.S. avocado consumption per capita grew 16 percent since 2014 to seven pounds. U.S. total avocado imports lead the world at 450,163 MT in CY 2016. A convergence of factors have contributed to U.S. demand growth, including continuous availability with consistent quality, healthier eating habits, market promotion, and an increasing Hispanic population. Peru supplies the U.S. market when Mexican production falls. Peru will likely take advantage of lower than normal Mexican and Californian production levels by diverting their supplies to attract higher prices in the United States.

Total Imports of Fresh Avocados to Asia	
Reporting Country	percent Change
	2016/2015
Macau	115.89
Hong Kong	114.73
Malaysia	93.12
South Korea	92.34
Taiwan	89.98
China	57.16
Singapore	40.75
Japan	28.35

Source: Global Trade Atlas

Burgeoning new markets like China and Turkey have led to increased global demand. Asia offers a unique high-growth opportunity for Peru. Although the volume is relatively small, when compared to 2015, exports of Peru avocados to Hong Kong, Japan, and China, have grown 268 percent, 3000 percent, and 3700 percent respectively.

As a result of new plantations coming into production and normalizing weather patterns, industry experts are optimistic about 2017, forecasting CY 2017 production levels to be 20 percent greater than CY 2016. They predict this will result in increased exports in the second and third quarter of 2017.

Policy:

Peru has duty-free access to the U.S. market through the U.S. Peru Trade Promotion Agreement. It also has duty free access to the European Union and through its free trade agreements with these nations. The Hass Avocado Board collects \$0.025 a pound to fund marketing activities. The charge is imposed on both imports and domestic production.