

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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POLICY

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Peru

Post: Lima

Annual Asparagus Report

Report Categories:

Asparagus

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Report Highlights:

Peruvian asparagus industry recovers from the international crisis. Production is expected to rebound 6 percent reaching 330,000 MT in CY 2010. Asparagus exports in CY 2010 are expected at 250,000 MT, a 9 percent increase compared to the previous year.

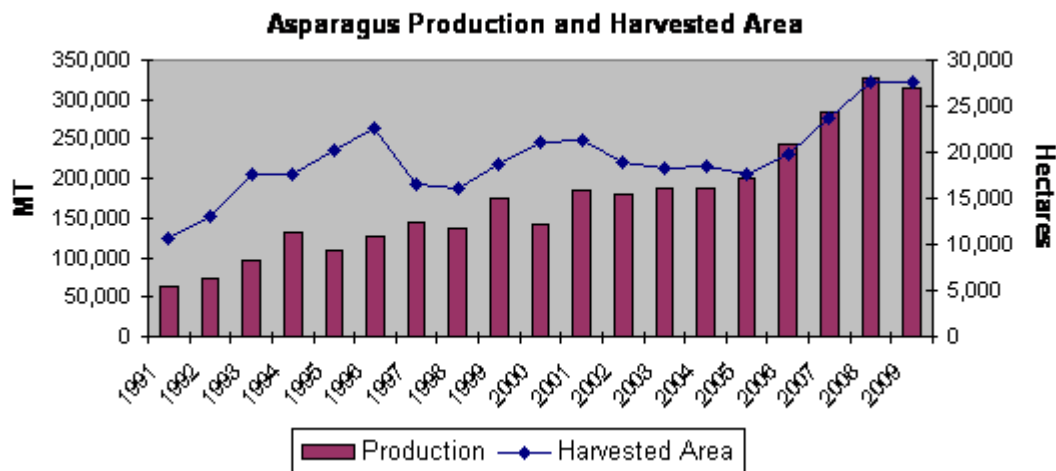
General Information:

Asparagus production in Peru is expected to rebound to 330,000 MT in CY 2010, an increase of 6 percent compared to the previous year. Despite the unusual cold weather, asparagus production in Peru remains strong. Production area is estimated to be 28,000 hectares in CY 2010. Average yields are around 11.5 tons per hectare. Asparagus exports in CY 2010 are expected at 250,000 MT, a 9 percent increase compared to the previous year.

Production:

Asparagus production in Peru is expected to rebound to 330,000 MT in CY 2010, an increase of 6 percent compared to the previous year. Despite the unusual cold weather, asparagus production in Peru remains strong. This booming industry has managed to recover from low international prices and reduced demand that resulted from the international financial crisis. Post forecasts that asparagus production in CY 2011 will reach 350,000 MT.

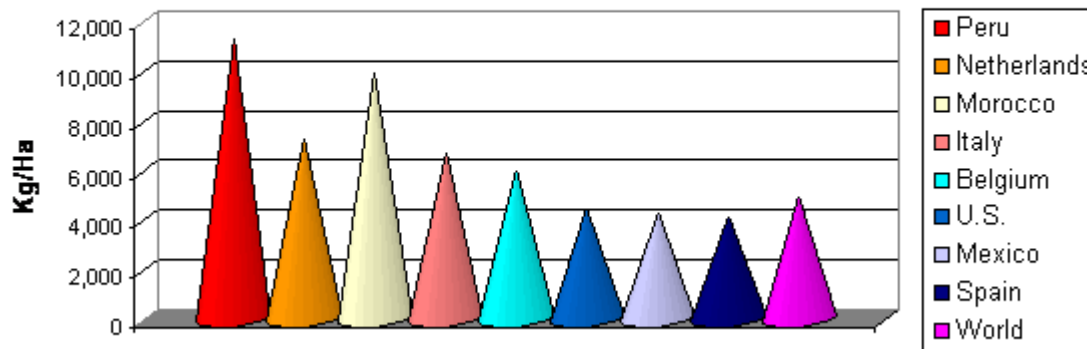
Due to mild temperatures and almost non-existent rainfall that prevent asparagus from entering a dormant stage, Peru is one of the few countries where high quality asparagus is harvested year-round. Peru produces asparagus along its coastal region. The Ica region in the South produces 44 percent of the total asparagus production, and the La Libertad region, in the North, produces 48 percent. 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.



Production area is estimated to be 28,000 hectares in CY 2010. Average yields are around 11.5 tons per hectare, but can reach as high as 20 tons per hectare among some of the most efficient producers. Yields have increased significantly, due to the use better technology (efficient fertilization and nutrient supply through water) and a thorough knowledge of the crop. Asparagus producers in the Ica region (south of Lima) are usually more efficient. However this region is undergoing a severe water scarcity that may hamper the viability of the agricultural sector as a whole.

Because surface water only flows from November to March, most producers have wells and drip irrigation systems, which make water available but are expensive due to the high local cost of fuel. Green asparagus production requires more water than white asparagus. About 85 percent of the asparagus produced in Peru uses seed UC157, F1.

Average Yields



Peru's agriculture continues undergoing its quiet but sound revolution. Sound economic policies which resulted in remarkably strong economic growth, investments in agriculture and land consolidation were able to reshape Peruvian agriculture into a modern, high technology and market driven industry. This process occurred almost exclusively on the coast and asparagus producers have been the most active players and have benefited the most from it. This consolidation has made modern agriculture profitable, attracting investment from other sectors of the economy, such as mining and fisheries, as well as foreign sources. Investors were drawn to asparagus due to high profitability and a fairly stable foreign demand.

Trade:

Asparagus exports in CY 2010 are expected at 250,000 MT, a 9 percent increase compared to the previous year. Total asparagus exports in CY 2009 were \$389 million, considerably lower than \$451 million reached in CY2008. The international crisis caused asparagus prices to plummet from around a dollar (farm prices) to as low as \$0.60. Peruvian asparagus producers have successfully recovering from the struggles caused by the international financial meltdown and will resume growth in the upcoming years.

Fresh asparagus exports in CY 2009 were 137,264 MT (\$251 million) and are expected to at 140,000 MT in CY 2010. Processed asparagus exports in CY 2009 were 92,035 MT (\$138 million).

Accounting for 71 percent of its export market, the United States continues to be main market for Peruvian fresh asparagus. Peru exported 84,969 MT of fresh asparagus to the U.S. in CY 2009. Other important markets were the Netherlands, Spain and the U.K. with 11 percent, 7 percent and 5 percent of the market share respectively.

Peruvian producers usually begin exporting their crop to the United States 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.

Policy:

The Peruvian government through "Prompex" (the export promotion committee) and the Peruvian embassies overseas promote 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.

SPS

Currently APHIS requires that Peruvian asparagus be fumigated with methyl bromide upon entry due to concerns regarding the presence of *Copitarsia*. This regulation has created serious problems for Peruvian producers - specifically increased costs, reduction of shelf life and quality, and logistical issues with the companies approved to carry out the fumigation at the Miami port. Moreover, the industry has raised some questions about the treatment since larvae have been found in fumigated containers.

The Peruvian SPS authority (SENASA), along with the private sector, is coordinating with APHIS on alternative methods to control the pest and avoid fumigation. One of these methods is a good agricultural practice program to reduce the pest load. A few large producers will implement a pilot program and, depending on results, it could be adopted by the whole industry. Another alternative under evaluation is irradiation.