

Required Report: Required - Public Distribution

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Report Name: Fresh Deciduous Fruit Annual

Country: Peru

Post: Lima

Report Category: Fresh Deciduous Fruit

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Report Highlights:

Grape production in Peru continues to increase. It is forecast to reach 648,000 MT in Marketing Year 2019/2020. The United States is the lead destination for Peruvian grapes, accounting for 32 percent of total exports. Prices in the U.S. market were 12 percent higher than the average export price.

Executive Summary:

Grape production in Peru is forecast to reach 648,000 MT in MY 2019/2020 (October-September), a three percent increase over the previous year. One variety, Red Globe, dominates production. Domestic consumption of fresh grapes is forecast at 248,000 MT in MY 2019/2020, relatively unchanged from the previous year. Exports are forecast to reach 402,000 MT in MY 2019/2020, increasing five percent from the previous year. The United States continued to be the top export market in calendar year (CY) 2018 accounting for 33 percent of total exports.

Grapes, Fresh Table Market Begin Year	2017/2018		2018/2019		2019/2020	
	Oct 2017		Oct 2018		Oct 2019	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Peru						
Area Planted	30000	30000	30500	30500	0	31000
Area Harvested	28500	28500	29000	29000	0	29500
Commercial Production	505000	505000	540000	512000	0	530000
Non-Comm. Production	118000	118000	118000	118000	0	118000
Production	623000	623000	658000	630000	0	648000
Imports	1700	3000	2000	1500	0	3000
Total Supply	624700	626000	660000	631500	0	651000
Fresh Dom. Consumption	334900	261000	275000	247000	0	248000
Exports	276800	360000	380000	383500	0	402000
Withdrawal From Market	13000	5000	5000	1000	0	1000
Total Distribution	624700	626000	660000	631500	0	651000
(HA), (MT)						

Production:

Grape production in Peru is forecast to reach 648,000 MT in MY 2019/2020 (October-September), a three percent increase over the previous year. Grape production is fully recovered from the heavy rains of the 2017 El Niño and is expected to maintain an upward trend in the upcoming years. Peru has a dry coast with a range of temperatures (between 14 and 30 degrees Celsius) and over 12 hours of sunlight per day, year round, which makes it an ideal region for grape production. These conditions combined with precision irrigation enables Peru to mature vines 55 percent faster than in neighboring countries. Grape production is mainly located in Ica (41 percent) and Piura (22 percent). The total area under cultivation is estimated at 32,000 hectares. Harvesting season in Peru begins in late October and ends in April. The Red Globe variety dominates production, as it remains popular in the growing Chinese market. However, producers are shifting toward higher value varieties to supply other markets. This includes diversifying to over 20 different varieties to meet the evolving palate of consumer tastes worldwide. The most popular of these other varieties includes Crimson seedless, Flame seedless,

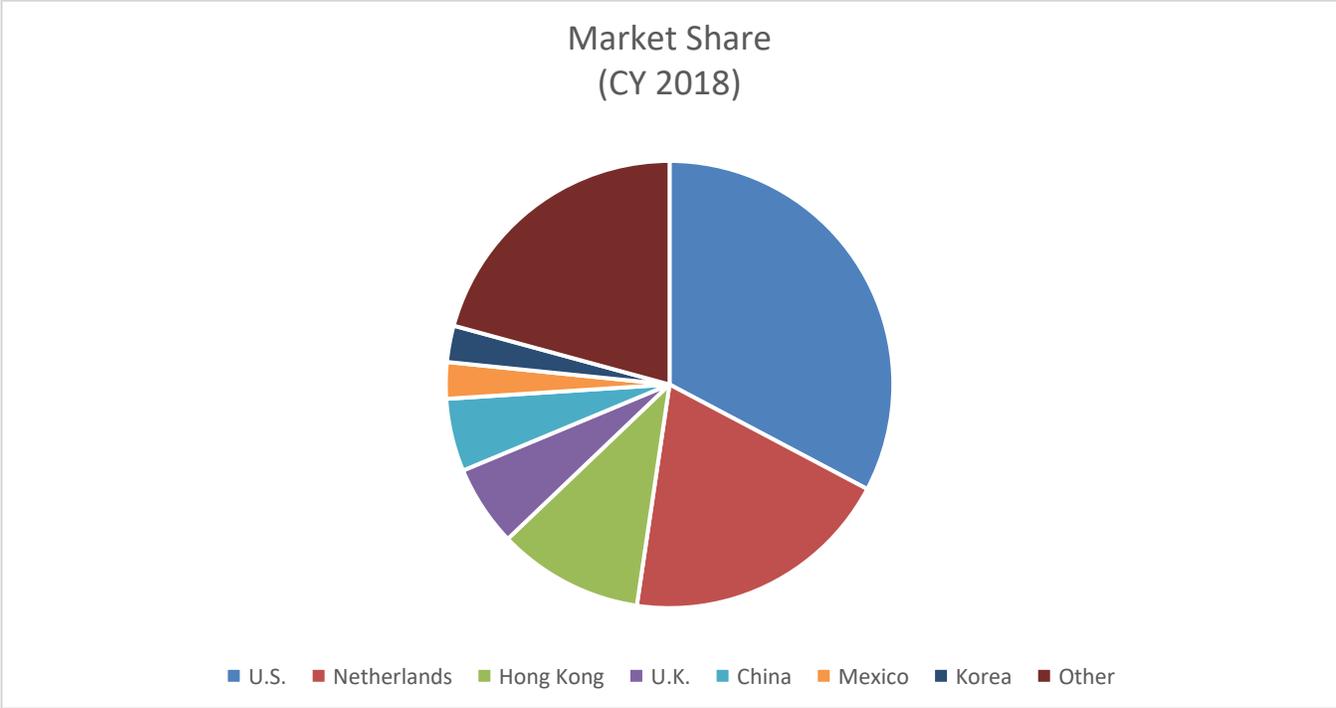
Surgeon and Thompson seedless. Grapes are one of the most expensive crops to install, second only to blueberries. One hectare of grapes in Peru requires an initial investment of approximately \$40,000, without consideration of land costs. About 30 percent of the cost of production is soil preparation and the irrigation system, 25 percent is establishing the trellis, and 14 percent goes toward the plant itself. This is a significant financial outlay for a small-scale farmer. However, the return on investment for producing high value varieties can offer sizable returns. As a labor intensive and high maintenance crop, the grape industry is a large employer in Peru's agricultural sector. High production areas such as Ica, boast full employment due to the steadily increasing demand for labor.

Consumption:

Domestic consumption of fresh grapes is forecast at 248,000 MT in MY 2019/2020, relatively unchanged from the previous year. The local grape market is a secondary market for producers because prices are significantly lower than international prices. Green Italian grapes continue to dominate the local market. The pisco industry is another significant consumer of grapes. The Ministry of Production estimates Peru's pisco output will total 11 million liters in 2018. Chile and the United States are the largest consumers of Peruvian pisco. Lima and Ica make up 90 percent of the total production of pisco.

Trade:

FAS Lima forecasts exports to reach 402,000 MT in MY 2019/2020, five percent higher than the previous year. The United States was the top export destination in CY 2018, accounting for 32 percent of total exports. Other important markets are the Netherlands and Hong Kong with 20 and 11 percent of the export market share, respectively. Fresh table grapes are one of the top produce exports by value for Peru (\$811 million in CY 2018). With an average price of \$2,706 per MT, prices in the U.S. market were 12 percent higher than the average export price in CY 2018.



Policy:

Peru has signed numerous free trade agreements, including with the United States, China, and the European Union. These agreements, along with the work of PROVID (the largest grape association in Peru) and SENASA (National Agricultural Sanitary and Phytosanitary Agency of Peru) to comply with SPS regulations of trading partners have enabled Peruvian grapes to penetrate international markets.

Attachments:

No Attachments