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Peru's Wine Market 2014 Brief

Report Categories:

Wine

Promotion Opportunities

Agriculture in the News

Beverages

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Report Highlights:

Peru's wine imports in calendar year (CY) 2009 reached some 7.3 million liters (~\$20 million). In CY 2013, imports have grown to 8.7 million liters (~\$34 million). While imports in terms of volume have grown with a compound annual growth rate (CAGR) of nearly 4.5 percent; we see greater growth potential in terms of value where imports have grown with a CAGR of over 14 percent. At FAS Lima we attribute stronger growth in terms of value to the market trending toward higher-value wines.

Consumers' palates have increasingly become more sophisticated, moving toward the better-quality wines.

General Information:

Peru with a population of 30 million (Central Intelligence Agency, July 2014 est.), represents an interesting potential export market for U.S.-origin wines. At FAS Lima, we find that the local wine market has benefitted from the country's strong economic growth over the past five years. Peru's national statistics institute (Instituto Nacional de Estadísticas e Información – INEI) reports that the country's gross domestic product (GDP) expanded by 5 percent in 2013; GDP is expected to grow by 5.5-5.6 percent in 2014.

For over a decade Peru has been one of the world's top performing economies; registering sustained high growth accompanied by low inflation (estimated at 2.8 percent in 2013 and forecast at 2.5 percent in 2014). Peru, a middle-income-level country, has per capita GDP of over \$12,000 in purchasing power parity (PPP). Over 77 percent of the country's inhabitants live in urban areas; with the rate of urbanization growing by 1.6 percent per annum (2010-15).

FAS Lima understands that Peru's wine market supply is roughly 45 million liters, up by some 10 million liters compared to five years ago. We find at the same time that consumers' palates have increasingly become more sophisticated, moving toward better-quality wines. Foreign suppliers are already present in the market offering a wide variety of wines at different price ranges; Argentine and Chilean wines however dominate store shelves.

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The Ministry of Finance in 2013 raised the excise tax for alcoholic drinks (including wines). This revenue seeking measure applies to both foreign and domestic products. It includes a two system approach based on volume (fixed) and value (sales price). We find that this measure has adversely affected more the lower-priced products on which the tax is applied based on volume.

Market Features

- Growing domestic demand, along with rising household income, is fueling wine consumption growth.
- Wine is benefitting from Peru's increasingly sophisticated cuisine, allowing consumers to try new food and wine pairings.
- The expansion the retail food channel in Lima, as well as in the provinces has been instrumental for wines reaching new consumers.
- The U.S- Peru Trade Promotion Agreement grants U.S.-origin wines duty-free access.

Key Importers

Fifty percent of Peru's wine market is controlled by two large importer-distributor groups; Yi Chang and Perufarma. Yi Chang currently represents California-based Ernest and Julio Gallo brands, whereas Perufarma represents Argentine (e.g., Navarro Correa) and Spanish (e.g., Marquez de Riscal) labels.

Other large importer include Drokasa Licores, LC Group, Premium Brands, and KC Trading.

Statistics

Commodity: wines, wine and sparkling wine							
Annual Series: 2008 - 2013							
Partner Country	Unit	Quantity					
		2008	2009	2010	2011	2012	2013
World	L	8,310,611	7,276,178	8,506,502	18,785,702	10,020,039	8,698,115
Argentina	L	4,124,694	3,796,094	4,561,477	5,594,685	3,951,527	3,612,114
Chile	L	3,034,656	2,611,642	2,692,132	8,850,204	4,207,402	3,187,383
Spain	L	508,199	363,705	557,391	3,574,052	956,448	917,917
Italy	L	294,595	276,020	419,461	527,322	640,464	778,561
France	L	145,557	61,116	85,393	88,284	115,755	95,916
United States	L	77,189	82,420	82,614	61,274	63,666	38,916
Germany	L	71,050	48,493	55,158	66,762	36,930	20,949
South Africa	L	81	-	63	-	13,500	13,545
Australia	L	9,855	2,079	15,306	7,376	15,921	13,455
Portugal	L	10,676	9,085	9,798	10,510	12,833	10,394
Commodity: wines, wine and sparkling wine							
Annual Series: 2008 - 2013							
Partner Country		U.S. Dollars					
		2008	2009	2010	2011	2012	2013
World		22,606,218	20,460,438	24,849,072	31,847,432	34,611,021	34,032,942
Argentina		9,431,697	9,593,955	11,873,864	14,151,194	14,792,486	13,647,809
Chile		6,807,105	5,845,616	6,306,982	8,872,223	8,715,072	8,393,076
Spain		3,127,403	2,186,294	3,107,917	3,747,967	4,422,924	4,829,056
Italy		1,396,211	1,341,219	1,953,994	3,030,351	4,004,855	4,703,707
France		1,126,772	844,790	956,541	1,434,094	1,875,171	1,722,106
United States		240,903	312,023	288,558	278,194	276,304	263,210
Australia		59,770	12,374	65,367	28,186	126,068	147,307
Germany		259,128	167,172	176,827	240,800	173,995	102,102
South Africa		6,063	-	433	-	105,112	92,859
Portugal		63,470	51,961	49,437	40,502	77,364	73,895

Source: Global Trade Atlas.