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Report Highlights:

Wheat imports in marketing year (MY) 2024/2025 are forecast at 2 million metric tons (MMT). Canada led the Peruvian wheat market in calendar year (CY) 2023 with 72 percent market share. Peru's corn imports in MY 2024/2025 are forecast at 3.45 MMT, an increase of two percent from the previous year. Argentina led the Peruvian corn market in CY 2023, accounting for 83 percent of market share. Local corn production only accounts for a third of demand and Peruvian producers cannot utilize genetically-modified seed technology, which diminishes their ability to improve yields. Rice imports in MY 2024/2025 are forecast at 100,000 metric tons. Uruguay was the main rice supplier to Peru in CY 2023, accounting for 52 percent of market share.

Summary

FAS Lima forecasts Peruvian wheat production in marketing year (MY) 2024/2025 (July-June) at 205,000 metric tons (MT) from an expected 120,000 hectares (HA), a slight increase of both figures compared to the prior year estimates. Average wheat yields in MY 2024/2025 are expected to be slightly lower at 1.7 MT/HA. Total wheat consumption in MY 2024/2025 is forecast at 2.18 million metric tons (MMT) while wheat imports in MY 2024/2025 are forecast at 2 MMT. Canada led the Peruvian wheat market in calendar year (CY) 2023 with 72 percent market share. Other important suppliers were Argentina, Russia, and the United States, each with about 9 percent of market share.

Corn production in MY 2024/2025 (October-September) is forecast to remain at 1.68 MMT while corn consumption is expected to rise three percent to 5.1 MMT. The poultry industry is the main driver of corn demand in Peru. Peru's corn imports in MY 2024/2025 are forecast slightly higher at 3.45 MMT. Corn imports in CY 2023 were 3.54 MMT, a slight decrease compared to the previous year. Argentina dominated the Peruvian corn market in CY 2023, accounting for 83 percent of market share.

Rice production in MY 2024/2025 is forecast at 2.6 MMT (milled basis), increasing four percent from the previous year. The total rice harvested area for MY 2024/2025 is forecast at 425,000 hectares. Rice imports in MY 2024/2025 are forecast at 100,000 MT. Uruguay was the main rice supplier to Peru in CY2023, accounting for 52 of market share.

Table 1: Wheat Production, Supply, and Distribution

Wheat	2022/2023		2023/2024		2024/2025	
Market Year Begins	Jul 2022		Jul 2023		Jul 2024	
Peru	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	124	112	120	115	0	120
Beginning Stocks (1000 MT)	346	346	234	221	0	81
Production (1000 MT)	207	194	205	200	0	205
MY Imports (1000 MT)	1906	1902	2000	1900	0	2000
TY Imports (1000 MT)	1906	1902	2000	1900	0	2000
TY Imp. from U.S. (1000 MT)	173	168	0	250	0	300
Total Supply (1000 MT)	2459	2442	2439	2321	0	2286
MY Exports (1000 MT)	45	45	60	60	0	60
TY Exports (1000 MT)	45	45	60	60	0	60
Feed and Residual (1000 MT)	80	80	80	80	0	80
FSI Consumption (1000 MT)	2100	2096	2000	2100	0	2100
Total Consumption (1000 MT)	2180	2176	2080	2180	0	2180
Ending Stocks (1000 MT)	234	221	299	81	0	46
Total Distribution (1000 MT)	2459	2442	2439	2321	0	2286
Yield (MT/HA)	1.6694	1.7321	1.7083	1.7391	0	1.7083

(1000 HA), (1000 MT), (MT/HA)
MY = Marketing Year, begins with the month listed at the top of each column
TY = Trade Year, which for Wheat begins in July for all countries. TY 2024/2025 = July 2024 - June 2025

WHEAT

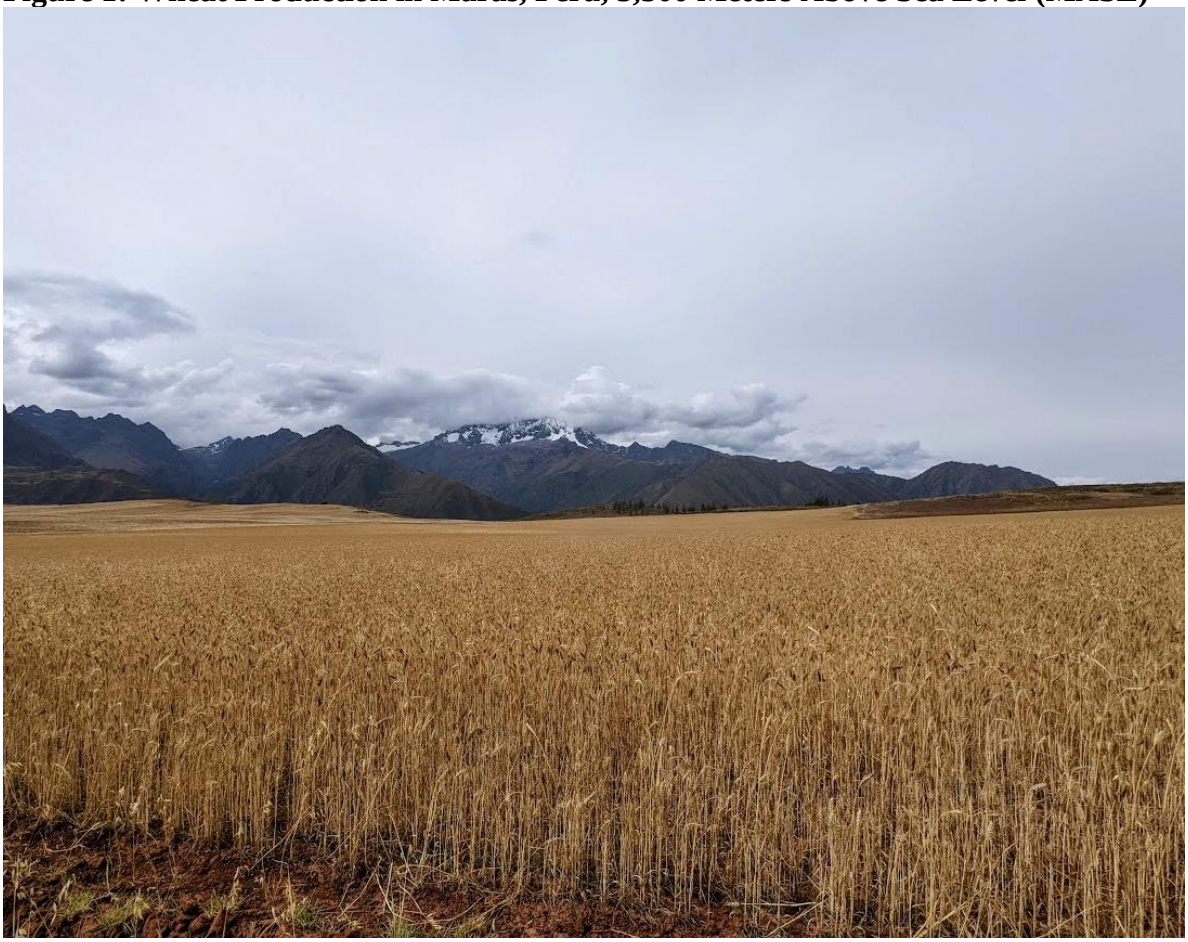
Production:

Wheat production in MY 2024/2025 (July-June) is forecast at 205,000 MT, a slight increase compared to the previous year's estimate. Wheat in Peru is a minor cash crop, with production concentrated in the southern highlands between 2,800 and 3,500 meters above sea level. Most wheat is produced by small farmers on plots averaging one hectare or less and remains limited by difficult, mountainous geography and rudimentary production practices. Peru grows mostly soft wheat, which is not suitable for milling, and is primarily consumed directly in purees or as a soup ingredient.

The total area harvested in MY 2024/2025 is forecast at 120,000 hectares. The harvested area of wheat can vary significantly from one year to the next depending on local wheat prices, farmers' profit margin expectations, and the profitability of alternative crops such as quinoa, barley, and oats. The average yield in MY 2024/2025 is expected to be 1.7 MT/HA.

Local millers continue to finance a social program to encourage durum wheat cultivation for pasta production. Millers provide small farmers with seeds and technical assistance and guarantee purchases. Farmers currently in this system produce roughly 12,000 MT of durum wheat for a pasta production plant in Arequipa (approximately 1,000 kilometers south of Lima).

Figure 1: Wheat Production in Maras, Peru, 3,300 Meters Above Sea Level (MASL)



Source: FAS Lima Attaché Zeke Bryant

Consumption:

Total wheat consumption in MY 2024/2025 is forecast at 2.18 MMT, remaining at the same level as the previous year. Overall wheat consumption is 67 kilograms per capita, a relatively low level compared to potato and rice consumption of 115 and 74 kilograms per capita, respectively. Wheat consumption is relatively constant, increasing at about the same rate as economic growth.

Consumption of wheat and wheat products have been impacted by Peru's stagnate economy following both political and economic crises in recent years. Consumption and wheat product manufacturing have remained at nearly the same levels since 2021. Consumption and manufacturing may increase slightly as the economy is expected to grow 2.5 percent in 2024.

In CY 2023, Peru produced about 1.6 MMT of wheat flour, nearly all of which comes from imported wheat. Of this amount, the local baking industry uses 63 percent, 20 percent goes into pasta manufacturing, 12 percent into the cookies and crackers sector, and five percent goes into small-scale

family use. Approximately 70 percent of domestic flour is sold through traditional markets. The remaining 30 percent of flour is sold in supermarkets.

The wheat milling industry is highly concentrated, with the largest mill accounting for over 60 percent of milled production. The four largest millers are responsible for 85 percent of the wheat milled in Peru.

Bread consumption is 35 kilograms per person, one of the lowest in South America. In comparison, per capita bread consumption is 75 kilograms in Argentina and 95 kilograms in Chile. Bread is typically purchased daily in bakeries and priced by unit instead of weight, which leads to a low-quality product.

With pasta consumption at 12 kilograms per capita, Peru is one of the largest consumers of pasta in the region. Consumption is concentrated in the capital city of Lima, which accounts for half of all pasta consumed nationwide. Peruvian consumption of cookies and crackers remains low by regional standards at only 1.7 kilograms per capita.

Trade:

Wheat imports in MY 2024/2025 are forecast at 2 MMT. Wheat imports in CY 2023 were 1.9 MMT, falling nine percent compared to the previous year. This decrease is mostly due Peru's 2023 economic recession, which impacted consumption. Canada led the Peruvian wheat market in CY 2023 with 72 percent market share (up from 50 percent market share in the previous year), followed by Argentina, Russia, and the United States, each with about 9 percent.

Canadian wheat prices (Cost, Insurance, and Freight (CIF)) averaged $357/MT, a decrease of 17 percent compared to the previous year. U.S. wheat prices averaged $319/MT, increasing 11 percent. Canadian wheat exports benefitted from the logistical constraints in the Panama Canal, which increased shipping time by up to ten days for shipments from the U.S. East Coast.

Policy:

Peru imports wheat duty-free from all sources. Although Peru does not specifically promote wheat production, the government does have credit and technical assistance programs in place for all farmers. Most credits are granted through the Ministry of Agriculture's agencies such as AgroRural and AgroIdeas, or through the Agricultural Bank.

Table 2: Corn Production, Supply, and Distribution

Corn	2022/2023		2023/2024		2024/2025	
Market Year Begins	Oct 2022		Oct 2023		Oct 2024	
Peru	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	438	453	440	455	0	455
Beginning Stocks (1000 MT)	224	224	163	210	0	320
Production (1000 MT)	1535	1648	1500	1680	0	1680
MY Imports (1000 MT)	3324	3338	3600	3400	0	3450
TY Imports (1000 MT)	3324	3338	3600	3400	0	3450
TY Imp. from U.S. (1000 MT)	197	198	0	400	0	500
Total Supply (1000 MT)	5083	5210	5263	5290	0	5450
MY Exports (1000 MT)	10	10	10	10	0	10
TY Exports (1000 MT)	10	10	10	10	0	10
Feed and Residual (1000 MT)	4400	4480	4500	4450	0	4600
FSI Consumption (1000 MT)	510	510	525	510	0	510
Total Consumption (1000 MT)	4910	4990	5025	4960	0	5110
Ending Stocks (1000 MT)	163	210	228	320	0	330
Total Distribution (1000 MT)	5083	5210	5263	5290	0	5450
Yield (MT/HA)	3.5046	3.638	3.4091	3.6923	0	3.6923

(1000 HA), (1000 MT), (MT/HA)
MY = Marketing Year, begins with the month listed at the top of each column
TY = Trade Year, which for Corn begins in October for all countries. TY 2024/2025 = October 2024 - September 2025

CORN

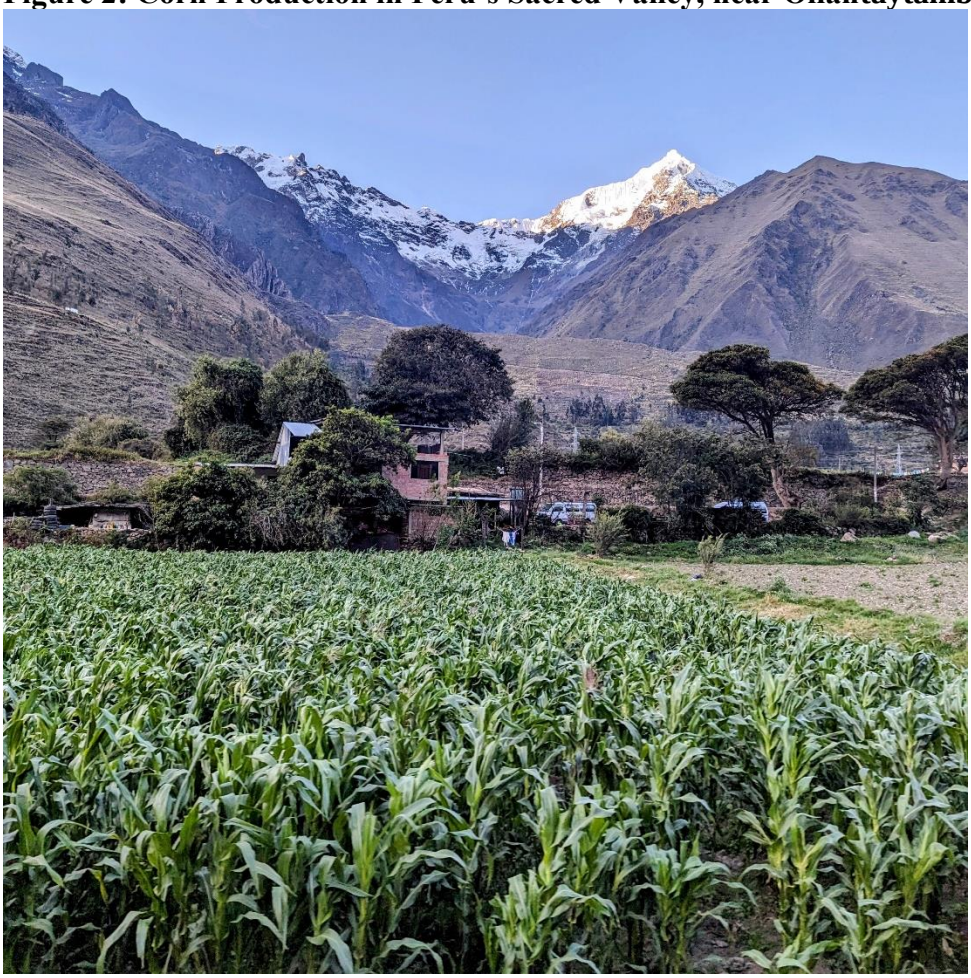
Production:

Corn production in MY 2024/2025 (October-September) is forecast at 1.68 MMT, remaining the same as the previous year and up two percent compared to MY 2022/2023. Corn producers dealt with unusually warm and wet weather due to the rare Yaku cyclone off Peru’s northern coast in early 2023 and El Niño later in the year. Regional flooding did not impact corn production as much as expected.

Corn in Peru is produced mainly by small farmers with limited access to technology, which results in low yields. Average feed corn yield in CY 2023 was 4.9 tons per hectare. Peruvian corn producers are prevented from using genetically modified varieties, reducing their ability to increase yields.

Peru grows many varieties of corn. The two most important varieties are white, starchy corn for human consumption and yellow corn for animal feed. White corn production in CY 2023 was 317,000 MT, falling 11 percent compared to the previous year, while production of yellow corn was 1.3 MMT, increasing 6 percent.

Figure 2: Corn Production in Peru's Sacred Valley, near Ollantaytambo, 2,800 MASL



Source: FAS Lima Attaché Zeke Bryant

Consumption:

Corn consumption in MY 2024/2025 is forecast at 5.1 MMT, an increase of three percent from the prior year estimate. The poultry industry is the main driver of corn demand in Peru. Poultry production in CY 2023 reached 722 million broilers, a slight decrease compared to the previous year. This decrease is mainly due to disease outbreaks and unusually high temperatures, which impacts growth and weight gain. Approximately 70 percent of the yellow corn available is used as chicken feed in Peru's poultry farms, which currently number over 1,000. Per capita consumption of poultry meat in Peru is estimated at 54 kilograms per capita in 2023, one of the highest in the region. Per capita consumption can reach as high as 70 kilograms per person in Lima.

Highly Pathogenic Avian Influenza (HPAI) continued impacting poultry production into 2024. Peru's agricultural health agency (SENASA) reported three cases in February 2024. Two of the cases were in backyard birds and one was a commercial farm with 80,000 layers. HPAI began affecting backyard flocks and small producers in January 2023 and moved quickly to commercial farms, affecting half a

million layers and half a million genetic stock hens by mid-2023. Control measures, vaccination, and an awareness campaign managed to control the initial outbreak, however, there continues to be sporadic cases, particularly in northern Peru.

A challenge that poultry producers face and that now creates risk for Peru's corn market is the increasing number of informal (non-registered) poultry farms, a problem that becomes more evident when poultry prices are high. These unregistered producers, who do not always follow proper sanitary protocols, account for roughly 25 percent of overall poultry meat production. This problem has recently become more of an issue due to the presence of HPAI, which threatens Peru's well-renowned poultry sector. Reportedly, SENASA does not allow vaccination of backyard breeders which increases the risk of disease spread.

Unusually high temperatures due to El Niño in 2023-2024 caused heat stress in flocks, reducing vaccine protection and production. In 2023, the poultry sector shrank by 1.4 percent, impacting prices of poultry meat and table eggs. Poultry meat prices spiked sporadically throughout 2023, including increasing 20 percent in May 2023. Prices are currently six percent higher year over year. Likewise, table egg prices increased by 27 percent in May 2023, but are currently 3 percent higher year over year.

Trade:

Peru's corn imports in MY 2024/2025 are forecast at 3.45 MMT, an increase of two percent from the previous year. Corn imports in CY 2023 were 3.54 MMT, a slight decrease from CY 2022. Argentina dominated the Peruvian corn market in CY 2023, accounting for 83 percent of market share. U.S. corn imports totaled 198,461 MT. Imports prices (CIF) of Argentine corn in CY 2023 averaged $245/MT (falling 17 percent from 2022) while U.S. prices averaged $294/MT.

Corn imports are subject to the Peruvian Price Band (PPB). This variable levy is triggered when commodity prices are low to protect domestic production. U.S. corn imports are exempt from the PPB thanks to the U.S. - Peru Trade Promotion Agreement (PTPA). As international corn prices have remained high since 2020, the PPB is currently at zero, giving Argentine corn an advantage over U.S. corn.

Peru also imports distillers' dried grains with solubles (DDGS) to improve the quality of domestically produced animal feed. FAS Lima estimates that Peru could be a 100,000 MT market for U.S. DDGS. However, many producers remain reluctant to use new inputs and revamp their feed formulas.

Policy:

Corn, from all origins, enters Peru duty-free. Peru's unilateral elimination of import tariffs on most commodities in 2011 eliminated many of the trade advantages afforded by the PTPA. The PTPA established a duty-free tariff rate quota (TRQ) of 500,000 MT for U.S.-origin corn with annual increases

of six percent and full duty-free access within 12 years. Since 2020, U.S. corn has entered Peru duty free. The exclusion from the price band system makes U.S. corn more competitive in the Peruvian market at low international prices.

In 2011, Peru established a ten-year moratorium on planting genetically engineered crops, including corn. This moratorium prevents producers from being able cultivate genetically engineered varieties that could assist them in overcoming production challenges such as climate change. The moratorium was extended in January 2021 for another 15 years to December 31, 2035, which will continue to hinder Peruvian producers' ability to improve their competitiveness.

Table 3: Rice Production, Supply, and Distribution

Rice, Milled	2022/2023		2023/2024		2024/2025	
Market Year Begins	Apr 2022		Apr 2023		Apr 2024	
Peru	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	421	416	425	425	0	425
Beginning Stocks (1000 MT)	410	410	344	157	0	47
Milled Production (1000 MT)	2484	2360	2500	2500	0	2600
Rough Production (1000 MT)	3600	3420	3623	3623	0	3768
Milling Rate (.9999) (1000 MT)	6900	6900	6900	6900	0	6900
MY Imports (1000 MT)	100	98	140	140	0	100
TY Imports (1000 MT)	142	116	160	160	0	100
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	2994	2868	2984	2797	0	2747
MY Exports (1000 MT)	50	11	50	50	0	10
TY Exports (1000 MT)	50	11	50	50	0	10
Consumption and Residual (1000 MT)	2600	2700	2600	2700	0	2700
Ending Stocks (1000 MT)	344	157	334	47	0	37
Total Distribution (1000 MT)	2994	2868	2984	2797	0	2747
Yield (Rough) (MT/HA)	8.5511	8.2212	8.5247	8.5247	0	8.8659

(1000 HA), (1000 MT), (MT/HA)
MY = Marketing Year, begins with the month listed at the top of each column
TY = Trade Year, which for Rice, Milled begins in January for all countries. TY 2024/2025 = January 2025 - December 2025

RICE

Production:

Rice production in MY 2024/2025 is forecast at 2.6 MMT (milled basis), up four percent from the previous year. The total rice harvested area for MY 2024/2025 is forecast at 425,000 hectares, remaining the same as the prior year.

Rice production in CY 2023 fell 2 percent, mostly attributed to an El Niño weather pattern that caused floods in northern Peru where most of the rice is grown. Rice production has traditionally been concentrated in Peru's arid northwest coastal region (mainly in the Lambayeque and Piura). Production challenges include poor soils and increasing soil salinization (a result of the field flooding irrigation technique used by farmers). Peruvian rice is surface irrigated, dependent upon water draining from Andean rivers hundreds of kilometers away. The average size of a rice farm is about five hectares.

Rice is grown year-round, but the bulk of the crop is harvested between April and September. In CY 2023, farm gate prices averaged $402 per MT, increasing 13 percent compared to the previous year. Average yield in CY 2023 was 8.08MT/HA (rough based), however, some farmers are reporting yields as high as 14 MT/HA.

The San Martin region (eastern slopes of the Andes) has become an increasingly important rice producing area, accounting for 27 percent of production. Other important production regions are Piura, Lambayeque, and Amazonas which account for 14, 12, and 10 percent of rice production, respectively.

Figure 3: Rice Production near Jaén, Peru

Source: FAS Lima Attaché Zeke Bryant

Consumption:

Rice is a staple food in Peru and per capita consumption averages 74 kilograms per year. Rice is traditionally sold in 50-kilogram sacks. With the expansion of supermarket chains, consumer habits are shifting towards prepackaged, one-kilogram bags. Rice consumption is expected to remain at 2.7 MMT in MY 2024/2025 and is expected to remain stable in the coming years. Peruvians primarily consume long grain rice.

Trade:

Rice imports in MY 2024/2025 are forecast lower at 100,000 MT. Rice imports in CY 2023 grew by 22 percent but were still 55 percent lower than CY 2020 imports.

Uruguay was the main rice supplier to Peru in CY 2023, accounting for 52 percent of market share. Brazil was also an important supplier with 39 percent of market share. Rice from the United States is currently not price competitive in the Peruvian market.

The price of imported rice increased 15 percent in CY 2023, averaging $652/MT. Imported rice from Uruguay was priced at an average of $644/MT while Brazilian rice was imported at $685/MT.

Policy:

Rice enters duty-free from all sources. Peru's unilateral elimination of import tariffs on rice in 2011 eliminated many of the trade advantages afforded by the U.S.-Peru Trade Promotion Agreement. However, Peru maintains the PPB for rice which is activated when commodity prices are low. The PTPA established a duty-free TRQ of 72,000 MT for U.S.-origin rice with annual increases of six percent and full duty-free access within 17 years (2025). Rice imports from the United States are not affected by the Peruvian price band.

The current price band for rice (Supreme Decree 371-2017-EF) went into effect on December 21, 2017. It uses Thai rice as the reference price marker instead of Uruguayan rice. This change effectively increases the band range from a minimum of $408 and maximum of $480 per metric ton to a minimum of $599 and a maximum of $669 per metric ton. The products affected by the price band are H.S. codes: 1006.10.90.00, 1006.20.00.00, 1006.30.00.00, 1006.40.00.00.

Attachments:

No Attachments