

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 exports are forecast to reach a record of 510,000 metric tons (MT) in marketing year (MY) 2021/2022, six percent higher than the previous year. Grape production in Peru is forecast to reach 700,000 MT in MY 2021/2022 (October-September), a two percent increase over the previous year. Exports prices and costs were affected by logistical constraints in 2021.

Grapes, Fresh Table Market Year Begins Peru	2019/2020		2020/2021		2021/2022	
	Oct 2019		Oct 2020		Oct 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted ^(HA)	31000	31000	31500	31500	0	32000
Area Harvested ^(HA)	29500	29500	30000	30000	0	30000
Commercial Production ^(MT)	535000	527475	545000	567000	0	580000
Non-Comm. Production ^(MT)	118000	118000	120000	120000	0	120000
Production ^(MT)	653000	645475	665000	687000	0	700000
Imports ^(MT)	600	550	900	1000	0	2000
Total Supply ^(MT)	653600	646025	665900	688000	0	702000
Fresh Dom. Consumption ^(MT)	252800	245225	194900	207000	0	191000
Exports ^(MT)	399800	399800	470000	480000	0	510000
Withdrawal From Market ^(MT)	1000	1000	1000	1000	0	1000
Total Distribution ^(MT)	653600	646025	665900	688000	0	702000
(HA), (MT)						

Production:

Grape production in Peru is forecast to reach 700,000 metric tons (MT) in marketing year (MY) 2021/2022 (October-September), a two percent increase over the previous year. Favorable weather conditions, plenty of water supply, and growing demand for table grapes are driving this increase. 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 \$45,000, 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 191,000 MT in MY 2021/2022, an eight percent reduction from the previous year. The local grape market is a secondary market for producers since prices are significantly lower than international prices. This forecasted reduction is due to less fruit availability in favor of increasing exports. Green Italian grapes continue to dominate the local market. The pisco industry is another significant consumer of grapes. Pisco output is estimated at 12 million liters in 2021. Chile and the United States are the largest consumers of Peruvian pisco. Lima and Ica make up 90 percent of total pisco production.

Trade:

FAS Lima forecasts exports to reach a record of 510,000 MT in MY 2021/2022, six percent higher than the previous year. The United States was the top export destination in calendar year (CY) 2020, accounting for 42 percent of total exports. Other important markets are the Netherlands and Hong Kong with 15 and 9 percent of the export market share, respectively. Fresh table grapes are one of the top produce exports by value for Peru and 2020 export value reached just over \$1 billion. In 2020, grape prices in the export market averaged \$2,300 per MT, however prices in the U.S. market averaged \$2,737. Peruvian grape exports to the United States peak between December and January due to seasonally higher prices.

Export prices January - August 2021 were five percent higher than the previous year. Export prices were about \$3 per box higher due to logistical constraints, particularly container availability and higher freight prices.

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 the sanitary and phytosanitary regulations of trading partners have enabled Peruvian grapes to penetrate international markets.

Attachments:

No Attachments