

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Chile

**Post:** Santiago

### **Chilean grape prices fall 15 percent due to Peruvian competition**

**Report Categories:**

Fresh Deciduous Fruit

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**Report Highlights:**

**An inexpensive workforce and better water supply contribute to growing Peruvian grape exports to the United States**

## **General Information:**

Peru's developing table grape industry is quickly becoming a serious competitor for Chile in the U.S. market. Peru already has exported 93,000 tons of grapes this season, accounting for more than its total exports of the whole 2010-2011 season. As a result of the increase of Peruvian exports during these first few weeks of 2012, the price of Sugaone grapes has decreased by 15 percent in the east coast of the U.S., according to Chilean fresh fruit quality Certification Company, Decofrut. The U.S. market amounts for 50 percent of all Chilean exports of table grapes and it is also the main destination for Peru's table grape exports.

Industry insiders report to Post that the falling price of Chilean grapes is due to the increase in exports of the Peruvian grapes. Peruvian exports have increased because the harvest season in Peru begins in October, while the Chilean harvest season begins in mid November. The later start specifically affects the grape harvest in Chile's northern region, Atacama. As a result, Peru's grapes are available at an earlier date in the U.S., allowing the country to take advantage of the high prices available at the beginning of the season.

Another advantage is that Peru has a much cheaper workforce," Chilean Federation of Fruit Producers President Antonio Walker added that this is especially significant in the Ica and Piura valleys, where most Peruvian table grapes are harvested. The Chilean grape industry has revealed figures which claim that the Peruvian workforce earns 80 percent less than in Chile. Water availability and usage are also determining factors in favor of the Peruvian industry. In Peru, only 10,594 cubic feet of water are needed to produce a ton of grapes while in Chile, 17,657 cubic feet of water are needed, as was indicated by the Chilean Fruit Export Association (Asoex). "There are serious water availability issues in Chile due to the increasing demand for the resource by the mining companies," as was indicated by the Asoex President Ronald Bown, mainly in the Atacama region.