

Required Report: Required - Public Distribution

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Report Number: PE2023-0020

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 is forecast to reach 775,500 metric tons (MT) in marketing year (MY) 2023/2024 (October-September), an increase of one percent compared to the previous year. Domestic consumption of fresh grapes is forecast at 180,000 MT in MY 2023/2024, a three percent decrease from MY 2022/23. Peruvian grape exports are forecast to reach a record 595,000 MT in MY 2023/2024, two percent higher than the previous year. The United States will continue to be the lead export market for Peruvian grapes.

Table 1. Production, Supply, and Distribution

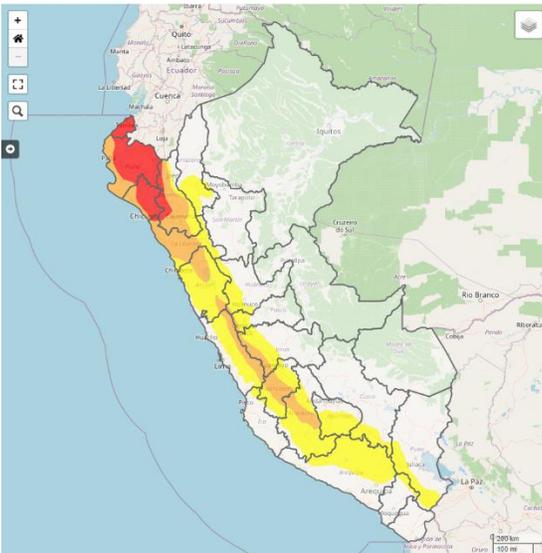
Grapes, Fresh Table	2021/2022		2022/2023		2023/2024	
Market Year Begins	Oct 2021		Oct 2022		Oct 2023	
Peru	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (HA)	32000	32000	34000	34000	0	35000
Area Harvested (HA)	30000	30000	32000	32000	0	33000
Commercial Production (MT)	592000	592000	645000	645000	0	654500
Non-Comm. Production (MT)	121000	121000	121000	121000	0	121000
Production (MT)	713000	713000	766000	766000	0	775500
Imports (MT)	500	7417	300	7500	0	500
Total Supply (MT)	713500	720417	766300	773500	0	776000
Fresh Dom. Consumption (MT)	175200	175200	171300	186000	0	180000
Exports (MT)	537300	544000	595000	586000	0	595000
Withdrawal From Market (MT)	1000	1217	0	1500	0	1000
Total Distribution (MT)	713500	720417	766300	773500	0	776000

Production:

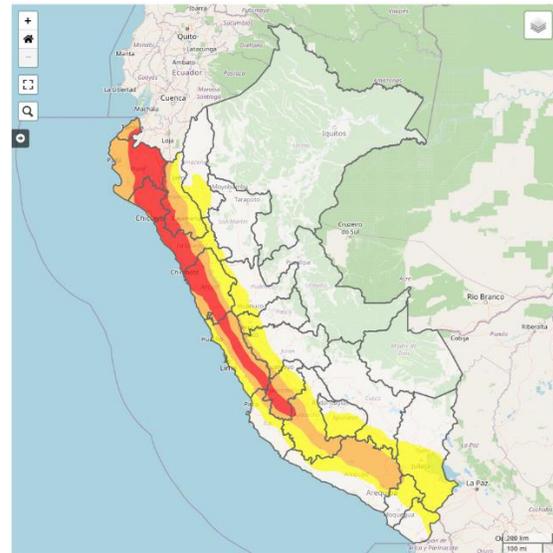
Grape production in Peru is forecast to reach 775,500 MT in MY 2023/2024 (October-September), increasing one percent over the previous year. An unexpectedly warmer winter, heavy rains, flooding, and economically paralyzing political unrest, did little to hinder Peruvian grape production this past marketing year. Moreover, the drought conditions of an ongoing El Niño weather phenomena will have little impact in the southern, grape producing region of Peru around the city of Ica.

Cyclone *Yaku* (the indigenous Quechua word for “water”) hit Peru in [early March 2023](#). Described by the National Meteorological and Hydrological Service of Peru (SENAMHI) as an “unorganized” tropical cyclone, not seen since 1998, this phenomenon brought heavy winds, torrential rains, high waves, storm surges, increased river flows, and floods for 40 days.

Figure 1. Peru weather conditions in early and mid-March 2023



[Notice 044](#). March 7, 2023

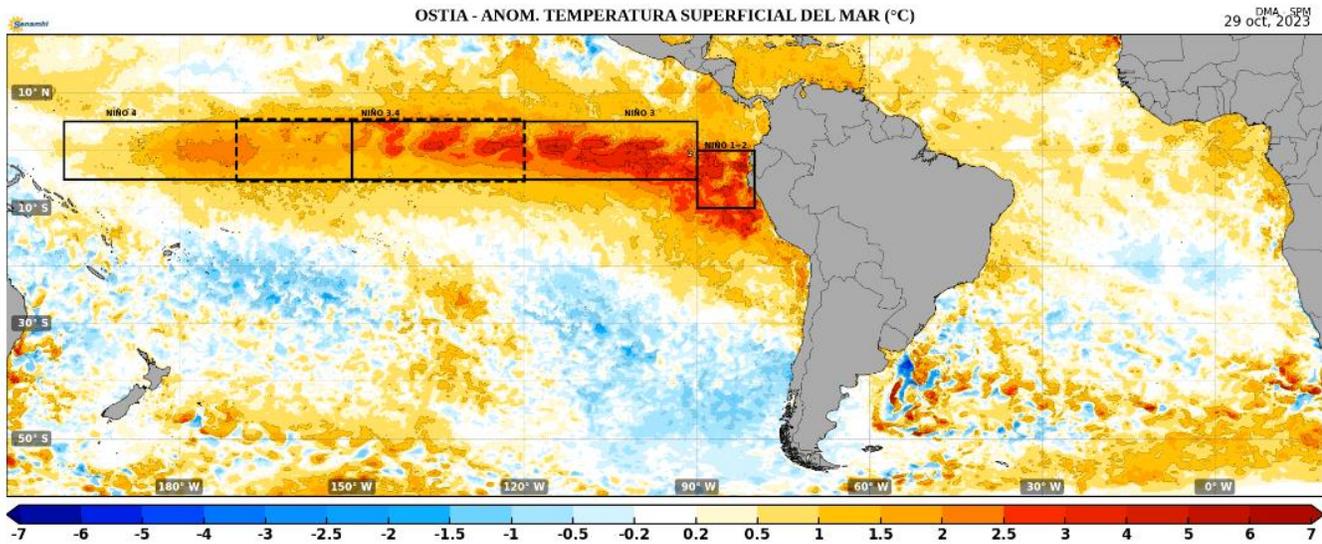


[Notice 046](#). March 12, 2023

Source: SENAMHI notices [044](#) and [046](#) in Spanish
Color coding in level of danger.

In addition, El Niño conditions followed after Yaku, elevating ambient temperatures four degrees Celsius (7.2 degrees Fahrenheit) above the maximum temperature average. This temperature phenomena impacted the development and recovery of grape vines after harvest, especially in the north around the city of Piura. With a higher humidity and warmer environment, Peruvian grapes around Piura became susceptible to fungal disease and negatively impacting the weight of harvested fruit. According to the Peruvian government's El Niño monitoring system, warm conditions are more likely to persist into February 2024 with projections that the El Niño intensity could be strong (49%) to moderate (47%).

Figure 2. Coastal El Nino status by October 29, 2023



Source: [SENAMHI](https://www.senamhi.gob.pe/)

Climate patterns in calendar year (CY) 2022 were slightly colder due to the *La Niña* weather phenomena, shifting to above average temperatures in CY 2023 as climate conditions shifted to *El Niño*. The *La Niña* to *El Niño* transition typically includes a buffer period, but that period was shortened measurably resulting in relatively back to back weather extremes impacting plant performance resulting in a delayed harvest last year and a probable advanced harvest this season.

Another fact that affected production in CY 2023, was the economically paralyzing political unrest that included multiple road blockades across the country and transportation worker strikes. Despite all these challenges, the outcome on Peruvian grape production was limited in large part due to the professionalism of the grape industry and their capabilities to work with farmers, industry, and the government, to avoid any significant impacts to grape yields.

Peru grape production takes place mainly on the coast. Coastal desert conditions exhibit daily temperatures consistently ranging between 9 and 30 °C (48-86 °F) 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, enabled Peru to mature vines 55 percent faster than in neighboring countries.

Figure 3. Grape production in the Super valley, Lima



Source: ©FAS Lima

Grape production is primarily located in Ica (43 percent) and Piura (30 percent). The total area under cultivation is estimated at 35,000 hectares. The harvesting season in Peru begins in late October and ends in April moving from North to South. Due to weather phenomena conditions, the harvest season MY 2023/2024 started 14 to 20 days early. With innovative technological management, the Piura region is achieving the double harvest, meaning having product in March/April and November/December.

Figure 4. Grape production zones in Peru



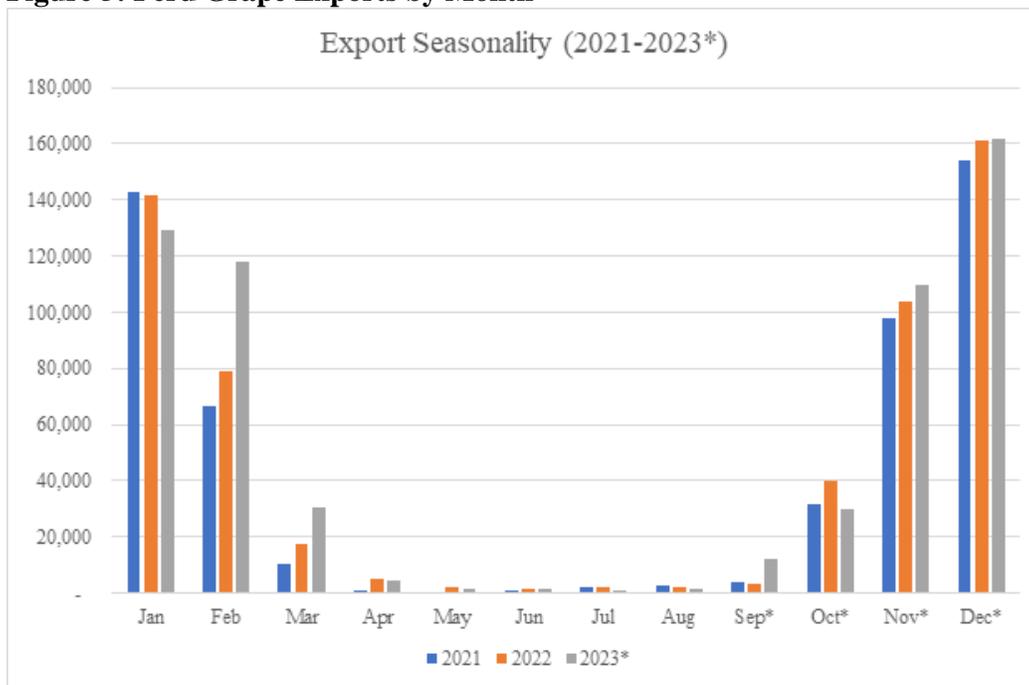
Source: Peruvian Ministry of Agriculture (MIDAGRI)

Table grapes white/green and red/black seedless varieties are split 50/50 percent in area of production, with a 15 percent increase of white seedless in comparison with MY2022/2023. The five most representative varieties are Red Globe (30 percent), Sweet Globe (22 percent), Autumn Crisp (9 percent), Allison (7 percent), and Crimson (5 percent) representing 73 percent. Currently, 70 percent of the grape table area are licensed, and 30 percent are to traditional vendors showing that the industry is market driven, modern., and responsive. According to official data, in MY 2022/2023 Peru exported 26 grape varieties to 53 destinations.

In addition, grapes for pisco are non-aromatic like Quebranta, Negra Corriente, Mollar, and Uvina, as well as aromatic like Italia, Moscatel, Albilla and Torontel. About wine varieties Peru has 30 varieties like Borgona black and white, Cabernet Sauvignon, Chardonanay, Malbec, Merlot, Moscatel, Mollar, Sirah, Tannat, Pinot Verdot, Pinot noir, etc.

Grapes are one of the most cost prohibitive crop operations to initiate in Peru, second only to blueberries. One hectare of grapes in Peru requires an initial investment of approximately \$45,000 excluding the cost of land. About 30 percent of the cost of production is soil preparation and the irrigation system, 25 percent corresponds to establishing the trellis, 14 percent goes towards the plant itself, and four percent to pruning and maintenance. This is a significant financial outlay for a small-scale farmer. However, the return on investment and profitability of producing high value, marketable varieties is notable. 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.

Figure 5: Peru Grape Exports by Month



Source: Peruvian Customs Service (SUNAT)

*FAS Lima projection

Consumption:

Domestic consumption of fresh grapes is forecast at 180,000 MT in MY 2023/2024, a three percent decrease from the previous year. The local grape market is a secondary market for producers since prices are significantly lower than international prices. The consumption decline is the result of declining consumption and stagnant local demand due to inflation, increasing unemployment, flat job growth, and no wage increases. Green Italian grapes continue to dominate the local market. The pisco industry is another significant consumer of grapes. Pisco output is estimated at 10 million liters in 2023. Chile and the United States are the largest consumers of Peruvian pisco. Lima and Ica make up 90 percent of total pisco production.

Figure 6. Seedless white/green grapes at local supermarket



Source: ©FAS Lima

Trade:

FAS Lima forecasts grape exports to reach a record of 595,000 MT in MY 2023/2024, two percent higher than the previous year. The United States was the top export destination in CY 2022 with exports reaching 250,814 MT, followed by the Netherlands with 74,949 MT, and Mexico with 35,083 MT.

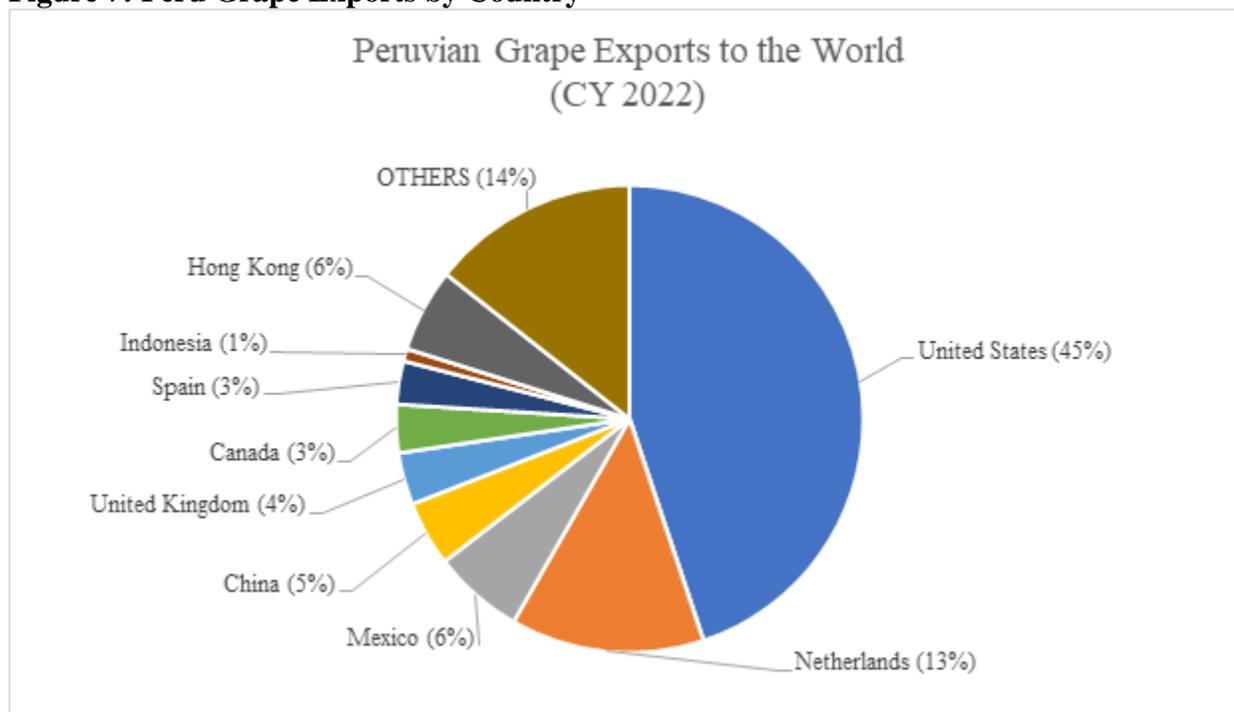
Fresh table grapes are the second largest export in value for Peru. In 2022 export values reached \$1.36 billion, an increase of 9 percent compared to the previous year and due to a higher volume of exports. In 2022, grape prices in the export market averaged \$2,438 per MT, same as 2021. However, prices in the U.S. market averaged \$2,567. Peruvian grape exports to the United States peak between December and January historically, but February 2023 had a 47 percent increase in volume (from 80,000 tons in February 2022 to 118,000 ton) explained by December 2022 and January 2023 political crisis, social unrest, and road blockades shifting all the volume to February 2023.

Export prices between January - August 2023 were \$2,341 per MT, four percent lower than the previous year. However, prices for MY 2023/2024 shows a recovery reaching to \$2.842 in October 2023.

A game changer for MY 2023/2024 table grape farms in the south (Ica and Arequipa) is the weekly express service from the Port of Pisco. [The Pisco Port](#) located in the Ica area began moving grapes on November 9, 2023, bridging the port of Ica with the United States through transshipment in Panama (to Savannah, Philadelphia, and Los Angeles), Manzanillo (Mexico), and Vancouver (Canada), and northern Europe (Rotterdam, the Netherlands, and Amberes, France). Transit days on average will be 12 days to Philadelphia, 18 to Mexico, 22 to Los Angeles, and 20 days to Rotterdam and Vancouver 30 days. The Port will host between 9,000 to 11,000 twenty-foot equivalent unit TEUS (New Panamax) ship capacity. This service will save time, cost of transportation (avoiding products to transit to Callao a 50 Km - 31 miles – ride in 12 to 24 hours), impacting on the better performance and quality of the Peruvian table grape. The Pisco Port modernization project took three years since 2018, \$240 million dollars investment and in 2022 it mobilized 2.7 million MT, a 30 percent than previous year.

For 2024/2025, the multi-purpose Peoples Republic of China [Chancay Port](#) is under construction and could be operational for grapes beginning in November 2024. Chancay Port is in Lima, 60 Km (35 miles) from the Callao Port bringing an alternative to Peru’s main port in terms of traffic and storage capacity. According to official information the Chancay Port will reduce shipments to Asia increasing the competitiveness of Peru’s foreign trade operations. Also, Chancay Port is being considered by Brazil as a trade corridor for Asia.

Figure 7: Peru Grape Exports by Country



Source: Peruvian Customs Service (SUNAT)

Policy:

Peru has signed 24 [trade agreements](#), including the United States, China, and the European Union. These agreements, along with the work of [PROVID](#) (grape producers association) and SENASA (National Agricultural Sanitary and Phytosanitary Agency of Peru) the Animal and Plant Health Inspection

Service (APHIS) counterpart to comply with the sanitary and phytosanitary regulations of trading partners have enabled Peruvian grapes to penetrate international markets.

In MY 2023/2024, Peruvian grapes arrived for the first time to Japan. Peru is currently working on opening the markets of Australia, the Philippines, Chile, and Israel.

Attachments:

No Attachments