

**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:**

Peru's grape production and exports continued to grow during 2020, despite the economic recession caused by the COVID-19 pandemic. Peruvian grape exports are forecast at 412,000 metric tons in marketing year 2020/2021, increasing 2.5 percent compared to the previous year. The United States continues to be the lead market, accounting for 38 percent of Peruvian grape exports in calendar year 2019.

**Executive Summary:**

Grape production in Peru is forecast to reach 665,000 metric tons (MT) in marketing year (MY) 2020/2021 (October-September), a two percent increase over the previous year. Favorable weather conditions, plenty of water supply, and growing demand are driving this increase. Domestic consumption of fresh grapes remains fairly stable and is forecast at 255,000 MT in MY 2020/2021. Exports are forecast to reach 412,000 MT in MY 2020/2021. The United States continued to be the top export market in calendar year (CY) 2019 accounting for 38 percent of total exports.

Grapes, Fresh Table	2018/2019			2019/2020			2020/2021		
Market Begin Year	Oct 2018			Oct 2019			Oct 2020		
Peru	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post
Area Planted	30500	30000	30500	31000	0	31000	0	0	31500
Area Harvested	29000	27500	29000	29500	0	29500	0	0	30000
Commercial Production	512000	520000	512000	530000	0	535000	0	0	545000
Non-Comm. Production	118000	115000	118000	118000	0	118000	0	0	120000
Production	630000	635000	630000	648000	0	653000	0	0	665000
Imports	1100	4000	1500	1000	0	3000	0	0	3000
Total Supply	631100	639000	631500	649000	0	656000	0	0	668000
Fresh Dom. Consumption	242400	237000	247000	253000	0	253000	0	0	255000
Exports	387700	400000	383500	395000	0	402000	0	0	412000
Withdrawal From Market	1000	2000	1000	1000	0	1000	0	0	1000
Total Distribution	631100	639000	631500	649000	0	656000	0	0	668000

Unit: Metric Tons

## Production:

Grape production in Peru is forecast to reach 665,000 MT in MY 2020/2021 (October-September), a two percent increase over the previous year. Favorable weather conditions, plenty of water supply and growing demand 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 31,500 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 \$43,000, 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.



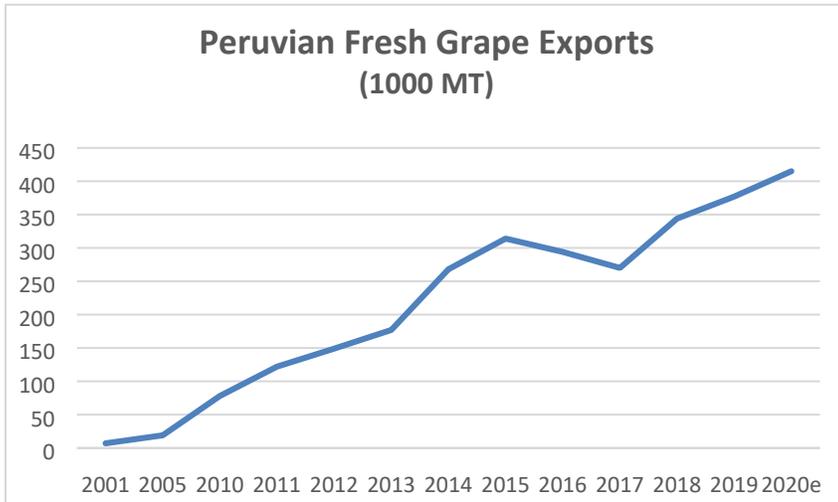
*Figure 1: Grape production in Ica, Peru*

### **Consumption:**

Domestic consumption of fresh grapes is forecast at 255,000 MT in MY 2020/2021, a slight increase from the previous year. The local grape market is a secondary market for producers because prices are significantly lower than international prices. Green Italian grapes continue to dominate the local market. The pisco industry is another significant consumer of grapes. Pisco output is estimated at 11 million liters in 2020. Chile and the United States are the largest consumers of Peruvian pisco. Lima and Ica make up 90 percent of the total production of pisco.

### **Trade:**

FAS Lima forecasts exports to reach 412,000 MT in MY 2020/2021, two percent higher than the previous year. The United States was the top export destination in CY 2019, accounting for 38 percent of total exports. Other important markets are the Netherlands and Hong Kong with 15 and 10 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 expected to reach \$1 billion. In 2020, grape prices in the export market averaged \$2,333 per MT, however prices in the U.S. market averaged \$3,053. Peruvian grape exports to the United States peak between December and January due to seasonally higher prices. Between October 2019 and March 2020, Peru became the leading grape supplier to China accounting for 48 percent of market share.



**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