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Diversify to prosper, Peru told

New report from FreshFruit highlights strengths and weaknesses of Peruvian agri-export sector



Peruvian agricultural exports are expected to grow by 2.4 per cent in 2020 in spite of the challenges posed by the coronavirus pandemic.

Presenting its new study into the sector, Fresh Report, the FreshFruit consultancy said agri-exports had become one of the main engines of the Peruvian economy, rising by 188 per cent in the past decade from US\$2.462bn in 2009 to US\$7.112bn in 2019.

Peru's export basket has changed considerably over the past decade, with coffee and asparagus being replaced by fruit as the main driver of export growth. Last year, table grapes, blueberries and avocados made up 34 per cent of total exports.

FreshFruit said the change was due to increased supply and demand and the favourable reception of Peruvian products in global markets.

Speaking at an event to launch the new report, Alejandro Fuentes, president of

the Association of Peruvian Agrarian Producer Guilds (Agap), highlighted the sector's huge importance to the economy, generating 4m jobs and accounting for 57 per cent of the rural economy.

Luis Corvera, CEO of FreshFruit, said more diversification was needed to strengthen the sector. While Peru exports more than 100 agricultural products, just three of these accounted for 34 per cent of shipments, while the first ten made up 64 per cent of the country's export volume.

The same can be said at varietal level – more than a third of exports in each product category are concentrated on a single variety. In table grapes, Red Globe accounts for 43 per cent of shipments, while in blueberries, Ventura and Biloxi make up 81 per cent of exports.

Eduardo Chávarri, general director of Economic Promotion of the Ministry of Foreign Relations, suggested that a collaborative approach which integrated

small and medium-sized companies into the sector who help diversify Peru's agri-export basket.

The report also highlights the need for greater diversification in Peru's export markets.

In 2009, Peru reached 121 markets with its agricultural exports, with the US and the Netherlands having a combined share of 43 per cent.

Ten years on, despite the fact that Peru now reached 131 markets, the volume shipped to the US and the Netherlands had risen to 57 per cent.

FreshFruit noted that shipping such high volumes to a limited number of destinations caused markets to become oversupplied and put downward pressure on prices.

It said the problem was most acute with blueberries, in which 78 per cent of exports last year went to the US and the Netherlands, causing prices to drop from US\$8.40/kg in 2017 to US\$6.61/kg in 2019.

"This problem could cause a drop in the export value of blueberries in the coming years, so it is necessary to start looking for new markets and opportunities to get better prices," FreshFruit said.

"These falls especially hit the new producers, who invest with the expectation of prices that they will not get because they themselves contribute to flooding the market."

Avocado suffered from similar problems. In 2018, Peruvian oversupply caused a 14 per cent drop in prices, affecting a large number of Peruvian companies.

"To continue expanding without affecting prices, it is necessary to continue modulating the harvests

and looking for new markets that offer better prices and have a growing demand," FreshFruit said.

Miguel Quevedo, national head of plant health authority Senasa, said the institution is working to help overcome this challenge by preventing the entry of quarantine pests into the country and improving access conditions for some products such as asparagus or pomegranate.

Likewise, he pointed out that in the coming months he hoped to specify the access of Peruvian products to countries in America, Asia and Oceania.

"Peruvian products have already proven to be competitive and of high quality, the next step is to continue growing without affecting their value," the report summarises.

"To continue developing agro-exports, it will be necessary for companies to begin to specialise, using business intelligence to identify consumer preferences, and tailor their offer and identify the best opportunities offered by different markets. Diversify products, varieties and destinations. Growth will not be easy."

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