



CHARTING THE COURSE:

**FOOD SECURITY AND TRADE
IN THE ASIA-PACIFIC & LAC REGION**

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Peruvian Food Sector Priorities and Challenges Exporting to Asia

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2011 Peruvian Food Security Balance

Exports

<u>Products</u>	<u>US\$ Millions</u>
Coffee	1,598
Asparagus	485
Fruit (others)	356
Grapes	304
Avocado	161
Mango	154
Artichoke	139
Paprika	132
Vegetable and cereals	124
Capsicum	114
Cocoa	107
Citrus	86
Others	773
Total	4,533

Imports

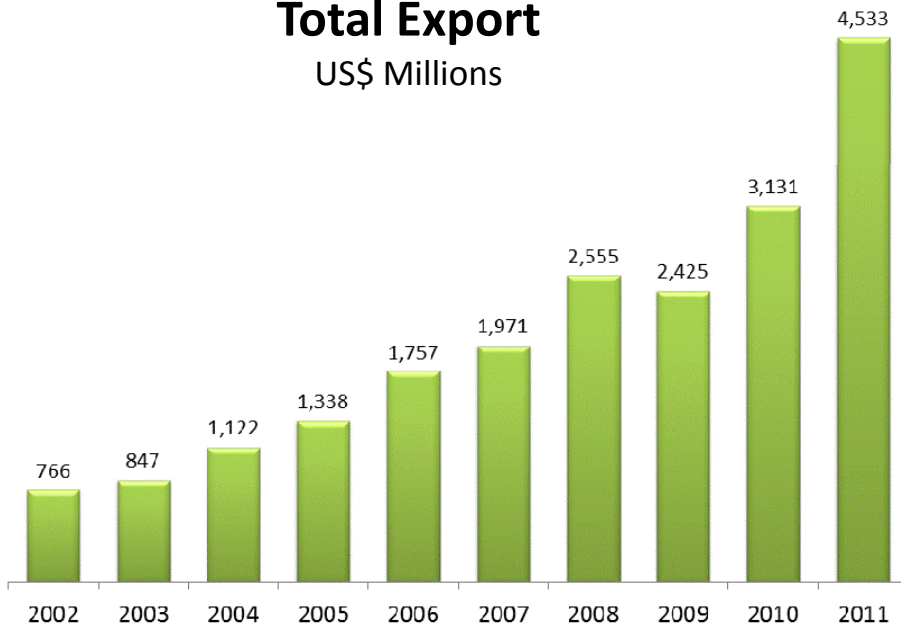
<u>Products</u>	<u>US\$ Millions</u>
Corn	635
Wheat	603
Soybean	488
Oil of soybean	403
Rice	131
Cotton	221
Sugar	146
Fruits	116
Milk	91
Soy beans	72
Vegetables	65
Malta	47
Others	1,004
TOTAL	4,022

Positive Food Trade Balance with 13% more exports than imports

Source: ADEX DATA TRADE

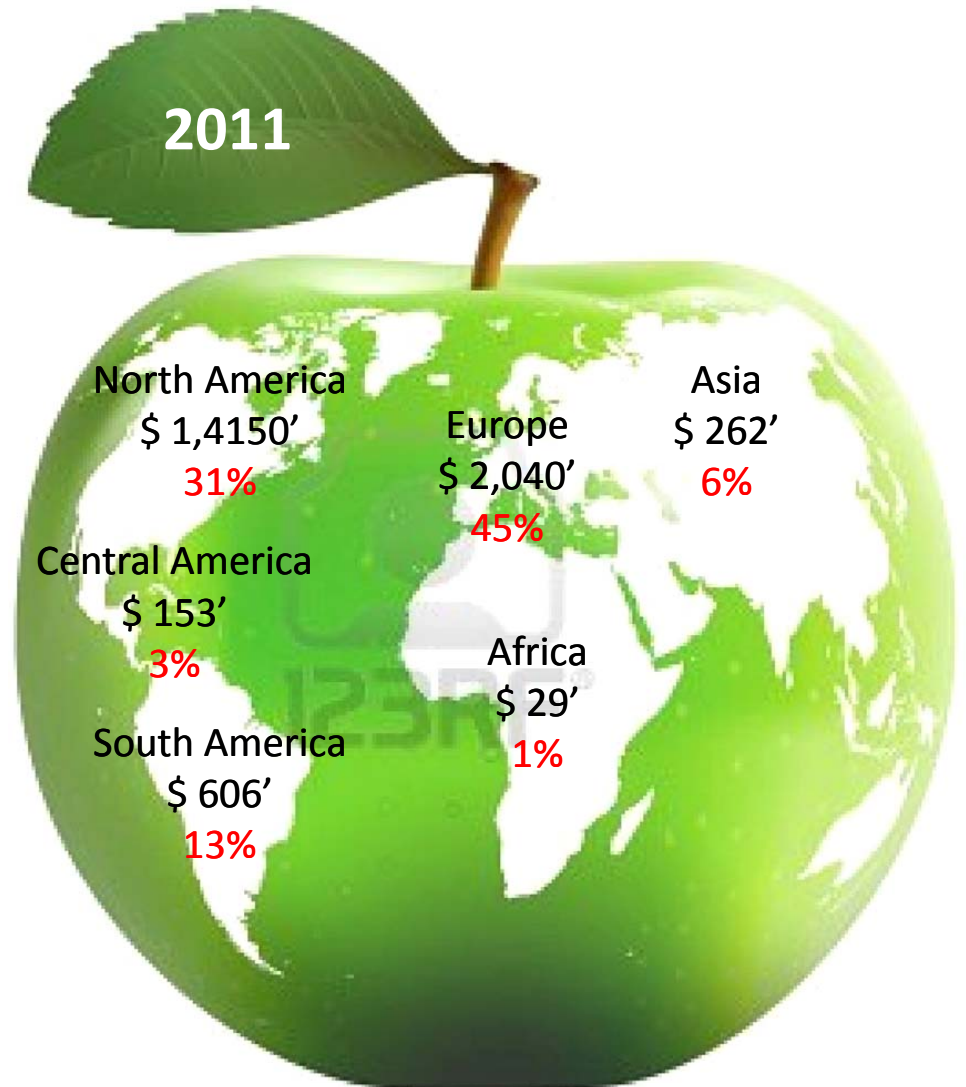
Peruvian Agriexports for the World

Total Export
US\$ Millions



Yearly average growth: 22%

Source: ADEX DATA TRADE



US\$ Millions
% share

World leadership



1st exporter of asparagus



1st exporter of paprika



1st exporter of organic banana



2nd exporter of organic cocoa



3rd producer of specialty coffees



3rd exporter of processed artichokes.



5th exporter of mangos and Hass avocado

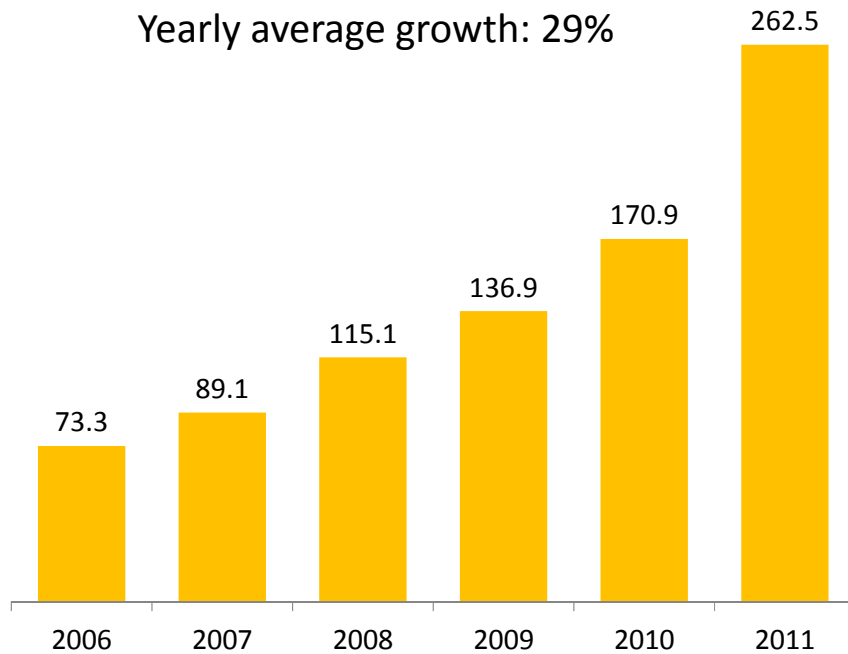


9th exporter of Grapes

2011 Peruvian Agriexports to Asia

Total Exports: US\$ Millions

Yearly average growth: 29%



Country	US\$ Millions	% Var	% Part
Japan	58.3	52.2%	22.2%
South Korea	55.4	50.0%	21.1%
China - Main Land	50.6	51.9%	19.3%
China - Hong Kong	43.9	94.4%	16.7%
Indonesia	13.4	163.4%	5.1%
Israel	5.7	8.8%	2.2%
Thailand	5.6	340.9%	2.1%
Others	29.6	5.3%	11.3%
TOTAL	262.5	53.6%	100.0%

Main products exported to Asia: Grapes, Coffee and Algae



Building the fundamentals of the chain supply

CURRENT AND FUTURE PRODUCTION CAPACITY

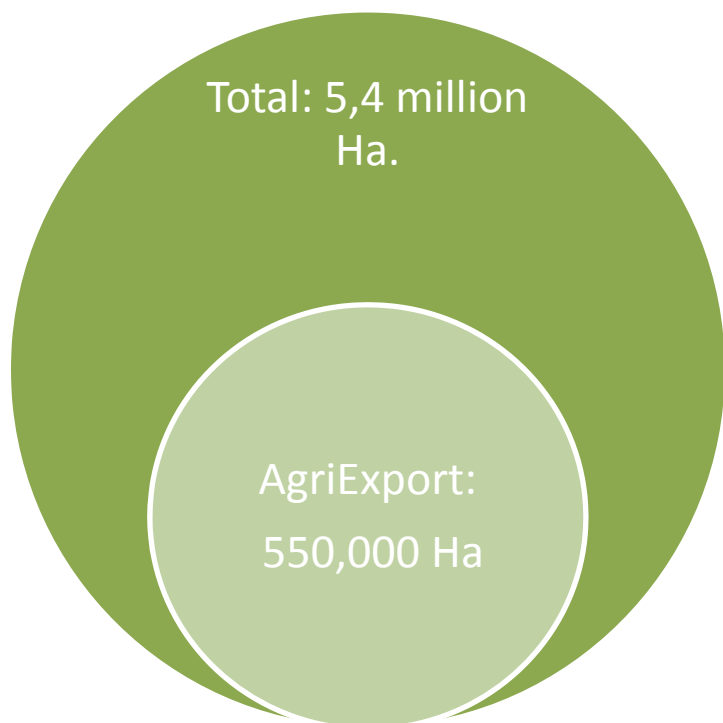
Extraordinary natural conditions for agriculture



- Coast, highlands and Amazon region
- 28 of 32 world climate zones
- 84 of 104 world life zones
- Equatorial position
 - High luminosity
 - More sun hours
 - Perpendicular sunlight
- Agricultural valleys at different altitudes (from 0 to 4,800 m.a.s.l.)

Agricultural land

Land and its use



AgriExports uses 10% of agricultural land
Creates jobs for 900,000 workers
Supports the economy of 1.7 million people

Expansion of the Agricultural frontier

103,000 hectares of new land



207,000 hectares over the next 4 years

By creating new jobs, including small producers and expanding the use of more land we are launching a revolution in Peruvian agriculture

Promotion and Support

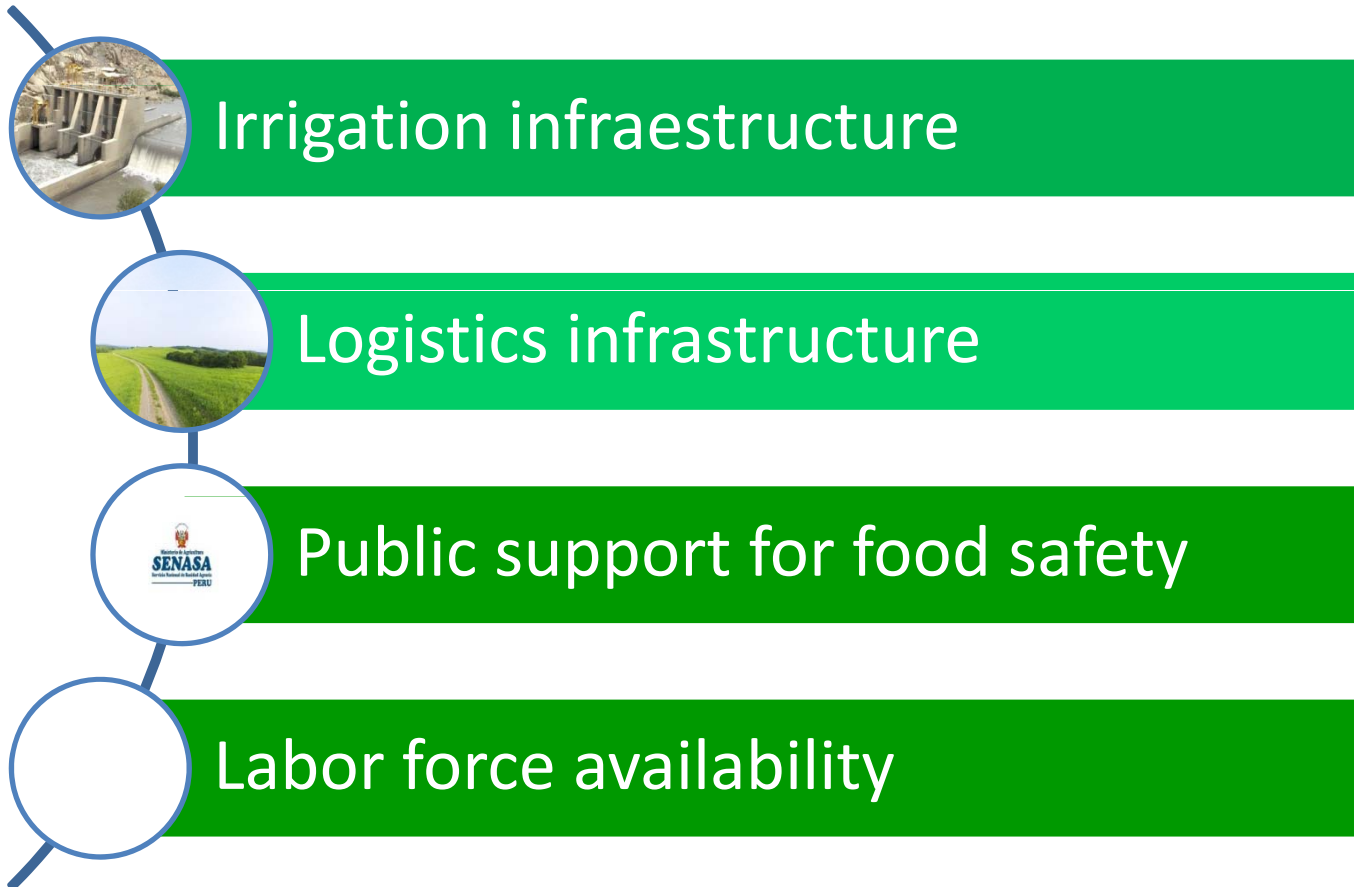
Agriculture Promotion Act

- Reduced Income Tax: 15% (vs. 30%)
- Special labor regime adapted to production characteristics
- New irrigation infrastructure projects

Support Network

- Public Institutions
 - INIA: Research and Innovation
 - PROINVERSION: Investment Promotion
 - SENASA: Food Safety
 - ANA: National Water Authority
- Private institutions
 - ADEX Exporters Association
 - Pro Citrus, Pro Hass etc. Producers Associations

Production priorities and challenges





Preferential access, requirements and potential trade





ASIAN MARKET OPPORTUNITIES

Current Economic Association between Peru and Asia

Trade Agreements

Free Access*

Market Opportunities**

Singapore		999 items	447 items
China		332 items	464 items
Korea		307 items	441 items
Japan		843 items	343 items

Peru is party to the Trans-Pacific Partnership negotiations

* Free Tariff Items the first five years of the agreement

** Items with growing demand and produced but not exported by Peru



Partnership to improve the supply chain

CHALLENGES AND PRIORITIES

Food Security

Challenges

- Triple agri exports in the next five years.
- Increase by 3.5 Peru's agri exports to Asia in the next five years.
- Strengthen the production of new products demanded by Asia.

Priorities

- Improve irrigation infrastructure.
- Reduce logistics costs.
- Train skilled labor.
- Strengthen small producer association models.
- Direct research towards the development of exportable products.

Phytosanitary and Food Safety

Challenges

- Expand pest free land acreage approved by foreign authorities, real access to the markets.
- Increase a culture of food quality and safety among producers and exporters.
- Develop a certification for Peruvian products for all target markets.

Priorities

- Strengthen SENASA's capacity to guarantee a supply of safe food and to draft phytosanitary protocols in order to adequately access markets.

Challenges to develop an efficient network



Establish a true public-private partnership.



Develop an annual plan for food security, phytosanitary and safety issues.



Develop a close relationship with peer Asian institutions.