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Commercial Horticulture – Trading with Peru

Many people don't know about Peru, or even know where it is and how important it is to the United States as a trading partner. Currently, although Peru has great horticulture potential and productivity, the agriculture industry only contributes 13 percent of the total GNP of Peru where government is currently focusing on value-added products. The agriculture industry in Peru employs 30 percent of the country's population making the industry a vital asset to the country's economy.¹

Being that Peru is in a tropical zone, the climate is perfect for a diverse horticultural program. Peru has great and diverse horticulture producing potential and is the world's genetic origin of the potato, having over 3,000 different varieties of potatoes grown. In addition, the country has over 120 different domesticated plants to offer in world exports. Examples of the most significant agronomic and horticulture staple crops are: sugarcane, cotton, and coffee. To add to the exotic menu of crops, the camu-camu which is a small tropical jungle fruit is known for containing the highest source of vitamin C. Another, more traditional and important export crop in Peru is the asparagus. Because of the perfect climate for asparagus, in the months of November to January, Peru is able to supply the United States and world, in green asparagus spear exports, totaling over \$120 million to the United States alone. Peru also supplies the European Union with mostly white asparagus spears. Other items of Peru's export crops include many varieties of herbs, sweet onions, and mangos.² One major constraint is the supply of quality fresh water by means of irrigation for large production farms along the Pacific coast.

¹ Encyclopedia of the Nations. [E Peru - Agriculture](http://www.nationsencyclopedia.com/economies/Americas/Peru-AGRICULTURE.html)
<http://www.nationsencyclopedia.com/economies/Americas/Peru-AGRICULTURE.html>
[encyclopedia of the Nations](http://www.nationsencyclopedia.com/economies/Americas/Peru-AGRICULTURE.html)

² Encyclopedia of the Nations. [E Peru - Agriculture](http://www.nationsencyclopedia.com/economies/Americas/Peru-AGRICULTURE.html)
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Recently, with the relief of 80 percent of the tariffs and duty-free on United States export going into Peru, the door of free trade and economic stimulation is going to definitely proceed as a positive outcome. To make things even better for trade relationships, it's predicted that the trade between the United States and Peru will be completely free of tariffs within the next ten years. In addition to Agri-Industries benefiting from the duty-free agreement, other industries will benefit from this agreement as well. Because of the duty-free agreement, construction equipment, auto parts, medical, and other scientific industries are planning on investing in the country as well. This means more trade, more jobs, and more positive economic impact and stability, through value-added businesses. In addition, the trade activity will increase and enhance governmental political ties between the two trading countries as well.³

To illustrate this positive effect, in 2006, as compared to 2005, there was a 27 percent increase in export goods to the United States. This means that farmer's income increased and from a consumer's point of view, a bigger base of consumer products and increased jobs from value-added businesses increased.

Through an enduring effort to stimulate interest toward expanding agriculture in Peru, the Government is now investing in the agriculture program to stimulate more horticulture activity. For instance, the government plans to invest more acres dedicated to yellow corn, coffee, and poultry operations.⁴

Recently, Peru was a net agricultural import since 1980, illustrated through recorded import receipt of \$200 million U.S. dollars than exports in 1999. The future of the trade agreement between the United States and Peru is promising and will continue to grow as an excellent trading partner of the United States.

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³ Trade Facts (June 2007). Office of the United States Trade Representative. Free Trade with Peru, Summary of the United States - Peru Trade Promotion Agreement. Commitments and Cooperation to Protect the Environment. http://www.ustr.gov/sites/default/files/uploads/factsheets/2007/asset_upload_file672_13066.pdf

⁴ Encyclopedia of the Nations. [E Peru - Agriculture](http://www.nationsencyclopedia.com/economies/Americas/Peru-AGRICULTURE.html)
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