

Commission Representatives Travel to Peru



By Ken Melban
Vice President of Industry Affairs

In conjunction with the World Avocado Congress, Commission Chairman Doug O'Hara and I travelled to Peru to meet with Peruvian avocado leaders and visit production areas in early September 2015. The first two days of our trip were hosted by James Bosworth, chairman of ProHass, and Daniel Bustamante, ProHass vice chairman. (ProHass is the Peruvian avocado growers' association representing approximately 80 percent of the total industry.) Peru currently has 18,000 Hass bearing hectares (44,000 acres) and another 7,000 non-bearing hectares (17,300 acres). The average yield per hectare is 9,167 kilos (8,360 pounds per acre).

In Peru, we visited the Chiclayo area, about 450 miles north of Lima, to see the large-scale agricultural production of their two respective companies, Agrícola Hoja Redonda (AHR) and Agrícola Cerro Prieto (ACP). In addition to Hass avocado, other major crops included citrus, grapes and blueberries. The Chiclayo production of AHR encompasses 1,000 hectares, 120 of which are Hass avocado. AHR also has 830 hectares, including 310 hectares of Hass avocado, in the Chincha region south of Lima. ACP has a total of 4,000 hectares; 1,200 are Hass avocado.

We also spent another two days in the area of Trujillo, approximately 350 miles to the north of Lima. There we were hosted by representatives from Camposol and Mission Produce. Camposol grows Hass avocado on 2,500 hectares

and has 13,000 employees, not all directly involved with avocado. Mission just opened a new packing facility and has approximately 2,700 planted hectares, but not all are producing yet. The four companies we met with represent approximately 25 percent of the total Hass production in Peru.

In general, Hass avocado farming in Peru is done on a very large scale. During all four visits we went up to higher ground and saw what could best be described as a sea of avocados...literally as far as the eye could see.

The growing conditions of Peru's production areas are vastly different from those in California. The two production areas we visited are located almost entirely on sand dunes. It was amazing to see avocado groves growing in sand. The water supply is delivered from the Andes through a federal water project consisting of large canals. All the groves we visited had two or three drip lines, with emitters spaced out about every 18 inches. Growers plant corn in between the avocado trees and once the stalks are fully grown they are cut and left in place to create mulch. Due to the environmental conditions trees grow very rapidly and can produce within two years.

The average pay for employees, including harvesters, is \$300 - \$390 per month, and employees typically work 47.5 hours per week. This amounts to a pay range of \$1.46 - \$1.89 per hour. Most of the companies we visited have



Jimmy Bosworth, Doug O'Hara, Daniel Bustamante

their own nurseries, with 20,000 – 30,000 trees in stock at a cost of \$2 per tree.

We had some candid talks with our hosts and found them to be very open. One of the common discussion items was the glut of Peruvian avocado supplied to the U.S. market in 2014. When we noted our desire to avoid those market conditions again, everyone agreed that lessons had been learned and similar mistakes would not occur. Although this was encouraging, it's worth noting that in 2014 Peru's production totals were much higher. For 2014 Peru's total volume to the United States was 144 million pounds. For 2015 total Peruvian volume was 365 million pounds with 105 million pounds shipped to the United States. This represents a 26 percent reduction from 2014 in U.S. shipments. Obviously we are hopeful the 2014 issues won't be

repeated, but concerns remain that when supplies increase the large influx may occur again.

For the 2015 season, Peru increased its exports to Europe. The Peruvian industry members we spoke with noted that interest in the European market remains strong, and in some instances 2015 fruit that was expected to ship to the U.S. market was actually directed to Europe. The two primary factors that influenced the shift were market conditions, at times stronger returns in Europe, along with more difficult phytosanitary shipping requirements into the United States. Peru's exports to Chile also grew, and they remain bullish on increasing that market. They also export to Japan.

The domestic consumption of Hass avocado in Peru is very small, with exports at about 95 percent. Apparently, Peruvians prefer the green skin varieties. Considering Peru



Nursery



Corn stalks planted between young avocado trees

has a population of roughly 30 million people, with 10 million living in Lima, it seems there would be a stronger effort to increase domestic Hass consumption. When we asked about that during our visits, the general response was, "Peruvians don't like Hass." To which we would inevitably respond, "Do you think the U.S. Hass market just happened? It was developed through education and marketing." Nonetheless, for now it doesn't appear Peru is interested in increasing its domestic Hass market. Lastly, Peru was recently granted access to China and is pursuing access to India, then South Korea and Colombia.

For 2016, Peru is forecasting a total production of 380 - 400 million pounds, barring any major impacts from El Niño. Of that total, an estimated 130 million pounds will be shipped to the United States. 🥑