

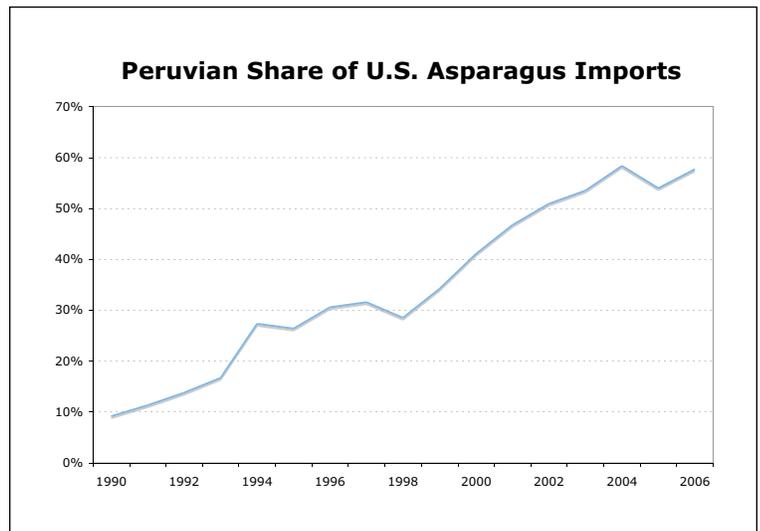
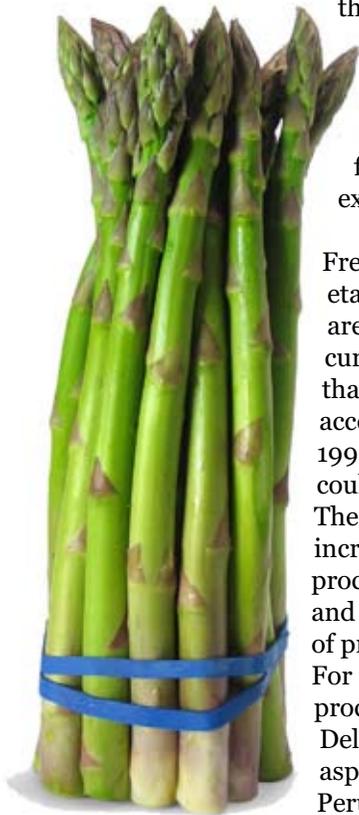
U.S. Asparagus Growers at Risk from Peru Free Trade Agreement

The Peru Free Trade Agreement is based on the same flawed agriculture policies that have already threatened U.S. tomato, bell pepper, and cucumber growers under the North American Free Trade Agreement. The Peru FTA would provide permanent access to the U.S. market for Peruvian fresh and processed vegetables as well as other crops. American vegetable farmers would be especially vulnerable to Peruvian fresh and processed vegetable imports since Peruvian asparagus, green pea, and onion imports are already significant and growing. American vegetable companies are already investing in processing plants in Peru to take advantage of lower farmland, labor, and environmental costs.

Peruvian subsistence farmers will also face fierce competition from low-priced American exports, especially rice, corn, and chicken. NAFTA drove more than a million Mexican farm families off their land as cheap corn imports undercut the production of the national food staple. There are more

than 3 million Peruvian agricultural workers and 26 million rural Peruvians that could be directly affected from increased U.S. exports of staple foods.¹

Fresh and processed vegetable imports from Peru are already growing under current trade agreements that have given Peru duty free access to the U.S. market since 1991.² The proposed Peru FTA could increase these imports. The Peru FTA could likely spur increased investment in vegetable processing operations in Peru and facilitate increased imports of prepared vegetable products.³ For example, major American processors like Green Giant and Del Monte have relocated several asparagus processing plants to Peru since 2003.⁴



Over the past decade, fresh and processed vegetable imports from Peru have surged. The volume of fresh and processed vegetable imports from Peru have increased six-fold from 55.6 million pounds in 1997 to 353.4 million pounds in 2006.⁵ The United States is a net importer of vegetables from Peru, importing 7.5 times as many fresh and processed vegetables from Peru as it exported to Peru in 2006. That has generated a large and growing vegetable trade deficit with Peru, meaning the dollar value of vegetable imports is larger than the dollar value of vegetable exports to Peru. The U.S. fresh and processed vegetable trade deficit with Peru grew more than seven-fold over the past decade from \$27.2 million in 1997 to \$203.6 million in 2006.⁶

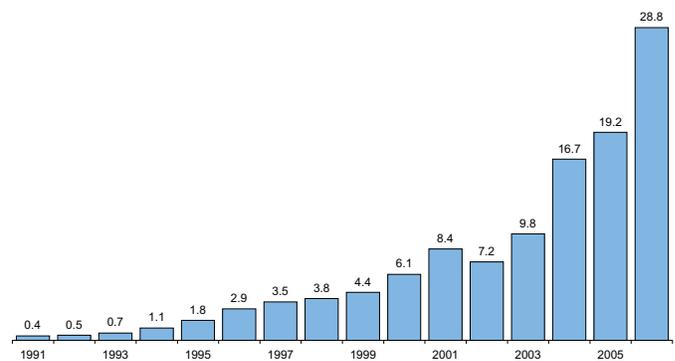
Asparagus Farmers Face Largest Danger from Peruvian Imports

Imported asparagus from Peru has already devastated asparagus producers in the U.S., but the Peru FTA would accelerate the damage to the remaining farmers in California, Washington, and Michigan. U.S. asparagus imports from all countries – both fresh and frozen – have been exploding since the early 1990's when NAFTA and the Peru trade preferences went into effect. Since 1991, total fresh and frozen asparagus imports increased five-fold, from 46 million pounds in 1991 to 278 million pounds in 2007.⁷ Peru's fresh and frozen asparagus exports to the U.S. market have grown even faster, rising nearly 2,500 percent from 6 million pounds in 1991 to 160 million pounds in 2006. Peru's exports now represent more than 3 out of 5 pounds of fresh and frozen asparagus imported by the United States, up from less than one in ten in 1991.

Proponents of the Peru asparagus trade initially claimed that the fresh asparagus imports from Peru would complement the domestic asparagus industry by allowing consumers to get fresh asparagus year-round, even when domestic asparagus was not in season. Peru grew



U.S. Imports of Processed and Frozen Asparagus from Peru (millions of pounds)



to become a year-round producer and exporter of fresh asparagus, even shipping fresh asparagus during the growing season when California growers produce most of the fresh asparagus for the American market.⁸ Increased competitive imports during the growing season depressed prices for fresh asparagus and undercut domestic suppliers. In 2003, California asparagus farmers had to plow their crops under because asparagus prices were too low to cover even the cost of harvesting the crop.⁹

Although importers of fresh asparagus took immediate advantage of Peru's access to the U.S. market, asparagus processors also gain from increasing Peruvian asparagus exports. Under the Peru FTA, asparagus processors would gain permanent access to inexpensive fresh asparagus imports as well as processed asparagus made overseas where farm and factory labor is cheaper. In a House Committee on Ways and Means hearing, the Grocery Manufacturers Association, which represents many vegetable processors and supports the Peru trade deal, stated: "Many GMA members benefit from these commitments through access to duty-free imports of seasonal vegetables."¹⁰

Asparagus processors were some of the first vegetable companies to invest in Peruvian processing plants. U.S. imports of processed and frozen asparagus from Peru have also started to escalate. In 1991, Peru exported 394,000 pounds of processed and frozen asparagus to the United States, but by 2006 that figure had grown 62 times larger to 28.8 million pounds.¹¹ Del Monte and Green Giant have relocated their processing plants from Washington state to Peru since 2003. In written comments to the U.S. International Trade Commission on the Peru Free Trade Agreement, Green Giant noted that it could not supply asparagus to U.S. consumers from American processing plants at a competitive price and if the Peru FTA does not go into effect, it will consider shifting production to Mexico or China.¹²

As imports have skyrocketed, asparagus acreage in the United States has been cut nearly in half. Between 1991 and 2006, harvested asparagus acreage for the fresh and processed market fell from 92,000 acres to 45,000 acres.¹³ Washington, which was a major producer of asparagus for processing, lost three fifths of the harvested asparagus acres between 2000 and 2006, falling from 23,000 to 9,000 acres.¹⁴ California lost more than a third of its acres over the same period and Michigan's harvested asparagus acres fell by 29 percent.

Asparagus growers are the canaries in the coal mine of the Peruvian vegetable trade. Fresh asparagus imports have driven some domestic farmers out of business and remaining growers will face low prices for their crops due to competition from Peruvian imports. Already, asparagus processors have begun to shift their operations to Peru. More processing houses may close in the United States, making it difficult for farmers in Washington and Michigan to get their crops canned or frozen and onto grocery store shelves. The current higher prices many farmers are enjoying could sour when imports of fresh and processed asparagus increases under the Peru Free Trade Agreement.

What You Can Do:

Tell your members of Congress to vote NO on the Peru Free Trade Agreement!

To contact them, call the Congressional switchboard at (202) 224-3121.

Endnotes

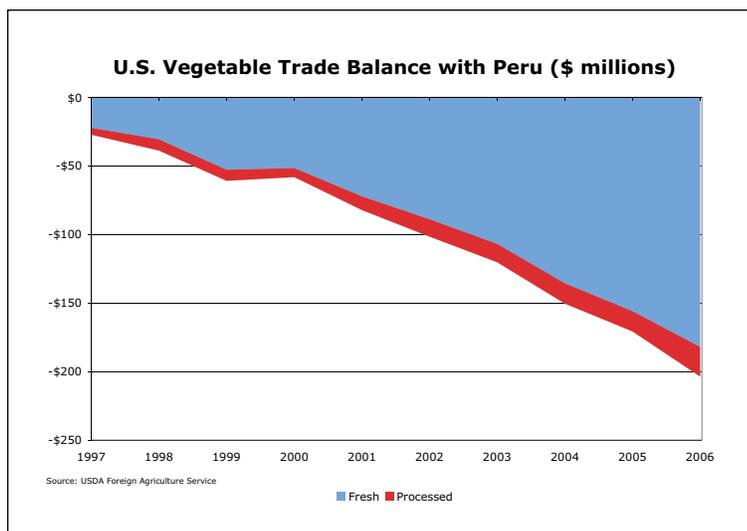
¹ United Nations Food and Agriculture Organization, "Food and Agricultural Indicators: Peru" November 2006.

² Peru has received duty free access to the U.S. market for a long list of foods since the Andean Trade Preferences Act went into effect and subsequently has been renewed under the Andean Trade Preferences and Drug Eradication Act.

³ U.S. International Trade Commission, "U.S.-Peru Trade Promotion Agreement: Potential Economy-wide and Selected Sectoral Effects," June 2006 at 1-13.

⁴ USITC at 3-15.

⁵ USDA Foreign Agriculture Service trade database, harmonized tariff codes HS-07, HS-0710, HS-0711, and HS-0713, does not include pulses like lentils or chickpeas, available at



www.fas.usda.gov accessed October 2007.

⁶ *Ibid.*

⁷ USDA, National Agricultural Statistical Service, *Vegetables and Melons Situation and Outlook Yearbook*, 2007, July 26, 2007 at 78; USDA, FAS data for frozen and processed asparagus, accessed September 2007.

⁸ USITC at 3-14.

⁹ Barbassa, Juliana, "Increase in Vegetable Imports Spell Doom for U.S. Growers," *Associated Press*, Feb. 1, 2004.

¹⁰ Robert Aldrich, Statement of Grocery Manufacturers Association to the Committee on Ways and Means. Hearing on the Implementation of the United States-Peru Trade Promotion Agreement, July 12, 2006. Available at: <<http://waysandmeans.house.gov/hearings.asp?formmode=view&id=5228>>

¹¹ USDA, FAS data for frozen and processed asparagus, accessed September 2007.

¹² USITC at 3-17.

¹³ *Vegetables and Melons Situation and Outlook Yearbook* at 18.

¹⁴ USDA, NASS Quick Stats database. Asparagus production is not broken-down by state in the annual vegetable reports. Crop and state acreage figures for some smaller crops are available at www.nass.usda.gov/QuickStats/. Accessed September 2007.

For more information:

web: www.foodandwaterwatch.org/food/foodandglobaltrade

email: foodandwater@fwwatch.org

phone: (202) 797-6550

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