



Foreign Agricultural Service

**GAIN Report**

Global Agriculture Information Network

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## Peru

### Trade Policy Monitoring

### Peru looking towards increasing agricultural tariffs

### 2003

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#### **Report Highlights:**

**Peruvian agricultural producers continue pressing the government to increase import tariffs for agricultural products.**

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Includes PSD changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Lima [PE1], PE

Former Minister of Agriculture and Senior Advisor to President Toledo, Alvaro Quijandria, was interviewed last night about the Sept. 25-26 national ag. strike. He listed the factors that made Peruvian agriculture non-profitable, such as low yields, poor rural infrastructure, land tenure and micro-ownership (90% of producer own less than 10 hectares), lack of credit and subsidized imports.

He mentioned that when he was Minister he had reach agreement on about 60 percent of the producers' demands, being at the top of the list, increasing import tariffs for "sensitive" agricultural products. Ag. producers have been lobbying and pressing the GOP to raise protection levels for wheat, corn, rice, edible oils, beef, cotton, dairy products and sugar (which in the case of sugar they already did via changing the price band).

Quijandria mentioned that though increasing tariffs for some products, such as beef and cotton, was viable, in other cases such as wheat the GOP had to be careful to weigh in the effects on the production chain. Peru is a large wheat importer and does not produce milling wheat. Increasing wheat tariffs would place the Peruvian milling industry in a disadvantageous position compared to its neighbors. Also it would increase price of wheat products which are mostly consumed by the lower income sector. With no sound proof, agricultural producers claim that wheat is a substitute for locally produced crops such as potato and rice.

Corn is another case which Quijandria said the GOP had to be careful. Peru is a major poultry producer which is one of the main sources of protein in the Peruvian diet, especially in the lower income segments. Locally produced corn accounts for about 60 percent of the industry's demand so an increase in tariffs will directly tax the end consumer, with a pernicious effect on the poorest. In summary, it seems that there is certain level of consensus between producers and some GOP officials to increase protection levels for some ag. products but they have not decided which ones yet.