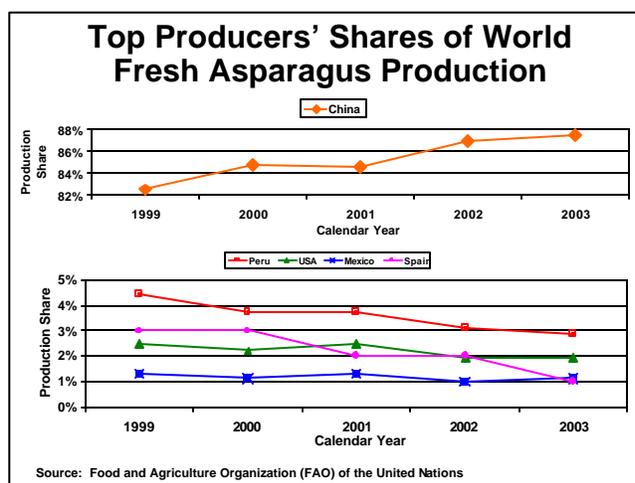
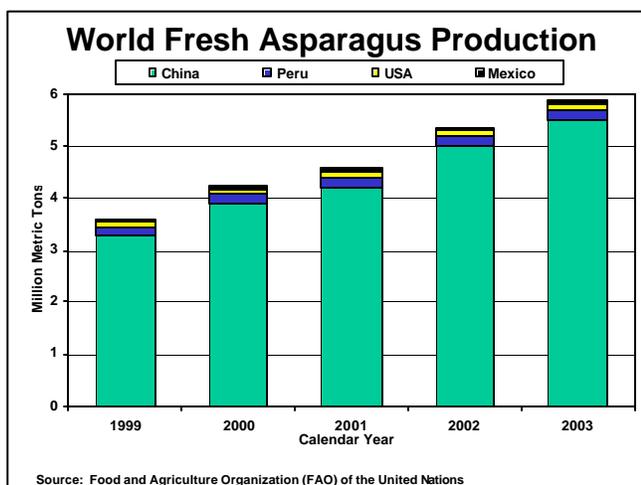


World Asparagus Situation & Outlook

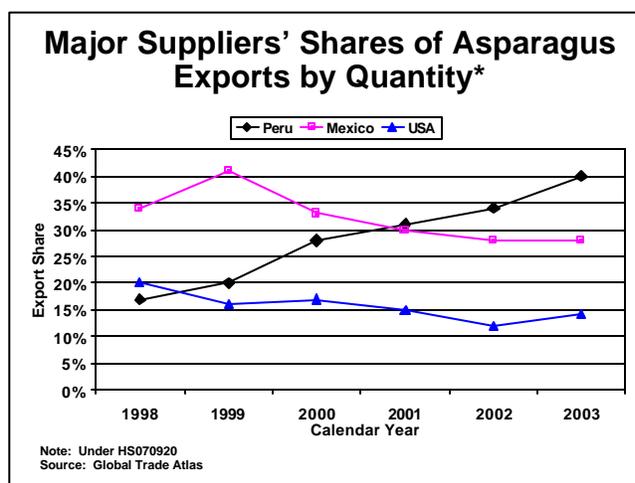
Production and Trade in Fresh Asparagus for Selected Countries

In 2003, the top six asparagus producers were China at 5.5 million tons (87-percent share of the world's production), followed by Peru (185,000 tons, 3-percent share), the United States (122,020 tons, 2-percent share), and Mexico (53,286 tons, 1-percent share), according to FAOSTAT and U.S. Department of Agriculture's National Agricultural Statistics Service. From 1999 to 2003, world production increased almost 60 percent to 6.3 million tons. Many growers are worried about a mature world asparagus market, where supply is increasing faster than demand in many markets and causing prices to drop. Peruvian asparagus producers have already experienced sharply falling prices in the United States, according to FAS/Peru (see attaché report #PE4002).



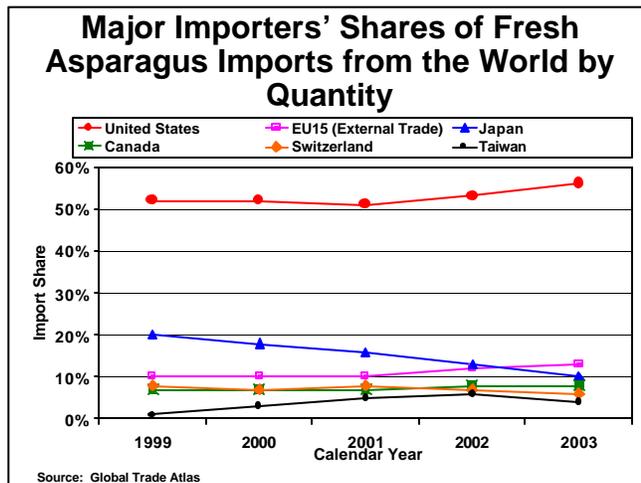
The top exporters in 2003 by quantity were Peru (66,844 tons), Mexico (47,657 tons), and the United States (23,675 tons), according to Global Trade Atlas statistics. Only Peru's export market share has grown each year over the last several years.

The top asparagus importers in 2003 by quantity were the United States (96,455 tons), followed by the EU-15 (external trade) (21,905 tons) and Japan (17,850 tons), according to Global Trade Atlas statistics. The United States imported more than four times the amount than the EU-15, the next largest importer.



Peru

Peruvian asparagus production is forecast to increase only slightly to 190,000 tons in 2004 and 192,000 tons in 2005. Industry experts report that asparagus has reached a mature stage and growth is not expected to be as sharp as it was in the 1990s. Due to Peru's favorable climate, asparagus does not have a dormant stage and is grown throughout the year. About 40 percent of asparagus grown in Peru is green and shipped to the U.S. market, while the rest is white, which is processed and sent to the EU market. For more information, see attached report #PE4008.



In 2003, asparagus became Peru's leading agricultural export, valued at a record \$206 million, bumping coffee to second place. By quantity, Peruvian fresh asparagus exports reached 67,089 tons in 2003, and are forecast to increase a modest 4 percent to 70,200 tons in 2004, due to mature international demand. In 2005, exports are forecast to rise only 3 percent. The United States is Peru's top market, accounting for 75 percent of Peru's fresh asparagus exports in 2003. Spain is Peru's next largest fresh market, accounting for less than 10 percent.

Peruvian asparagus producers are very concerned about growing competition from Chinese asparagus and the effect on prices. Peruvian asparagus enters the EU duty-free, while Chinese asparagus faces a 16-percent tariff. Despite this, Chinese asparagus is less expensive than Peruvian asparagus. FAS/Peru reported that China only affects the processed asparagus market in the EU, but it has sharply reduced asparagus prices in Europe in the last 2 years.

Mexico

Mexican fresh asparagus production in 2003 was estimated at 65,218 tons, up 20 percent from 2002. Higher yields, attractive international prices, and good weather offset the tight water supplies and lack of credits. Production in 2004 is forecast to remain about the same, due to adverse weather. Currently, Mexico produces mainly green varieties in two different growing seasons. For more information, see attached report #MX4075.

Mexico, the world's second largest asparagus exporter, reported that 2003 asparagus exports reached 47,657 tons and are forecast at 50,000 tons in 2004, up about 5 percent from 2003, due to expected steady international demand and ample production. The United States and Japan continue to be Mexico's

top export markets. FAS/Mexico reported that 90 percent of the asparagus is exported to the United States for consumption, and the remaining 10 percent is transshipped through the United States to Japan and the EU. Due to these transshipments, Mexican trade data does not reflect any exports to Japan or the EU.

China

China is the largest asparagus producer in the world. In 2003, Chinese asparagus production reached 5.5 million tons, more than double the amount a decade ago, according to FAOSTAT. Chinese asparagus yield was 4.9 tons/ha in 2003, according to FAOSTAT. In comparison, the U.S. yield in 2003 was 3.4 tons/ha, according to USDA's National Agricultural Statistics Service.

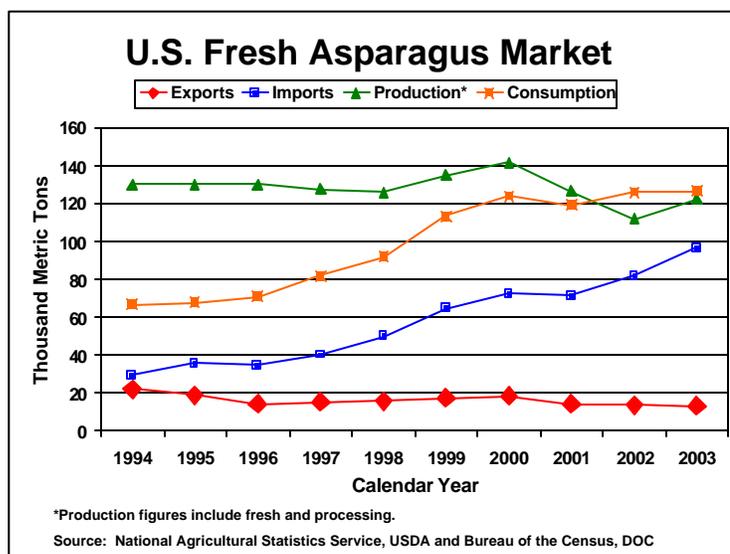
The majority of asparagus produced in China is white, due to Chinese consumer preferences. Green asparagus is produced only in limited quantities. Asparagus is harvested in both the spring and fall, although the heaviest production occurs in the spring. Additionally, Japanese and Taiwanese businesses are investing in the Chinese asparagus industry.

China is also becoming a major exporter of asparagus. Although China exports small quantities of fresh asparagus, the majority of China's asparagus exports are processed. While China exports processed asparagus to over 50 countries, its chief markets are in the EU. Asparagus trade between China and the United States is minimal. The United States primarily imports canned asparagus from China.

United States

The United States produces mainly green asparagus, with California traditionally producing 80 percent of the crop, followed by Washington. A cool, wet spring slightly slowed growth in 2003 and disrupted harvest schedules. U.S. production is estimated at 52,000 tons in 2003, down almost 10 percent from 2002.

U.S. growers and industry representatives mainly blame the decline of the U.S. industry on imports from Peru, due to trade preferences granted to Peru. In 1991, the United States implemented the Andean Trade Preferences Act (ATPA) in order to provide farmers in Peru with incentives to produce crops other than coca, the raw ingredient used to produce cocaine. ATPA allowed many Peruvian agricultural products to enter the United States duty-free. The United States also reportedly



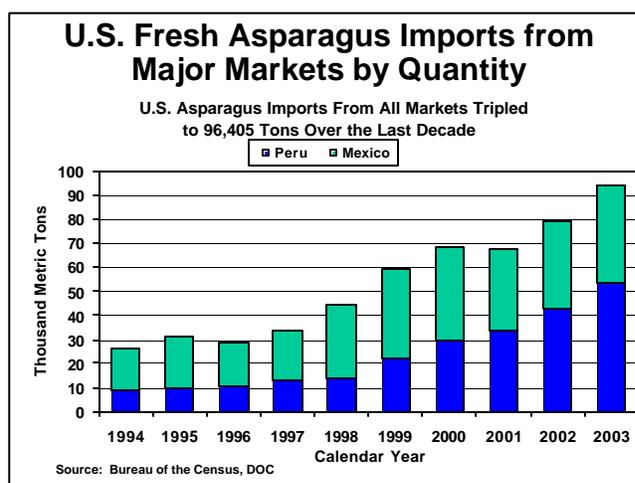
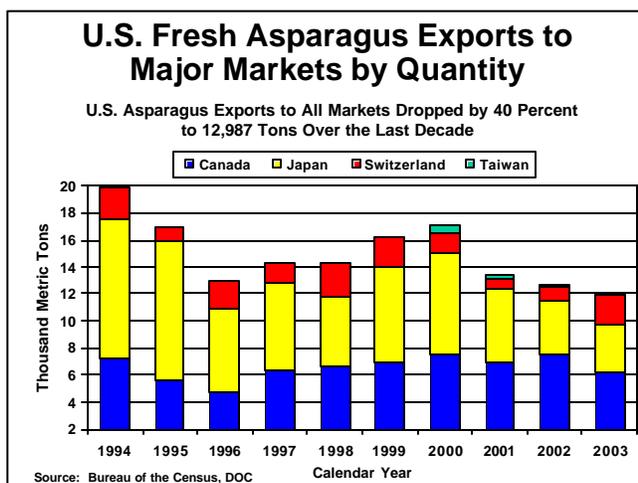
spends about \$60 million a year in Peru (almost all through USAID) to help farmers grow and develop their industry for asparagus and other crops seen as alternatives to coca.

U.S producers have adjusted to this competition by reducing acreage and not reducing prices significantly. In fact, U.S. producers did not apply for import relief under the Trade Adjustment Act (TAA), since prices did not meet the criteria. In order to be eligible for relief under TAA, prices must have fallen below 80 percent of the domestic 5-year average.

Additionally, in June 2004, U.S. Representative George Nethercutt (R-WA) asked the U.S. International Trade Commission to investigate the impact of asparagus imports from Peru. He stated that ATPA has devastated the Washington asparagus industry. In 1991 (when ATPA was implemented), Washington had 32,000 acres of asparagus. This year, the figure is less than half that amount at approximately 13,300 acres. Additionally, Washington's last asparagus cannery announced in 2004 that it was closing and moving production to Peru.

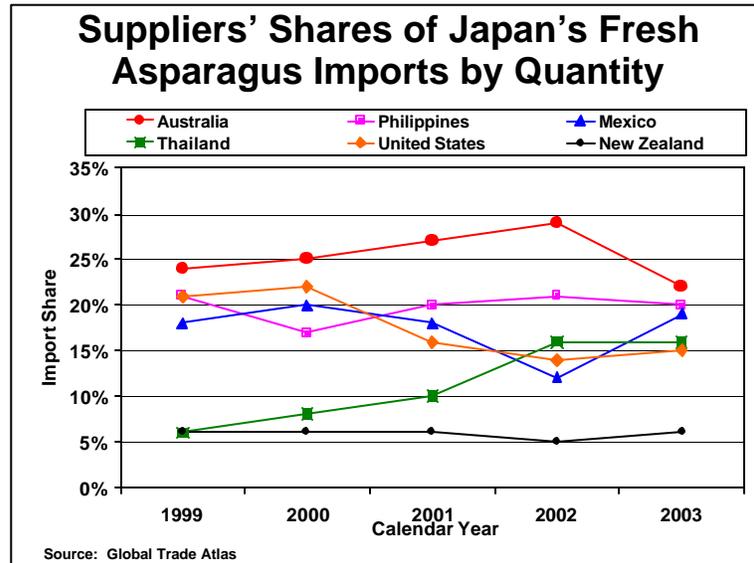
In 2003, U.S. asparagus exports were 12,987 tons, down 2 percent from 2002 and down 41 percent from 1994, according to U.S. Department of Commerce statistics. U.S. asparagus exports from January to May 2004 were 10,141 tons, down 10 percent over the same period in 2003. Top export markets are Canada, Japan, and Switzerland. Last year, 60 percent of U.S. asparagus exports were shipped to Canada and roughly 25 percent and 10 percent, respectively, were exported to Japan and Switzerland.

In 2003, U.S. fresh asparagus imports reached a record 96,405 tons, up 20 percent from 2002. From January to May 2004, U.S. imports reached 69,083 tons, up 20 percent over the same period for the previous year. Mexico and Peru have traditionally been the top suppliers of asparagus to the United States. Over the past several years, Mexico's market share has slowly eroded by volume, while Peru's has almost doubled. Last year, Peru became the top asparagus supplier by both value and quantity to the United States. Peru supplied 55 percent of U.S. asparagus imports by quantity, while Mexico supplied 42 percent.



Japan

Japan is the third largest fresh asparagus importer in the world and the second largest import market for the United States, according to Global Trade Atlas statistics. In 2003, Japan's imports of U.S. fresh asparagus reached 3,517 tons, down 10 percent from the previous year, due mainly to higher U.S. market prices, according to FAS/Japan. Japanese asparagus imports from all suppliers are forecast to decline slightly in 2004 and 2005. For more information, see attaché report #JA4060.

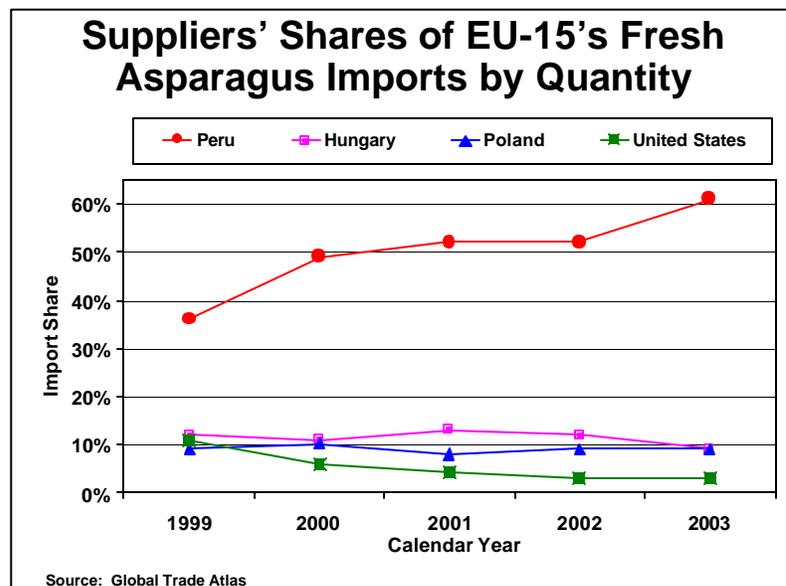


The United States is facing increasing competition in the Japanese market. From 1999 to 2003, Japan's fresh asparagus imports from all suppliers declined almost 30 percent. The U.S. market share in Japan declined 6 percent to 15 percent from 1999 to 2003, while Japan's top three suppliers' (Australia, Philippines, and Mexico) shares remained relatively flat or fell slightly. Japan's imports of U.S. asparagus were 2,656 tons in 2003, down 50 percent over the same period. However, it is important to note that Australia exports to Japan during the U.S. off-season, and therefore is not considered a U.S. competitor.

United Kingdom

The United Kingdom's fresh asparagus imports rose 7 percent to 6,131 tons in 2003 and are forecast to rise another 7 percent in 2004, due mainly to increased demand. Peru, other EU suppliers, and the United States are the top three suppliers of fresh asparagus to the United Kingdom (UK).

From 1999 to 2003, Peru's import shares in the EU market have almost



doubled, while the U.S. share has dropped 70 percent, and the other top suppliers' shares have either fallen or remained flat. For more information, see attaché report #UK4015.

Conclusion

Given tough competition from current and new competitors, such as Peru and China, the mature global asparagus market, rising world supplies, and reduced prices, the United States faces a tough struggle to maintain market share for its asparagus exports. The Foreign Agricultural Service's Market Access Program (MAP) and other export programs should assist the U.S. asparagus industry with this challenge.

(The FAS attaché report search engine contains reports on the selected vegetable industries for selected countries. In particular, there are reports on the asparagus industries for more than 4 countries, including Japan, Mexico, Peru, and Japan. For information on production and trade, contact Shari Kosco at 202-720-2083. For information on marketing, contact Sonia Jimenez at 202-720-0898. Also see the vegetable webpages at www.fas.usda.gov/http/horticulture/Proc_Veg.html and www.fas.usda.gov/http/horticulture/Veg.html)