

INFOCARD ELANBiz

The Agricultural Machinery Sector in Peru¹

Last updated in July 2020.

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The aim of this infocard is to present the most relevant aspects of the agricultural machinery sector in Peru and the conditions of access to the Peruvian market

Introduction

The trade agreement between Peru and the European Union (the “**Agreement**”) turned 7 years old in March 2020, with the EU being Peru's third largest trading partner, after China and the US. Bilateral trade has grown in recent years, reaching USD 12 billion in 2018². As a result of the Agreement, in 2018 Peru became the main avocado supplier in the European Union (USD 446 million)³ and the second-largest mango supplier (USD 166 million)⁴.

In recent years, the Peruvian agro-export sector has grown at a sustained rate. Exports in 2019 reached USD 7,462 million, which represents an increase of 6.1% compared to 2018.⁵ Among the products that stood out the most in 2019 were: fresh grapes (USD 875 million), fresh blueberries (USD 820 million), unroasted and decaffeinated coffee (USD 634 million), fresh or chilled asparagus (USD 400 million), mangoes and mangosteens (USD 262 million), animal feed preparations (USD 195 million), bananas (USD 152 million), cocoa (USD 138 million), quinoa (USD 135 million) and other citrus fruits (USD 127 million).⁶

The main destination countries were as follows:⁷

¹ The information contained in this infocard is only general. For more detailed information and commercial promotion events, as well as possible business contacts, please contact the Commercial Offices of the Member States and the bilateral Chambers in Lima.

² [Dirección General de Investigación y Estudios sobre Comercio Exterior – MINCETUR. Reporte de Comercio Bilateral: Perú – Unión Europea \(I Semestre – 2019\). 2019. Pp. 1 – 2.](#)

³ WTO: Trade Policy Review – Report by the Secretariat; Peru. 2019. P. 42.

⁴ <https://gestion.pe/economia/riesgo-148-millones-exportaciones-mango-peruano-restricciones-ue-269153-noticia/>

⁵ <https://gestion.pe/economia/agroexportaciones-sumaron-us-7462-millones-al-cierre-de-2019-nndc-noticia/?ref=gesr>

⁶ DGESEP: Anuario Estadístico de Comercio Exterior Agrario 2019; Perú. 2019. P. 22.

⁷ [Ibid. P. 40.](#)

AGRICULTURAL EXPORTS BY COUNTRY OF DESTINATION – 2019				
N°	COUNTRY	NET WEIGHT (Tons)	FOB VALUE (USD thousand)	SHARE (%)
01	United States	1,138,553	2,491,528	33.4
02	Netherlands	592,163	1,136,475	15.2
03	Spain	209,300	410,971	5.5
04	England	160,861	355,249	4.8
05	Ecuador	379,012	304,510	4.1
06	China	156,283	272,699	3.7
07	Germany	102,517	266,333	3.6
08	Colombia	327,124	226,023	3.0
09	Chile	222,676	199,296	2.7
10	Canada	77,282	164,920	2.2

Furthermore, agribusiness is one of the economic sectors with the largest development potential, with a 3.9% share in Peru's GDP.⁸ The country's territory has 7.6 million hectares with direct agricultural potential, of which only 3.6 million are currently used. According to the Multiannual Strategic Sector Plan (PESEM) 2015 - 2021, the factors that limit the development of the sector are soil degradation, inefficient and unsustainable use of water resources, the high variability of food prices and the lack of infrastructure maintenance, among others.⁹

Description of the Sector

The agricultural machinery sector in Peru encompasses the commercialization of a wide range of equipment, but it can be divided into three categories, based on the Common Nomenclature of the countries of the Andean Community (NANDINA):

- **Agricultural, horticultural or silvicultural machines, apparatuses and devices for preparing or working the soil or for cultivation:**
 - 8432.10.00.00 Plows
 - 8432.21.00.00 Disc harrows
 - 8432.29.00.10 Other harrows, scarifiers and extirpators
 - 8432.29.00.20 Cultivators, rotary hoes (rotary tillers), weeders and cultivators
 - 8432.31.00.00 Seeders, planters and transplanters, for direct sowing
 - 8432.39.00.00 Other seeders, planters and transplanters
 - 8432.41.00.00 Manure spreaders
 - 8432.42.00.00 Manure distributors

⁸ [Economic and Commercial Office of the Spanish Embassy in Lima. El mercado de la maquinaria agrícola en Perú. 2019. P.4.](#)

⁹ WTO: Trade Policy Review – Report by the Secretariat; Peru. 2019. P. 119.

- 8432.80.00.00 Other agricultural, horticultural or forestry machinery, apparatuses and devices
- 8432.90.10.00 Grates and discs
- 8432.90.90.00 Other parts for agricultural, horticultural or forestry machinery, apparatuses and devices

- **Harvesting or threshing machines, apparatuses and appliances, including straw or forage presses; lawn mowers and scythes; machines for cleaning or sorting eggs, fruit or other agricultural products, except those listed in heading 84.37:**
 - 8433.20.00.00 Electric scythes, including cutter bars for mounting on a tractor
 - 8433.30.00.00 Other haying machines and apparatus
 - 8433.40.00.00 Presses for straw or fodder, including collection presses
 - 8433.51.00.00 Combine harvesters
 - 8433.52.00.00 Other threshing machines and apparatus
 - 8433.53.00.00 Machines for harvesting roots or tubers
 - 8433.59.10.00 Various harvesting machines
 - 8433.59.20.00 Corn sheller machines
 - 8433.59.90.00 Other machines for harvesting, threshing or shelling

- **Tractors (except for tractor trucks listed in heading 87.09):**
 - 8701.10.00.00 Motor cultivators
 - 8701.91.00.00 Tractor less than or equal to 18 kW
 - 8701.92.00.00 Tractor greater than 18 kW, but less than or equal to 37 kW
 - 8701.93.00.00 Tractor greater than 37 kW, but less than or equal to 75 kW
 - 8701.94.00.00 Tractor greater than 75 kW, but less than or equal to 130 kW
 - 8701.95.00.00 Tractor greater than 130 kW

Evolution and Market Share

Most of the specialized machinery is imported. The types of imported machinery cover a wide spectrum, due to the wide range of fruit and vegetable products to which they are applied, such as artichokes, asparagus, peppers, grapes, avocados and citrus, among others.¹⁰

Between 2013 and 2017, imports of agricultural machinery increased by 48.4%, from USD 5.6 million to USD 8.2 million. However, these figures decreased in 2018 and 2019 to values of USD 6.68 and 5.87 million, respectively.¹¹ In contrast, **the export of agricultural machinery** by Peruvian companies has

¹⁰ [Commercial Office of Chile in Peru – ProChile Lima. “PMP. Estudio de Mercado. Maquinaria Agrícola en Perú”. 2013. P. 10.](#)

¹¹ [Source: Trade Map.](#)

been much lower but has grown at a higher rate, with a total value of USD 347,000 during 2013 - 2017¹² and reaching USD 648,000 in 2019.¹³

This sector is expected to grow due to the demand for agricultural machinery, as a natural consequence of the importance of agribusiness for the national economy.¹⁴ Moreover, factors such as the increase in agro-exports, the growth in the export of non-traditional products and the expansion of the agricultural frontier, foresee an increase in the demand for agricultural machinery.¹⁵

List of countries supplying agricultural machinery to Peru in 2019

Product: HS 8432 Agricultural, horticultural or silvicultural machines, apparatuses and devices, for preparing or working the soil or for cultivation (i.e. devices for projecting, dispersing or spraying liquid or powder materials)

Exporters	Imported Value in 2019 (USD thousand)	Share of imports in Peru (%)	Quantity imported in 2018 (Tons)
China	1,426	24.3	688
Brazil	1,174	20	318
Italy	647	11	205
Mexico	645	11	99
Spain	635	10.8	52
United States of America	430	7.3	51
Chile	176	3	46
India	144	2,5	29
France	118	2	26
Germany	102	1.7	21
Colombia	74	1.3	21
Netherlands	69	1.2	17
Turkey	68	1.2	15
Israel	44	0.7	13
Canada	43	0.7	11
Vietnam	21	0.4	4
Thailand	18	0.3	3

¹² [Economic and Commercial Office of the Spanish Embassy in Lima. El mercado de la maquinaria agrícola en Perú. 2019. P. 12.](#)

¹³ [Source: Trade Map.](#)

¹⁴ [Economic and Commercial Office of the Spanish Embassy in Lima. El mercado de la maquinaria agrícola en Perú. 2019. P. 23.](#)

¹⁵ [Ibid. P.25.](#)

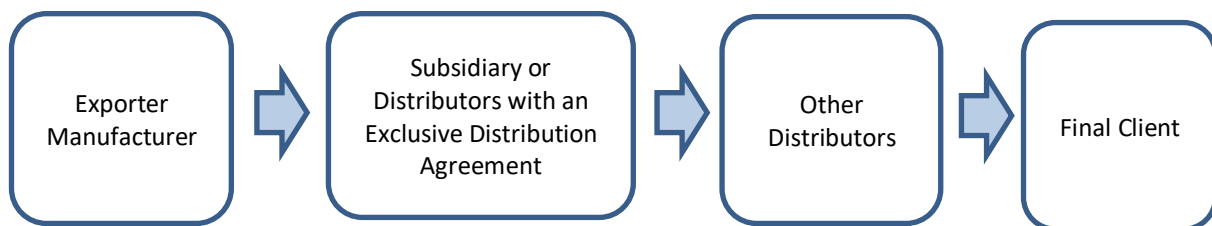


Exporters	Imported Value in 2019 (USD thousand)	Share of imports in Peru (%)	Quantity imported in 2018
Poland	14	0.2	2
Japan	9	0.2	2
Bolivia	8	0.1	1
Argentina	2	0	0
Denmark	2	0	0
Chinese Taipei	2	0	0

[Source: Trade Map](#)

Distribution and Commercialization

The following are the most common channels of distribution in Peru, from longest to shortest:



The medium, most commonly used channel is the following:



Distribution is mainly articulated through importers/distributors/representatives, who sell to the end user (individuals or medium or small companies). In higher-end products, in terms of value, companies usually import directly with financing from the bank. Depending on the equipment and related services, the installation of a branch in the Peruvian market is an option considered by some companies.¹⁶

The main competitors for European companies in the sector are the United States, Israel and Chile.

¹⁶ [Economic and Commercial Office of the Spanish Embassy in Lima. El mercado de la maquinaria agrícola en Perú. 2019. P. 32.](#)

Market Impact of the Agreement with the EU

The European Union has benefited from the elimination of the tariffs applicable to agricultural machinery¹⁷, which represented a total export to Peru of USD 1.59 billion in 2019.¹⁸

The 2019 agricultural trade balance, which includes the agricultural, agro industrial, livestock and forestry industries, was as follows:¹⁹

AGRICULTURAL TRADE BALANCE – EUROPEAN UNION – 2019				
N°	Country	Imports in Peru FOB Value (USD thousand)	Exports from Peru FOB Value (USD thousand)	Trade Balance
01	Netherlands	67,893	1,136,475	1,068,582
02	Spain	60,663	410,971	350,308
03	Germany	33,811	266,333	232,522
04	Belgium	14,902	130,940	116,038
05	France	21,733	114,741	93,009
06	Italy	24,875	111,903	87,028
07	Sweden	1,733	49,474	47,741
08	Denmark	11,591	16,263	4,672
09	Poland	5,734	12,587	6,854
10	Ireland	19,005	10,667	– 8,338
11	Greece	10,410	9,207	– 1,203
12	Portugal	3,348	8,711	5,363
13	Finland	92	5,614	5,522
14	Lithuania	1,783	2,127	345
15	Czech Republic	2,080	1,560	– 520
16	Estonia	209	1,285	1,076
17	Slovenia	5	1,112	1,107
18	Bulgaria	254	1,078	824
19	Latvia	60	864	804
20	Austria	1,926	599	– 1,327
21	Hungary	752	581	– 171
22	Cyprus	0	467	467

¹⁷ According to Article 1°, sub-section a) of Section C “Tariff Elimination Schedule of Peru for goods originating in the European Union” of [Annex I “Tariff Elimination Schedules”](#).

¹⁸ [Source: Trade Map.](#)

¹⁹ [DGSEEP: Anuario Estadístico de Comercio Exterior Agrario 2019; Peru. 2019. Pp. 12 – 13.](#)

AGRICULTURAL TRADE BALANCE – EUROPEAN UNION – 2019				
N°	Country	Imports in Peru FOB Value (USD thousand)	Exports from Peru FOB Value (USD thousand)	Trade Balance
23	Malta	8	306	298
24	Romania	33	305	272
25	Luxembourg	0	24	24
26	Slovakia	7	21	14
TOTAL		282,905	2,294,217	2,011,312

Market Access Requirements²⁰

The same general regulations applied to the import of other products apply to machinery and equipment (See infocard *Elanbiz Importing products from the EU into Peru*).

APPLICABLE TAXES AND TARIFFS

The national subheadings listed in this infocard are subdivided in:

PRODUCTS				
N°	Denomination	Tariff Code	Tariff Rate	Applied Since
01	Agricultural, horticultural or forestry machines, apparatuses and devices, for preparing or working the soil or for cultivation; rollers for grass or sports grounds	84.32	0%	01/03/2013
02	Harvesting or threshing machines, apparatuses and appliances, including straw or forage presses; lawn mowers and electric scythes; machines for cleaning or sorting eggs, fruits or other agricultural products	84.33	0% ²¹	14/10/2007
03	Tractors (except tractor trucks of heading N° 87.09)	87.01	0%	01/03/2013

As shown in the table, the tariff applicable to the agricultural machinery sector is 0 regardless of place of origin, in virtue of Supreme Decree N° 158-2007-EF and the **Agreement**.

On the other hand, the imported merchandise is subject to the payment of **Value Added Tax (IGV)**, with an 18% rate.²²

²⁰For additional information see: <https://madb.europa.eu/madb/>

²¹ Supreme Decree N° 158-2007-EF, issued 13 October 2007. As of October 2007, 4,224 subheadings of food, capital goods and inputs enter Peru with an ad-valorem tariff of 0%. All imports must pay the Value Added Tax (IGV) of 18%. Non-tariff barriers were not found.

²² Tax base: Customs value plus customs duties and other taxes applicable to the import.

LABELING

The applicable Peruvian labeling technical standards (voluntary), according to the line of electrical appliances, can be purchased from the National Institute for the Defense of Competition and Protection of Intellectual Property.²³

Main events of the sector²⁴

- **Expoalimentaria:** This annual fair represents the main international business platform, which offers five specialized sectors: food and beverages, machinery, containers and packaging, and services for foreign trade, which congregate the interest of the main companies on the five continents. Lima, 30 September to 02 October 2020. www.expoalimentariaperu.com/
- **TecnoAgro Perú:** International Fair of Technologies for Agriculture, Agroindustry and Agro-Export, recognized as one of the largest technological fairs in Peruvian agriculture. It is held annually in a decentralized fashion in the main agricultural areas of the country, including the city of Lima. This fair is an excellent business platform to exhibit all kinds of technology related to the Peruvian agricultural sector such as machinery, equipment, supplies, inputs and services of the latest generation. Lima, 22-24 October 2020. <https://www.virtualpro.co/eventos/tecnoagro-peru-2020>
- **Siagro 2020:** International Symposium on Agriculture, an annual event focused on the concept of R+D+i+d (Research, Development, innovation and dissemination) for agricultural professionals. www.siagro.pe

²³ www.indecopi.gob.pe/. Rotating Electrical Machinery - NTP 370.007: 1970 Rotating Electrical Machinery: Establishes the requirements and labeling of rotating cyclic electrical machines except for traction vehicle machines, anti-deflagration machines, machines installed on board ships, welding machines arc and all machines for which there are specific standards. This rule can be applied with prior agreement between buyer and seller. When there is no standard for rotary electric machines mentioned in 1.1 or for other special machines. Any other requirement not included in this standard must be specified after an agreement between manufacturer and buyer. Price: USD 5 approximately.

²⁴ Note that these are commonly held events in the sector. Nevertheless, due to the declaration of the National State of Emergency, by means of Supreme Decree N° 044-2020-PCM, and the Sanitary State of Emergency, by means of Supreme Decree N° 008-2020-SA, as a result of COVID-19, these events are subject to confirmation until further notice.

Useful Links

- **Peruvian Guild Association of Agricultural Producers – AGAP:**
www.agapperu.org
- **Committee for the Promotion of Peru for export and Tourism - PROMPERÚ:**
www.promperu.gob.pe
- **National Institute of Statistics and Informatics - INEI:**
www.inei.gob.pe
- **Peruvian Ministry of Agriculture and Watering – MINAGRI:**
www.minagri.gob.pe
- **Compensation Program for Competitiveness - AGROIDEAS:**
www.agroideas.gob.pe
- **National Superintendence of Customs and Tax Administration - SUNAT:**
www.sunat.gob.pe

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