PERU AND BELGIUM: AN OVERVIEW OF TRADE OPPORTUNITIES

Belgo-Peruvian Chamber of Commerce

Made by:

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I. Peruvian official Export numbers

1.1 Framework

Given the fact that a considerable percentage of the total exports to Belgium is represented by the traditional sector, the first part of this section will provide an overall description of the evolution for the past 3 years (2015-2017) and will focus afterwards into certain categories, mostly defined by the prioritisation of the Peruvian export offer determined on a public policy level, by MINCETUR, the Ministry of International Trade and Tourism, as well as Promperu, Peru's Export and Tourism Promotion Board.

1.2 Evolution

As of 2016 Peru was the 43rd exporting economy in the world[1]. Peruvian exports totalled USD 36042 million in 2016, a 7% increase compared to 2015 which resulted in USD 33 686 million (FOB declared value)[2] . Main destinations in 2016 were: China (USD 8 484 million, which represented 24% of the total FOB value of exports), USA (USD 6 182 million, 17%), Switzerland (USD 2551 million, 7%), Canada (USD 1684 million, 5%), South Korea (USD 1388 million, 4%) and Japan (USD 1263 million, 4%).

In that same year, Belgium accounted for 1.7% of the total export amount[3] and represented the 16th destination of Peruvian exports[4] (including traditional products) with a total amount of USD 623.60 million (FOB value) and 398.298 thousand tonnes. These numbers decreased to USD 487.745 million (FOB value) and 275.725 thousand tonnes in 2017[5], making the country fall to the 20th position. The decrease is explained due to the drop in FOB and/or KG value for traditional commodities, mostly from the mining industry.

On the other hand, the total number of HTS code items declared in 2015 were 422, whereas in 2016 they were 452 versus 440 from 2017. However, this information should be considered as secondary, as the use of an HTS code may vary depending on the logic of the customs agency at the time of classifying the goods. Nevertheless, it helps to take this information into account for future references when establishing the prioritisation of products to be promoted in Belgium.

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[1] https://atlas.media.mit.edu/es/profile/country/per/
[2] Promperustat
[3] Idem
[4] Source : http://www.siicex.gob.pe/
[5] As of January 2018, provided by Promperustat figures.

1.3 Relationship with Belgium

Belgium is considered a very important country in logistical terms, with Antwerp as the second most important port in Europe and 20th largest port container in the World[6], with a total of 223 million tonnes of maritime freight handled in 2017[7]. This logistical advantage makes the comparison with Netherlands an important factor to consider the potentiality of Peruvian exports to Belgium.

Table 1 shows the comparison in general terms of Peruvian exports between Belgium, Germany and the Netherlands. It is important to note that these numbers include mining, as well as oil and gas HS codes. The detailed comparison for specific HS codes will be made in further sections of this report. However, the figures provide a hint that even though Germany is one of the most consolidated economies (with Hamburg as the third most important port in Europe), the Netherlands prevail as the main destination of Peruvian exports. This is explained by the fact that Netherlands has positioned itself as a very important hub for distribution within Europe and the top HS codes declared by Peruvian exports to this country are within the agriculture/agribusiness category.

Table 1. Comparison of Peruvian Exports to Belgium, Netherlands and Germany (2015-2017, Fob Value USD and KG)

	2015			2016			2017		
	Belgium	Netherlands	Germany	Belgium	Netherlands	Germany	Belgium	Netherlands	Germany
FOB Value (Thousand)	463.656	876.725	926.653	623.608	998.741	890.185	487.746	962.163	822.966
KG (Thousand)	246.466	451.870	496.301	398.299	562.178	485.139	275.725	467.777	412.608

Made by: Guadalupe Amésquita / Source: Promperustat

II. Belgian Exports to Peru

Belgium is the 6th largest Exporter of goods within the EU and the 11th Worldwide. Three quarters of Belgian exports have Europe as their main destination with Germany, France and The Netherlands leading the list[8]. Overall, the top 4 product groups leading Belgian exports are[9]: chemical products, transport equipment[10], machinery and equipment, and plastics. The

[6] http://www.portofantwerp.com / Facts and figures 2017
[7] http://www.portofantwerp.com / Supply chain Brochure
[8] Belgian Foreign Trade Agency, Belgian Foreign Trade 2016
[9] Idem
[10] Note of the author: With multinational Caterpillar announcing its end of operations in Belgium, these figures might change the outcomes for the 2017 figures.

reported exports to Peru are not distant from the global Belgian exports in terms of product categories (see Table 3).

As of 2016, Belgian exports to Peru totalled EUR 167.85 million[11], representing less than 1% of total exports to American Countries, ranking 78th on the global list of Belgian export destinations, with machinery and equipment as the leading product category, as shown on Table 2.

The level of specialization accomplished by the Antwerp port has enabled that the quantity of products that are traded via this port concentrate highly on manufacturing, oil and gas and mineral industries. As for food products and perishables, Antwerp is the largest port in the world for the storage of coffee[12], a condition that explains the status of Belgium as one of the top destinations for Peru for this product. Peru is the 8th destination of Belgian exports to the American continent, behind Colombia, Chile and Argentina for South America.

According to SUNAT (Peru's national authority for customs and taxes), the Peruvian Ministry of Health leads the imports from Belgium. Most of their declared imported goods concern diverse types of vaccines. Other companies within the top 10 importers of Belgian products include two companies specialized in the commercialization of fertilizers (Gavilon Peru and Molinos & Cia), Gloria S.A, Peru's leading producer of dairy products, which sources tin plate for their product packaging, and Soraya S.A.C a company specialized in the commercialization of frozen food products for the HORECA sector. The remaining companies of the top 10 include local representation of multinational companies such as Evonik (a German specialty chemicals company, which commercializes feed grade ingredients in Peru), Bosch and Volvo.

[11] Flanders Investment and Trade
[12] http://www.portofantwerp.com / Facts and figures 2017

Table 2. Top 10 Belgian Exports to Peru by Product Category according to HS Heading 2014-2016 (Trade Value, Thousand EUR)

HS Heading	Product	2014	2015	2016	% share in 2016 of total Exports
84	Mechanical appliances and equipment (+ components)	46.215	37.186	45.393	24%
30	Pharmaceuticals	45.040	58.385	32.326	17%
87	Road transport vehicles	36.552	18.521	12.269	6%
72	Iron and steel	10.138	5.220	10.771	6%
11	Milling products	6.659	8.735	9.796	5%
39	Plastics (+ plastic articles)	9.340	7.752	7.709	4%
29	Organic chemicals	10.219	11.014	7.361	4%
90	Precision instruments for measuring/gauging, controlling & medical/surgical, photographic and vision applications	5.526	4.306	5.557	3%
85	Electrical machinery/equipment and electronic devices/appliances (+ components);	7.344	4.213	5.502	3%
99	Special Combined Nomenclature codes / confidential trade	6.030	4.910	5.296	3%

Made by: Guadalupe Amésquita / Source: Flanders Investment Trade

Table 3. Top 10 Peruvian organizations that import from Belgium in 2017 (CIF Value, USD Thousand)

COMPANY / ORGANIZATION NAME	VALUE USD	PRODUCT CATEGORY/TYPE
MINISTERIO DE SALUD	7.450,9	Pharmaceuticals
BBVA BANCO CONTINENTAL	5.804,0	Machinery and Mechanical Appliances
ATLAS COPCO PERU S.A.C.	3.086,0	Industrial Machinery and Mining Equipment
EVONIK PERU S.A.C.	1.442,9	Chemical products (methionine for feed grade)
LECHE GLORIA SOCIEDAD ANONIMA - GLORIA S.A.	1.225,9	Iron and Steel (tin plates)
GAVILON PERU S.R.L.	1.143,3	Fertilizers
MOLINOS & CIA S.A.	1.082,5	Fertilizers
BSH ELECTRODOMESTICOS SAC	1.019,9	Home appliances
VOLVO PERU S A	812,2	Road transport vehicles
SORAYA S.A.C.	773,7	Frozen Food

Made by: Guadalupe Amésquita / Source: SUNAT, Peru

III. Agribusiness Peruvian offer with potential in the Belgian Market

3.1 Agribusiness sector

The importance of considering Peru as the future pantry of the world becomes more and more evident with the consolidation of Peruvian products such as coffee, cacao, bananas, mangoes, asparagus among others, not only in Belgium but also in other European markets.

Considerations that enable the strength of these products are the policies and strategies made by the Ministry of International Trade and Tourism (MINCETUR) and Peru's Export and Tourism Promotion Board (Promperu). For the past two years a new international promotion strategy has been put in place: The Super Foods campaign, which has grouped the most representative food products of the Peruvian export offer into the following categories:

- Super capsicum → Native spices, super bell pepper
- Super Fruits → Golden berries (also known as Incan berries in the Belgian market), camu camu, custard apple (cherimoya), lucuma, sweet passion fruit, blueberries, grapes, mangoes, pomegranates, soursop, tangerine
- Super grains → brazil nuts, cañihua, amaranth, giant corn, quinoa, sacha inchi, cacao, chia, purple corn
- Super fish → anchovies, chub mackerel, bonito, tuna, shrimp, mahi, eel, trout, paiche, scallops, squids
- Super vegetables → asparagus, artichokes
- Super roots → mesquite, maca, yacon, sweet potatoe, yuca (cassava)
- Super herbs → Muña, cat's claw

By comparing the total amount of Peruvian exports to Belgium from the food/agribusiness sector with destinations such as the Netherlands and Germany, the Netherlands is the top destination of these types of products. Nearly 79% of the total amount of Peruvian exports to this country is comprised by agribusiness and food exports. According to the Commercial Office of Peru in Rotterdam, Peru has become the 4th largest fruit and vegetable supplier of the Netherlands.

Table 4. Comparison of Peruvian Agribusiness and Food Exports to Belgium, Netherlands and Germany (2015-2017, Fob Value and KG)[13]

	2015			2016			2017		
	Belgium	Netherlands	Germany	Belgium	Netherlands	Germany	Belgium	Netherlands	Germany
FOB Value (Thousand)	165.230	**674.097**	312.152	205.325	**770.016**	319.429	169.918	**755.636**	249.021
KG (Thousand)	61.433	**343.040**	118.156	79.116	**374.711**	119.983	81.229	**366.048**	99.510
% From total Exports	36%	**77%**	34%	33%	**77%**	36%	35%	**79%**	30%

Made by: Guadalupe Amésquita Source: Promperustat

These figures represent an opportunity for the Belgian market to handle food/agribusiness product imports from Peru at the same level as the Dutch in a mid to long term.

[13] Including HS codes for pisco and natural ingredients and dyes, aquaculture and fishing industry.

In terms of food products, the top ten Peruvian food/agribusiness products exported in 2017 vary from country to country.

For instance, Belgium and Germany have coffee as the top most imported product, being second and first destinations of Peruvian coffee exports in the EU respectively[14], while avocados lead the list in the Netherlands[15].

This is not a surprise as the Netherlands has positioned itself as a top hub for distribution and re-export of avocados within Europe, including other fresh fruits and vegetables such as pomegranates, bananas and mangoes, among others. Exports of Peruvian avocados to Belgium rank only 14th, with a little over 1 million USD FOB Value, even though Peru is the world's third leading exporter of fresh avocados[16].

The Netherlands is also the top importer in Europe for mangoes[17], second to the U.S.A on a Worldwide level. However, around 80% of imported mangoes in the Netherlands are re-exported to other countries in Europe[18]. Peru is the EU's second-largest supplier, right after Brazil[19] for this product.

These results lead to the conclusion that most part of Peruvian fresh mangoes that end up in the Belgian retail points are coming via the Netherlands. The figures are also supported by the reported Belgian imports from the Netherlands for both HS codes connected to mangoes in dried and fresh presentations[20]. The situation is similar for the case of avocados. Main retailers in Belgium like Aldi, Delhaize, Lidl or Colruyt offer a continuous assortment of fresh, ready to eat avocados throughout the year, according to the production season in the southern hemisphere, with not only Peruvian offer, but also avocados coming from Chile, Spain or South Africa.

As for cocoa, Peru was the 9th producing country in the world in 2016[21] and second largest producer of organic varieties[22]. Europe comprises nearly 40% of the global cocoa-processing market[23]. The current challenge to increasing exports into the EU is connected to the cadmium levels reported[24] in the cocoa beans, which compromises the quality of the raw material and represents a food safety issue. Belgium has the world's largest cocoa processing factory[25] (that of Belgian-Swiss giant Barry Callebaut, located in Wieze, East Flanders[26]) and their chocolate, praline and confectionery industry comprises 332 companies with an annual turnover of some €5 billion[27]. Thus, Peruvian cocoa producers should continue setting their eyes on Belgium as an important destination.

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[14] Trade Helpdesk – European Union
[15] See Annex I
[16] https://peru.info/en-us/foreign-trade/News/7/29/these-are-the-main-products-that-peru-exports
[17] CBI, Centre for the Promotion of Imports from Developing Countries.
[18] Fresh Plaza – "Record number of mangoes exported worldwide", 2017
[19] Idem
[20] See the Figures provided by the Belgian Foreign Trade Agency for HS Codes 080450 and 081190
[21] Food, Drink and Franchise – Top 10 Cocoa Producing countries, 2017
[22] Confectionary News, "High cadmium levels in cocoa from Peru may impact chocolate quality", 2017
[23] CBI – Trade Statistics Cocoa in Europe, 2016
[24] Idem
[25] CBI – Exporting Cocoa to Belgium, 2018
[26] See Retail Detail "Barry Callebaut invests a lot in Belgian factories", 2017
[27] The Brussels Times "What makes Belgium's chocolate so popular?", 2017

3.2 Qualitative aspects of the Belgian market for the Food/Agribusiness Sector

With a population of 11.267.910 inhabitants[28], Belgium is considered the most urbanized country in the world, with 98% of its citizens living in urban areas[29]. Weber Shandwick[30] reports that the average Belgian family spends EUR 4700 in food and beverage shopping (non-alcoholic beverages included) on a yearly basis.

Weber Shandwick has also reported 10 Food trends describing the consumer landscape in Belgium as seen on Table 4, with each trend presenting a counter-trend that depicts how Belgian consumers can take one of both sides.

Table 4. 10 Food Trends in Belgium in 2017[31]

Trend	Counter-Trend
Stopping food waste	Consumerism
Think and act locally	Globalisation
Flexi-Foodies	Artisan butcheries
Health concerns	Guilty pleasures
All allergic	Minimizing the problem
Cocooning	Consumers that dine-out
Full-time foodies	Slow-dining
New commercial experiences	Shopping is functional
Ethnic cuisine	"Belgétariens"
The new cool	-

Made by: Guadalupe Amésquita /Source: Weber Schandwick via Franchise.be

Using the grocery retail points and local news as the main places and sources for observation and validation of these trends, the following is a brief description of each trend that represent an opportunity or threat for the Peruvian food product and ingredient offer:

a) **Stopping food waste:** Nearly 200 000 tonnes of food are wasted each year by the Belgian population. This has led to several initiatives, either top-down, like the one started by the Flanders government to reduce food waste in 15% for the next 5 years[32], or bottom-up like Rekub, an app to help connect businesses and consumers in the Brussels and Flanders regions to sell discounted food close to the expiration date.
b) **Think and act locally:** An average 4-person family in Belgium requires the emission of 8 tonnes of CO2 for the production and transport of their food. On a macro-level, the EU is actively engaged in the implementation of the Paris Climate agreement, signed in December 2015 to reduce the global emissions of greenhouse gases. This has led to more consumer awareness concerning the impacts of international trade in the global CO2 emissions count. Thus, consumers in Belgium are engaging more into short food supply chains. Examples of this kind of initiatives include "La Ruche qui dit Oui", a network to promote direct links between consumers and local farmers and producers in Belgium.
c) **Flexi-foodies:** This trend is also connected to the environmental and health concerns of consumers. People are deciding to reduce their consumption of red meat. Raising cattle

[28] Statbel, 2016
[29] Eurostat, 2014
[30] Via Franchise.be, 2017
[31] https://ac-franchise.com/article/dix-tendances-alimentaires-emergentes-en-belgique-8677
[32] See Le Vif, "La Flandre veut réduire de 15% les pertes alimentaires en cinq ans », 2015

is responsible for around 14.5% of greenhouse gas emissions[33] and Belgian consumers eat on average 57.8 Kg of meat per year. This has lead to initiatives such as "Dagen Zonder Vlees" in its Flemish and Walloon editions which run until 2017 to encourage citizens to avoid eating meat for a month. Flexi-foodies are the other spectrum of flexitarians. The latter are people generally focused on eating a vegetarian diet, who occasionally decide to eat meat or fish, whereas the flexi-foodies are omnivores who explore more often vegetarian alternatives without giving up meat or fish products.

d) **Health concerns:** 9 out of 10 Belgians are aware of the importance of a healthy diet, however only half of them know what that implies. This represents an opportunity for the Peruvian Superfoods campaign, as many of the products that are promoted under this umbrella contribute to better healthy lifestyles. According to the SIAL Network, Belgians consume 2.3 fruits and vegetables per day[34] and the supermarkets are the main points where consumers buy most often.
e) **All-allergic:** People becoming aware of potential allergies has led to a boom in product labelling with "free-from" presentations (i.e: Soy-free, gluten-free, peanut-free, dairy-free, etc.)
f) **Cocooning:** Belgian consumers are capitalizing on the increasing alternatives for delivering food to their homes. Several examples for this trend are seen in new services such as: Deliveroo, Ubereats, Kamoon, HelloFresh, Marley Spoon, etc.
g) **Full-time foodies:** Especially for Millenials, food businesses and retailers are tailoring their services to provide alternatives for snacking and eating throughout the day. The challenge remains to provide healthy, convenient snacks in a range of sustainable packaging and options.
h) **New commercial experiences:** 90% of Belgian consumers prefer to do their food shopping in supermarkets or retailing points close to their homes. Nevertheless, they are now exploring new store formats. The boom in the organic food stores falls within this trend.
i) **Ethnic cuisine:** consumers are exploring more often new flavors and products and recipes from other cultures. Social networks like Instagram have increased the access to information and new trends connected to gastronomy.
j) **The new cool:** natural products and ingredients become more popular among consumers. Not only avocados, but also ingredients like curcuma or rich-antioxidant vegetables are forecasted to become the new "it" products.

3.3 Natural Products and Ingredients

In line with the trends connected to health and short food supply chains, consumers in Belgium are increasingly becoming interested in products and ingredients with sustainability certifications, and with more emphasis whenever the origin of the product is non-EU. One of the most outstanding sustainable certifications for food products is the Organic one.

The organic certification promotes good agricultural practices that aim to restore ecological balance by respecting natural cycles for soil, water and biodiversity, and by limiting or avoiding the use of pesticides and forbidding the use of genetically modified organisms.

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[33] See La Libre, « Wallons et Bruxellois à présent invités à consommer moins de viande et de poisson », 2017

[34] See Sial Network « World Tour, Belgium", 2015

With retail sales value of EUR 586 million in 2016 in Belgium and ranking 9th in Europe for countries with the highest organic shares, the reported number of Belgian producers of organic products in the same year was 1946.

The second sustainability certification that is prominent for these type of products is the FairTrade seal. The Fairtrade seal is connected to the social dimension of sustainability, by promoting fair practices and negotiation terms with producers in developing countries. It was created to avoid the inequities in the North-South trade relationships for commodity products.

Due to the nature of their supply chain, commodity products like bananas, mangoes, cocoa derivatives and coffee, can be generally found on supermarket shelves displaying at least one sustainability certification on their packaging. In practice, more than half of the cases, both seals, the Organic and Fairtrade go hand in hand.

Preferential trade under the FTA EU-Peru/Colombia

Peruvian products benefit from tariff reductions under the Free Trade Agreement which entered in force on March 01st 2013. There is preferential access to 99.3% of agricultural products and 100% of industrial goods. However, certain products like artichokes, bananas and citrus fruits have preferential rate of 0% according to a specific schedule.

Non-tariff trade measures

Phytosanitary and sanitary requirements have been established on a EU level[35] and are put in place by the AFSCA (the Belgian Federal Agency for Food Chain Safety)[36]. Peruvian exporters must verify if their products comply with the specific regulations according to the product type and presentation.

As for certifications, for labelling a product as organic, a producer/exporter must comply with the Organic regulation (Council Regulation (EC) No. 834/2007 and Commission Regulation (EC) No. 889/2008).

There is currently no EU regulation officially addressing Fair Trade practices. The latter type of certification remains handled as independent and is not a mandatory standard on a governmental level.

[35] http://eur-lex.europa.eu/legal-content/EN/ALL/?uri=OJ:L:2012:354:TOC
[36] http://www.afsca.be/importationpaystiers/vegetaux/

ANNEX I

Top 10 Peruvian Food/Agribusiness products exported to Belgium, the Netherlands and Germany in 2017 (USD Thousand / Kg. Thousand)

	Belgium				Netherlands				Germany			
#	Peruvian HS Code	Description	Net Weight Kg.	FOB Value USD.	Peruvian HS Code	Description	Net Weight Kg.	FOB Value USD.	Peruvian HS Code	Description	Net Weight Kg.	FOB Value USD.
1	901119000	Coffee (not decaffeinated)	19.972,06	63.385,56	804400000	Avocados	92.214,61	204.428,78	901119000	Coffee (not decaffeinated)	46.203,38	144.024,84
2	1504201000	Fats and oils and their fractions, of fish, other than liver oils	25.786,75	36.884,47	810400000	Berries	9.390,76	82.667,19	803901100	Fresh bananas "Cavendish Valery"	25.467,81	18.556,25
3	1801001900	Cocoa beans, whole or broken	14.449,55	30.863,21	804502000	Fresh or dried mangos	52.159,99	59.112,33	1604141000	Tuna, skipjack and bonito (Sarda spp.)	1.953,25	8.514,60
4	803901100	Fresh bananas "Cavendish Valery"	9.716,56	7.293,47	806100000	Fresh grapes	28.199,11	52.989,80	304740020	Hake (Merluccius spp., Urophycis spp.)	3.274,70	6.498,71
5	811909100	Mangoes (Mangifera Indica L.)	2.704,47	4.408,69	803901100	Fresh bananas "Cavendish Valery"	65.181,11	47.778,23	2001909000	Other Vegetables, fruit, nuts and other edible parts of plants, prepared or preserved by vinegar or acetic acid	3.413,00	6.053,08
6	709200000	Fresh or frozen asparagus	632,90	3.159,70	709200000	Fresh or frozen asparagus	7.840,86	36.347,61	1804001200	Cocoa butter, fat and oil	1.202,43	5.946,42
7	810909000	Other fresh fruits	961,40	2.106,31	1801001900	Cocoa beans, whole or broken	12.877,81	31.999,53	2005600000	Asparagus	1.845,77	5.784,50
8	307291000	Frozen Scallops (Pecten jacobaeus)	111,47	1.905,31	2009892000	Passion Fruit Juice (Passiflora Edulis)	10.623,98	31.418,02	1008509000	Quinoa (Chenopodium Quinoa)	1.543,62	4.933,61
9	1008509000	Quinoa (Chenopodium Quinoa)	751,57	1.694,40	810909000	Other fresh fruits	12.653,45	23.146,44	712909000	Other vegetables; mixtures of vegetables	239,61	4.382,64
10	811909900	Fruit and nuts, uncooked or cooked by steaming or boiling in water, frozen, whether or not containing added sugar or other sweetening matter:	523,23	1.677,80	910110000	Ginger	9.605,91	20.014,31	804502000	Fresh or dried mangos	1.609,54	4.313,47