

THE AGRICULTURAL MACHINERY SECTOR IN PERU

THE PURPOSE OF THIS INFOCARD IS TO PROVIDE SOME
**ESSENTIAL INFORMATION RELATED TO THE AGRICULTURAL
MACHINERY.¹**



Credit: Pixabay

INTRODUCTION

Agriculture in Peru contributes approximately with 6% of the Gross Domestic Product (GDP).² The sector is heterogeneous, where modern mechanized agriculture activities, mainly on the coast oriented to the market and exports, coexist with a large sector of traditional and subsistence agriculture.³ In general terms, and compared to other Latin American countries, Peruvian agriculture has a low rate of mechanization.⁴ The low rate of mechanization is mainly explained by the predominant presence of traditional agriculture in the country, with a high fragmentation of land ownership.

According to INEI's latest National Agrarian Survey (ENA of 2022), 22.9% of agricultural units have less than 0.5 hectares, 55.6% from 0.5 to 4.9 hectares, and only 21.4% more than 5 hectares. The small size of agricultural units consti-

tutes a serious obstacle to the mechanization and technification of agricultural production. Additionally, only 35.5% of agricultural units have property titles, and of these, only 19.9% have them registered in the public registries.⁵ This impedes access to the financing that would be necessary for the acquisition of capital goods. However, the demand for agricultural machinery and other devices for field operations and the subsequent processing of agricultural products has experienced growth in recent years. With the expected expansion of the agricultural frontier through new irrigation projects and agricultural exports, the dynamism of the market would be sustained.

The growth of the market for machinery and other devices for agro-industrial activities is the result of the significant de-

1 The information contained in this file is of a general nature only. For more detailed information, trade promotion events and actions, as well as possible business contacts, please contact the Trade Offices of the Member States and the bilateral Chambers in Lima.

2 INEI. Data for the period 2021-2022.

3 World Bank (2017). Gaining momentum in Peruvian agriculture: Opportunities to increase productivity and improve the competitiveness of the sector. Available in: documents1.worldbank.org/curated/en/781561519138355286/pdf/Gaining-momentum-in-Peruvian-agriculture-opportunities-to-increase-productivity-and-enhance-competitiveness.pdf

4 International Food Policy Research Institute (2018). Agricultural mechanization in Latin America. IFPRI Discussion Paper 01740, July. Available at: www.ifpri.org/publications/search?f%5B0%5D=record_content_record_type%3A560. Also: Rodríguez-Delgado Segundo and Navarro Luis (2018). Diagnosis of Production and Mechanization Systems. TZOECOEN.10. Available in: www.researchgate.net/publication/327936389_DIAGNOSTICO_DE_LOS_SISTEMAS_DE_PRODUCCION_Y_MECANIZACION_EN_PERU

5 www.gob.pe/institucion/inei/campa%C3%B1as/32887-resultados-de-la-encuesta-nacional-agropecuaria-ena-2022

velopment of agribusiness on the Peruvian coast, which has made Peru one of the main exporters of fruits and vegetables in the world. Exports of non-traditional agricultural products increased from \$2.188 billion in 2010 to \$9.807 billion in 2022.⁶ In 2021, Peru emerged as the world's leading exporter of blueberries and table grapes, number two in fresh asparagus and number three in avocados.⁷

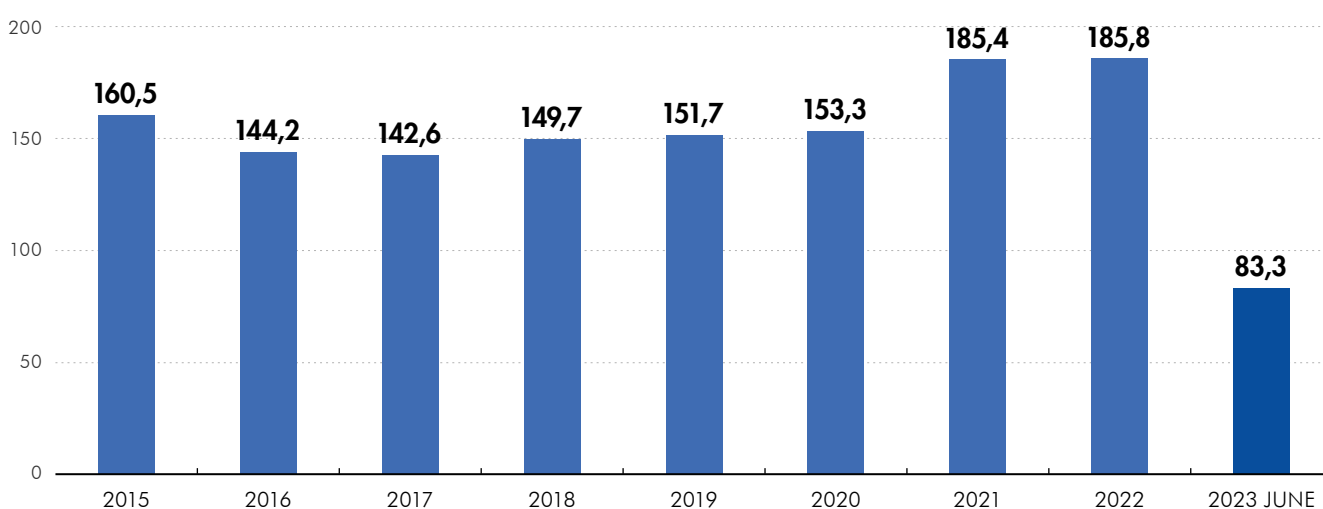
The agricultural machinery market is nurtured by large agricultural companies. and to a lesser extent, by smallholder production chains articulated in the agriculture export value chain. The production system in large companies has been migrating in recent years towards “*precision agriculture*” that demands a wide range of machinery and other equipment, as well as a variety of specialized services, which offer important market possibilities. Likewise, the market for equipment for *post-harvest* treatment of products has been expanding in tandem with the growth of agricultural exports.

In Peru, in general terms the supply of capital goods for agriculture is dominated by standardized imported products. As far as agricultural equipment and post-harvest processing equipment is concerned, the supply is also mostly imported. There is no production of tractors in Peru. Domestic production is basically limited to irrigation pumps, assembly of fumigation equipment, and various small devices such as scrapers, ploughs, and furrows.⁸ Figure 1 shows the total import of capital goods for agriculture since 2015.



Credit: Pixabay

FIGURE 1: TOTAL IMPORTS OF CAPITAL GOODS FOR AGRICULTURE (Million US\$)



Source: Banco Central de Reserva (BCRP).

6 According to the classification used, coffee, sugar, cotton, among others, are considered traditional agricultural products.

7 Eva Paus, Luis Abugattas, and María Amparo Cruz Saco (2023). *Global Value Chains in Agriculture and the Middle-Income Trap: A Framework for Analysis Applied to Peru's Boom*. *Journal of Development Studies*. Volumen 29, Issue 10.

8 Duarte Odilio. 2019. *Analysis of the various factors that affect the productivity of fruit growing: Case of Peru*. Santiago: CIEPLAN.

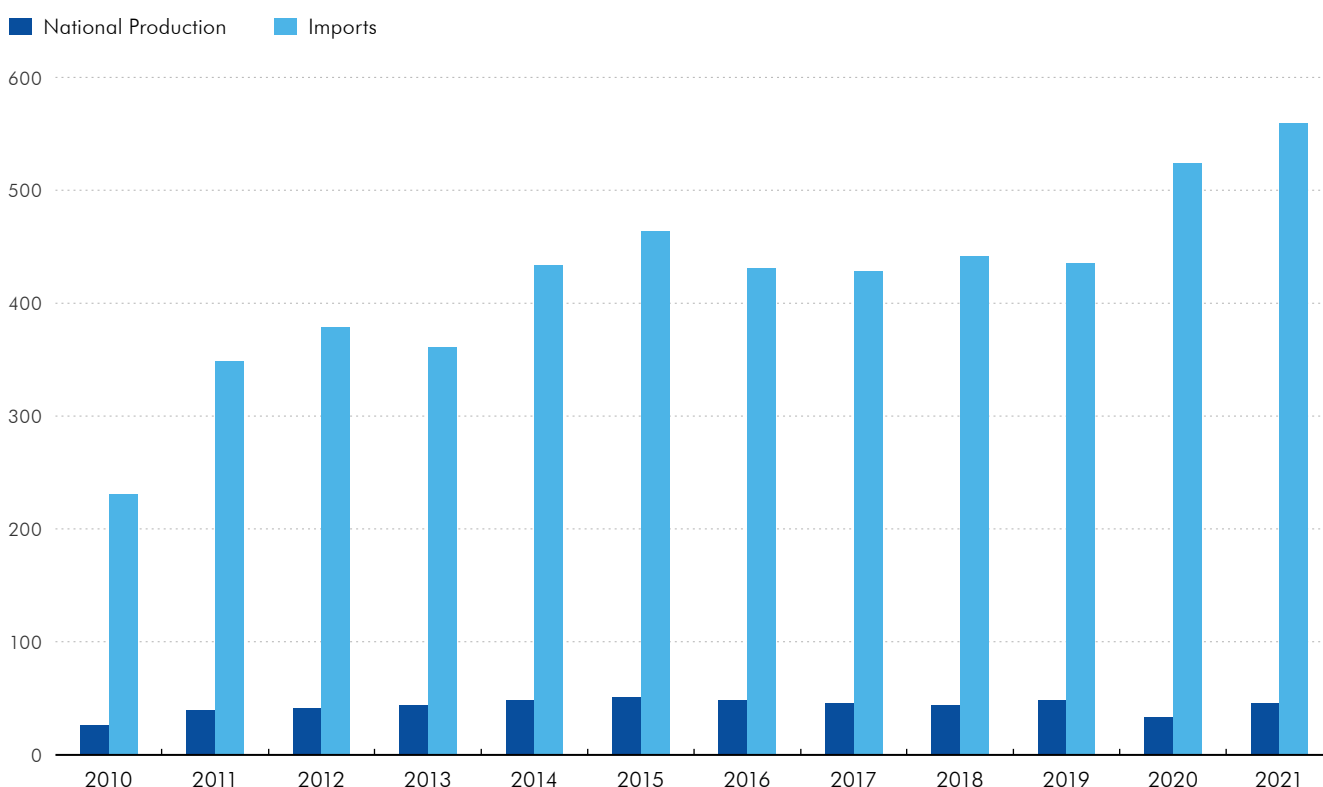
AGRICULTURAL MACHINERY MARKET⁹

The total Peruvian market for agricultural and forestry machinery, according to the latest available data for 2021, reached a value of 1,127 million soles, equivalent to 290 million dollars.¹⁰ While imports were US\$ 193 million, domestic production amounted to US\$ 13.6 million. Therefore, a high import penetration rate (IPR) of around 94.2% is observed.¹¹ The marketing margin represents 28% of the total supply in the market. Peru's exports of these products are negligible. As noted above, no tractors are produced in Peru, only some trailers and other equipment are manufactured. The entire range of tractors for agricultural use is imported.

Figure 2 shows the evolution of domestic production and imports of agricultural and forestry machinery since 2010, where the dynamism of imports can be observed as a result of the take-off of export agribusiness in Peru, while domestic production has stagnated.

This infocard focuses mainly on two segments of capital goods for agriculture that are explained in detail in Table No.1: agricultural machinery of **Tariff Headings 8432 and 8433**, and tractors for agricultural use of **Tariff Heading 8701**, of the Harmonized Merchandise Classification System (HS).¹²

FIGURE 2: NATIONAL PRODUCTION AND IMPORTS OF AGRICULTURE AND FORESTRY MACHINERY
(Million of constant Soles, 2007)



Source: Banco Central de Reserva (BCRP).

⁹ The figures correspond to ISIC Class 2821 *Manufacture of agricultural and forestry machinery*. This class includes the following activities: - Manufacture of tractors used in agricultural and forestry activities. - Manufacture of walk-behind tractors (driven by a person from the outside). - Manufacture of mowers, including lawn mowers. - Manufacture of automatic loading and unloading trailers and semi-trailers for agricultural use. - Manufacture of machines used in agriculture to prepare soils, plant or fertilize: ploughs, manure spreaders, seeders, rakes, etc. - Manufacture of machines for harvesting and threshing: harvesters, threshers, screeners, etc. - Manufacture of milking machines. - Manufacture of sprinklers for agricultural use. - Manufacture of miscellaneous machinery for agricultural use: machinery used in poultry and beekeeping, equipment for the preparation of animal feed, etc.; and machines for cleaning, sorting and sorting eggs, fruit, etc.

¹⁰ Source: INEI Offer utilization Table 2021, Level 365 products and 101 activities. It corresponds to the classification of agricultural and forestry machinery. The conversion to dollars was made with the average exchange rate for the year of 3.88 soles per dollar. This explains the divergence from the figures for 2021 in Figure 1.

¹¹ The import penetration index is obtained by dividing imports by market size, estimated as domestic production plus imports minus exports.

¹² For a more detailed discussion of the Peruvian market for these products, it is recommended to refer to: Economic and Commercial Office of the Embassy of Spain in Lima. The agricultural machinery market in Peru (2019).

TABLE 1: HARMONISED SYSTEM OF CLASSIFICATION OF GOODS, TARIFF HEADINGS 8432, 8433 AND 8701

Tariff Heading	Description	Sub heading
8432	Agricultural, horticultural or forestry machinery, apparatus and appliances, for the preparation or working of the soil or for cultivation.	8432.10.00 Plows
		8432.21.00 Disc harrows
		8432.29.10 Other harrows, scarifiers and strippers
		8432.29.20 Cultivators, rotary hoes (rotary cultivators), weeders and binders
		8432.31.00 Seed drills, planters and transplanters, for direct sowing
		8432.39.00 Other seed drills, planters and transplanters
		8432.41.00 Manure spreaders
		8432.42.00 Fertilizer distributors
		8432.80.00 Other agricultural, horticultural or forestry machinery, apparatus and appliances
		8432.90.10 Grilles and discs
8432.90.90 Other parts of agricultural, horticultural or forestry machinery, machinery and appliances		
8433	Harvesting or threshing machines, apparatus and appliances, including straw or fodder presses; lawn mowers and scythes; Machines for cleaning or sorting eggs, fruit or other agricultural products, other than those of heading No 84.37.	8433.20.00 Scythes, including cutter bars for mounting on a tractor
		8433.30.00 Other haymaking machines
		8433.40.00 Straw or fodder presses, including harvesting presses
		8433.51.00 Harvesters-threshers
		8433.52.00 Other threshing machines and apparatus
		8433.53.00 Máquinas para cosechar raíces o tubérculos
		8433.59.10 Various Harvesting Machines
		8433.59.20 Corn shelling machines
		8433.59.90 Other harvesting, threshing or shelling machines
8701	Tractors (other than tractor trucks of heading No 87.09).	8701.10.00 Two-wheel tractors
		8701.91.00 Tractor less than 18 kW
		8701.92.00 Tractor exceeding 18 kW but less than or equal to 37 kW
		8701.93.00 Tractor exceeding 37 kW but less than or equal to 75 kW
		8701.94.00 Tractor exceeding 75 kW but less than or equal to 130 kW
		8701.95.00 Tractor superior a 130 kW

Table No.2 shows the imports of the above tariff headings. As can be seen from these figures, the size of the market for imported products is still small.

TABLE 2: IMPORTS OF MACHINERY AND OTHER DEVICES FOR AGRICULTURE (Thousands US\$)

HS Code	Product description	2015	2016	2017	2018	2019	2020	2021	2022
8432	Agricultural, horticultural or forestry machinery for soil preparation or cultivation	7,101	7,101	8,251	6,685	5,876	8,195	11,287	19,795
8433	Machinery for harvesting or threshing, including straw or fodder balers; Lawn or hay mowers	32,067	29,559	31,825	40,387	38,824	45,600	49,421	38,371
A	8432+8434	39,168	36,660	40,076	47,072	44,700	53,795	60,708	58,166
B	Tractors for agricultural purposes of heading 8701 ¹³	1,447	1,299	52,694	38,826	38,287	44,205	60,717	82,338
	Total A+B	40,615	37,959	92,770	85,898	82,987	98,000	121,425	140,504

Source: International Trade Centre (ITC) Trade Map data from Aduana Perú.

¹³ It corresponds to the items identified in Table 1.



Credit: Pixabay

Tables No.3 and No.4 present in a disaggregated manner at the six-digit level the imports of headings 8432 and 8433 for the last five years, which allows a better perspective of the Peruvian market for these products.

TABLE 3: Import of Heading 8432 (Thousands US\$)

HS Code	Product description	2018	2019	2020	2021	2022
843280	Agricultural, horticultural or forestry machinery, apparatus and appliances, for the preparation or manufacture of soil	1,171	1,204	1,370	1,957	9,491
843290	Parts of agricultural, horticultural or forestry machinery, machinery and appliances, for the preparation or manufacture of soil	2,092	1,783	2,793	3,494	3,901
843221	Disc, agricultural, horticultural or forestry "harrows"	795	552	760	1,606	1,583
843229	Harrows, scarifiers, cultivators, extirpators, hoes, rotary "tractors"	1,026	594	1,086	1,626	1,579
843210	Agricultural, horticultural or forestry ploughs	800	1,103	1,271	1,712	1,473
843231	Direct seeding direct seed drills, planters and transplanters	641	359	585	439	1,105
843239	Seed drills, planters and transplanters (excl. no-till machines)	25	154	168	135	513
843241	Manure spreaders (excl. sprayers)	31	87	24	32	95
843242	Fertiliser distributors (excl. manure sprayers and spreaders)	103	40	137	286	56
843240	Manure spreaders and fertilizer distributors, agricultural, horticultural or forestry	0	0	0	0	0
843230	Agricultural, horticultural or forestry seed drills, planters and transplanters	0	0	0	0	0

Fuente: International Trade Centre (ITC) Trade Map.

TABLE 4: IMPORTATION OF THE HEADING 8433

Code	Description of the product	2018	2019	2020	2021	2022
843360	Machines for cleaning or sorting eggs, fruit or other agricultural products	18,018	18,965	21,191	15,171	12,472
843390	Parts of harvesting or threshing machines, apparatus and appliances; Parts of cutters	5,679	8,286	6,768	10,100	9,450
843351	Harvesters-threshers	5,738	2,788	8,299	9,969	6,026
843311	Lawn mowers, with motor, in which the cutting device rotates in a horizontal plane	1,760	1,690	2,311	3,332	4,419
843359	Machinery for harvesting agricultural products (excl. scythes; machinery and appliances)	3,102	1,815	4,469	6,565	1,937
843320	Scythes, incl. cutter bars for mounting on a tractor (excl. lawn-mowers)	4,920	4,276	1,397	2,502	1,678
843340	Straw or fodder presses (incl. collection presses)	743	547	723	1,083	1,433
843352	Threshing machines (excl. combine harvesters)	205	256	263	318	695
843319	Lawn mowers, with motor, in which the cutting device rotates in a vertical plane	90	125	117	193	139
843330	Haymaking machines (excl. scythes)	27	50	23	150	118
843353	Root or tuber harvesting machines	105	25	40	38	5

Source: International Trade Centre (ITC) Trade Map.

Peru imports capital goods for agriculture from more than 60 countries. Table No.5 presents the main countries of origin of imports of headings 8432 and 8433 since 2015, which allows a longer- term perspective of trade direction. China is definitely well positioned in the market, and new entrants such as Australia and New Zealand, and New Zealand are being observed.

In the case of tractors, the main exporters to Peru are Brazil, Mexico, China, Italy, Germany, Belgium and Türkiye.¹⁴ The main international brands of tractors are represented in the Peruvian market.



¹⁴ This corresponds to the total import of tractors. The identification of imports of tractors specifically for agricultural use is a complex exercise that is beyond the scope of an Infocard.

TABLE 5: ORIGIN OF IMPORTS OF HEADINGS 8432 AND 8433 MAIN EXPORTERS (Thousands US\$)

Exporters	2015	2016	2017	2018	2019	2020	2021	2022
HEADING 8432								
World	7,101	7,101	8,251	6,685	5,876	8,195	11,287	19,795
Australia	22	1	0	0	0	0	0	8,061
China	1,504	1,314	1,626	1,768	1,426	2,377	3,384	3,958
Brazil	1,280	1,397	2,062	1,473	1,174	1,803	2,063	1,960
Spain	796	713	760	689	635	1,221	1,776	1,942
Italy	788	718	1,397	430	647	916	754	978
Mexico	504	318	500	619	645	248	1,112	810
New Zealand	0	0	0	25	0	0	0	504
Türkiye	74	2	15	37	68	46	171	443
United States	274	203	260	361	430	334	528	357
India	177	108	319	211	144	129	365	219
France	67	83	212	290	118	114	153	152
Vietnam	0	0	24	0	21	0	25	150
HEADING 8433								
World	32,067	29,559	31,825	40,387	38,824	45,600	49,421	38,371
China	9,048	8,233	7,974	8,409	6,117	14,844	20,232	14,987
Spain	2,259	2,369	1,899	5,513	12,006	3,118	7,180	6,981
United States	5,420	6,815	5,890	3,558	2,835	2,725	2,009	4,381
New Zealand	873	242	950	4,587	4,115	5,996	2,697	2,780
Brazil	5,442	5,199	5,652	5,335	3,632	5,262	6,803	2,683
Thailand	1,611	1,797	1,374	1,253	1,333	876	1,582	1,163
Italy	191	490	3,239	3,022	1,419	2,850	2,856	1,096
Mexico	430	1,240	792	1,025	1,148	619	882	598
France	1,159	1,256	347	228	2,960	1,919	1,372	577
Germany	1,202	853	931	1,160	1,394	3,226	637	496
Netherlands	2,099	104	828	2,911	196	1,528	1,338	451
Israel	473	125	99	93	385	5	35	334
Slovakia	0	0	214	0	1	0	2	334
Chile	21	27	52	499	276	380	677	261
Argentina	110	142	281	786	145	859	10	196

Fuente: International Trade Centre (ITC) Trade Map.

CONDITIONS OF ACCESS TO THE PERUVIAN MARKET

The Peruvian market for agricultural machinery and equipment is highly competitive. The same general regulations apply to machinery and equipment as to the importation of other products.¹⁵ There are no incentives for the incorporation of smart agricultural machinery or for sustainable agricultural mechanization in Peru. The Most Favoured Nation (MFN) tariff for these products is a zero, therefore, all countries exporting to Peru compete on equal terms. Trade agreements do not offer any preference in this sector. Both imported and domestically produced products must also pay the general sales tax (IGV) of 16% and the municipal promotion tax (IPM) of 2%, the non-deductible amount of which is assumed by the producer or importer. In the case of imports, these taxes are levied on the CIF value of the products. There are no other levies on the importation of these products.

In the case of importing machinery and equipment, Peruvian (voluntary) technical labelling standards must be reviewed depending on the product. These are available to the public, according to the line of electrical appliances, at the National Institute for the Defence of Competition and the Protection of Intellectual Property – INDECOPI.¹⁶

Likewise, depending on the type of machinery and its function, it may be necessary to comply with specific technical regulations established by PRODUCE.¹⁷ These regulations focus on ensuring safety and avoiding risks to users and the environment. No restricted product has been identified in the field of agricultural machinery, i.e. it requires special authorization for importation, in the list of restricted goods component of the Single Window for Foreign Trade.¹⁸

In the case of used equipment, which is an interesting market in Peru, there are requirements that must be met for the importation of these products:

- **Prior permit:** Before importing used machinery, prior permission must be obtained from the Ministry of Production (PRODUCE). This permit must be requested by the importer and must include detailed information about the machinery, its condition and the purposes for which it will be used.
- **Certificate of operability:** Used machinery must have a certificate of operability issued by an accredited entity.



Credit: Pixabay

This certificate verifies that the machinery is in optimal operating condition and meets the necessary technical requirements.

- **Pre-inspection:** Imported used machinery will likely need to be inspected prior to customs clearance. This inspection may include the verification of technical aspects, the identification of the equipment and its correspondence with the documentation submitted, among others.
- **Certificate of Conformity Verification (CVC in Spanish):** It is mandatory to obtain this certificate issued by an accredited certification body. This certificate guarantees that the imported machinery meets the established quality and safety standards.

¹⁵ For general requirements for importing, refer to: www.sunat.gob.pe/orientacionaduanera/importacion/requisitos.html

¹⁶ See: www.indecopi.gob.pe. Rotating Electrical Machinery – NTP 370.007:1970 Rotating Electrical Machinery: It lays down the requirements and labelling of rotating cyclic electrical machines with the exception of machines for traction vehicles, explosion-proof machines, ship-mounted machinery, machines for arc welding and all machines for which specific standards exist. This rule may be applied upon agreement between buyer and seller. Where there is no standard for the rotating electrical machinery referred to in 1.1 or for other special machinery. Any other requirement not included in this standard must be specified by prior agreement between manufacturer and buyer.

¹⁷ The technical regulations can be consulted at: www.gob.pe/institucion/produce/colecciones/2678-reglamentos-tecnicos Also consult the database of the National Institute of Quality (INACAL) www.inacal.gob.pe/cid/categoria/normas-tecnicas-peruanas. No specific technical standards for agricultural machinery have been identified.

¹⁸ See: www.vuce.gob.pe/comp_merc_rest.html

MAIN FAIRS AND EXHIBITIONS

EXPOALIMENTARIA

Is the main international business platform for the food, beverages, machinery, equipment, supplies, packaging, services, restaurants and gastronomy sector in Peru. It is an international meeting point between exporting and importing companies. It brings together more than 45,090 professional visitors, and more than 650 companies exhibit their products and the latest technology.



AGRIEXPO PERU

Is the largest and leading international exhibition of agro technologies for agriculture, agribusiness and agro-export that takes place in the main agricultural areas of Peru, once a year. Since 2010, it has consolidated and positioned itself throughout its successful editions as the most relevant exhibition specialized in solutions and technologies for agriculture, thus becoming the main agribusiness and training platform in Peru.



SIAGRO

The International Agricultural Symposium is an event held annually that focuses on the concept of R+D+i+d (Research, Development, Innovation and Dissemination) and has agricultural professionals as its main audience.





USEFUL LINKS

- **ASOCIACIÓN DE GREMIOS PRODUCTORES AGRARIOS DEL PERÚ (AGA)**
www.agapperu.org
- **COMISIÓN DE PROMOCIÓN DEL PERÚ PARA LA EXPORTACIÓN Y EL TURISMO (PROMPERÚ)**
www.promperu.gob.pe
- **INSTITUTO NACIONAL DE ESTADÍSTICA E INFORMÁTICA (INEI)**
www.inei.gob.pe
- **MINISTERIO DE AGRICULTURA Y RIEGO DEL PERÚ (MINAGRI)**
www.minagri.gob.pe
- **PROGRAMA DE COMPENSACIONES PARA LA COMPETITIVIDAD (AGROIDEAS)**
www.agroideas.gob.pe
- **SUPERINTENDENCIA DE ADMINISTRACIÓN TRIBUTARIA PERUANA (SUNAT)**
www.sunat.gob.pe

THIS INFOCARD HAS BEEN PREPARED BY THE EXPERTS OF THE MAT PERU PROJECT OF THE EU

DISCLAIMER

The positions expressed are those of the authors and do not necessarily reflect the official opinion of the European Union. Neither the European Union, nor any person acting on behalf of the European Union, is responsible for any use that may be made of this information. The European Union is also not responsible and cannot be held accountable for any loss suffered as a result of reliance on the content of this infocard.



UNIÓN EUROPEA

I N F O C A R D

SEP
2023

THE AGRICULTURAL MACHINERY SECTOR IN PERU



More information:



@UEenPeru



Unión Europea en Perú



@UEenPeru



@UEenPeru
@EUAmbPeru

https://eeas.europa.eu/delegations/peru_es

European Union office in Peru

Av. Víctor Andrés Belaúnde 332, 5to. piso,
(edificio CROMO) San Isidro, Lima 27, Perú

Opening hours: Monday to Thursday from 8h
to 16h30 - Friday from 8h to 13h30

Phone: 51 (01) 4150800

Email: delegation-peru@eeas.europa.eu