

# TRADE IN QUINOA: IMPACT ON THE WELFARE OF PERUVIAN COMMUNITIES



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This report examines the impact of the international quinoa prices on the livelihoods of communities in the Peruvian altiplano. The paper presents results of an ITC household survey showing that the well-being of households in traditional quinoa growing regions has risen and fallen along with quinoa prices. Quinoa-growing households benefited from higher quinoa prices at the height of the quinoa price boom of 2013 and their welfare declined as prices have fallen since 2014. Farmers are willing to help efforts to increase biodiversity to combat the problem of monoculture that has resulted from an increased focus on exporting a single quinoa variety. The report is relevant for importers and exporters, regulators, policymakers, non-governmental organizations, community representatives and researchers seeking to improve sustainability of the quinoa trade and the associated benefits derived by local people in Peru.

Descriptors: **Seeds, Prices, Biodiversity, Small-Scale Producers, Peru, Agriculture**

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English

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## Foreword



Most of the world's 1.4 billion poor live in rural areas, and the majority of them are agricultural smallholders. Investing in agriculture to help farmers move up the value chain is therefore a clear strategy to ending poverty. The United Nations Sustainable Development Goals identify trade as a means to eradicate extreme poverty by 2030. Trade continues to play an important role in supporting smallholders and is thus a key sustainable development tool.

Globalization has in many cases meant increasing opportunities for farmers, cooperatives and small and medium-sized enterprises (SMEs) in developing countries to produce for the growing middle classes around the world. With the increase in consumer demand, we have seen higher prices, often resulting in higher farm incomes. However, this virtuous circle has also presented challenges for farmers who may have weak bargaining positions with traders, endure severe climatic conditions, depend on unreliable infrastructure, face volatile market prices and have limited access to credit.

It is with this in mind that the International Trade Centre (ITC), through its Trade and Environment Programme, is supporting quinoa producers in the Peruvian altiplano to increase resilience to climate change and access international markets with organic certification. To examine the welfare impacts of the trade in quinoa on these smallholders, ITC conducted a survey of households in the altiplano between September 2014 and August 2015. The study found that when quinoa prices fell substantially, so too did the well-being of rural Peruvian families. Towards the end of the 2015 harvest, quinoa prices fell 40%. As prices fell, total food consumption of surveyed households declined by 10% and wages fell by 5%. Companion research conducted by the Peruvian authorities yielded similar results. In a nutshell, the welfare of rural communities in the altiplano is linked to prices for quinoa – this is especially the case for women, who being the majority of quinoa smallholders benefit the most from the trade in quinoa.

Several important lessons can be drawn from ITC's findings. Smallholders of the altiplano are vulnerable to competition from quinoa producers in Peru's coastal region. As such, they need support to differentiate their product according to the nutritional benefits of a wider range of varieties, through organic certification, as well as by building improved business capacity. Incentive structures for storage could be devised as a way to mitigate the volatility of quinoa prices, and allow farmers to protect their crops from pests and rodents. There are also opportunities to establish payments for ecosystem services schemes so that smallholders can sell different varieties of quinoa. This will help them to diversify their income sources and conserve the Andean region's biodiversity. Farmers could also benefit from government and Aid for Trade initiatives to gain access to technical services and credit.

I would like to thank the ITC team, the Peruvian researchers who collected the data over 2014 and 2015, the University of Minnesota and Towson University, and Peru's Export and Tourism Promotion Board (PROMPERU) for supporting this research. I trust that these findings illustrate the benefits of trade to rural communities while recognizing that many challenges still exist for improving the lives of rural people. It is now incumbent upon all of us to translate these policy options into solutions for quinoa smallholders.

A handwritten signature in blue ink, appearing to read 'Arancha González', written over a light blue horizontal line.

Arancha González  
Executive Director, International Trade Centre

## Acknowledgements

The research was conducted by Marc Bellemare (University of Minnesota) and Seth Gitter (Towson University). The project was directed by Alexander Kasterine, Head of the International Trade Centre's (ITC) Trade and Environment Programme, and managed by Ann-Kathrin Zotz, Associate Expert (ITC).

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The study was carried out by ITC within the context of its programme to promote exports of biodiverse agri-food products from smallholders in Peru.

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