

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Peru

Oilseeds and Products Annual

Annual

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Report Highlights:

Soybean meal imports into Peru are forecast at 1.030 MMT in MY 2012, a slight increase of 22,000 MT compared to the previous year. U.S. soy exports dropped 80 percent, to only 20,659 MT. Fishmeal production for CY 2012 is estimated at 1.315 MMT, remaining constant as the previous year. Total fish catch for reduction in CY 2011 was 6 MMT, about a ten percent increase compared to the previous year

Executive Summary:

Soybean meal imports into Peru are forecast at 1.030 MMT in MY 2012, a slight increase of 22,000 MT compared to the previous year. U.S. soy exports dropped 80 percent, to only 20,659 MT. Since Peru eliminated import duties for corn, the U.S. lost the trade preference granted under the U.S.-Peru TRQ which significantly reduced corn shipments from the U.S. This was a disincentive for importing U.S. soybean meal since traders usually combine corn and soybean meal in a vessel. Due to constant pressure from anti biotechnology organizations led by the Peruvian Ministry of Environment, the Peruvian Congress approved a ten year moratorium on genetically modified crops. Implementing regulations are still pending, but this law could potentially disrupt trade since it requires a risk assessment on all imported GM products.

Fishmeal production for CY 2012 is estimated at 1.315 MMT, remaining constant as the previous year. Total fish catch for reduction in CY 2011 was 6 MMT, about a ten percent increase compared to the previous year. Favorable weather conditions, especially water temperature, caused an increase on total catch which translated in more fishmeal production.

Commodities:

Oil, Soybean

Author Defined:

Outlook

Import Trade Matrix (Metric Tons)	
Country	Peru
Commodity	Oil, Soy
Time Period	CY 2011
Imports from:	
U.S.	28,700
Others	
Argentina	267,681
Bolivia	10,304
Brazil	8,639
Total for Others	286,624
Others not Listed	74
Grand Total	315,398

Units: Metric Tons

Soybean oil imports are forecast at 340,000 MT in CY 2012, an 8 percent increase compared to the previous year. Imports in CY 2011 were 315,398 MT, of which 85 percent was imported from Argentina. The U.S. soybean oil exports represented 9 percent of the Peruvian market share. Soybean oil consumption in CY 2011 was 355,000 MT and is expected to continue growing as Peru's economy expands. Peru's Gross Domestic Product (GDP) is expected to grow between five and seven percent per year for the next three years.

Imported crude soybean oil is refined and bottled in Peru for retail sale. Peru does not produce any soybeans, and the limited crushing capacity is used to produce full fat soybean meal for feed.

Commodities:

Meal, Soybean

Author Defined:

Outlook

Meal, Soybean Peru	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Jan 2010		Market Year Begin: May 2011		Market Year Begin: Jan 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	2	2	2	2		2
Extr. Rate, 999,9999	1	1	1	1		1
Beginning Stocks	54	11	26	8		19
Production	2	1	2	1		2
MY Imports	1,110	985	1,150	1,008		1,030
MY Imp. from U.S.	50	105	50	21		150
MY Imp. from EU	0	0	0			0
Total Supply	1,166	997	1,178	1,017		1,051
MY Exports	0	0	0	0		0
MY Exp. to EU	0	0	0	0		0
Industrial Dom. Cons.	0	0	0	0		0
Food Use Dom. Cons.	0	0	0	0		0
Feed Waste Dom. Cons.	1,140	989	1,150	998		1,025
Total Dom. Cons.	1,140	989	1,150	998		1,025
Ending Stocks	26	8	28	19		26
Total Distribution	1,166	997	1,178	1,017		1,051
1000 MT, PERCENT						

Soybean meal imports into Peru are forecast at 1.030 MMT in MY 2012, a slight increase of 22,000 MT compared to the previous year. A very dynamic poultry industry will continue driving soybean imports and consumption in Peru.

With an estimated per capita consumption of 36 kilograms in CY 2011, poultry meat is a staple product in the Peruvian diet. Peru's 490 million chicken-per-year poultry market is the major user of soybean meal (meal constitutes about 12 percent of broiler rations). Poultry meat continues to be one the cheapest sources of protein in the Peruvian diet, total consumption was 880,000 MT in CY 2011. There are about 20 formal poultry operations in Peru, which control around a thousand farms. Total market size for CY 2011 was estimated at \$1.45 billion and it is expected to increase two percent in CY 2012.

Total soybean meal imports in CY 2011 were 1,007,598 MT. Paraguay continued to be the leading soybean meal exporter to Peru in CY 2011 with 38 percent of the market share. U.S. soy exports dropped 80 percent, to only 20,659 MT. Since Peru eliminated import duties for corn, the U.S. lost the trade preference granted under the U.S.-Peru TRQ which

significantly reduced corn shipments from the U.S. This was a disincentive for importing U.S. soybean meal since traders usually combine corn and soybean meal in a vessel.

Soybean meal imports from all origins into Peru are duty free.

Biotechnology

Due to constant pressure from anti biotechnology organizations led by the Peruvian Ministry of Environment, the Peruvian Congress approved a ten year moratorium on genetically modified crops. Implementing regulations are still pending, but this law could potentially disrupt trade since it requires a risk assessment on all imported GM products. The moratorium law also eliminated the biosafety protocol, drafted by the Ministry of Agriculture, which established a legal framework on production, research and trade of GM products. The biosafety protocol had been developed and cleared by the Ministries of Agriculture and Environment

The Peruvian Consumer Code includes mandatory labeling for genetically modified (GM) products. Currently, the regulation for this Code is being drafted. If the regulation is finally approved, the GOP will have a major challenge enforcing it since there are over 30,000 items containing GM products on the shelves of Peruvian markets.

Import Trade Matrix (Metric Tons)	
Country	Peru
Commodity	Meal, Soy
Time Period	CY 2011
Imports from:	
U.S.	20,659
Others	
Paraguay	386,397
Bolivia	289,862
Argentina	210,944
Brazil	99,711
Total for Others	986,914
Others not Listed	25
Grand Total	1,007,598

Units: Metric Tons

Commodities:

Meal, Fish

Production:

Meal, Fish Peru	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Jan 2011		Market Year Begin: Jan 2012		Market Year Begin: Jan 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Catch For Reduction	6,750	5,400	6,750	6,000		6,000
Extr. Rate, 999,9999	0	0	0	0		0
Beginning Stocks	32	32	22	14		12
Production	1,255	1,084	1,400	1,315		1,315
MY Imports	0	0	0	0		0
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	0	0	0		0
Total Supply	1,287	1,116	1,422	1,329		1,327
MY Exports	1,250	1,090	1,385	1,303		1,300
MY Exp. to EU	380	196	380	205		220
Industrial Dom. Cons.	0	0	0	0		0
Food Use Dom. Cons.	0	0	0	0		0
Feed Waste Dom. Cons.	15	12	15	14		14
Total Dom. Cons.	15	12	15	14		14
Ending Stocks	22	14	22	12		13
Total Distribution	1,287	1,116	1,422	1,329		1,327
1000 MT, PERCENT						

Fishmeal production for CY 2012 is estimated at 1.315 MMT, remaining constant as the previous year. Total fish catch for reduction in CY 2011 was 6 MMT, about a ten percent increase compared to the previous year. Favorable weather conditions, especially water temperature, caused an increase on total catch which translated in more fishmeal production.

Peru's fishing industry is tightly controlled by the government. In an effort to reduce over-fishing and enhance the sustainability of Peruvian fisheries, the government used to establish a fishing quota, at the beginning it was 8.5 MMT per year but it was reduced to 5 MMT. Currently, the government has established individual fishing quotas per boat and individual processing licensing per plant. Additionally, the government sets fishing bans which depend on the size of the fish.

Peru produces two types of fishmeal: Fair Average Quality (FAQ), with protein content between 62 and 65 percent, which is dried by direct heat, and Prime, which is indirectly dried by steam and has a protein content of 66-67 percent. International fishmeal prices in CY 2012 remained high, price of Prime meal averaged \$1400 per MT compared to \$700 a few years ago.

Currently, total industry debt is estimated at \$600 million with annual financing costs of about \$180 million. This debt was generated in 1997/1998 as a result of El Niño weather phenomenon that drove the fish away from the Peruvian coast and halted all industrial fishing activity for 18 months.

There are 90 fishmeal plants currently working in Peru. The Peruvian fishing fleet is comprised of 984 boats: 684 steel boats with storage capacity over 500 cubic meters and 300 wooden boats with storage capacity of 110 cubic meters. Total processing capacity is 7,500 MT per hour; about four times more than they are allowed to catch.

Consumption:

Local fishmeal consumption is insignificant and does not have a large impact on the export market. Consumption for CY 2012 is forecast at about 14,000 MT. Local consumption is expected to remain low and even decrease due to high international prices and increased demand from foreign aquaculture industries. Fish is used as a protein source in animal feed; especially shrimp farms located northern Peru.

Trade:

Peru’s fishmeal exports for CY 2012 are forecast at 1.3 MMT. China continued to be the leading export market for Peruvian fishmeal with 58 percent of the market share in CY 2011. Other important markets are Germany (9 percent) and Japan (7 percent).

Fishmeal exports totaled \$1.8 billion in CY 2011 at an average export price of \$1,365 per MT. Fishmeal is Peru’s fourth largest export, after gold, copper, and oil.

Export Trade Matrix (Metric Tons)	
Country	Peru
Commodity	Meal, Fish
Time Period	CY 2011
Exports to:	
U.S.	852
Others	
China	757025
Germany	119220
Japan	96729
Chile	53918
Vietnam	46339
Total for Others	1073231
Others not Listed	229008
Grand Total	1303091

Units: Metric Tons

Policy:

The GOP continues to strengthen enforcement of environmental regulations, particularly to preserve the biomass. The Vice Ministry of Fisheries recently passed a decree to establish individual fishing quotas by boat. The individual quota is a result of the boat’s historic catch and its storage capacity.

The GOP has also stepped up efforts to preserve fisheries resources and reduce the environmental impacts of local processing centers. As a result of strict enforcement most plants now have “tail-water” discharge recovery and airborne particle recovery systems, both of which have led to increased processing efficiency. Plants also must pump residual water at least 13 kilometers out and 50 meters deep. Larger producers continue to invest in canning or freezing lines, to convert more of the catch to higher value products for human consumption, a trend that is expected to continue.

The GOP also enforces several measures to assure the sustainability of Peruvian fisheries. These measures include the enforcement of two fishing seasons during each year as well as fishing bans implemented during the anchovy spawning seasons. These bans may vary somewhat from year to year but are usually enforced from January to mid March and from August to mid October. Other measures include:

- Fishing quotas.
- Limiting fish size to a minimum of 12 centimeters.

- Ensuring that the fishing net is big enough to allow small fish through.
- Establishment of a protected area, five miles from shore, in which no industrial fishing is allowed.
- Prohibition on the use of jack mackerel or horse mackerel for fishmeal. Only anchovy is allowed for industrial processing with a maximum of 11 percent of incidental fishing (species other than anchovy).
- Establishing fishing and processing quotas by boat and plant. Now fishing boats are only valuable if they have fishing permits.

The GOP enforces these measures through satellite screening and inspection at 150 unloading points along the coast during the fishing seasons.

Fish Oil Outlook

Fish oil production in CY 2011 was 338,000 MT. Post forecasts production at 340,000 MT in CY 2012. Oil extraction is directly related to water temperatures and can vary significantly from year to year. Under normal weather conditions the oil extraction rate should be around 8 to 10 percent, but can drop to as low as 1 percent in unusually warm waters.

Exports for CY 2012 are forecast at 320,000 MT. In 2011, Chile, Belgium and Denmark were the major importers of Peru's fish oil.

Consumption in CY 2011 is forecast at 20,000 MT. Domestic consumption will remain low due to increasing fish oil demand in other countries, especially as a feed ingredient for a growing aquaculture industry

Export Trade Matrix (Metric Tons)	
Country	Peru
Commodity	Oil, Fish
Time Period	CY 2011
Exports to:	
U.S.	22,556
Others	
Denmark	76,272
Chile	53,314
Belgium	46,148
Canada	40,010
China	26,871
Total for Others	242,615
Others not Listed	67,790
Grand Total	332,961

Units: Metric Tons