

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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POLICY

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Bolivian Soybean Update

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Oilseeds and Products

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Report Highlights:

Bolivian soybean production in calendar year (CY) 2015 is estimated at 3.1 million metric tons (MMT). Domestic soybean consumption in CY 2015 is estimated at 800,000 MT. Soybean meal exports are expected at 1.7 MMT in CY 2015.

General Information:

Bolivian soybean production in calendar year (CY) 2015 is estimated at 3.1 million metric tons (MMT). An intense drought that affected the production area at the beginning of CY 2015 affected 12 percent of the one million hectares planted in the summer, reducing production by about 280,000 MT. Domestic demand for soybeans in CY 2015 is estimated at 800,000 MT of bean equivalent.

Soybeans are mostly produced in the Santa Cruz region, Bolivia's economic and agricultural powerhouse. There are two annual crops.

- Summer: Planting during November-December and harvest in March-April. This is the most important season accounting for about 70 percent of the annual crop. This year's summer crop will be affected by a drought during the planting season. Reportedly, 120,000 soybean hectares were lost, reducing the summer crop by 12 percent. Summer production is estimated at 2.45 MMT
- Winter: Planting in June-July and harvest in October-December. FAS Lima estimates harvested area for the 2015 winter crop at 280,000 hectares and production at 650,000 MT.

Soybean yields vary considerably, between 1.8 and 2.3 MT per hectare, depending on efficiency and technical know-how of producers. Average yields in the 2014 winter crop were 2.3 MT per hectare. The cost of production per hectare is about \$280, of which about \$110 is used for pesticides.

Soybeans are the most important crop in Bolivia. Harvested area in 2015 is estimated at 1.28 million hectares, accounting for 45 percent of the total agricultural land nationwide and 55 percent of the agricultural land in Santa Cruz. Soybeans also account for 3 percent of Bolivia's GDP, 10 percent of total exports, and employ 45,000 workers and generate 65,000 indirect jobs.

Soybean production in Bolivia is in the hands of small producers; there are about 14,000 soybean producers in Bolivia with the following structure:

- 77 percent own less than 50 hectares
- 21 percent own between 50 and 1,000 hectares
- 2 percent own more than 1,000 hectares

Producers in Bolivia face three main constraints: lack of technology, expensive credits (15 to 19 percent interest rates), and steep transportation costs.

Total crushing capacity in Bolivia is 7,500 MT per day, enough to process the entire crop. The largest crushing companies are ADM-SAO with about 35 percent of the market, Fino and Rico with about 25 percent of the market each, and several small companies share the other 15 percent of the market. About 80 percent of the country's storage capacity is owned by processing companies and 20 percent by independent intermediaries.

One of the most influential organizations in Bolivia is the oilseeds producers association (ANAPO),

which negotiates import duties for inputs or export permits with the GOB, provides seeds and other inputs, and also assists producers with technical guidance.

Trade

Soybeans continue to be Bolivia's largest agricultural export. Total soy exports in 2014 were \$1.1 billion, third following hydrocarbons and minerals. Soybean meal exports reached 1.55 MMT in 2015 and are expected at 1.7 MMT in CY 2015.

Bolivian Soybean Product Exports (CY 2014)		
Product	Volume (TMT)	Value (Million \$)
Meal	1,549	662
Crude oil	350	276
Beans	184	90
Full fat meal	74	36
Refined oil	15	17
Total	2,172	1,081

The Andean countries (Chile, Colombia, Ecuador, Peru and Venezuela) are the most important, and almost exclusive, market for Bolivian soybean products. Exports to these countries in CY 2014 were as follows:

Distribution of Bolivian Exports (CY 2014)		
Soybeans (TMT)	Soybean Meal (TMT)	Crude Oil (Percentage)
Colombia 56	Peru 564	Colombia 232
Peru 41	Venezuela 180	Ecuador 56
Chile 10	Colombia 161	Peru 13
Venezuela 3	Chile 44	
	Ecuador 29	

Since Bolivia is a landlocked country, the cost of transportation is expensive and one of the main concerns of Bolivian exporters; it actually costs less to ship product from the Gulf of Mexico to any Andean country. For example, freight costs from the Gulf of Mexico to Colombia or Peru are \$22 per MT, compared to \$105 per MT from Bolivia to Colombia and \$117 to Peru.

Policy

The Bolivian government has challenged agricultural producers to increase production area by one million hectares in the next three years. Paradoxically, the GOB has approved a series of legislation that discourages investment in agriculture that has resulted in reduced production with consequent price

increases. In an attempt to revert this situation, the GOB is negotiating with producers the following:

Export Permits: The GOB established an export permit system by which exporters are obligated to sell in the local market at “socially responsible” prices (frequently below production cost) until domestic demand is satisfied. As result of this measure the oilseeds industry in Bolivia loses \$30 million per year and corn production decreased to a point where Bolivia had to import corn for the first time ever in 2013 and rice in 2014. Cotton and sunflower production are also significantly low. Bolivia has not exported sugar to the United States in three years, despite in-quota prices almost double international sugar prices.

Land Tenure: According to the Land Reform approved by President Morales, land has to serve an economic and “social” purpose. This legislation includes provisions to expropriate land that is idle. The law does not contemplate soil recuperation periods or financial stress. Thus, if a producer is not planting a field due to lack of credit anyone can take him to the Land Reform Institute and file an expropriation process. Obviously this causes significant uncertainty and deters investment.

Technology: Agricultural producers are requesting the government to approve the use of biotechnology to increase productivity and reduce costs that will allow them to be at the same efficiency level as their competitors. Currently the only genetically engineered seed that is approved for planting in Bolivia is glyphosate-resistant soybean. Producers are requesting the use of other events, including stack events, for soybean and other crops, particularly corn.

Producers are also requesting that the GOB implements an infrastructure developing program to reduce transportation costs.

Biotech

About 80 percent of the Bolivian soy crop is genetically modified. Nevertheless, as with other issues in Bolivia, biotechnology has divided the country in two. On the one hand civil society from the highlands, mainly La Paz, is opposed to the use, trade, production and research of biotechnology due to the strong influence from non-government organizations (NGOs) that are financing public campaigns to prevent the use of biotechnology. They are not producers. On the other hand, Santa Cruz (producers) wishes to use biotechnology to increase efficiency and competitiveness.

According to Bolivian producers, Paraguay is much more efficient in producing soybeans due to the extensive use of biotechnology. Bolivian soybean producers look up at Paraguayan producers, both countries production levels were about the same 10 years ago and now Paraguay produces three times as much soybeans as Bolivia.