

USDA Foreign Agricultural Service

# GAIN Report

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## Paraguay

## OILSEEDS

## Annual 2009

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**Report Highlights:**

Post forecasts 2009/10 soybean planted area to reach 2.6 million hectares with a production of 6.5 million tons. For 2008/09, area is estimated at 3 million hectares with 3.8 million tons of production. 2008/09 crop conditions have been drastically affected by drought and yields are expected to be significantly lower than average, with some contacts estimating averages around 1.4 tons per hectare overall. Post forecasts 2009/10 sunflower production will reach 240,000 tons on a planted area of 150,000 hectares. Post contacts indicate that due to last years' high prices at planting (around \$600/ton); followed by the drastically lower prices at harvest (around \$200/ton) sunflower planted area will fall. The 2008/09 sunflower crop is estimated at 280,000 tons on a harvested area of 180,000 hectares.

**Commodities:**

Oilseed, Soybean  
Oil, Soybean  
Meal, Soybean  
Oilseed, Sunflowerseed  
Oil, Sunflowerseed  
Meal, Sunflowerseed

**Production:**  
**Soybean**

Post forecasts 2009/10 soybean planted area to reach 2.6 million hectares, down from the estimated 3 million hectares in 2008/09 due to an expected return to more normal planting levels for second-crop soybeans (zafriña). Production is forecast at 6.5 million tons, due to expected returns to average yields. Post expects the second-crop of soybeans to retract in 2009/10 due to a return to more normal weather patterns. Lack of rain was a significant factor in a sharp increase in area planted to second-crop beans in 2008/09.

Post estimates 2008/09 soybean production at 3.8 million tons on a harvested area of 3 million hectares -- down from an estimated 6.9 million tons produced on 2.65 million hectares in 2007/08. In 2008/09, Approximately 2.6 million hectares were planted with the primary soybean crop, followed by an additional 400,000 hectares of zafriña. Post contacts indicate that primary crop yields near Naranjal (Alto Parana state) reached 1.8 tons per hectare on some better managed farms. However, crop conditions toward the south have been more affected by drought conditions and yields are expected to be significantly lower, with some contacts estimating averages around 1.4 tons per hectare overall. The second-crop soybean area is extremely large this season due to drought conditions during the primary planting season, which delayed seeding beyond the optimal window into January. The second-crop soybeans have been drastically affected by the drought. Post contacts indicate that as much as 70 to 80 percent will be abandoned, with those fields that received some rains reaching up to 0.7 tons per hectare.

Since 2005, Paraguayan farmers have paid royalties to Monsanto Co. for the intellectual property in its biotech soybeans. Prior to this agreement, producers had used Roundup Ready soybean seeds without paying royalties. Each season, the price is negotiated between the provider of the technology (in this case Monsanto) and the farmers' unions, informing the Government of Paraguay once the price is set. A portion of those royalties is used to fund the Agricultural Biotechnology Institute (INBIO in Spanish), which carries out crop research and germplasm improvement programs within the country. The payment for 2008 was set at US\$4.40/ton for soybeans exported. The 2009 payment is currently in negotiation and will be set on July 20. Post contacts indicate that the payment will likely drop slightly.

**Sunflowerseeds**

Post forecasts that 2009/10 sunflower production will reach 240,000 tons on a planted area of 150,000 hectares. One factor that will greatly affect planting intentions of sunflower producers will be corn prices at time of planting. In Paraguay, sunflowers are a winter crop that competes directly with corn for acreage. As international prices for corn are favorable, more farmers may opt to plant corn at the expense of sunflower area. Furthermore, sunflower production is highly concentrated and controlled by 3 or 4 large companies that

provide inputs. Post contacts indicate that due to last years' high prices at planting (around \$600/ton); followed by the drastically lower prices at harvest (around \$200/ton) sunflower planted area will fall.

Post estimates the 2008/09 sunflower crop at 280,000 tons on a harvested area of 180,000 hectares, up from 183,000 tons on 109,000 hectares the previous year. This increase in area was primarily due to favorable international prices for sunflowerseeds and products at planting as mentioned above.

### **Consumption: Soybeans**

Crushing capacity in Paraguay has not increased in recent years as it is difficult to compete with Argentina due to its economy of scale and the differential export tax that benefits the sector. The overall capacity is around 1.6 million tons per year. The crushing industry is highly concentrated by a few large traders (at around 1.25 million tons) with small cooperatives and local traders having around 350,000 tons of capacity.

Total domestic soybean consumption in 2009/10 is forecast to increase slightly from the previous year due to slight increases for feed, waste, and domestic consumption patterns.

Post expects crush levels to remain fairly constant at 1.5 million tons for 2008/09 and 2009/10 due to an unchanging crush capacity and incentives to keep local crush facilities operating at capacity. Soybean meal production is forecast to reach 1.18 million tons, while soybean oil production is expected to reach 270,000 tons for those years. Most industry sources indicate that 8 to 10 percent of soy meal is consumed domestically, mainly as animal feed. Soybean oil is usually mixed with other types of oils to produce cooking oils and margarines for the domestic market.

### **Sunflowerseeds**

Sunflowerseed crushing is estimated at 130,000 tons for 2008/09 and 2009/10, up from 125,000 tons in 2007/08. Crush is not expected to change significantly due to a stagnant crush capacity and stable consumption of sunflowers and products for feed use.

Domestic consumption of sunflowerseed meal and oil is low. For 2009/10, Post estimates total domestic consumption of sunflower meal to reach 53,000 tons, while oil consumption that year is expected to reach 17,000 tons. For 2008/09, Post forecasts meal and oil consumption to reach 50,000 tons and 17,000 tons, respectively.

### **Trade: Soybeans**

Post estimates 2008/09 unprocessed soybean exports down from previous years to 2.2 million tons. This drop is primarily due to decreased production, along with Argentina's recent suspension of an import preference program that benefitted Paraguayan soybeans (see AR9013). A major destination for Paraguayan soybeans is neighboring Argentina, which imports soybeans for its enormous crushing capacity in Rosario. In CY 2008, approximately 33 percent of Paraguay's unprocessed soybean exports were sent to Argentina. Although the changes to Argentina's import rules are expected to complicate Paraguayan exports, Post expects some Paraguayan beans will still enter Argentina due to strong incentives by the Argentine crushers. Paraguay will be forced to find other buyers for the rest due to a fixed storage and crush capacity. In 2009/10, soybean exports are

expected to reach 4.9 million tons. The increase in exports is driven by a stagnant crushing capacity in Paraguay, combined with higher production than the previous year.

## Sunflowerseeds

Post estimates that 2009/10 sunflowerseed exports will reach 140,000 tons, slightly up from an expected 135,000 tons for 2008/09. Post estimates exports for 2007/08 reached 62,000 tons. The strong increase in forecast sunflowerseed exports for 2008/09 from the previous year is primarily due to Paraguay's relatively low and stable consumption, and higher production.

### Production, Supply and Demand Data Statistics:

Oilseed, Soybean Paraguay	2007			2008			2009		
	2007/2008			2008/2009			2009/2010		
	Market Year Begin: Mar 2008			Market Year Begin: Mar 2009			Market Year Begin: Mar 2009		
	Annual Data Displayed		New Post Data	Annual Data Displayed		New Post Data	Annual Data Displayed		Apr Data
Area Planted	2,600	2,650	2,650	1,800	3,000	3,000			2,600
Area Harvested	2,600	2,650	2,650	1,780	2,700	2,700			2,600
Beginning Stocks	179	55	55	160	20	20			25
Production	6,800	6,900	6,900	3,900	3,800	3,800			6,500
MY Imports	15	15	15	15	15	15			15
MY Imp. from U.S.	0	0	0	0	0	0			0
MY Imp. from EU	0	0	0	0	0	0			0
Total Supply	6,994	6,970	6,970	4,075	3,835	3,835			6,540
MY Exports	5,080	5,450	5,450	2,350	2,190	2,190			4,850
MY Exp. to EU	845	1,000	1,000	700	1,000	800			800
Crush	1,610	1,400	1,400	1,550	1,500	1,500			1,500
Food Use Dom. Cons.	0	0	0	0	0	0			0
Feed Waste Dom. Cons.	144	100	100	121	120	120			140
Total Dom. Cons.	1,754	1,500	1,500	1,671	1,620	1,620			1,640
Ending Stocks	160	20	20	54	25	25			50
Total Distribution	6,994	6,970	6,970	4,075	3,835	3,835			6,540
CY Imports	15	10	10	15	0	0			0
CY Imp. from U.S.	0	0	0	0	0	0			0
CY Exports	4,925	4,600	4,600	3,200	2,100	2,100			4,500
CY Exp. to U.S.	0	0	0	0	0	0			0
TS=TD			0			0			0

Oil, Soybean Paraguay	2007		2008		2009	
	2007/2008		2008/2009		2009/2010	
	Market Year Begin: Mar 2008		Market Year Begin: Mar 2009		Market Year Begin: Mar 2010	
	Annual Data Displayed	New Post	Annual Data Displayed	New Post	Annual Data Displayed	Apr

			Data			Data		Data
Crush	1,610	1,400	1,400	1,550	1,500	1,500	1,500	1,500
Extr. Rate, 999.9999	0.	0.	0.18	0.	0.	0.18	0.	0.18
Beginning Stocks	38	18	18	33	25	25	25	25
Production	290	252	252	279	270	270	270	270
MY Imports	3	4	4	4	5	5	5	5
MY Imp. from U.S.	0	0	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0	0	0
Total Supply	331	274	274	316	300	300	300	300
MY Exports	262	215	215	255	240	240	240	240
MY Exp. to EU	0	0	0	0	0	0	0	0
Industrial Dom. Cons.	0	0	0	0	0	0	0	0
Food Use Dom. Cons.	36	34	34	36	35	35	35	35
Feed Waste Dom. Cons.	0	0	0	0	0	0	0	0
Total Dom. Cons.	36	34	34	36	35	35	35	35
Ending Stocks	33	25	25	25	25	25	25	25
Total Distribution	331	274	274	316	300	300	300	300
CY Imports	3	4	4	4	5	5	5	5
CY Imp. from U.S.	0	0	0	0	0	0	0	0
CY Exports	250	250	250	255	250	250	250	250
CY Exp. to U.S.	0	0	0	0	0	0	0	0
TS=TD			0			0		0

Meal, Soybean Paraguay	2007		2008		2009	
	2007/2008		2008/2009		2009/2010	
	Market Year Begin: Mar 2008		Market Year Begin: Mar 2009		Market Year Begin: Mar 2010	
	Annual Data Displayed	New Post Data	Annual Data Displayed	New Post Data	Annual Data Displayed	Apr Data
Crush	1,610	1,400	1,400	1,550	1,500	1,500
Extr. Rate, 999.9999	1.		0.7857	1.		0.7867
Beginning Stocks	23	28	28	32	36	29
Production	1,270	1,830	1,100	1,223	1,830	1,180
MY Imports	1	0	1	1	0	1
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	1,294	1,858	1,129	1,256	1,866	1,210
MY Exports	1,112	1,715	965	1,080	1,725	1,045
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	150	107	135	145	110	135
Total Dom. Cons.	150	107	135	145	110	135
Ending Stocks	32	36	29	31	31	30
Total Distribution	1,294	1,858	1,129	1,256	1,866	1,210

CY Imports	1	1	1	1	1	1			1
CY Imp. from U.S.	0	0	0	0	0	0			0
CY Exports	1,100	1,500	900	1,100	1,500	1,000			1,000
CY Exp. to U.S.	0	0	0	0	0	0			0
SME	150	107	135	145	110	135			135
TS=TD			0			0			0

Oilseed, Sunflowerseed Paraguay	2007		2008		2009		
	2007/2008		2008/2009		2009/2010		
	Market Year Begin: Apr 2008		Market Year Begin: Apr 2009		Market Year Begin: Apr 2010		
	Annual Data Displayed	New Post	Annual Data Displayed	New Post	Annual Data Displayed	Apr	
		Data		Data		Data	
Area Planted	180	0	109	175	0	190	150
Area Harvested	180	180	109	155	200	190	150
Beginning Stocks	29	37	29	36	54	25	40
Production	280	280	183	205	310	280	240
MY Imports	10	0	5	8	0	5	5
MY Imp. from U.S.	0	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0	0
Total Supply	319	317	217	249	364	310	285
MY Exports	145	125	62	90	195	135	140
MY Exp. to EU	0	0	0	0	0	0	0
Crush	133	135	125	140	140	130	130
Food Use Dom. Cons.	0	0	0	0	0	0	0
Feed Waste Dom. Cons.	5	3	5	5	3	5	5
Total Dom. Cons.	138	138	130	145	143	135	135
Ending Stocks	36	54	25	14	26	40	10
Total Distribution	319	317	217	249	364	310	285
CY Imports	5	0	5	0	0	5	5
CY Imp. from U.S.	0	0	0	0	0	0	0
CY Exports	46	0	60	145	0	130	130
CY Exp. to U.S.	0	0	0	0	0	0	0
TS=TD			0			0	0

Oil, Sunflowerseed Paraguay	2007		2008		2009	
	2007/2008		2008/2009		2009/2010	
	Market Year Begin: Apr 2008		Market Year Begin: Apr 2009		Market Year Begin: Apr 2010	
	Annual Data Displayed	New Post	Annual Data Displayed	New Post	Annual Data Displayed	Apr
		Data		Data		Data
Crush	133		125	140	130	130
Extr. Rate, 999.9999	0.	0.424	0.	0.4154		0.4154

Beginning Stocks	22	22	12	12		6
Production	56	53	59	54		54
MY Imports	7	7	7	7		7
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	0	0	0		0
Total Supply	85	82	78	73		67
MY Exports	56	53	51	50		45
MY Exp. to EU	0	0	0	0		0
Industrial Dom. Cons.	0	0	0	0		0
Food Use Dom. Cons.	17	17	17	17		17
Feed Waste Dom. Cons.	0	0	0	0		0
Total Dom. Cons.	17	17	17	17		17
Ending Stocks	12	12	10	6		5
Total Distribution	85	82	78	73		67
CY Imports	7	7	7	7		7
CY Imp. from U.S.	0	0	0	0		0
CY Exports	59	55	47	50		45
CY Exp. to U.S.	0	0	0	0		0
TS=TD		0		0		0

Meal, Sunflowerseed	Paraguay	2007		2008		2009	
		2007/2008		2008/2009		2009/2010	
		Market Year Begin: Apr 2008		Market Year Begin: Apr 2009		Market Year Begin: Apr 2010	
		Annual Data Displayed	New Post	Annual Data Displayed	New Post	Annual Data Displayed	Apr
			Data		Data		Data
Crush	133	135	125	140	140	130	130
Extr. Rate, 999.9999	1.		0.56	1.		0.5692	0.5692
Beginning Stocks	10	21	10	10	30	5	9
Production	75	72	70	79	75	74	74
MY Imports	0	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0	0
Total Supply	85	93	80	89	105	79	83
MY Exports	20	50	20	22	73	20	20
MY Exp. to EU	0	0	0	0	0	0	0
Industrial Dom. Cons.	0	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0	0
Feed Waste Dom. Cons.	55	13	55	57	14	50	53
Total Dom. Cons.	55	13	55	57	14	50	53
Ending Stocks	10	30	5	10	18	9	10
Total Distribution	85	93	80	89	105	79	83
CY Imports	0	0	0	0	0	0	0
CY Imp. from U.S.	0	0	0	0	0	0	0
CY Exports	22	30	20	25	50	25	

CY Exp. to U.S.	0	0	0	0	0	0			0
SME	52	12	52	54	13	47			50
TS=TD			0			0			0