

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Peru

Oilseeds and Products Annual

Annual

Approved By:

Casey Bean

Prepared By:

Gaspar E. Nolte

Report Highlights:

Peru is the largest fishmeal exporter in the world. The country's fishmeal production in marketing year (MY) 2015/16 (January-December 2016) is forecast to reach 950,000 metric tons (MT), 11 percent higher than the MY 2014/2015. Soybean meal imports in MY 2015/16 are estimated at 1.13 MMT, up 2.8 percent compared to the previous year. Peru's imports of U.S. soybean meal are forecast at 50,000 MT. Soybean oil imports in MY 2015/16 are expected to reach 380,000 MT, up 7 percent compared to MY 2014/15.

Executive Summary:

Peru continues to be the world’s number one supplier of fishmeal. Fishmeal production in marketing year (MY) 2015/16 (January-December 2016) is forecast to reach 950,000 metric tons (MT), 11 percent higher than the MY 2014/2015. Peru’s fishmeal exports in MY 2015/16 are forecast at 930,000 MT, increasing 9 percent compared to the previous year. Domestic consumption is insignificant. China absorbed 52 percent of Peru’s CY 2014 fishmeal exports. The United States imported only 1,462 MT.

Fish oil production in MY 2015/16 is estimated to reach 150,000 MT, increasing 55 percent compared to the MY 2014/15. Fish oil exports in MY 2015/16 are forecast at 130,000 MT. Denmark, Belgium, and Chile, much like in 2014, will remain Peru’s largest fish oil export destinations.

Soybean meal imports in MY 2015/16 are estimated at 1.13 MMT, up 2.8 percent compared to the previous year. With a 68 percent import market share, low-cost producer Bolivia remains Peru’s main supplier of soybean meal. Imports from the United States are forecast at 50,000 MT.

Soybean oil imports in MY 2015/16 to reach 380,000 MT, up 7 percent compared to our MY 2014/15. With a 71 percent import market share in 2014, Argentina remains Peru’s main supplier of soybean oil.

Commodities:

Meal, Fish

Production:

Meal, Fish Market Begin Year Peru	2013/2014		2014/2015		2015/2016	
	Jan 2014		Jan 2015		Jan 2016	
	USDA Official	New post	USDA Official	New post	USDA Official	New post
Catch For Reduction	4,500	2,964	4,500	3,800	0	4,300
Extr. Rate, 999.9999					0	
Beginning Stocks	175	175	65	5	0	2
Production	800	703	850	855	0	950
MY Imports	2	0	1	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	977	878	916	860	0	952
MY Exports	900	865	850	850	0	930
MY Exp. to EU	120	125	125	130	0	130
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	12	8	10	8	0	12
Total Dom. Cons.	12	8	10	8	0	12
Ending Stocks	65	5	56	2	0	10
Total Distribution	977	878	916	860	0	952
1000 MT, PERCENT						

Fishmeal production in marketing year (MY) 2015/16 (January-December 2016) is forecast to reach 950,000 metric tons (MT), 11 percent higher than the MY 2014/2015. Fishmeal production in MY 2013/2014 fell 44 percent compared to the previous year. This significant drop was caused by reduced catch of anchovy due to unusually warmer waters that pushed the fish further south and deeper.

Peru's total allowable catch (i.e. quota) for anchovy (*Engraulis ringes*), commonly known as *anchoveta*, in calendar year (CY) 2014 was set at 2.76 million metric tons (MMT), significantly lower than the 5.18 MMT in CY 2013. Reduced fish stocks in 2014 however led to a smaller catch for production.

Peru is attempting to better regulate its domestic fishing industry. Overfishing in previous years has adversely affected Peruvian anchovy stocks. Previously catch quotas were set at the 8.5 MMT level; however, quota sizes have been dropping steadily towards 5 MMT in an attempt to sustainably manage and rebuild stocks.

Peru has two major fishing seasons and two main anchovy fishing grounds off its coast. The first fishing season is April-July for the north central coast and February-June in the southern coast. The second fishing season is November-January in the north central and July-December in the South. These are only reference fishing seasons since they may vary significantly depending fish availability and size. As evidence, in CY 2014 the fishing authority decided not to approve a second fishing season due scarcity of fish at its reduced size.

The government seeks to achieve more sustainable yields by issuing individual quotas per vessel, as well as by restricting the number of fishmeal processing plant licenses that it issues. Peru also bans the catch of fish below a minimum threshold size of 12 centimeters (i.e. juveniles). These efforts have not succeeded in adequately protecting stocks. One of the key reasons why anchovy stocks continue to face pressure from overfishing is due to the exemption extended to small-scale/artisanal vessels (i.e. those with displacement tonnages of up 10 MT) to fish year round within 10 nautical miles from the coast.

The small-scale/artisanal vessel catch is supposedly intended for low cost, direct human consumption. But despite the government's efforts, most of this catch is channeled illicitly to more profitable fishmeal processing. Troubling for the long-term health of this fishery is that poorly regulated small-scale/artisanal vessels normally operate where the bulk of anchovy spawning occurs and juveniles congregate.

Peru produces two fishmeal types or grades. Fair Average Quality (FAQ) fishmeal has a protein content ranging between 62 and 65 percent and is dried by direct heat. More valuable Prime Quality fishmeal, indirectly dried by steam, has a protein content of 66 to 67 percent. International Prime Quality fishmeal prices in 2014 peaked as high as \$2,370 per MT compared with an average of \$1,599 per MT in CY 2013. Fishmeal prices in CY 2000 were only \$475 per MT.

Sources indicate that there are about 90 licensed fishmeal processing plants in Peru. The country's fishing fleet numbers 984 vessels, of which 684 are steel haul boats with average storage capacity of 500 cubic meters. The remaining vessels are wooden with an average storage capacity of only 100

cubic meters. The fishing fleet's processing capacity is about 7,500 MT/hour, an amount that is reached would be four times greater than the permissible catch.

Consumption:

Local fishmeal consumption is insignificant, primarily used for shrimp production, and has little to no effect on the export market. Domestic consumption in MY 2015/16 is forecast at 12,000 MT.

Domestic consumption is expected to continue falling, despite growing demand from northern Peru's shrimp farms, as high international prices channel domestic fishmeal production towards the more lucrative export market. Peru's own aquaculture feed demand is filled increasingly by more affordable imported soybean meal.

Trade:

Peru's fishmeal exports in MY 2015/16 are forecast at 930,000 MMT, increasing 9 percent compared to the previous year. With fishmeal trading at \$1,556/MT, the product is Peru's fourth largest export in value-terms behind only gold, copper, and petroleum exports in importance.

China will remaining Peru's leading fishmeal export market for the foreseeable future. China alone absorbed 52 percent of Peru's CY 2014 fishmeal exports. Germany (14 percent) and Japan (8 percent) remain important, though smaller export destinations for Peruvian fishmeal.

Export Trade Matrix (Metric Tons)	
Commodity	Meal, Fish
Time Period	CY 2014
Exports to:	
United States	1,075
Others	
China	445,811
Germany	117,920
Japan	71,936
Chile	70,244
Vietnam	39,842
Total for Others	745,753
Others not Listed	118,612
Grand Total:	865,440

Source: SUNAT (Peru Customs).

Policy:

Mounting concerns by the Ministry of Production over the declining fish stocks is forcing Peru to tighten its regulations. The Vice Ministry of Fisheries within the Ministry of Production oversees Peruvian fisheries. Overfishing has forced the ministry to slash fishing quotas by 68 percent, as well as

ban large-scale industrial anchovy fishing within 10 miles from Peru’s coast. The Vice Minister for Fisheries decreed recently the establishment of boat specific quotas, as opposed to the current system of an overall fishing quota for the entire industry. Individual boat quotas are now set based on the vessel’s historic catch record and its proven storage capabilities.

The Ministry of Production is responsible for enforcing the fishing quota. They have inspectors throughout the coast that control that no fish is being disembarked at processing plants during the fishing ban. During fishing season, inspectors control that boats do not exceed its fishing permits. Though these are important measures, there are still some non-registered plants and boats that operate illegally and against which the Ministry is not taking any legal action.

The Ministry of Production has also limited fishing in 2014 by eliminating the second fishing season. The North-Central area total catch for the year was 2.53 MMT, down 42 percent compared to 2013. The Southern cost fishing was scaled down to 234,300 MT falling 72 percent compared to 2013. IMPARE’s (Peru’s Oceanographic Agency) continuously monitors fish availability and size.

Fish Oil

Outlook:

Fish oil production in MY 2015/16 is estimated to reach 150,000 MT, increasing 55 percent compared to MY 2014/15. Fish oil production volumes will vary with water temperature. Under normal temperature conditions, the oil extraction rate ranges between 8 and 10 percent. However, in unusually warm years the extraction rate may fall as low as one percent. A weak El Niño weather phenomenon is currently on going, bringing warmer waters to Peru’s shores during the first fishing season. The warmer water results in lower oil extraction rates because of the fishes’ higher metabolism reducing stored fat.

Fish oil production in 2013/14 was 175,000 MT.

Fish oil exports in MY 2015/16 are forecast at 130,000 MT. Denmark, Belgium, and Chile, much like in 2014, will remain Peru’s largest fish oil export destinations. These three countries alone absorbed over 71 percent of Peru’s total fish oil exports in 2014. Fish oil is an increasingly valuable feed ingredient for these countries’ aquaculture industries.

Local fish oil consumption in MY 2015/16 will remain at about 20,000 MT, limited by the greater profitability of exporting production overseas.

Export Trade Matrix (Metric Tons)	
Commodity	Oil, Fish
Time Period	CY 2014
Exports to:	
United States	167
Others	
Denmark	43,655

Belgium	26,490
Chile	25,535
Canada	8,961
Norway	8,053
Total for Others	112,694
Others not Listed	22,235
Grand Total	135,096

Source: SUNAT (Peru Customs).

Commodities:

Meal, Soybean

Outlook:

<i>Meal, Soybean</i>	2013/2014		2014/2015		2015/2016		
	Jan 2013		Jan 2014		Jan 2015		
<i>Market Begin Year</i>							
<i>Peru</i>	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	
Crush	2	1	2	0	0	1	(1000 MT)
Extr. Rate, 999.9999	1.0000	1.0000	1.0000	0.0000	0.0000	1.0000	(PERCENT)
Beginning Stocks	18	9	20	8	0	5	(1000 MT)
Production	2	1	2	1	0	1	(1000 MT)
MY Imports	1,150	1,023	1,240	1,099	0	1,130	(1000 MT)
MY Imp. from U.S.	100	37	100	12	0	50	(1000 MT)
MY Imp. from EU	0	0	0	0	0	0	(1000 MT)
Total Supply	1,170	1,033	1,262	1,108	0	1,136	(1000 MT)
MY Exports	0	0	0	0	0	0	(1000 MT)
MY Exp. to EU	0	0	0	0	0	0	(1000 MT)
Industrial Dom. Cons.	0	0	0	0	0	0	(1000 MT)
Food Use Dom. Cons.	0	0	0	0	0	0	(1000 MT)
Feed Waste Dom. Cons.	1,150	1,025	1,240	1,103	0	1,125	(1000 MT)
Total Dom. Cons.	1,150	1,025	1,240	1,103	0	1,125	(1000 MT)
Ending Stocks	20	8	22	5	0	11	(1000 MT)
Total Distribution	1,170	1,033	1,262	1,108	0	1,136	(1000 MT)
CY Imports	1,150	1,100	1,240	1,099	0	1,130	(1000 MT)
CY Imp. from U.S.	100	100	100	0	0	50	(1000 MT)
CY Exports	0	0	0	0	0	0	(1000 MT)
CY Exp. to U.S.	0	0	0	0	0	0	(1000 MT)
SME	1,150	1,025	1,240	1,103	0	1,125	(1000 MT)

Soybean meal imports in MY 2015/15 are estimated at 1.13 MMT, up 2.8 percent compared to the previous year. Peru does not grow soybeans in commercially significant quantities, nor does it currently produce soybean meal. Peru’s limited soybean crushing capabilities are dedicated solely to producing full fat soybean meal for feed purposes.

Soybean meal import demand is fueled by Peru’s dynamic poultry industry. Peruvians currently consume some 53 million birds per month. Poultry meat constitutes one of Peru’s most affordable sources of animal protein, and an estimated 1.4 MMT was consumed in CY 2014. Poultry consumption in Peru is estimated at 46 kilograms per capita, with consumption as high as 70 kilograms per capita in Lima. Soybean meal constitutes about 12 percent of total broiler rations in Peru’s thousand plus poultry farms.

Import Trade Matrix (Metric Tons)	
Commodity	Meal, Soy
Time Period	CY 2014
Imports from:	
United States	12,068
Others	
Bolivia	751,160
Argentina	209,528
Paraguay	126,089
Total for Others	1,086,777
Others not Listed	224
Grand Total	1,099,069

Source: SUNAT (Peru Customs).

With a 68 percent import market share, low-cost producer Bolivia remains Peru’s main supplier of soybean meal, despite higher shipping costs than those offered by U.S. exporters. Soybean meal from all origins enters Peru duty-free.

Biotechnology:

Peru continues to encourage anti-biotechnology (biotech) policies. Peru published a regulation in 2012 establishing a 10-year moratorium on planting biotech crops and animals for reproductive purposes. This law eliminated the biosafety protocol, which had been drafted and cleared by the Ministries of Agriculture and Environment.

Until this measure’s passage, the biosafety protocol established the legal framework for the research, production, and trade of genetically engineered (GE) crops. While the moratorium excludes commodities such corn and soybean meal, these products still must undergo a costly and unnecessary risk assessment. Although the moratorium is in place, the Ministry of Environment has not

implemented the parameters of this law, including monitoring, enforcement and any penalties assessed on the local industry.

Peru’s Consumer Code includes mandatory labeling requirements for GE products. The initial draft of the regulation law establishes mandatory labeling with no minimum threshold level, forcing food processors to determine the amount of GE content by input. If this regulation were approved, it would be extremely difficult to enforce. There are at least 30,000 different products currently on Peruvian supermarket shelves contain GE content. This measure will impose an excessive burden on industry.

Commodities:

Oil, Soybean

Outlook:

Soybean oil imports in MY 2015/16 to reach 380,000 MT, up 7 percent compared to our MY 2014/15. With a 71 percent import market share in 2014, Argentina remains Peru’s main supplier of soybean oil due to price. Imported soybean oil is refined and bottled locally for retail sale.

Soybean oil consumption will continue increasing in tandem with economic expansion. Peru’s gross domestic product (GDP) is expected to grow at 4.2 percent in 2015, up from 2014’s 2.8 percent growth rate.

Import Trade Matrix (Metric Tons)	
Commodity	Oil, Soy
Time Period	CY 2014
Imports from:	
United States	73,563
Others	
Argentina	252,405
Bolivia	14,966
Paraguay	4,508
Total for Others	271,879
Others not Listed	9,227
Grand Total	354,669

Source: SUNAT (Peru Customs).

