

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Peru

### Oilseeds and Products Annual

### Annual Report

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**Report Highlights:**

Soybean meal imports into Peru are forecast at 800,000 MT in CY 2010, a slight decrease of 16,000 MT compared to the previous year. Peru's 390 million chicken-per-year poultry market is the major user of soybean meal. Total soybean meal imports in CY 2009 were 816,728 MT. U.S. exports skyrocketed 615 percent to 181,650 MT in CY 2009. Peru has still not decided whether to embrace the use of biotechnology or not. The government has proposed a rather modern law to promote and regulate the use of biotechnology; however anti biotechnology NGOs led by the Ministry of Environment have managed to block its approval thus far.

Fishmeal production for CY 2010 is estimated at 1.40 MMT, about the same as the previous year. Fishmeal exports for CY 2010 are forecast at 1.3 MMT, a slight decrease due to warmer waters in the first quarter of 2010.



			Data			Data			Data
Crush	2	0	0	2	0	0			0
Extr. Rate, 999.9999	0.	0.	0	0.	0.	0			0
Beginning Stocks	10	9	10	1	7	10			16
Production	1	0	0	1	0	0			0
MY Imports	780	730	732	850	750	816			800
MY Imp. from U.S.	50	25	25	50	30	182			150
MY Imp. from EU	0	0	0	0	0	0			0
Total Supply	791	739	742	852	757	826			816
MY Exports	0	0	0	0	0	0			0
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.	790	732	732	840	749	810			800
Total Dom. Cons.	790	732	732	840	749	810			800
Ending Stocks	1	7	10	12	8	16			16
Total Distribution	791	739	742	852	757	826			816
CY Imports	790	730	732	850	750	816			800
CY Imp. from U.S.	50	25	25	50	30	182			150
CY Exports	0	0	0	0	0	0			0
CY Exp. to U.S.	0	0	0	0	0	0			0
SME	790	732	732	840	749	810			800

<b>Import Trade Matrix</b> (Metric Tons)	
<b>Country</b>	Peru
<b>Commodity</b>	Meal, Soybean
<b>Time Period</b>	CY 2009
Imports from:	
U.S.	181,650
Others	
Paraguay	323,316
Bolivia	173,308
Argentina	138,443
Total for Others	635,067
Others not Listed	11
Grand Total	816,728

## **Soybean meal**

### **Outlook**

Soybean meal imports into Peru are forecast at 800,000 MT in CY 2010, a slight decrease of 16,000 MT compared to the previous year. The poultry industry will continue driving soybean imports and consumption in Peru.

With an estimated per capita consumption of 32 kilograms in CY 2009, poultry meat is a staple product in the Peruvian diet. Peru's 390 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 810,000 MT in CY 2009. There are about 20 formal poultry operations in Peru, which control around a thousand farms. Total market size for CY 2009 was estimated at \$1.2 billion and it is expected to remain about the same in CY 2010.

Total soybean meal imports in CY 2009 were 816,728 MT. Paraguay continued to be the leading soybean meal exporter to Peru in CY 2009; however its market share dropped from 52 percent in CY 2008 to 40 percent. U.S. exports skyrocketed 615 percent to 181,650 MT in CY 2009. Two main reasons explain this unprecedented increase:

- Lower prices, the average import price for U.S. soybean meal dropped 12 percent in CY 2009, to \$420 per MT.
- The U.S. – Peru Trade Agreement, which grants trade preferences to U.S. corn which encourages importers to ship U.S. soybean meal to complete cargos.

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

### **Biotechnology**

Peru maintains a mixed attitude towards biotechnology. The Government of Peru (GOP) has drafted a law to promote and regulate the use of biotechnology but it has sat idle due to constant pressure from anti biotechnology organizations led by the Peruvian Ministry of Environment.

Recently, such organizations have begun an aggressive communications campaign misinforming the general public about the potential effects of biotechnology. Anti biotechnology supporters have taken the former President of the Peruvian Biologists Association to court for publicly challenging the merits of a questionable study that allegedly proved that farmers are planting GMO corn in the northern coast of Lima. These allegations, which attack the core of the scientific method, have not gone unnoticed in the international scientific community who is following the case very closely.

Fortunately, serious Peruvian scientists are voicing their support for using biotechnology as a tool to develop agriculture and reduce production costs. Some producer organizations such as the corn association are also supportive of biotechnology and are demanding that the government allow production of bioengineered crops.

The Ministry of Agriculture has drafted a biosafety regulation but has not published yet. This new regulation establishes a legal framework on production, research and trade of GMO products. The biosafety regulation has been developed and cleared by the Ministries of Agriculture and Environment. However, the President has not approved it yet.

Oil, Soybean Peru  (1000 MT, 1000Has)	2008			2009			2010		
	2008/2009			2009/2010			2010/2011		
	Market Year Begin: Jan 2008			Market Year Begin: Jan 2010			Market Year Begin: Jan 2010		
	USDA Official Data		New Post	USDA Official Data		New Post	USDA Official Data		Jan
		Data			Data			Data	
Crush	2	0	0	2	0	0		0	
Extr. Rate, 999.9999	0.	0.	0.	0.	0.	0.		0.	
Beginning Stocks	11	6	6	1	2	2		5	
Production	0	0	0	0	0	0		0	
MY Imports	245	291	291	300	300	272		300	
MY Imp. from U.S.	0	0	0	0	5	61		50	
MY Imp. from EU	0	0	0	0	0	0		0	
Total Supply	256	297	297	301	302	274		305	
MY Exports	0	0	0	0	0	0		0	
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.	255	295	295	290	297	269		295	
Feed Waste Dom. Cons.	0	0	0	0	0	0		0	
Total Dom. Cons.	255	295	295	290	297	269		295	
Ending Stocks	1	2	2	11	5	5		10	
Total Distribution	256	297	297	301	302	274		305	
CY Imports	285	291	291	300	300	272		300	
CY Imp. from U.S.	0	0	0	0	5	61		50	
CY Exports	0	0	0	0	0	0		0	
CY Exp. to U.S.	0	0	0	0	0	0		0	

Import Trade Matrix (Metric Tons)	
Country	Peru
Commodity	Oil, Soybean

Time Period	CY 2009
Imports from:	
U.S.	61,838
Others	
Argentina	175,553
Bolivia	19,439
Brazil	8,202
Total for Others	203,194
Others not Listed	7,017
Grand Total	272,049

### Soybean oil

#### Outlook

Soybean oil imports are forecast at 300,000 MT in CY 2010, a 10 percent increase compared to the previous year. Imports in CY 2009 were 272,049 MT, of which 65 percent was imported from Argentina. Argentina lost 33 percent of its market share in Peru in CY 2009, due to its requirements for exporting. The U.S. and Bolivia picked up that piece of the market. Soy oil consumption in CY 2009 was 269,000 MT and is expected to continue growing as Peru's economy expands. Imported crude soy oil is refined and bottled for retail sale. Peru does not produce any soybeans, and the limited crushing capacity is used to produce full fat soy meal for feed. Imports of refined soy oil in CY 2009 were 16,170 MT, mostly from Bolivia and Brazil.

As of December 28, 2006, Peru does not impose import duties on soybean oil (previously 12 percent). However, it has a countervailing duty on soy oil imported from Argentina, which ranges from 17 to 20 percent.

Fish Meal, Peru  (1000 MT)	2008			2009			2010		
	2008/2009			2009/2010			2010/2011		
	Market Year Begin: Jan 2009			Market Year Begin: Jan 2010			Market Year Begin: Jan 2010		
	USDA Official Data	New Post		USDA Official Data	New Post		USDA Official Data	Jan	
		Data			Data			Data	
Catch For Reduction	6,400	6,134	6,134	6,500	6,150	6,100		6,000	
Extr. Rate, 999.9999	0.		0.2323	0.		0.2295		0.225	
Beginning Stocks	31	199	199	22	4	86		21	
Production	1,470	1,425	1,425	1,490	1,430	1,400		1,350	

MY Imports	1	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	1,502	1,624	1,624	1,512	1,434	1,486		1,371
MY Exports	1,450	1,606	1,523	1,460	1,400	1,450		1,300
MY Exp. to EU	325	310	364	325	300	380		380
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.	30	14	15	30	15	15		14
Total Dom. Cons.	30	14	15	30	15	15		14
Ending Stocks	22	4	86	22	19	21		57
Total Distribution	1,502	1,624	1,624	1,512	1,434	1,486		1,371
CY Imports	0	0	0	0	0	0		0
CY Imp. from U.S.	0	0	0	0	0	0		0
CY Exports	1,450	1,610	1,577	1,460	1,400	1,522		1,450
CY Exp. to U.S.	0	0	1	0	0	0		0
SME	43	20	22	43	22	22		20

<b>Export Trade Matrix</b> (Metric Tons)	
<b>Country</b>	Peru
<b>Commodity</b>	Meal, Fish
<b>Time Period</b>	CY 2009
Exports to:	
U.S.	906
Others	
China	739,372
Germany	258,120
Japan	115,748
Vietnam	63,488
Total for Others	1,176,728
Others not Listed	345,088
Grand Total	1,522,722

## **Fishmeal**

### **Production**

Fishmeal production for CY 2010 is estimated at 1.40 MMT, about the same as the previous year. Total fish catch for reduction in CY 2009 was 6.1 MMT. Peru's fishing industry is tightly controlled by the government; the fishing quota a few years ago was around 8.5 MMT per year but has been reduced to around 5.6 MMT in an effort to reduce over-fishing and enhance the sustainability of Peruvian

fisheries. Moreover, the GOP has established individual fishing quotas per boat and individual processing licensing per plant. Currently, permits can be worth more than a boat itself.

Peru produces two types of fishmeal: Fair Average Quality (FAQ), with a 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 2009 remained high, price of Prime meal averaged \$1250 per MT compared to \$700 two years ago.

Currently, total industry debt is estimated at \$800 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 2010 is forecast at about 10,000 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**

Fishmeal exports for CY 2010 are forecast at 1.3 MMT, a slight reduction due to warmer waters in the first quarter of 2010. China continued to be the leading export market for Peruvian fishmeal with 739,372 MT purchased in CY 2009. Other important markets are Germany (258,120MT), Japan (115,748 MT), and Vietnam (63,488 MT).

Fishmeal exports totaled \$1.4 billion in CY 2009. Fishmeal is Peru's fourth largest export, following gold, copper, and oil.

### **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 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.

<b>Export Trade Matrix</b> (Metric Tons)	
<b>Country</b>	Peru
<b>Commodity</b>	Oil, Fish
Time Period	CY 2009
Exports to:	
U.S.	7,586
Others	
Denmark	71,583
Belgium	55,215
China	30,173
Chile	22,536
Total for Others	
Others not Listed	
Grand Total	241,611

## **Fish Oil**

### **Outlook**

Fish oil production in CY 2009 was 290,000 MT. Post forecasts production at 300,000 MT in CY 2010. 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 2010 are forecast at 270,000 MT. In 2009, Denmark, Belgium, and China were the major importers of Peru's fish oil.

Consumption in CY 2010 is forecast at 25,000 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.

<b>Attachment</b>	<b>Attachment Link</b>
	<a href="#">Download</a>