

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT
POLICY

Required Report - public distribution

Date: 2/26/2013

GAIN Report Number:

Peru

Oilseeds and Products Annual

Annual

Approved By:

Emiko Purdy

Prepared By:

Gaspar E. Nolte

Report Highlights:

Soybean meal imports into Peru are forecast at 1.056 MMT in MY 2013. Soybean oil imports are forecast at 450,000 MT. Fishmeal production for CY 2013 is estimated at 1MMT, a 26 percent fall compared to the previous year, as a result of over fishing.

Executive Summary:

Soybean meal imports into Peru are forecast at 1.056 MMT in MY 2013, a slight increase of 44,000 MT compared to the previous year. A very dynamic Peru's poultry industry will continue driving soybean imports and consumption. Peru's poultry sector, with its 44 million broilers per month, is the main driver of this demand. Soybean oil imports are forecast at 450,000 MT in CY 2013, a 3 percent increase compared to the previous year. Imports in CY 2012 were 421,819 MT, of which 76 percent was imported from Argentina

Peru's fishmeal production for CY 2013 is estimated at 1MMT, a 26 percent fall compared to the previous year. Total fish catch in CY 2013 is also expected to drop significantly to 5 MMT. A reduced biomass as a result of over fishing is the cause of a lower production and exports. Peru's fishmeal exports for CY 2013 are forecast at 980,000 MT. China continued to be the leading export market for Peruvian fishmeal with 50 percent of the market share in CY 2012.

Commodities:

Meal, Soybean

Author Defined:

Outlook:

Meal, Soybean Peru	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Jan 2011		Market Year Begin: Jan 2012		Market Year Begin: Jan 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	2	1	2	1		1
Extr. Rate, 999.9999	1	1	1	1		1
Beginning Stocks	15	15	17	18		17
Production	2	1	2	1		1
MY Imports	1,140	1,007	1,175	1,056		1,100
MY Imp. from U.S.	25	21	50	80		100
MY Imp. from EU	0	0	0	0		0
Total Supply	1,157	1,023	1,194	1,075		1,118
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	1,005	1,175	1,058		1,105
Total Dom. Cons.	1,140	1,005	1,175	1,058		1,105
Ending Stocks	17	18	19	17		13
Total Distribution	1,157	1,023	1,194	1,075		1,118
1000 MT, PERCENT						

Soybean meal imports into Peru are forecast at 1.056 MMT in MY 2013, a slight increase of 44,000 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 34 kilograms in CY 2012, poultry meat is a staple product in the Peruvian diet. Peru's 528 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 930,000 MT in CY 2012. There are about 20 formal poultry operations in Peru, which control around a thousand farms. Total market size for CY 2012 was estimated at \$1.5 billion and it is expected to increase two percent in CY 2013.

Total soybean meal imports in CY 2012 were 1.056 MMT. Bolivia was the leading soybean meal exporter to Peru in CY 2012 with 57 percent of the market share. U.S. soy exports increased significantly, from 20,659 MT in 2011 to 79,619 MT in 2012. Since Peru eliminated import duties for corn, the United States lost the trade preference granted under the U.S.-Peru TRQ which significantly reduced corn shipments from the United States. 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. 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. Though the moratorium is currently in place, the Ministry of Environment lacks the technical capacity to enforce such a restrictive measure. The moratorium excludes commodities such as corn and soybean meal; however these still have to undergo a risk assessment. So far, the Ministry of Environment has failed to issue the procedures of the risk assessment.

The Peruvian Consumer Code includes mandatory labeling for genetically modified (GM) products. Currently, the regulation for this Code is being drafted. The initial draft establishes a mandatory labeling with no minimum threshold and forces food processors to determine the amount of GM by input. 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 and the draft regulations imposes such a heavy burden of the Peruvian food industry.

Import Trade Matrix (Metric Tons)	
Country	Peru
Commodity	Meal, Soy
Time Period	CY 2012
Imports from:	
U.S.	79,619
Others	
Bolivia	603,130
Paraguay	181,421
Argentina	172,301
Brazil	19,047
Total for Others	975,899
Others not Listed	0
Grand Total	1,055,518

Units: Metric Tons

Commodities:

Oil, Soybean

Author Defined:**Outlook:**

Soybean oil imports are forecast at 450,000 MT in CY 2013, a 3 percent increase compared to the previous year. Imports in CY 2012 were 421,819 MT, of which 76 percent was imported from Argentina. The U.S. soybean oil exports represented 4 percent of the Peruvian market share. Soybean oil consumption in CY 2012 was 415,000 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.

Import Trade Matrix (Metric Tons)	
Country	Peru
Commodity	Oil, Soy
Time Period	CY 2012
Imports from:	
U.S.	17,132
Others	
Argentina	322,661
Bolivia	30,378
Indonesia	21,532
Brazil	12,930
Total for Others	387,501
Others not Listed	17,186
Grand Total	421, 819

Units: Metric Tons

Commodities:

Meal, Fish

Production:

Meal, Fish Peru	2011/2012	2012/2013	2013/2014
-----------------	-----------	-----------	-----------

	Market Year Begin: Jan 2012		Market Year Begin: Jan 2013		Market Year Begin: Jan 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Catch For Reduction	5,900	6,000	5,900	5,000		5,000
Extr. Rate, 999.9999	0	0	0	0		0
Beginning Stocks	25	25	35	16		21
Production	1,400	1,352	1,400	1,000		1,000
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	1,425	1,377	1,435	1,016		1,021
MY Exports	1,375	1,346	1,400	980		990
MY Exp. to EU	380	276	380	280		280
Industrial Dom. Cons.	0	0	0	0		0
Food Use Dom. Cons.	0	0	0	0		0
Feed Waste Dom. Cons.	15	15	15	15		15
Total Dom. Cons.	15	15	15	15		15
Ending Stocks	35	16	20	21		16
Total Distribution	1,425	1,377	1,435	1,016		1,021
1000 MT, PERCENT						

Fishmeal production for CY 2013 is estimated at 1MMT, a 26 percent fall compared to the previous year. Total fish catch for reduction in CY 2013 is also expected to drop significantly to 5 MMT. A reduced biomass as a result of over fishing is the cause of a lower production and exports .

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 of Peru (GOP) has established individual fishing quotas per boat and individual processing licensing per plant. Additionally, the GOP sets fishing bans which depend on the size of the fish. All these measures have not been enough to prevent the reduction of biomass. The single most important reason for the biomass reduction is that the government allows small boats of up to 10 MT to fish year round within five miles from the coast. This fish, which is supposed to be exclusively for direct human consumption, ends up in fishmeal plants. Though the five mile area is not important in terms of total fish presence, but it is where most reproduction occurs.

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 \$1,330 per MT compared to \$700 a few years ago.

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 15,000 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 2013 are forecast at 980,000 MT. China continued to be the leading export market for Peruvian fishmeal with 50 percent of the market share in CY 2012. Other important markets are Germany (14 percent) and Japan (9 percent).

Fishmeal exports totaled \$1.8 billion in CY 2012 at an average export price of \$1,330 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 2012
Exports to:	
U.S.	943
Others	
China	682,437
Germany	197,422
Japan	116,257
Vietnam	54,123
Taiwan	53,223
Total for Others	1,103,462
Others not Listed	242,068
Grand Total	1,346,473

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.

Commodities:

Select

Author Defined:

Oil, Fish

Fish oil production in CY 2012 was 305,000 MT. Post forecasts production at 300,000 MT in CY 2013. 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 290,000 MT. In 2012, Denmark, Belgium and Chile were the major importers of Peru's fish oil, accounting for 60 percent of total exports.

Consumption in CY 2012 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 2012
Exports to:	
U.S.	10,098
Others	
Denmark	88,781
Belgium	48,891
Chile	43,629
Canada	29,708
Norway	26,733
Total for Others	237,742
Others not Listed	55,114
Grand Total	302,954

Units:

