

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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POLICY

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Peru

Oilseeds and Products Annual

Annual

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Report Highlights:

Fishmeal production in marketing year (MY) 2017 (January-December 2017) is forecast to reach 750,000 metric tons (MT). Peru's fishmeal exports in MY 2017 are forecast at 760,000 MMT, increasing 8 percent compared MY2015. China will remain Peru's leading fishmeal export market for the foreseeable future. Soybean meal imports in MY 2017 (Jan-Dec 2017) are estimated at 1.13 MMT, up one percent compared to the previous year.

Executive Summary:

Fishmeal production in marketing year (MY) 2017 (January-December 2017) is forecast to reach 750,000 metric tons (MT), 5 percent higher than the MY 2015. Fishmeal production reached 713,000 MT in MY 2015, an increase of 19 percent compared to the previous year. This increase was the result of a higher anchovy catch due to better biomass conditions that led to a recovery of an unusually bad fishing year. In 2014, Peruvian officials permitted only one fishing season. Peru's total catch for anchovy commonly known as *anchoveta*, in MY 2015 was 3.38 million metric tons (MMT).

Peru's fishmeal exports in MY 2017 are forecast at 760,000 MMT, increasing 8 percent compared MY2015. China will remaining Peru's leading fishmeal export market for the foreseeable future. China alone absorbed 73 percent of Peru's CY 2015 fishmeal exports.

Soybean meal imports in MY 2017 (Jan-Dec 2017) are estimated at 1.13 MMT, up one percent compared to the previous year. With a 54 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

Commodities:

Meal, Fish

Production:

Meal, Fish Market Begin Year	2014/2015		2015/2016		2016/2017	
	Jan 2015		Jan 2016		Jan 2017	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Peru						
Catch For Reduction	2550	3380	2400	3500	0	3800
Extr. Rate, 999.9999	0.3333	0.2109	0.3333	0.2143	0	0.1974
Beginning Stocks	75	75	66	72	0	54
Production	850	713	800	750	0	750
MY Imports	1	0	0	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	926	788	866	822	0	804
MY Exports	850	706	825	760	0	760
MY Exp. to EU	125	45	125	50	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.	10	10	10	8	0	8
Total Dom. Cons.	10	10	10	8	0	8
Ending Stocks	66	72	31	54	0	36
Total Distribution	926	788	866	822	0	804

(1000 MT) ,(PERCENT)

Fishmeal production in marketing year (MY) 2017 (January-December 2017) is forecast to reach 750,000 metric tons (MT), 5 percent higher than the MY 2015. Fishmeal production reached 713,000

MT in MY 2015, an increase of 19 percent compared to the previous year. This increase was the result of a higher anchovy catch due to better biomass conditions that led to a recovery of an unusually bad fishing year. In 2014, Peruvian officials allowed only one fishing season.

Peru's total catch for anchovy (*Engraulis ringes*), commonly known as *anchoveta*, in MY 2015 was 3.38 million metric tons (MMT). 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 4 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 to the scarcity of fish and their 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 to 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.

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 2016/17 is forecast at 8,000 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 2017 are forecast at 760,000 MMT, increasing 8 percent compared MY2015. With average fishmeal prices at \$1,660/MT in MT 2015, 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 73 percent of Peru's CY 2015 fishmeal exports. Other important markets are Germany, Chile and Taiwan with 6, 4, and 3 percent of market share respectively.

Export Trade Matrix (Metric Tons)	
Commodity	Meal, Fish
Time Period	CY 2015
Exports to:	
United States	2,508
Others	
China	513,243
Germany	40,076
Chile	25,580
Taiwan	22,957
Total for Others	601,856
Others not Listed	101,860
Grand Total:	706,224

Source: SUNAT (Peru Customs).

Policy:

Mounting concerns by the Ministry of Production over the declining fish stocks are 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.

Fish Oil

Outlook:

Fish oil production in MY 2017 is estimated at 140,000 MT, increasing 22 percent compared to MY 2015. Fish oil production volumes will vary significantly 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. The El Niño weather phenomenon is ongoing, 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 2015 was 114,000 MT.

Fish oil exports in MY 2015 totaled 94,276 MT. Denmark, Belgium, and Chile, remained Peru’s largest fish oil export destinations. These three countries alone absorbed over 77 percent of Peru’s total fish oil exports in 2015. Fish oil is an increasingly valuable feed ingredient for these countries’ aquaculture industries.

Local fish oil consumption in MY 2017 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 2015
Exports to:	
United States	208
Others	
Denmark	50,979
Belgium	11,744
Chile	10,368
Canada	8,016
China	4,993
Total for Others	86,100
Others not Listed	7,969
Grand Total	94,277

Source: SUNAT (Peru Customs).

Commodities:

Meal, Soybean

Author Defined:**Outlook:**

Meal, Soybean Market Begin Year Peru	2014/2015		2015/2016		2016/2017	
	Jan 2015		Jan 2016		Jan 2017	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	2	2	2	2	0	2
Extr. Rate, 999.9999	1	0.5	1	0.5	0	0.5
Beginning Stocks	18	18	20	5	0	11
Production	2	1	2	1	0	1
MY Imports	1175	1093	1275	1120	0	1130
MY Imp. from U.S.	10	215	10	250	0	260
MY Imp. from EU	0	0	0	0	0	0
Total Supply	1195	1112	1297	1126	0	1142
MY Exports	0	0	0	0	0	0
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.	1175	1107	1275	1115	0	1130
Total Dom. Cons.	1175	1107	1275	1115	0	1130
Ending Stocks	20	5	22	11	0	12
Total Distribution	1195	1112	1297	1126	0	1142

(1000 MT) ,(PERCENT)

Soybean meal imports in MY 2017 (Jan-Dec 2017) are estimated at 1.13 MMT, up one 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 about 55 million birds per month. Poultry meat constitutes one of Peru's most affordable sources of animal protein, and an estimated 1.5 MMT was consumed in CY 2015. 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 2015
Imports from:	

United States	215,494
Others	
Bolivia	593,753
Paraguay	257,321
Argentina	23,546
Total for Others	874,620
Others not Listed	2,4411
Grand Total	1,092,555

Source: SUNAT (Peru Customs).

With a 54 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 as 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 that contain GE content. This measure will impose an excessive burden on industry.

Commodities:

Oil, Soybean

Author Defined:

Outlook:

Soybean oil imports in MY 2016/17 are expected at 380,000 MT, about the same level as in the previous year. With a 62 percent import market share in 2015, 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 3.5 percent in 2016.

Import Trade Matrix (Metric Tons)	
Commodity	Oil, Soy
Time Period	CY 2015
Imports from:	
United States	133,354
Others	
Argentina	238,135
Bolivia	7,958
Total for Others	246,093
Others not Listed	25
Grand Total	379,472

Source: SUNAT (Peru Customs).