

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:** 12/7/2017

**GAIN Report Number:**

## **Nicaragua**

### **Oilseeds and Products Annual**

#### **African palm: The major source of oil extraction in Nicaragua**

**Approved By:**

Julie Morin

**Prepared By:**

Jimmy Bolaños

**Report Highlights:**

The major source of oil in Nicaragua is African Palm. Palm plantations have more than doubled since 2011. There are now more than 29,000 hectares of planted areas in the Atlantic Coast of Nicaragua with a total annual production of 60,000 MT. The goal of the palm oil industry for the mid-term is to reach self-sufficiency and increase palm oil exports to the region.

A second source of oil comes from peanuts but it is destined for the export market since it is considered premium oil. About 18,000 MT of oil are produced every year out of 53,000 MT of peanuts.

## **Executive Summary:**

The major source of oil in Nicaragua is African Palm. The Nicaraguan palm oil industry has invested more than \$ 350 million in the last years to improve palm oil processing plants, maintain current plantations and expand planted areas. Palm plantations have more than doubled in the last 6 years from 13,166 hectares in 2011 up to 29,000 hectares in 2017. Of the existing planted area, 7, 600 hectares are still in the development stage and are expected to start producing in the next five years.

For 2017, the Government of Nicaragua (GON) anticipates a total production of 70,000 MT of crude palm oil out of which 30,000 MT will be exported. Nicaragua's palm industry goal is to reach self-sufficiency in the next five or ten years. The increase in palm oil plantations is expected to reduce Nicaragua's dependency on vegetable oil imports and increase palm oil exports in the future.

A second source of oil comes from peanuts but it is destined for the export market since it is considered premium oil. Nicaragua's peanut production is concentrated mainly in the northwestern side of the country, in Leon and Chinandega. All peanut production goes to the export market since Nicaraguans don't have a tradition of eating peanuts. The only local sales are for seeds usage for the following season. The GON anticipates a total peanut production of 200,000 MT for 2016/2017, a 7 percent increase compared to the previous cycle. About 18,000 MT of oil are produced every year out of 53,000 MT of peanuts. Due to the limited suitable soils for peanut production and large sugar cane plantations, industry experts do not foresee a significant increase in planted areas in the future. Planting intentions for 2017/2018 are close to 41,000 hectares (about 7 percent of U.S. planted areas) with an estimated production of 182,000 MT.

Even though palm oil production is increasing, Nicaragua depends on the importation of palm and soy bean oil for the local industry. According to the Nicaraguan Central Bank, in Calendar Year (CY) 2016, soybean and palm oil imports reached over 20,322 MT and 18,463 MT respectively. Nicaragua imports soybean oil from the United States and palm oil from Honduras and Costa Rica. Soybean production is very limited in Nicaragua. According to the Largest Union of Agricultural Producers of Nicaragua (UPANIC), there are only about 1,000 hectares planted with soybeans which are used for animal feed purposes. There are five oil processing plants in the country which together process over 120,000 MT of edible oil every year

## **Commodities:**

Oil, Palm

Oil, Peanut

## **Production:**

### **African Palm**

African palm is the major source of oil extraction in Nicaragua. There are more than 29,000 hectares of planted areas in the Northern and Southern Autonomous Caribbean Regions of Nicaragua (RACN and RACS) due to the suitable soil and precipitation that reaches between 2,500 mm to 3,500 mm annually. Total palm oil production is close to 60,000 MT and there are 7,600 hectares of African Palm that are in the growing stage and will start producing in the following years. For 2017, the industry anticipates exports of 30,000 MT which account for two percent of the Agricultural Gross Domestic Product. The increase in palm oil plantations will reduce Nicaragua's dependency on vegetable oil imports and increase palm oil exports in the future. There are five oil processing plants in the country which together process 120,000 MT of edible oil every year.

### **Peanuts**

Nicaragua's peanut production is concentrated mainly in the northwestern side of the country - in Leon and Chinandega - where more than 80 percent of peanuts are cultivated. Total planted area is approximately 42,000 hectares. All peanut production is destined to the export market. The only local sales are for seeds usage for the following season. Planting forecast for 2017/2018 is roughly 41,000 hectares with an estimated production of 182,000 MT. The GON expects total production of 200,000 MT, a 7 percent increase compared to the previous cycle in 2016/2017. The increase is attributed to a more favorable climatic conditions and better international prices. Due to the limited suitable soils for peanut production and large sugar cane plantations, the peanut industry doesn't foresee a significant increase in planted areas in the future.

## **Consumption:**

### **Palm**

Palm oil is very popular in Nicaragua. Total domestic demand is close to 70,000 MT. About 90 percent of all the oil that is sold in Nicaragua is from African palm. Over the last few years, the palm oil industry has invested more than \$ 400 million to improve processing plants and increase planted areas.

### **Peanuts**

Less than 1 percent of the total peanut production stays in the domestic market. Nicaraguans don't have the habit to consume peanuts nor peanut oil which is considered of very high quality and is more expensive than other oils available in the domestic market.

## Trade:

### Palm

The main palm oil export market is Mexico. In 2016, Nicaragua exported more than 27,253 MT of palm oil to Mexico. Nicaragua also imports soybean and palm oil for the local industry. The main supplier of Soybean oil is the United States and palm oil is imported from Honduras and Costa Rica. In CY 2016, Nicaraguan imports of soybean and palm oil reached more than 20,322 MT and 18,463 MT respectively.

### Peanuts

In CY 2016, Nicaraguan peanut exports totaled \$79 million a 21 percent decrease compared to the previous year due to low international prices. The main export destinations were Mexico, United Kingdom, Colombia, and other countries.

## Production, Supply and Demand Data Statistics:

### Palm Oil

## Production, Supply and Demand Data Statistics:

Oil, Palm Market Begin Year Nicaragua	2015/2016		2016/2017		2017/2018	
	May 2016		May 2017		May 2018	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	27	0	29	0	32
Area Harvested	0	20	0	22	0	23
Trees	0	3861	0	4147	0	4576
Beginning Stocks	0	0	0	0	0	0
Production	0	48	0	53	0	67
MY Imports	0	47	0	46	0	37
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	0	95	0	99	0	104
MY Exports	0	28	0	30	0	33
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	67	0	69	0	71
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	0	67	0	69	0	71
Ending Stocks	0	0	0	0	0	0
Total Distribution	0	95	0	99	0	104
CY Imports	0	0	0	0	0	0
CY Imp. from U.S.	0	0	0	0	0	0
CY Exports	0	0	0	0	0	0
CY Exp. to U.S.	0	0	0	0	0	0
Yield	0	2.4	0	2.4091	0	2.913
(1000 HA) ,(1000 TREES) ,(1000 MT) ,(MT/HA)						

## Palm Oil Kernel

Oil, Palm Kernel Market Begin Year Nicaragua	2015/2016		2016/2017		2017/2018	
	May 2016		May 2017		May 2018	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	0	218	0	240	0	300
Extr. Rate, 999.9999	0	0.2202	0	0.2208	0	0.2233
Beginning Stocks	0	0	0	0	0	0
Production	0	48	0	53	0	67
MY Imports	0	47	0	46	0	37
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	0	95	0	99	0	104
MY Exports	0	28	0	30	0	33
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	67	0	0	0	71
Feed Waste Dom. Cons.	0	0	0	69	0	0
Total Dom. Cons.	0	67	0	69	0	71
Ending Stocks	0	0	0	0	0	0
Total Distribution	0	95	0	99	0	104
(1000 MT) ,(PERCENT)						

## Peanut Oilseed

Oilseed, Peanut Market Begin Year Nicaragua	2015/2016		2016/2017		2017/2018	
	Aug 2015		Aug 2016		Aug 2017	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	40	42	40	45	40	41
Area Harvested	40	42	40	45	40	41
Beginning Stocks	22	22	12	12	10	12
Production	175	195	197	200	197	182
MY Imports	1	0	2	0	1	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	198	217	211	212	208	194
MY Exports	100	147	115	142	115	128
MY Exp. to EU	20	0	20	0	20	0
Crush	75	52	75	53	75	48
Food Use Dom. Cons.	6	6	6	5	6	6
Feed Waste Dom. Cons.	5	0	5	0	5	0
Total Dom. Cons.	86	58	86	58	86	54
Ending Stocks	12	12	10	12	7	12
Total Distribution	198	217	211	212	208	194
CY Imports	3	0	1	0	1	0
CY Imp. from U.S.	0	0	0	0	0	0
CY Exports	101	0	115	0	115	0
CY Exp. to U.S.	0	0	0	0	0	0
Yield	4.375	4.6429	4.925	4.4444	4.925	4.439
(1000 HA) ,(1000 MT) ,(MT/HA)						

## Peanut Oil

Oil, Peanut Market Begin Year Nicaragua	2015/2016		2016/2017		2017/2018	
	Jan 2013		Jan 2014		Jan 2015	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	75	51	75	53	75	48
Extr. Rate, 999.9999	0.3333	0.3137	0.3333	0.3396	0.3333	0.3333
Beginning Stocks	0	0	0	0	0	0
Production	25	16	25	18	25	16
MY Imports	0	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	25	16	25	18	25	16
MY Exports	19	16	19	18	19	16
MY Exp. to EU	4	0	4	0	4	0
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	6	0	6	0	6	0
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	6	0	6	0	6	0
Ending Stocks	0	0	0	0	0	0
Total Distribution	25	16	25	18	25	16
(1000 MT) ,(PERCENT)						

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