



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Required Report - public distribution

Date: 3/30/2005

GAIN Report Number: BL5001

Bolivia

Oilseeds and Products

Annual Soybean Report

2005

Approved by:

Melinda D. Sallyards
U.S. Embassy

Prepared by:

Gaspar E. Nolte

Report Highlights:

Soybean production in Bolivia continue increasing and is expected at 2.027 MMT in MY2005.
Soybean meal exports reached 1.09 MMT in CY2004.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Unscheduled Report
Lima [PE1]
[BL]

Executive Summary

Soybean meal exports are critical to the economic well being of Bolivia, second only in value to natural gas. Meal exports reached 1.09 Million Metric Tons (MMT) last year due to increased soybean plantings and better yields.

Bolivia's main market for soybean meal, about 80 percent of their exports, is the Andean Community (CAN). Bolivia's most important advantage in the Andean market versus other soybean exporting countries is tariff preferences. This advantage may be lost as a result of free trade agreements negotiated between Andean countries and third countries vis a vis the U.S.-Andean FTA and the MERCOSUR-Andean FTA.

Though the GOB has not decided if it will approve or not the use of biotechnology, many producers are using genetically modified soybean seeds. Biotechnology have encountered strong resistance in some areas of Bolivia, especially in the highlands, as a result of a constant public campaign against them funded by some non-government organizations (NGOs), but producers in the Santa Cruz area favor the use of this technology.

PSD Table							
Country	Bolivia						
Commodity	Oilseed, Soybean						
					(1000 HA)(1000 MT)		
	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		03/2004		03/2005		03/2006	MM/YYYY
Area Planted	0	872	0	927	0	955	(1000 HA)
Area Harvested	800	863	850	920	0	950	(1000 HA)
Beginning Stocks	37	45	162	107	162	74	(1000 MT)
Production	1950	1850	1950	2027	0	2050	(1000 MT)
MY Imports	170	0	195	0	0	0	(1000 MT)
MY Imp. from U.S.	0	0	0	0	0	0	(1000 MT)
MY Imp. from the EC	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	2157	1895	2307	2134	162	2124	(1000 MT)
MY Exports	330	89	420	100	0	120	(1000 MT)
MY Exp. to the EC	0	0	0	0	0	0	(1000 MT)
Crush Dom. Consumption	1395	1399	1450	1650	0	1660	(1000 MT)
Food Use Dom. Consump.	35	125	35	130	0	135	(1000 MT)
Feed,Seed,Waste Dm.Cn.	235	175	240	180	0	180	(1000 MT)
TOTAL Dom. Consumption	1665	1699	1725	1960	0	1975	(1000 MT)
Ending Stocks	162	107	162	74	0	29	(1000 MT)
TOTAL DISTRIBUTION	2157	1895	2307	2134	0	2124	(1000 MT)
Calendar Year Imports	0	0	0	0	0	0	(1000 MT)
Calendar Yr Imp. U.S.	0	0	0	0	0	0	(1000 MT)
Calendar Year Exports	0	89	0	100	0	0	(1000 MT)
Calndr Yr Exp. to U.S.	0	0	0	0	0	0	(1000 MT)

PSD Table							
Country	Bolivia						
Commodity	Oil, Soybean						
					(1000 MT)(PERCENT)		
	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		03/2004		03/2005		03/2006	MM/YYYY
Crush	1395	1399	1450	1650	0	1660	(1000 MT)
Extr. Rate, 999.9999	0.179928	0.178699	0.179310	0.178787	0	0.179518	(PERCENT)
Beginning Stocks	8	6	8	3	8	5	(1000 MT)
Production	251	250	260	295	0	298	(1000 MT)
MY Imports	0	0	0	0	0	0	(1000 MT)
MY Imp. from U.S.	0	0	0	0	0	0	(1000 MT)
MY Imp. from the EC	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	259	256	268	298	8	303	(1000 MT)
MY Exports	208	212	221	248	0	253	(1000 MT)
MY Exp. to the EC	0	1	0	1	0	1	(1000 MT)
Industrial Dom. Consum	0	0	0	0	0	0	(1000 MT)
Food Use Dom. Consum.	43	41	39	45	0	45	(1000 MT)
Feed Waste Dom. Consum	0	0	0	0	0	0	(1000 MT)
TOTAL Dom. Consumption	43	41	39	45	0	45	(1000 MT)
Ending Stocks	8	3	8	5	0	5	(1000 MT)
TOTAL DISTRIBUTION	259	256	268	298	0	303	(1000 MT)
Calendar Year Imports	0	0	0	0	0	0	(1000 MT)
Calendar Yr Imp. U.S.	0	0	0	0	0	0	(1000 MT)
Calendar Year Exports	0	213	0	250	0	255	(1000 MT)
Calndr Yr Exp. to U.S.	0	0	0	0	0	0	(1000 MT)

PSD Table							
Country	Bolivia						
Commodity	Meal, Soybean						
					(1000 MT)(PERCENT)		
	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		03/2004		03/2005		03/2006	MM/YYYY
Crush	1395	1399	1450	1650	0	1660	(1000 MT)
Extr. Rate, 999.9999	0.7777777	0.7769835	0.7793103	0.7787878	0	0.7771084	(PERCENT)
Beginning Stocks	15	18	15	5	15	10	(1000 MT)
Production	1085	1087	1130	1285	0	1290	(1000 MT)
MY Imports	0	0	0	0	0	0	(1000 MT)
MY Imp. from U.S.	0	0	0	0	0	0	(1000 MT)
MY Imp. from the EC	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	1100	1105	1145	1290	15	1300	(1000 MT)
MY Exports	900	955	950	1115	0	1120	(1000 MT)
MY Exp. to the EC	0	1	0	1	0	0	(1000 MT)
Industrial Dom. Consum	0	0	0	0	0	0	(1000 MT)
Food Use Dom. Consum.	1	0	0	0	0	0	(1000 MT)
Feed Waste Dom. Consum	184	145	180	165	0	170	(1000 MT)
TOTAL Dom. Consumption	185	145	180	165	0	170	(1000 MT)
Ending Stocks	15	5	15	10	0	10	(1000 MT)
TOTAL DISTRIBUTION	1100	1105	1145	1290	0	1300	(1000 MT)
Calendar Year Imports	0	0	0	0	0	0	(1000 MT)
Calendar Yr Imp. U.S.	0	0	0	0	0	0	(1000 MT)
Calendar Year Exports	0	1090	0	1150	0	1150	(1000 MT)
Calndr Yr Exp. to U.S.	0	0	0	0	0	0	(1000 MT)

Export Trade Matrix	
Country	Bolivia
Commodity	Meal, Soybean
Time Period	2004
Exports for:	
U.S.	0
Others	
Colombia	84,000
Ecuador	25,400
Peru	148,655
Venezuela	610,500
Total for Others	868,555
Others not Listed	221,600
Grand Total	1,090,155

Units: Metric Tons

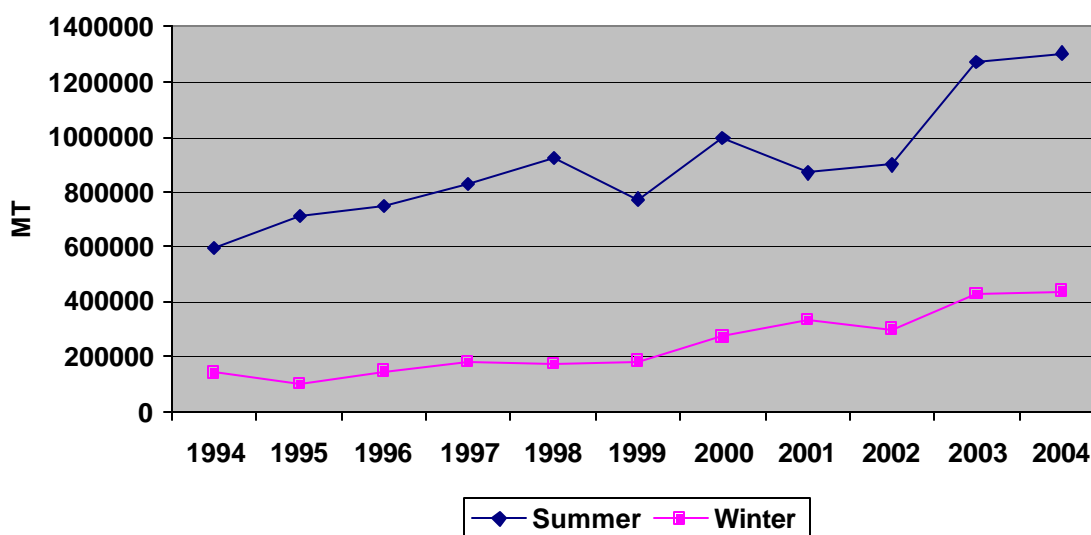
Production

Soybean production in Marketing Year 2005 (March/February) is estimated at 2.027 Million Metric Tons (MMT), and increase of 9.6 percent compared to MY2004. Soybean production in Bolivia continues increasing, reaching a bumper crop in MY2004 of 1.85 MMT. This increase resulted from more area planted, encouraged by excellent international prices, and better yields, 2.12 MT per hectare in MY2004 compared to 1.89 MT per hectare in MY2003, due to good weather, especially rainfall at a right time.

Soybean is produced in Santa Cruz, Bolivia's agricultural powerhouse. There are two annual crops:

- ✓ Summer: planting in November-December and harvest in March-April, is the most important season accounting for about 70 percent of the annual crop.
- ✓ Winter: planting in June-July and harvest in October-December.

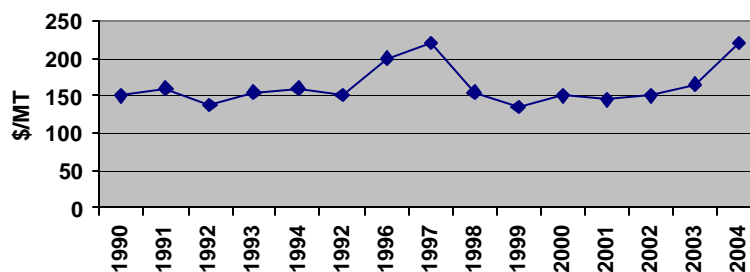
Soybean Production



Soybean is the most important crop in Bolivia, harvested area of soybeans in CY 2004 was 863,000 hectares, compared to 109,000 hectares of corn, 67,000 hectares of sunflower, 112,000 hectares of rice or 28,000 hectares of wheat. There are about 14,000 soybean producers in Bolivia, 70 percent of which are considered small producers, no more than 50 hectares. Cost of production per hectare is about \$275, of which about \$110 are for pesticides. Production costs have increase in the past two years due to a higher incidence of soybean rust. Soybean prices have been excellent in CY2004, reaching up to \$245 per MT.

Bolivia has sufficient crushing capacity to process its entire crop. The largest crushing companies are ADM-SAO with about 35 percent of the market, Fino and Rico with about 25 percent of the market each, and several small companies have the other 15 percent of the market.

Average Soybean Prices



One of the most influential organizations in Bolivia is the oilseeds producers association (ANAPO) who negotiates with the GOB import duties of inputs or technical programs, and financial institutions, provides seeds and other inputs, and also assists producers with technical guidance.

Trade

With exports of 1.09 MMT in CY 2004, about \$257 million, soybean meal exports are only second to natural gas exports. Accounting for about 19 percent of total exports, soybean products are by far the largest Bolivian agricultural export.

Bolivian Soybean Product Exports (2004)		
Product	Volume (TMT)	Value (Million \$)
Meal	1,090	257
Crude oil	184	102
Beans	88	23
Refined oil	30	22
Total	1,392	404

The Andean countries (Colombia, Ecuador, Peru and Venezuela) are the most important, and almost the only market for Bolivian soybean products. Since Bolivia is a land locked country, transportation cost is rather expensive; it cost less to ship product from the gulf to any Andean country. For example, the freight cost from the gulf to Colombia is \$45 per MT and \$100 per MT from Bolivia. Bolivia's sole advantage in the Andean market versus other soybean exporting countries is tariff preferences.

Policy

Both Bolivia's private sector and government are involved in an effort to convince other Andean countries to maintain current trade preferences to Bolivia and not to grant tariff preferences for soybean products to third countries. Though the Andean countries mostly agree with the first request, they are not convinced of the latter. Colombia recently granted trade preferences to Paraguay, which caused the immediate reduction of the Bolivian soybean meal exports to Colombia.

Peru's case is somewhat different. Since all Bolivian soybean products, except refined oil, enter the country duty free, Peru became an important market especially for Bolivian

soybean meal. When Peru reduced its import tariff for soybean meal from 12 to 4 percent, Bolivia lost its prevalence in the market. The four percent tariff preference did not compensate the expensive freight.

Bolivia's main concern regarding the Andean – U.S. free trade agreement is the potential negative effect that it may have in the Andean soybean product market. The industry is afraid that they could lose its market to U.S. products as a result of trade preferences granted by the Andeans to the U.S.

The Andean – MERCOSUR trade agreement is another major concern for the Bolivian soybean industry. Paraguay has already taken the Peruvian and Colombian soybean meal markets from Bolivia, and is expected that as this trade agreement is implemented the advantage that Bolivia enjoys would be lost, especially in Venezuela.

Biotechnology is an issue that has divided Bolivia. On one hand civil society from the highlands, mainly La Paz, are opposed to the use, trade, production and research of biotechnology as a result of a strong influence from non-government organizations (NGOs) that have pumped significant amounts of money in a public campaign to prevent the use of biotechnology. It is important to note that this people are not producers. On the other hand Santa Cruz (producers) wish to use biotechnology to increase their efficiency. Though the GOB has not decided which way to go yet, many producers are using genetically modified soybean seeds. In fact, according to Bolivian producers, Paraguay is much more efficient in producing soybean due to the extensive use of biotechnology.