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Bolivia

Oilseeds and Products

Annual

2006

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Report Highlights:

Soybean production in MY 2006 is forecast at 2.155 MMT, a 4.5 percent increase compared to the previous year. Soybean meal exports in CY 2005 were 1.036 MMT being CAN members countries the main market. In response to the U.S.-Andean FTA, Venezuela has promised Bolivia to purchase its entire soybean production under the recently signed People's Trade Agreement (Cuba, Venezuela and Bolivia)

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

Summary

Soybean production in Marketing Year 2006 (March/February) is forecast at 2.155 Million Metric Tons (MMT), and increase of 4.6 percent compared to MY 2005. Soybean production in Bolivia continues its growing trend, reaching a bumper crop in MY 2005 of 2.061 MMT. Producers in Bolivia face three main constraints: lack of technology, expensive credits (15 to 19 percent interest rates), and steep transportation costs.

With exports of 1.036 MMT in CY 2005, about \$203 million, soybean meal exports continue to be only second to natural gas exports. Accounting for about 26 percent of total exports, soybean products are by far the largest Bolivian agricultural export. The Andean countries (Colombia, Ecuador, Peru and Venezuela) are the most important, and almost the only market for Bolivian soybean products.

Cuba, Venezuela and Bolivia have signed a free trade agreement (the People's Trade Agreement). Under this agreement Venezuela will continue importing Bolivian soybean products duty free. Venezuelan President Chavez has promised to import the entire Bolivian soybean production.

Bolivia's sole advantage in the Andean market versus other soybean exporting countries is tariff preferences granted under the Andean Community of Nations (CAN) trade agreement. However, the CAN is undergoing one of its most serious crisis due to the U.S.-Andean FTA. Venezuela has withdrawn from the CAN and Bolivia has threaten to do so if Colombia and Peru do not back out of the FTA with the U.S.

Bolivian soybean meal is imported into Colombia and Peru duty free whereas from other origins is assessed 15 and 4 percent respectively. Under the U.S.-Andean FTA, U.S. soybean products will go to zero immediately.

PSD Table							
Country	Bolivia						
Commodity	Oilseed, Soybean				(1000 HA)(1000 MT)		
	2004	Revised	2005	Estimate	2006	Forecast	UOM
	USDA Official [Old]	Post Estimate[New]	USDA Official [Old]	Post Estimate[New]	USDA Official [Old]	Post Estimate[New]	
Market Year Begin		03/2005		03/2006		03/2007	MM/YYYY
Area Planted	920	927	950	955	0	1030	(1000 HA)
Area Harvested	920	920	950	950	0	993	(1000 HA)
Beginning Stocks	137	107	74	74	32	29	(1000 MT)
Production	2030	2027	2000	2061	0	2155	(1000 MT)
MY Imports	145	0	190	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	2312	2134	2264	2135	32	2184	(1000 MT)
MY Exports	130	100	150	140	0	140	(1000 MT)
MY Exp. to the EC	0	0	0	0	0	0	(1000 MT)
Crush Dom. Consumption	1743	1650	1702	1654	0	1690	(1000 MT)
Food Use Dom. Consump.	130	130	135	132	0	130	(1000 MT)
Feed,Seed,Waste Dm.Cn.	235	180	245	180	0	200	(1000 MT)
TOTAL Dom. Consumption	2108	1960	2082	1966	0	2020	(1000 MT)
Ending Stocks	74	74	32	29	0	24	(1000 MT)
TOTAL DISTRIBUTION	2312	2134	2264	2135	0	2184	(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	100	0	143	0	135	(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)		
	2004	Revised	2005	Estimate	2006	Forecast	UOM
	USDA Official [Old]	Post Estimate[New]	USDA Official [Old]	Post Estimate[New]	USDA Official [Old]	Post Estimate[New]	
Market Year Begin		03/2005		03/2006		03/2007	MM/YYYY Y
Crush	1743	1650	1702	1654	0	1690	(1000 MT)
Extr. Rate, 999.9999	0.1703958	0.1787878	0.1756756	0.1813784	0	0.1804733	(PERCENT)
Beginning Stocks	8	3	8	5	8	8	(1000 MT)
Production	297	295	299	300	0	305	(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	305	298	307	305	8	313	(1000 MT)
MY Exports	258	248	254	252	0	262	(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. Consump.	39	45	45	45	0	45	(1000 MT)
Feed Waste Dom. Consum	0	0	0	0	0	0	(1000 MT)
TOTAL Dom. Consumption	39	45	45	45	0	45	(1000 MT)
Ending Stocks	8	5	8	8	0	6	(1000 MT)
TOTAL DISTRIBUTION	305	298	307	305	0	313	(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	250	0	215	0	250	(1000 MT)
Calndr Yr Exp. to U.S.	0	0	0	0	0	0	(1000 MT)

PSD Table								
Country	Bolivia							
Commodity	Meal, Soybean							
	2004	Revised	2005	Estimate	(1000 MT)(PER CENT)	2006	Forecast	UOM
	USDA Official [Old]	Post Estimate[New]	USDA Official [Old]	Post Estimate[New]	USDA Official [Old]	Post Estimate[New]		
Market Year Begin		03/2005		03/2006		03/2007	MM/YYYY Y	
Crush	1743	1650	1702	1654	0	1690	(1000 MT)	
Extr. Rate, 999.9999	0.7601835	0.7787878	0.7626321	0.7829504	0	0.7840236	(PERCENT)	
Beginning Stocks	20	5	50	10	50	20	(1000 MT)	
Production	1325	1285	1298	1295	0	1325	(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	1345	1290	1348	1305	50	1345	(1000 MT)	
MY Exports	910	1115	1013	1110	0	1150	(1000 MT)	
MY Exp. to the EC	3	1	3	1	0	1	(1000 MT)	
Industrial Dom. Consum	0	0	0	0	0	0	(1000 MT)	
Food Use Dom. Consump.	0	0	0	0	0	0	(1000 MT)	
Feed Waste Dom. Consum	385	165	285	175	0	170	(1000 MT)	
TOTAL Dom. Consumption	385	165	285	175	0	170	(1000 MT)	
Ending Stocks	50	10	50	20	0	25	(1000 MT)	
TOTAL DISTRIBUTION	1345	1290	1348	1305	0	1345	(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	1150	0	1036	0	1100	(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	CY 2005
Exports for:	
U.S.	0
Others	
Venezuela	636,970
Colombia	285,689
Peru	68,744
Chile	44,552
Total for Others	1,035,955
Others not Listed	45
Grand Total	1,036,000

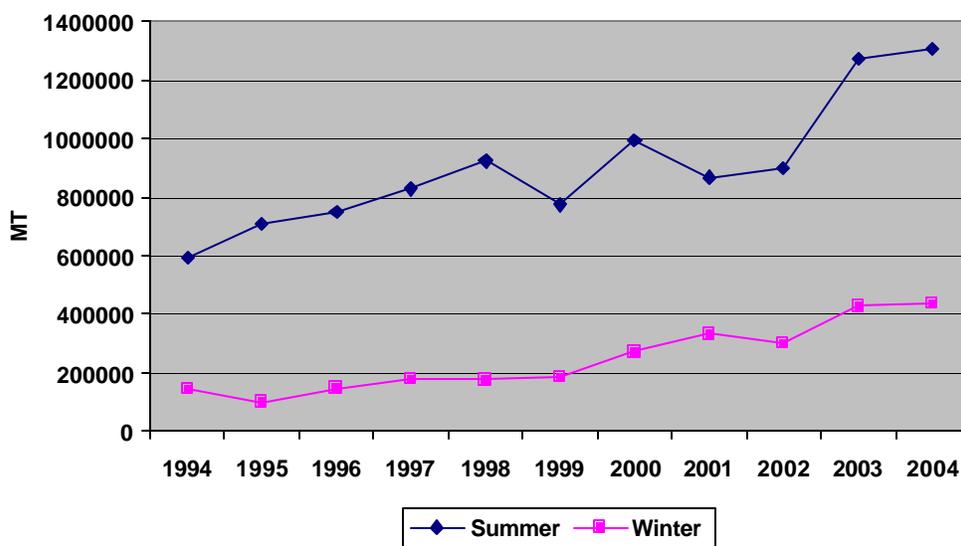
Production

Soybean production in Marketing Year 2006 (March/February) is forecast at 2.155 Million Metric Tons (MMT), and increase of 4.6 percent compared to MY 2005. Soybean production in Bolivia continues its growing trend, reaching a bumper crop in MY 2005 of 2.061 MMT. This growth is the result of increased planted area triggered by good weather conditions, plenty water supply, and favorable international prices.

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 MY 2005 was 950,000 hectares, compared to about 110,000 hectares of corn, 70,000 hectares of sunflower, 115,000 hectares of rice. Soybean production in Bolivia is in hands of small producers; there are about 14,000 soybean producers in Bolivia with the following structure:

- 77 percent owns less than 50 hectares
- 21 percent owns between 50 and 1,000 hectares
- 2 percent owns more than 1,000 hectares

Producers in Bolivia face three main constraints: lack of technology, expensive credits (15 to 19 percent interest rates), and steep transportation costs.

Yields vary considerably, between 1.8 and 2.3 MT per hectare, depending on efficiency and technical know how of producers. Cost of production per hectare is about \$275, of which about \$110 are for pesticides. Production costs have increase in the past three years due to a higher incidence of soybean rust. Soybean prices are expected to be around \$220 per MT in CY 2006.

Bolivia has sufficient crushing capacity to process its entire crop, 5,250 MT per day. 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. About 80 percent of the country's storage capacity is owned by processing companies and 20 percent by independent intermediaries.

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 1.036 MMT in CY 2005, about \$203 million, soybean meal exports continue to be only second to natural gas exports. Accounting for about 26 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	1,036	203
Crude oil	189	96
Beans	143	33
Full fat meal	79	18
Refined oil	24	17
Total	1,471	367

The Andean countries (Colombia, Ecuador, Peru and Venezuela) are the most important, and almost the only market for Bolivian soybean products. Exports to these countries in CY 2005 were follows:

Distribution of Bolivian Exports (CY 2005)		
Soybeans (Percentage)	Soybean Meal (Percentage)	Crude Oil (Percentage)
Colombia 48	Venezuela 61	Colombia 73
Argentina 38	Colombia 28	Venezuela 27
Peru 13	Peru 7	

Since Bolivia is a land locked country, the cost of transportation is rather expensive and one of the main concerns of Bolivian exporters; it cost less to ship product from the gulf to any Andean country. For example, freight cost from the gulf to Colombia is \$45 per MT, compared to \$113 per MT from Bolivia. Brazil and Argentina also have more competitive costs of transportations, freight from these countries to Colombia are around \$59 per MT.

Policy

Cuba, Venezuela and Bolivia have signed a free trade agreement (the People's Trade Agreement). Under this agreement Venezuela will continue importing Bolivian soybean products duty free. Moreover, Venezuelan President Chavez has promised to import the entire Bolivian soybean production. This agreement has created fear among Bolivian soybean producers who see their business at risk by having only one customer. Producers have reminded President Morales that Bolivia only exports \$5,000 to Cuba and \$159 to Venezuela compared to \$466 to the CAN.

Bolivia's sole advantage in the Andean market versus other soybean exporting countries is tariff preferences granted under the Andean Community of Nations (CAN) trade agreement. However, the CAN is undergoing one of its most serious crisis due to the U.S.-Andean FTA. Venezuela has withdrawn from the CAN and Bolivia has threaten to do so if Colombia and Peru do not back out of the FTA with the U.S.

Bolivia is concerned that its soybean exports to these countries, mainly to Colombia, will lose its market share to U.S. products. Bolivian soybean meal is imported into Colombia and Peru duty free whereas from other origins is assessed 15 and 4 percent respectively. Under the U.S.-Andean FTA, U.S. soybean products will go to zero immediately.

The Bolivian government unsuccessfully tried to convince the Colombians and Peruvians to maintain high levels of protection for U.S. soybean products and is now urging these countries to renegotiate the free trade agreement with the U.S.

The Andean – MERCOSUR trade agreement is also a major concern for the Bolivian soybean industry. Paraguay has already taken a significant share of 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.

Biotech

Like other issues in Bolivia, biotechnology has also divided the country in two. 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 are financing public campaigns to prevent the use of biotechnology. 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. According to Bolivian producers, Paraguay is much more efficient in producing soybean due to the extensive use of biotechnology. Due to strong influence from Brazil and higher levels of efficiency, most of the Bolivian soybeans will probably be GMOs in the upcoming years.