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## Bolivia

## Oilseeds and Products

## Annual

## 2007

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**Report Highlights:**

Soybean production in MY 2007 (March/February) is expected to be 1.65 MMT. Heavy rains and severe floods damaged 110,000 hectares at the beginning of CY 2007. Soybean meal exports for MY 2008 is forecast at 1.18 MMT.

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

**Summary**

Estimates of soybean production in Marketing Year 2007 (March/February) have been significantly revised downward to 1.65 Million Metric Tons (MMT) from the 2.15 MMT estimated previously. The severe flooding that affected the production area at the beginning of CY 2007 caused this reduction. Reportedly, 110,000 soybean hectares were destroyed in the first quarter of the year, reducing the summer crop by 15 percent. Landslides covered an estimated 20,000 hectares and it will be impossible to recover those areas in time for the winter crop. Total damage is estimated at \$45 million.

Soybeans continue to be Bolivia's largest agricultural export, by far. Total soy exports in 2007 were \$362 million. Venezuela has increased its commercial purchases significantly, to the point that it is almost the sole market for Bolivia.

The Bolivian government has begun to look for new trading partners and has apparently found prospective markets in some unexpected countries. Iran and North Korea have shown interest in importing "organic" (non-GMO) soy products only from small producers. Some rather relevant factors, such as pricing and transportation costs, are still to be worked out.

<b>PSD Table</b>									
<b>Country</b>	<b>Bolivia</b>								
<b>Commodity</b>	<b>Oilseed, Soybean</b>					(1000 HA)(1000 MT)			
	2005	Revised		2006	Estimate		2007	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
<b>Market Year Begin</b>		03/2006	03/2006		03/2007	03/2007		03/2008	03/2008
Area Planted	955	955	955	1030	1030	960	0	0	965
Area Harvested	950	950	950	990	993	850	0	0	960
Beginning Stocks	74	74	74	50	29	50	63	24	23
Production	2060	2061	2060	2150	2155	1650	0	0	1900
MY Imports	180	0	180	225	0	175	0	0	150
MY Imp. from U.S.	0	0	0	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0	0	0	0
Total Supply	2314	2135	2314	2425	2184	1875	63	24	2073
MY Exports	180	140	180	200	140	85	0	0	100
MY Exp. to EU	0	0	0	0	0	0	0	0	0
Crush	1813	1654	1813	1890	1690	1545	0	0	1700
Food Use Dom. Cons.	135	132	135	136	130	107	0	0	110
Feed Waste Dom. Cons.	136	180	136	136	200	115	0	0	115
Total Dom. Cons.	2084	1966	2084	2162	2020	1767	0	0	1925
Ending Stocks	50	29	50	63	24	23	0	0	48
Total Distribution	2314	2135	2314	2425	2184	1875	0	0	2073
CY Imports	219	0	219	240	0	150	0	0	150
CY Imp. from U.S.	0	0	0	0	0	0	0	0	0
CY Exports	219	143	219	225	135	70	0	0	100
CY Exp. to U.S.	0	0	0	0	0	0	0	0	0

<b>PSD Table</b>									
<b>Country</b>	<b>Bolivia</b>								
<b>Commodity</b>	<b>Meal, Soybean</b>				(1000 MT)(PERCENT)				
	2005	Revised		2006	Estimate		2007	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
<b>Market Year Begin</b>		03/2006	03/2006		03/2007	03/2007		03/2008	03/2008
Crush	1813	1654	1813	1890	1690	1545	0	0	1700
Extr. Rate, 999.9999	0.7722007	0.7829504	0.7722007	0.7724867	0.7840236	0.7831715	0	0	0.7823529
Beginning Stocks	30	10	30	30	20	30	30	25	25
Production	1400	1295	1400	1460	1325	1210	0	0	1330
MY Imports	0	0	0	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0	0	0	0
Total Supply	1430	1305	1430	1490	1345	1240	30	25	1355
MY Exports	990	1110	990	1035	1150	1120	0	0	1175
MY Exp. to EU	3	1	3	0	1	0	0	0	0
Industrial Dom. Cons.	0	0	0	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0	0	0	0
Feed Waste Dom. Cons.	410	175	410	425	170	95	0	0	100
Total Dom. Cons.	410	175	410	425	170	95	0	0	100
Ending Stocks	30	20	30	30	25	25	0	0	80
Total Distribution	1430	1305	1430	1490	1345	1240	0	0	1355
CY Imports	0	0	0	0	0	0	0	0	0
CY Imp. from U.S.	0	0	0	0	0	0	0	0	0
CY Exports	982	1036	1099	1035	1100	1035	0	0	1100
CY Exp. to U.S.	0	0	0	0	0	0	0	0	0
SME	410	175	410	425	170	95	0	0	100

<b>Export Trade Matrix</b>	
<b>Country</b>	Bolivia
<b>Commodity</b>	Meal, Soybean
Time Period	CY 2006
Exports for:	
U.S.	
Others	
Venezuela	694696
Colombia	274003
Peru	70356
Chile	39315
Ecuador	21273
Total for Others	1099643
Others not Listed	
Grand Total	1099643

Units: Metric Tons

<b>PSD Table</b>									
<b>Country</b>	<b>Bolivia</b>								
<b>Commodity</b>	<b>Oil, Soybean</b>				(1000 MT)(PERCENT)				
	2005	Revised		2006	Estimate		2007	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
<b>Market Year Begin</b>		03/2006	03/2006		03/2007	03/2007		03/2008	03/2008
Crush	1813	1654	1813	1890	1690	1545	0	0	1700
Extr. Rate, 999.9999	0.1781577	0.1813784	0.1781577	0.1772486	0.1804733	0.2168284	0	0	0.2176470
Beginning Stocks	5	5	5	5	8	5	5	6	5
Production	323	300	323	335	305	335	0	0	370
MY Imports	4	0	4	4	0	2	0	0	1
MY Imp. from U.S.	0	0	0	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0	0	0	0
Total Supply	332	305	332	344	313	342	5	6	376
MY Exports	210	252	210	210	262	212	0	0	240
MY Exp. to EU	1	1	1	1	1	1	0	0	1
Industrial Dom. Cons.	0	0	0	0	0	0	0	0	0
Food Use Dom. Cons.	117	45	117	129	45	125	0	0	130
Feed Waste Dom. Cons.	0	0	0	0	0	0	0	0	0
Total Dom. Cons.	117	45	117	129	45	125	0	0	130
Ending Stocks	5	8	5	5	6	5	0	0	6
Total Distribution	332	305	332	344	313	342	0	0	376
CY Imports	3	0	3	4	0	2	0	0	1
CY Imp. from U.S.	0	0	0	0	0	0	0	0	0
CY Exports	210	215	225	210	250	215	0	0	235
CY Exp. to U.S.	0	0	0	0	0	0	0	0	0

<b>Export Trade Matrix</b>	
<b>Country</b>	Bolivia
<b>Commodity</b>	Oil, Soybean
Time Period	CY 2006
Exports for:	
U.S.	
Others	
Colombia	123409
Venezuela	81890
Total for Others	205299
Others not Listed	19622
Grand Total	224921

Units: Metric Tons

## Production

Soybean production in Marketing Year 2007 (March/February) has been revised to 1.65 Million Metric Tons (MMT), from the 2.15 estimated previously. The severe floods that affected the production area at the beginning of CY 2007 caused this significant reduction. Total damage is estimated at \$45 million.

Soybeans are mostly produced in the Santa Cruz region, Bolivia's economic and 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. This crop will be severely affected by the strong rains during the beginning of CY 2007. Reportedly, 110,000 soybean hectares were destroyed in the first quarter of the year, reducing the summer crop by 15 percent.
- ✓ Winter: planting in June-July and harvest in October-December. This crop will also be diminished this year. Landslides covered about 20,000 hectares in the summer and it will be impossible to recover those areas in time for the new crop.

Yields vary considerably, between 1.8 and 2.3 MT per hectare, depending on efficiency and technical know-how of producers. However, this year's average yield will be lower, at 1.9 MT/hectare, due to the heavy rains. Cost of production per hectare is about \$280, of which about \$110 are used for pesticides. Soybean prices are expected to be around \$195 per MT in CY 2007.

Soybean is the most important crop in Bolivia, with the harvested area of soybeans in MY 2006 being 950,000 hectares, compared to about 110,000 hectares for corn, 70,000 hectares for sunflower, 115,000 hectares for 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 own less than 50 hectares
- 21 percent own between 50 and 1,000 hectares
- 2 percent own 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.

Total crushing capacity in Bolivia is 7,500 MT per day, enough 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 share 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), which negotiates import duties for inputs or technical programs with the GOB and financial institutions, provides seeds and other inputs, and also assists producers with technical guidance.

## Trade

Soybean exports continue to be Bolivia's largest agricultural export. Total soy exports in 2007 were \$362 million, second only to hydrocarbons. Accounting for about 26 percent of total exports, soybean products are by far the largest Bolivian agricultural export.

<b>Bolivian Soybean Product Exports (CY 2006)</b>		
<b>Product</b>	<b>Volume (TMT)</b>	<b>Value (Million \$)</b>
Meal	1,100	209
Crude oil	198	100
Beans	70	15
Full fat meal	79	20
Refined oil	26	18
<b>Total</b>	<b>1,473</b>	<b>362</b>

The Andean countries (Colombia, Ecuador, Peru and Venezuela) are the most important, and almost exclusive, market for Bolivian soybean products. Exports to these countries in CY 2006 were as follows:

<b>Distribution of Bolivian Exports (CY 2006)</b>		
<b>Soybeans (Percentage)</b>	<b>Soybean Meal (Percentage)</b>	<b>Crude Oil (Percentage)</b>
Colombia 31 Argentina 42 Peru 15 Venezuela 12	Venezuela 63 Colombia 25 Peru 6	Colombia 59 Venezuela 41

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

## Policy

Under the People's Trade Agreement (Cuba, Venezuela and Bolivia), the Venezuelan government promised to import the entire Bolivian soybean production annually. However the GOV only purchased 12,000 MT in CY 2006, disrupting the market by paying up to \$30 more per MT. This soy meal, which is still stored in warehouses in Santa Cruz, was purchased from small producers who supported President Morales' administration.

Nevertheless, Venezuela has increased its commercial purchases significantly, to the point that most of the Bolivian soy crop now is dependant on only one market. Taking into

account Venezuela's non-tariff trade barriers (import licensing and foreign currency control), Bolivian soybean producers fear that their dependency on Venezuela could be used as political leverage to push President Chavez's agenda in the region.

Bolivia is rapidly losing its tariff preferences granted under the Andean Community of Nations (CAN) trade agreement. In 2006, Peru eliminated import duties for soybean meal from all sources. Moreover, the CAN is undergoing one of its longest and most serious crises due to the U.S.-Andean Trade Promotion Agreement. Venezuela has withdrawn from the CAN and Bolivia has threatened to do so if Colombia and Peru do not back out of the FTA with the United States. In May 2007, Ecuador requested withdrawal from the CAN's common external tariff to implement its own tariff schedule in order to "protect local production".

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

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 Bolivia's trade advantage is expected to be lost as this agreement is implemented.

The Bolivian administration has begun to look for new trading partners and has apparently found a couple in very far lands. Iran and North Korea have shown interest in importing "organic" (non-GMO) soy products only from small producers. Some rather relevant factors such as pricing and transportation costs are still to be worked out.

#### *Biotech*

About 70 percent of the Bolivian soy crop is genetically modified. Nevertheless, as with other issues in Bolivia, biotechnology has divided the country in two. On the one hand civil society from the highlands, mainly La Paz, are opposed to the use, trade, production and research of biotechnology due to the strong influence from non-government organizations (NGOs) that are financing public campaigns to prevent the use of biotechnology. These people are not producers. On the other hand, Santa Cruz (producers) wishes to use biotechnology to increase its efficiency and competitiveness.

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 genetically modified in the upcoming years.