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Peru

Oilseeds and Products

Annual

2008

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Report Highlights:

Peru's soybean meal imports are expected to reach 800,000 MT in CY 2008, up 3 percent from CY 2007. Increasing demand from the poultry industry and the high price of fishmeal, a substitute, will drive this increase. The fish harvest remains low (5.6 MMT) due to government efforts to preserve fisheries. Fishmeal production is forecast at 1.25 MMT for CY 2008.

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

Summary

Soybean meal imports are estimated at 800,000 MT for CY 2008, a rise of 3 percent compared to the previous year. Last year, low chicken meat prices and higher input costs resulted in a decreased poultry stock and a slight drop in soy meal demand in that industry. Poultry meat production decreased 4 percent in CY 2007 to 760,000 MT. Total soybean meal imports in CY 2007 were 778,047 MT. By shipping 393,831 MT, Paraguay continued to be the leading soybean meal exporter to Peru in 2007, followed by Argentina with 225,693 MT and Bolivia with 99,839 MT.

Soybean oil imports are forecast at 305,000 MT in CY 2008. Imports in CY 2007 were 299,508 MT. Soy oil consumption in CY 2007 was 301,000 MT and is expected to continue increasing as Peru's economy grows.

Fishmeal production for CY 2008 is estimated at 1.25 MMT, a slight increase from the 1.24 MMT in 2007. Peru's fishing industry is closely controlled by the government; the fishing quota a few years ago was around 8.5 MMT per year but was reduced to around 5.6 MMT in order to support the sustainability of Peruvian fisheries. Fishmeal exports for CY 2008 are forecast at 1.25 MMT. With 555,340 MT, China continued to be the major Peruvian fishmeal importer in CY 2007, followed by Germany (165,999 MT), Japan (149,889 MT) and Turkey (45,650 MT).

Fish oil production for CY 2008 is forecast at 330,000 MT, about the same as the previous year. Exports for CY 2008 are forecast at 280,000 MT. In 2007, Chile, Denmark and Belgium were the most important importers of Peru's fish oil with 29 percent, 27 percent and 17 percent of the exports, respectively.

PSD Table									
Country	Peru								
Commodity	Meal, Soybean								
	(1000 MT)(PERCENT)								
	2006	Revised		2007	Estimate		2008	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		01/2007	01/2007		01/2008	01/2008		01/2009	01/2009
Crush	2	0	2	2	0	2	0	0	0
Extr. Rate, 999.9999	0	0	0	0	0	0	0	0	0
Beginning Stocks	12	0	12	7	0	5	14	0	15
Production	0	0	0	0	0	0	0	0	0
MY Imports	844	0	778	925	0	800	0	0	850
MY Imp. from U.S.	50	0	58	65	0	65	0	0	70
MY Imp. from EU	0	0	0	0	0	0	0	0	0
Total Supply	856	0	790	932	0	805	14	0	865
MY Exports	0	0	0	0	0	0	0	0	0
MY Exp. to EU	0	0	0	0	0	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.	849	0	785	918	0	790	0	0	850
Total Dom. Cons.	849	0	785	918	0	790	0	0	850
Ending Stocks	7	0	5	14	0	15	0	0	15
Total Distribution	856	0	790	932	0	805	0	0	865
CY Imports	875	0	778	925	0	800	0	0	850
CY Imp. from U.S.	50	0	58	65	0	65	0	0	70
CY Exports	0	0	0	0	0	0	0	0	0
CY Exp. to U.S.	0	0	0	0	0	0	0	0	0
SME	849	0	785	918	0	790	0	0	850

Import Trade Matrix	
Country	Peru
Commodity	Meal, Soybean
Time Period	2007
Imports for:	
U.S.	57,579
Others	
Paraguay	393,831
Argentina	225,693
Bolivia	99,839
Total for Others	719,363
Others not Listed	1,105
Grand Total	778,047

Units: Metric Tons

Soybean meal

Outlook

In 2007, low chicken meat prices and higher input cost resulted in a decreased poultry populations and a slight drop in soy meal demand for feed rations. Poultry meat production decreased 4 percent in CY 2007 to 760,000 MT. Post now expects this cycle to reverse and estimates soybean meal imports at 800,000 MT for CY 2008, increasing 3 percent over the previous year.

With a per capita consumption of 27 kilograms per annum, poultry meat has become a staple product in the Peruvian diet. Peru's 390 million chicken-per-year poultry market is the major user of soybean meal (meal constitutes about 12 percent of broiler rations). With consumption of 760,000 MT in CY 2007, poultry meat continues to be one the cheapest sources of protein in the Peruvian diet. There are about 20 formal poultry operations in Peru, which control around a thousand farms. The largest producer, San Fernando, has 35 percent of the market. Total market size for CY 2007 was estimated at \$1.15 billion and it is expected to grow 3 percent in CY 2008.

Total soybean meal imports in CY 2007 were 778,047 MT. Paraguay continued to be the leading soybean meal exporter to Peru in 2007, shipping 393,831 MT. Argentina followed with 225,693 MT and Bolivia sent 99,839 MT. U.S. soybean exports reached 57,579 MT in CY 2007. High f.o.b. prices and transportation costs reduce the competitiveness of U.S. soybean meal.

Soybean meal imports into Peru are duty free.

Biotechnology

Overall Peru maintains a positive attitude towards biotechnology. The Government of Peru (GOP) has drafted a new law to promote and regulate the use of biotechnology. In the last year, GOP officials have attended international forums on biotechnology and voiced support for its use as a tool to develop the agricultural sector and reduce production costs for producers.

Peru is currently hosting the 2008 Asian Pacific Economic Cooperation (APEC) meetings, including the High Level Policy Dialogue on Biotechnology. These meetings will be an opportunity to broaden support and promote the use of biotechnology among APEC member economies.

PSD Table									
Country	Peru								
Commodity	Oil, Soybean					(1000 MT)(PERCENT)			
	2006	Revised		2007	Estimate		2008	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		01/2007	01/2007		01/2008	01/2008		01/2009	01/2009
Crush	2	0	2	2	0	2	0	0	0
Extr. Rate, 999.9999	0	0	0	0	0	0	0	0	0
Beginning Stocks	16	0	16	14	0	15	14	0	13
Production	0	0	0	0	0	0	0	0	0
MY Imports	304	0	300	310	0	305	0	0	310
MY Imp. from U.S.	6	0	3	20	0	5	0	0	6
MY Imp. from EU	0	0	0	0	0	0	0	0	0
Total Supply	320	0	316	324	0	320	14	0	323
MY Exports	0	0	0	0	0	0	0	0	0
MY Exp. to EU	0	0	0	0	0	0	0	0	0
Industrial Dom. Cons.	0	0	0	0	0	0	0	0	0
Food Use Dom. Cons.	306	0	301	310	0	307	0	0	310
Feed Waste Dom. Cons.	0	0	0	0	0	0	0	0	0
Total Dom. Cons.	306	0	301	310	0	307	0	0	310
Ending Stocks	14	0	15	14	0	13	0	0	13
Total Distribution	320	0	316	324	0	320	0	0	323
CY Imports	330	0	280	350	0	288	0	0	300
CY Imp. from U.S.	6	0	3	20	0	5	0	0	6
CY Exports	0	0	0	0	0	0	0	0	0
CY Exp. to U.S.	0	0	0	0	0	0	0	0	0

Import Trade Matrix	
Country	Peru
Commodity	Oil, Soybean
Time Period	CY 2007
Imports for:	
U.S.	2,841
Others	
Argentina	270,654
Bolivia	17,488
Paraguay	2,920
Total for Others	291,062
Others not Listed	5,605
Grand Total	299,508

Units: Metric Tons

Soybean oil**Outlook**

Soybean oil imports are forecast at 305,000 MT in CY 2008. Imports in CY 2007 were 299,508 MT. Soy oil consumption in CY 2007 was 301,000 MT and is expected to continue growing as Peru's economy expands. Imported crude soy oil is refined and bottled for retail sale. Peru does not produce any soybeans, and the limited crushing capacity is used to produce full fat soy meal for feed. Imports of refined soy oil is forecast at 15,000 MT for CY 2008.

On December 28, 2006, Peru unilaterally eliminated import duties for soybean oil (previously 12 percent). This reduction should make U.S. prices somewhat more competitive since it will counterbalance trade preferences granted to other countries in the region.

PSD Table									
Country									
Peru									
Commodity									
Meal, Fish									
							(1000 MT)(PERCENT)		
	2006	Revised		2007	Estimate		2008	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		01/2007	01/2007		01/2008	01/2008		01/2009	01/2009
Catch For Reduction	5600	0	5620	7700	0	5680	0	0	6000
Extr. Rate, 999.9999	0.22321	0	0.22064	0.22597	0	0.2200	0	0	0.21666
Beginning Stocks	73	0	73	71	0	85	74	0	65
Production	1250	0	1240	1740	0	1250	0	0	1300
MY Imports	1	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	1324	0	1313	1811	0	1335	74	0	1365
MY Exports	1150	0	1208	1635	0	1250	0	0	1270
MY Exp. to EU	325	0	343	325	0	350	0	0	360
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.	103	0	20	102	0	20	0	0	20
Total Dom. Cons.	103	0	20	102	0	20	0	0	20
Ending Stocks	71	0	85	74	0	65	0	0	75
Total Distribution	1324	0	1313	1811	0	1335	0	0	1365
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	1150	0	1150	1635	0	1208	0	0	1250
CY Exp. to U.S.	0	0	1	0	0	3	0	0	2
SME	148.835	0	28.9	147.39	0	28.9	0	0	28.9

Export Trade Matrix	
Country	Peru
Commodity	Meal, Fish
Time Period	CY 2007
Exports for:	
U.S.	2,552
Others	
China	555,340
Germany	165,999
Japan	149,889
Turkey	45,650
Vietnam	44,689
Taiwan	40,319
Spain	32,141
Canada	29,812
Indonesia	24,279
Norway	24,211
Total for Others	1,112,329
Others not Listed	93,185
Grand Total	1,208,066

Units: Metric Tons

Fishmeal

Production

Fishmeal production for CY 2008 is estimated at 1.25 MMT, a slight increase from the 1.24 MMT in 2007. Total fish catch for reduction in CY 2007 was 5.62 MMT. Peru's fishing industry is tightly controlled by the government; the fishing quota a few years ago was around 8.5 MMT per year but has been reduced to around 5.6 MMT in an effort to reduce over-fishing and enhance the sustainability of Peruvian fisheries.

Peru produces two types of fishmeal. Fair Average Quality (FAQ), with a protein content between 62 and 65 percent, which is dried by direct heat; and Prime, which is indirectly dried by steam and has a protein content of 66-67 percent. International fishmeal prices reached a record high in 2007. FAQ fishmeal went from an average of \$480 to around \$900 per MT and Prime fishmeal jumped from \$600 up to \$1250 per MT.

After being in dire financial straits for the last several years, due to the crisis originated by the 1997/1998 El Niño weather phenomenon which drove the fish away from the Peruvian coast and halted all industrial fishing activity for 18 months, the fishing industry seems to finally be recovering. Currently, total industry debt is estimated at \$800 million with annual financing costs of about \$180 million.

There are 90 fishmeal plants currently working in Peru. The Peruvian fishing fleet is comprised of 984 boats: 684 steel boats with storage capacity over 500 cubic meters and 300 wooden boats with storage capacity of 110 cubic meters. Total processing capacity is 7,500 MT per hour; about four times more than they are allowed to catch.

Consumption

Local fishmeal consumption is insignificant and does not have a large impact on the export market. Consumption for CY 2008 is forecast at about 20,000 MT. Local consumption is expected to remain low and even decrease due to high international prices and increased demand from foreign aquaculture industries. Fish is used as a protein source in animal feed, especially shrimp farms.

Trade

Fishmeal exports for CY 2008 are forecast at 1.25 MMT. With 555,340 MT purchased, China remained the major Peruvian fishmeal importer in CY 2007, followed by Germany (165,999 MT), Japan (149,889 MT) and Turkey (45,650 MT).

Total fisheries exports were around \$1.7 billion in CY 2007 of, of which \$1.22 billion were fishmeal. Fish meal is Peru's fourth largest export, following gold, copper, and oil. Post expects producers to accelerate their shift to exporting direct consumption products, lessening the fishery industry's current dependence on lower-value indirect consumption exports such as fishmeal.

Policy

Enforcement of environmental regulations has become the government's main concern regarding the fishing industry. Specifically, the GOP has stepped up efforts to preserve fisheries resources and reduce local environmental impacts of processing centers. As a

result of strict enforcement in the past couple of years, most plants now have “tail-water” discharge recovery and airborne particle recovery systems, both of which have led to increased processing efficiency. Plants also must pump residual water at least 13 kilometers out and 50 meters deep. Larger producers continue investing in canning or freezing lines, to convert more of the catch to higher value products for human consumption, a trend that is expected to continue.

The GOP also enforces several measures to assure the sustainability of Peruvian fisheries. These measures include the enforcement of two fishing seasons during each year as well as seasonal fishing bans implemented during the anchovy spawning seasons. These bans may vary somewhat from year to year but are usually established for January to mid March and for August to mid October. Other measures include:

- Fishing quotas.
- Limiting fish size to a minimum of 12 centimeters.
- Ensuring that the fishing net is big enough to allow small fish through.
- Establishment of a protected area, five miles from shore, in which no industrial fishing is allowed.
- Prohibition on the use of jack mackarel or horse mackarel for fishmeal. Only anchovy is allowed for industrial processing with a maximum of 11 percent of incidental fishing (species other than anchovy).
- Establishing fishing and processing quotas by boat and plant. Fishing boats are only valuable now if they have fishing permits.

The GOP enforces these measures through satellite screening and inspection at 150 unloading points along the coast during the fishing seasons.

PSD Table									
Country									
Peru									
Commodity									
Oil, Fish									
							(1000 MT)(PERCENT)		
	2006	Revised		2007	Estimate		2008	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		01/2007	01/2007		01/2008	01/2008		01/2009	01/2009
Catch For Reduction	5600	0	5620	7700	0	5680	0	0	6000
Extr. Rate, 999.9999	0	0	0.05889	0	0	0.05809	0	0	0.05583
Beginning Stocks	0	0	1	0	0	3	0	0	1
Production	0	0	331	0	0	330	0	0	335
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	0	0	332	0	0	333	0	0	336
MY Exports	0	0	320	0	0	320	0	0	320
MY Exp. to EU	0	0	164	0	0	180	0	0	180
Industrial Dom. Cons.	0	0	2	0	0	2	0	0	2
Food Use Dom. Cons.	0	0	3	0	0	3	0	0	3
Feed Waste Dom. Cons.	0	0	8	0	0	7	0	0	8
Total Dom. Cons.	0	0	9	0	0	12	0	0	13
Ending Stocks	0	0	3	0	0	1	0	0	3
Total Distribution	0	0	332	0	0	333	0	0	336
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	0	0	268	0	0	320	0	0	320
CY Exp. to U.S.	0	0	0	0	0	0	0	0	0

Export Trade Matrix	
Country	Peru
Commodity	Oil, Fish
Time Period	CY 2007
Exports for:	
U.S.	9,032
Others	
Chile	92,884
Denmark	86,193
Belgium	52,874
Norway	26,170
Canada	21,221
Japan	10,850
Australia	9,153
China	3,443
Total for Others	302,788
Others not Listed	8,215
Grand Total	320,035

Units: Metric Tons

Fish Oil

Outlook

Fish oil production for CY 2008 is forecast at 330,000 MT, about the same as the previous year. Oil extraction is directly related to water temperatures so it can vary significantly from year to year. Under normal weather conditions the oil extraction rate should be around 8 to 10 percent, but can drop to as low as 1 percent in unusually warm waters.

Exports for CY 2008 are forecast at 320,000 MT. Oil production and exports are difficult to forecast due to the high variability in fish oil content and the lack of official statistics. In 2007, Chile, Denmark and Belgium were the most important importers of Peru's fish oil, purchasing 29 percent, 27 percent and 17 percent of total exports, respectively.

Consumption in CY 2008 is forecast at 12,000 MT. Domestic consumption will remain low due to increasing fish oil demand in other countries, especially Chile, as a feed ingredient for its growing salmon industry.