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Paraguay

Oilseeds and Products

Annual

2008

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Report Highlights:

Soybean production for the 2007/08 crop fared well and is expected to reach 6.8 million tons. Post forecasts 2008/09 soybean production at 7 million metric tons on 2.75 million hectares. Sunflowerseed production for 2007/08 is expected to reach 280,000 tons on a planted area of 180,000 hectares. Sunflowerseed production is expected to increase in 2008/09 and is forecast at 310,000 tons on 200,000 hectares. Post forecasts sunflowerseed exports for 2008/09 to reach 195,000 tons, a 56-percent increase over the previous year, due to rapidly expanding production and limited crushing capacity.

Includes PSD Changes: Yes
Includes Trade Matrix: No
Annual Report
Buenos Aires [AR1]
[PA]

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Production

Soybean

Post estimates 2007/08 soybean production at 6.8 million tons on a harvested area of 2.6 million hectares. The crop is approximately 98 percent harvested. Post contacts indicate that in the southern growing area (representing about 30 percent of overall production) yields were around 2,400 kilos/hectare compared to national averages of 2,600 to 2,800 kilos/hectare. Higher yields have been reported toward the north due to good rains during the growing season. Post contacts report that there were earlier problems with soybean rust, but that it was controlled.

Post forecasts 2008/09 soybean planted area to rise by slightly more than 5 percent to 2.75 million hectares. Production is forecast at 7 million tons, due to increased area and expected average yields. The expected increase in soybean area planted is due to high international prices, and increased investment from abroad, particularly Argentina. Recent increases in export taxes in Argentina will create strong incentives to increase investment in neighboring Paraguay. Soybean production has been expanding into new areas, replacing cotton in some areas.

The election of a new president on April 20, who will take office in August, leaves somewhat uncertain the future direction of government policies with respect to soybeans. President-elect Fernando Lugo's campaign platform included implementing agrarian reform and establishing a policy environment that would favor alternatives to Paraguay's extensive cultivation of soybeans. Some contacts speculate that the new government could implement a limited export tax on soybeans.

Since 2005, Paraguayan farmers have paid royalties to Monsanto Co. for the intellectual property in its biotech soybeans. Prior to this agreement, producers had used Roundup Ready soybean seeds without paying royalties. Each season, the price is negotiated between the provider of the technology (in this case Monsanto) and the farmers' unions, informing the Government of Paraguay once the price is set. A portion of those royalties is used to fund the Agricultural Biotechnology Institute (INBIO in Spanish), which carries out crop research and germplasm improvement programs within the country. The payment for 2008 is currently set at US\$4.40/ton for soybeans exported.

Sunflowerseeds

Post estimates the 2007/08 sunflower crop at 280,000 tons (an increase of 40 percent over the previous year) on a harvested area of 180,000 hectares. This increase is primarily due to favorable international prices for sunflowerseeds and products.

Post forecasts that 2008/09 sunflower production will reach 310,000 tons on a planted area of 200,000 hectares. One factor that will greatly affect planting intentions of sunflower producers will be corn prices at time of planting. In Paraguay, sunflowers are a winter crop that competes directly with corn for acreage. As international prices for corn are favorable, more farmers may opt to plant corn at the expense of sunflower area.

Consumption

Soybeans

Crushing capacity in Paraguay has not increased in recent years as it is difficult to compete with Argentina due to its economy of scale and the differential export tax that benefits the sector.

Total domestic soybean consumption in 2008/09 is forecast to remain unchanged from the previous year due to an unchanging crush capacity and relatively stable food, waste, and domestic consumption patterns.

Post forecasts 2008/09 soybean crushing to remain stable at 2.33 million tons. Soybean meal production is forecast to reach 1.83 million tons, while soybean oil production is expected to reach 437,000 tons. Most industry sources indicate that 8 to 10 percent of soy meal is consumed domestically, mainly as animal feed. Soybean oil is usually mixed with other types of oils to produce cooking oils and margarines for the domestic market.

Sunflowerseeds

Sunflowerseed crushing is estimated at 135,000 tons for 2007/08. It is forecast to increase to 140,000 tons for 2008/09 as crop production is expected to increase in the next growing season.

Domestic consumption of sunflowerseed meal and oil is low. For 2007/08, Post estimates total domestic consumption of sunflower meal to reach 13,000 tons, while oil consumption that year is expected to reach 7,000 tons. For 2008/09, Post forecasts meal and oil consumption to reach 14,000 tons and 10,000 tons, respectively.

Trade

Soybeans

Post estimates 2007/08 unprocessed soybean exports up from previous years to 4.4 million tons. In 2008/09, soybean exports are expected to reach 4.56 million tons. The increase in exports is driven by a stagnant crushing capacity in Paraguay, combined with increasing production in the previous years. A major destination for Paraguayan soybeans is neighboring Argentina, which imports soybeans for its enormous crushing capacity in Rosario. In CY 2007, approximately 40 percent of Paraguay's unprocessed soybean exports were sent to Argentina.

Sunflowerseeds

Post estimates that 2007/08 sunflowerseed exports will reach 125,000 tons, up from an expected 45,000 tons for 2006/07. Post forecasts exports for 2008/09 to reach 195,000 tons, due to rapidly expanding production and limited crushing capacity. The strong increase in forecast sunflowerseed exports for 2007/08, and 2008/09 is due to Paraguay's relatively low consumption, increasing production, and high stocks from previous years.

PSD Table

Country Commodity	Paraguay									UOM
	Oilseed, Soybean									
	2006 Revised			2007 Estimate			(1000 HA)(1000 MT) 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	03/2007	03/2007	03/2008	03/2008	03/2009	03/2009	03/2009	03/2009	MM/YYYY	
Area Planted	2400	0	2400	2800	0	2600	0	0	2750	(1000 HA)
Area Harvested	2400	0	2400	2800	0	2600	0	0	2750	(1000 HA)
Beginning Stocks	4	0	4	44	0	44	14	0	14	(1000 MT)
Production	6200	0	6200	7000	0	6800	0	0	7000	(1000 MT)
MY Imports	15	0	15	15	0	15	0	0	15	(1000 MT)
MY Imp. from U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)
MY Imp. from EU	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Supply	6219	0	6219	7059	0	6859	14	0	7029	(1000 MT)
MY Exports	4000	0	4000	4600	0	4400	0	0	4560	(1000 MT)
MY Exp. to EU	850	0	850	900	0	900	0	0	0	(1000 MT)
Crush	2055	0	2055	2325	0	2325	0	0	2325	(1000 MT)
Food Use Dom. Cons.	0	0	0	0	0	0	0	0	0	(1000 MT)
Feed Waste Dom. Cons.	120	0	120	120	0	120	0	0	120	(1000 MT)
Total Dom. Cons.	2175	0	2175	2445	0	2445	0	0	2445	(1000 MT)
Ending Stocks	44	0	44	14	0	14	0	0	24	(1000 MT)
Total Distribution	6219	0	6219	7059	0	6859	0	0	7029	(1000 MT)
CY Imports	15	0	15	10	0	10	0	0	0	(1000 MT)
CY Imp. from U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)
CY Exports	4589	0	4589	4600	0	4600	0	0	0	(1000 MT)
CY Exp. to U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)

PSD Table

Country Commodity	Paraguay									UOM
	Meal, Soybean									
	2006 Revised			2007 Estimate			(1000 MT)(PERCENT) 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	03/2007	03/2007	03/2008	03/2008	03/2009	03/2009	03/2009	03/2009	MM/YYYY	
Crush	2055	0	2055	2325	0	2325	0	0	2325	(1000 MT)
Extr. Rate, 999.9999	0.790754	0	0.790754	0.787097	0	0.787097	0	0	0.787097	(PERCENT)
Beginning Stocks	72	0	72	28	0	28	36	0	36	(1000 MT)
Production	1625	0	1625	1830	0	1830	0	0	1830	(1000 MT)
MY Imports	1	0	1	0	0	0	0	0	0	(1000 MT)
MY Imp. from U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)
MY Imp. from EU	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Supply	1698	0	1698	1858	0	1858	36	0	1866	(1000 MT)
MY Exports	1564	0	1564	1715	0	1715	0	0	1725	(1000 MT)
MY Exp. to EU	0	0	0	0	0	0	0	0	0	(1000 MT)
Industrial Dom. Cons.	0	0	0	0	0	0	0	0	0	(1000 MT)
Food Use Dom. Cons.	0	0	0	0	0	0	0	0	0	(1000 MT)
Feed Waste Dom. Cons.	106	0	106	107	0	107	0	0	110	(1000 MT)
Total Dom. Cons.	106	0	106	107	0	107	0	0	110	(1000 MT)
Ending Stocks	28	0	28	36	0	36	0	0	31	(1000 MT)
Total Distribution	1698	0	1698	1858	0	1858	0	0	1866	(1000 MT)
CY Imports	1	0	1	1	0	1	0	0	1	(1000 MT)
CY Imp. from U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)
CY Exports	1450	0	1450	1500	0	1500	0	0	1500	(1000 MT)
CY Exp. to U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)
SME	106	0	106	107	0	107	0	0	110	(1000 MT)

PSD Table

Country Commodity	Paraguay Oil, Soybean			(1000 MT)(PERCENT)						UOM
	2006	Revised	2007	Estimate	Post	Estimate	2008	Forecast	Post	
Market Year Begin	USDA Official	Post Estimate 03/2007	Post Estimate New 03/2007	USDA Official	Post Estimate 03/2008	Post Estimate New 03/2008	USDA Official	Post Estimate 03/2009	Post Estimate New 03/2009	MM/YYYY
Crush	2055	0	2055	2325	0	2325	0	0	2325	(1000 MT)
Extr. Rate, 999.9999	0.184915	0	0.184915	0.187957	0	0.187957	0	0	0.187957	(PERCENT)
Beginning Stocks	52	0	52	18	0	18	25	0	25	(1000 MT)
Production	380	0	380	437	0	437	0	0	437	(1000 MT)
MY Imports	2	0	2	4	0	4	0	0	5	(1000 MT)
MY Imp. from U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)
MY Imp. from EU	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Supply	434	0	434	459	0	459	25	0	467	(1000 MT)
MY Exports	383	0	383	400	0	400	0	0	407	(1000 MT)
MY Exp. to EU	0	0	0	0	0	0	0	0	0	(1000 MT)
Industrial Dom. Cons.	0	0	0	0	0	0	0	0	0	(1000 MT)
Food Use Dom. Cons.	33	0	33	34	0	34	0	0	35	(1000 MT)
Feed Waste Dom. Cons.	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Dom. Cons.	33	0	33	34	0	34	0	0	35	(1000 MT)
Ending Stocks	18	0	18	25	0	25	0	0	25	(1000 MT)
Total Distribution	434	0	434	459	0	459	0	0	467	(1000 MT)
CY Imports	3	0	3	4	0	4	0	0	5	(1000 MT)
CY Imp. from U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)
CY Exports	395	0	395	400	0	400	0	0	400	(1000 MT)
CY Exp. to U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)

PSD Table

Country Commodity	Paraguay Oilseed, Sunflowerseed			(1000 HA)(1000 MT)						UOM
	2006	Revised	2007	Estimate	Post	Estimate	2008	Forecast	Post	
Market Year Begin	USDA Official	Post Estimate 04/2007	Post Estimate New 04/2007	USDA Official	Post Estimate 04/2008	Post Estimate New 04/2008	USDA Official	Post Estimate 04/2009	Post Estimate New 04/2009	MM/YYYY
Area Planted	0	0	0	0	0	0	0	0	0	(1000 HA)
Area Harvested	120	0	120	180	0	180	0	0	200	(1000 HA)
Beginning Stocks	0	0	0	47	0	37	144	0	54	(1000 MT)
Production	200	0	200	280	0	280	0	0	310	(1000 MT)
MY Imports	0	0	0	0	0	0	0	0	0	(1000 MT)
MY Imp. from U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)
MY Imp. from EU	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Supply	200	0	200	327	0	317	144	0	364	(1000 MT)
MY Exports	35	0	45	45	0	125	0	0	195	(1000 MT)
MY Exp. to EU	0	0	0	0	0	0	0	0	0	(1000 MT)
Crush	115	0	115	135	0	135	0	0	140	(1000 MT)
Food Use Dom. Cons.	0	0	0	0	0	0	0	0	0	(1000 MT)
Feed Waste Dom. Cons.	3	0	3	3	0	3	0	0	3	(1000 MT)
Total Dom. Cons.	118	0	118	138	0	138	0	0	143	(1000 MT)
Ending Stocks	47	0	37	144	0	54	0	0	26	(1000 MT)
Total Distribution	200	0	200	327	0	317	0	0	364	(1000 MT)
CY Imports	0	0	0	0	0	0	0	0	0	(1000 MT)
CY Imp. from U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)
CY Exports	0	0	0	0	0	0	0	0	0	(1000 MT)
CY Exp. to U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)

PSD Table

Country Commodity	Paraguay Meal, Sunflowerseed									UOM	
	2006 Revised			2007	Estimate			(1000 MT)(PERCENT)			
	2006	Revised	Post	2007	Estimate	Post	2008	Forecast	Post		
	USDA Official	Post Estimate	Estimate New	USDA Official	Post Estimate	Estimate New	USDA Official	Post Estimate	Estimate New		
Market Year Begin	04/2007	04/2007		04/2008	04/2008		04/2009	04/2009	MM/YYYY		
Crush	115	0	115	135	0	135	0	0	140	(1000 MT)	
Extr. Rate, 999.9999	0.53913	0	0.53913	0.533333	0	0.533333	0	0	0.535714	(PERCENT)	
Beginning Stocks	0	0	0	21	0	21	30	0	30	(1000 MT)	
Production	62	0	62	72	0	72	0	0	75	(1000 MT)	
MY Imports	0	0	0	0	0	0	0	0	0	(1000 MT)	
MY Imp. from U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)	
MY Imp. from EU	0	0	0	0	0	0	0	0	0	(1000 MT)	
Total Supply	62	0	62	93	0	93	30	0	105	(1000 MT)	
MY Exports	35	0	35	50	0	50	0	0	73	(1000 MT)	
MY Exp. to EU	0	0	0	0	0	0	0	0	0	(1000 MT)	
Industrial Dom. Cons.	0	0	0	0	0	0	0	0	0	(1000 MT)	
Food Use Dom. Cons.	0	0	0	0	0	0	0	0	0	(1000 MT)	
Feed Waste Dom. Cons.	6	0	6	13	0	13	0	0	14	(1000 MT)	
Total Dom. Cons.	6	0	6	13	0	13	0	0	14	(1000 MT)	
Ending Stocks	21	0	21	30	0	30	0	0	18	(1000 MT)	
Total Distribution	62	0	62	93	0	93	0	0	105	(1000 MT)	
CY Imports	0	0	0	0	0	0	0	0	0	(1000 MT)	
CY Imp. from U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)	
CY Exports	16	0	16	16	0	30	0	0	50	(1000 MT)	
CY Exp. to U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)	
SME	5.6652	0	5.6652	12.2746	0	12.2746	0	0	13.2188	(1000 MT)	

PSD Table

Country Commodity	Paraguay Oil, Sunflowerseed									UOM	
	2006 Revised			2007	Estimate			(1000 MT)(PERCENT)			
	2006	Revised	Post	2007	Estimate	Post	2008	Forecast	Post		
	USDA Official	Post Estimate	Estimate New	USDA Official	Post Estimate	Estimate New	USDA Official	Post Estimate	Estimate New		
Market Year Begin	04/2007	04/2007		04/2008	04/2008		04/2009	04/2009	MM/YYYY		
Crush	115	0	115	135	0	135	0	0	140	(1000 MT)	
Extr. Rate, 999.9999	0.391304	0	0.391304	0.244444	0	0.348148	0	0	0.357143	(PERCENT)	
Beginning Stocks	0	0	0	7	0	7	7	0	10	(1000 MT)	
Production	45	0	45	33	0	47	0	0	50	(1000 MT)	
MY Imports	4	0	4	4	0	4	0	0	2	(1000 MT)	
MY Imp. from U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)	
MY Imp. from EU	0	0	0	0	0	0	0	0	0	(1000 MT)	
Total Supply	49	0	49	44	0	58	7	0	62	(1000 MT)	
MY Exports	32	0	32	30	0	41	0	0	35	(1000 MT)	
MY Exp. to EU	0	0	0	0	0	0	0	0	0	(1000 MT)	
Industrial Dom. Cons.	0	0	0	0	0	0	0	0	0	(1000 MT)	
Food Use Dom. Cons.	10	0	10	7	0	7	0	0	10	(1000 MT)	
Feed Waste Dom. Cons.	0	0	0	0	0	0	0	0	0	(1000 MT)	
Total Dom. Cons.	10	0	10	7	0	7	0	0	10	(1000 MT)	
Ending Stocks	7	0	7	7	0	10	0	0	17	(1000 MT)	
Total Distribution	49	0	49	44	0	58	0	0	62	(1000 MT)	
CY Imports	4	0	4	4	0	4	0	0	2	(1000 MT)	
CY Imp. from U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)	
CY Exports	17	0	17	17	0	17	0	0	20	(1000 MT)	
CY Exp. to U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)	