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Nicaragua

Oilseeds and Products

Nicaraguan Peanut Sector Report 2003

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Report Highlights:

Nicaragua produced 60,364 MT of peanuts in the 2002/03 cycle. Similar production is expected for the next cycle. Nicaragua exported 49,222 MT in 2002. Exports are expected to remain at the same level in 2003. The peanut sector is stable and productive.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Unscheduled Report
San Jose [CS1], NU

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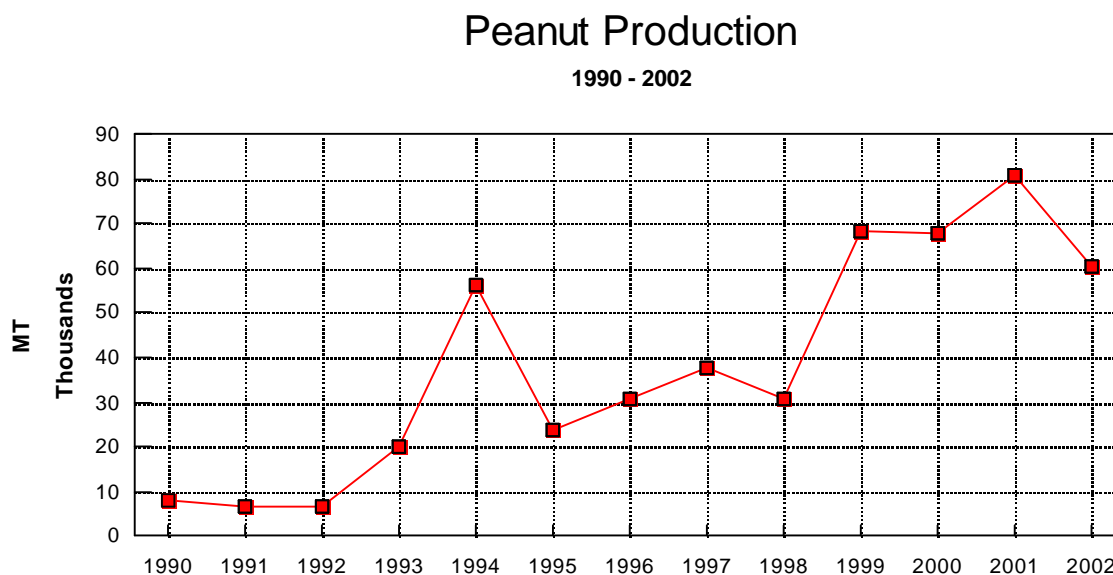
Executive Summary

Approximately 99 percent of the national peanut supply is produced and harvested in the states of León and Chinandega by two major companies, Comercializadora de Maní, S.A. (COMASA) and CUKRA Industrial, S.A. (CUKRA). The GON will target and include small producers from the states of Rivas, Masaya, Granada and Carazo in its national peanut sector policy to improve their current low yields. Major export destinations include Mexico, Central and South America. Overall, the peanut sector is stable and productive.

Production

According to the Ministry of Agriculture and Forestry (MAGFOR), during the 2002/03 cycle 19,287 HA of peanuts (*Arachis hypogaea*) were harvested with an average yield of 3.12 MT/HA, resulting in production of 60,364 MT of peanuts. Similarly, in the 2001/02 cycle 26,148 HA were planted with an average yield of 3.08 MT/HA, resulting in production of 80,645 MT. There was a 25 percent decrease in peanut production between the two cycles largely attributed to a 26 percent reduction in planted area since yields across periods remained stable.

In a series of production cycles from 1990 to 2002, the production curve fluctuates with an increasing tendency, reaching its plateau in 2001 with 80,645 MT. In 2002 production reached 60,364 MT.



León and Chinandega produce approximately 99 percent of the national peanut supply. The combination of soil, topography and hydrography makes them the best area for peanut cultivation in Nicaragua. These states are located 90 km from Managua and have good penetration roads that facilitate transportation of harvested peanuts. Additionally there are two seaports, Puerto Sandino and Puerto Corinto, that facilitate the export of peanuts and the import of agrochemicals.

Approximately 80% of the peanut supply is produced by COMASA. Nineteen percent is produced by CUKRA. The remaining 1 percent is produced in Rivas, Granada, Masaya and Carazo where production lacks technical expertise. COMASA has three processing plants (SEMPRO, MANICASA and POSOLTEGA) in Chinandega

with a total processing capacity of 90,909 MT per year. CUKRA Industrial has recently acquired a processing plant with a total capacity of 118,181 MT. CUKRA has four divisions in León: IMANASA for processing, CUKRA INDUSTRIAL for commercialization, BRANDER for bleaching, roasting and frying, and AGROSERVICIOS CUKRA for agricultural services. COMASA is the only plant with a 2,000 MT cold storage capacity. According to COMASA, storage capacity will not be upgraded until 2008. Cold storage is the only limiting factor and requires investment.

Even though oilseed peanuts and peanuts for oil production are not planted in Nicaragua, COMASA and CUKRA sell approximately 17 and 15 percent of their respective annual peanut production to Aceitera Real, S.A., a local oil processing plant.

Classification of Producers

Group A comprises producers from León and Chinandega. They plant between 260 and 252 HA and generally own their farms but live in close-by cities within their home states. Farms are generally managed by hired administrators. The majority of producers within this group can offer guarantees to local banks to request credit.

Producers classified in group A constantly update agricultural practices. Technology applied by this group includes drying machinery, use of improved/certified seeds, use of fertilizers, insecticides, and other agrochemicals. Some characteristics of the group are:

- Ownership of machinery
- Private technical assistance
- Good record management
- Familiarity with international markets and prices
- Negotiation power
- Integration to the industry, internal/external product commercialization

Producers with an extension of 59 to 238 HA fall within group B. Similarly to producers from group A, they use improved/certified seeds and updated agricultural practices but rent some machinery for wall construction, planting and combines for harvesting. They have credit access either through COMASA or private banks. They are not integrated to the local industry nor internal or external commerce but they are familiar with international markets and prices.

Group C is composed of producers managing fewer than 42 HA. They generally rent farming land and have little or no machinery. Machinery is generally rented from Agro Alfa, an agrochemical distributor and machinery rental company from the COMASA group. Producers from group C are not integrated to the local industry nor to commerce and have little or no knowledge about international prices and markets. They have credit access through COMASA.

Group D is composed of producers from Rivas, Masaya, Granada and Carazo. These producers have limited land, live on the farm and have very little resources. Their agricultural practices are based on empirical knowledge with very little use of machinery and agrochemicals. The Valencia variety is generally grown in these states. This variety produces two or three grains per pod. It has sweet flavor and is generally sold in the shell. There are no production studies from this region and no technical assistance is offered. The combination of soil, climate, and topography in these states is not the optimum to plant peanuts. Consequently, current yields

fluctuate between 0.54-1.08 MT/HA.

The runner is the most widespread peanut variety in Nicaragua because of high yield production. It has high acceptance because of its attractive shape and uniform **grain**. This variety is used in León and Chinandega.

According to MAGFOR the following pests attack peanut production:

Insects and Mites

Anticarsia gemmatalis (2)
Atta cephalotes (2)
Estigmene acrea (2)
Eutetranychus banksi (3)
Spodoptera sunia (2)
Pseudoplusia sp. (2)
Trichoplusia ni (2)
Phyllophaga sp. (2)
Tetranychus urticae (2)

Distribution

Chinandega-León
 Chinandega-León
 Chinandega-León
 Chinandega-León
 Chinandega-León
 Chinandega-León
 Chinandega-León
 Chinandega-León

Fungi and Bacteria

Aspergillus flavus (3)
Botrylis cinerea (2)
Botrylis sp. (2)
Cercospora arachidicola (2)
Cercosporidium personatum (1)
Fusarium sp. (2)
Isarlopsis sp. (1)
Macrophomina phaseoli (1)
Mycosphaerella arachidicola (1)
Penicillium sp. (3)
Puccinia arachidis (1)
Pythium sp. (2)
Rhizoctonia solani (2)
Rhizopus sp. (2)
Sclerotium rolfsii (2)
Verticillium sp. (3)

Nationwide
 Chinandega-León
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 Nationwide

Nematodes

Criconemoides sp. (3)
Hoplolaimus sp. (2)
Pratylenchus sp. (2)

Nationwide
 Nationwide
 Nationwide

Weeds

Croton sp.
Eragrostis ciliaris
Eragrostis cilianensis
Hybanthus attenuatus

Chinandega-León
 Chinandega-León
 Chinandega-León
 Chinandega-León

Tridax procumbens

Chinandega-León

(1) Key Pest; (2) Occasional Pest; (3) Potential Pest

Aflatoxin content allowed in Central America is 25 ppb. Peanut production in Nicaragua is very well managed. Aflatoxin content does not represent a major problem.

Table 1. Peanut Supply and Distribution

PSD Table						
Country	Nicaragua					
Commodity	Oilseed, Peanut				(1000 HA)(1000 MT)	
	2002	Revised	2003	Estimate	2004	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		08/2002		08/2003		08/2004
Area Planted	0	19	0	19	0	19
Area Harvested	15	19	15	19	0	19
Beginning Stocks	0	0	0	0	0	0
Production	58	60	58	60	0	60
MY Imports	0	0	0	0	0	0
My Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	58	60	58	60	0	60
MY Exports	32	49	32	50	0	50
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. Consumption	0	0	0	0	0	0
Food Use Dom. Consump.	26	11	26	10	0	10
Feed,Seed,Waste Dm.Cn.	0	0	0	0	0	0
TOTAL Dom. Consumption	26	11	26	10	0	10
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	58	60	58	60	0	60
Calendar Year Imports	0	0	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Consumption

According to MAGFOR, 1 percent of the national peanut supply produced in Rivas, Masaya, Granada and Carazo is consumed nationwide in the form of unshell peanuts or is artisanally processed and mixed with sugar derivatives. In addition to this 1 percent, in 2002 CUKRA processed only 86 MT of peanuts for national consumption. Consumption is expected to remain at the same level. Ten thousand MT of peanuts from COMASA and CUKRA's production are crushed for oil production.

Trade

In 2002 exports reached 49,222 MT of peanuts, showing a 6 percent increase from 2001. However, there was a 22 percent decrease in income generation due to lower international prices. Peanut exports between January and August of 2003 totaled 27,265 MT. Major export destinations include Mexico, Central and South America. At present, the U.S. is not a major export destination. In 2002, 161 MT of peanuts were exported to the U.S. However, the GON is seeking a quota for peanuts in the U.S.-CAFTA negotiations. Table 2 shows a 26 percent decrease in the average international price for peanuts from 2001 to 2002.

Table 2. Comparison of Peanut Exports and Income between 2001 and 2002

Year	Exports MT	Export Value (Million \$)	Average Price (\$/45.45 kg)
2002	49,222	24.2	22.35
2001	46,350	30.7	30.11
Variation, %	6	(22)	(26)

Source: Central Bank of Nicaragua

Table 3. Nicaraguan Peanut Exports from 1993 to 2002

Year	Volume, MT	Value US\$	Average Price (US\$/45.45 kg)
1993	7,350	4,200,000	25.97
1994	13,942	9,800,000	31.95
1995	20,709	12,100,000	26.56
1996	20,223	13,406,165	30.13
1997	18,836	15,100,000	36.44
1998	25,550	19,100,000	33.98
1999	43,854	19,100,100	19.80
2000	46,627	29,745,792	29.00
2001	46,350	30,700,000	30.11
2002	49,222	24,200,000	22.35

Source: Central Bank of Nicaragua

The graph below depicts an increasing tendency towards peanut exports, showing a 6 percent increment from 2001 to 2002.

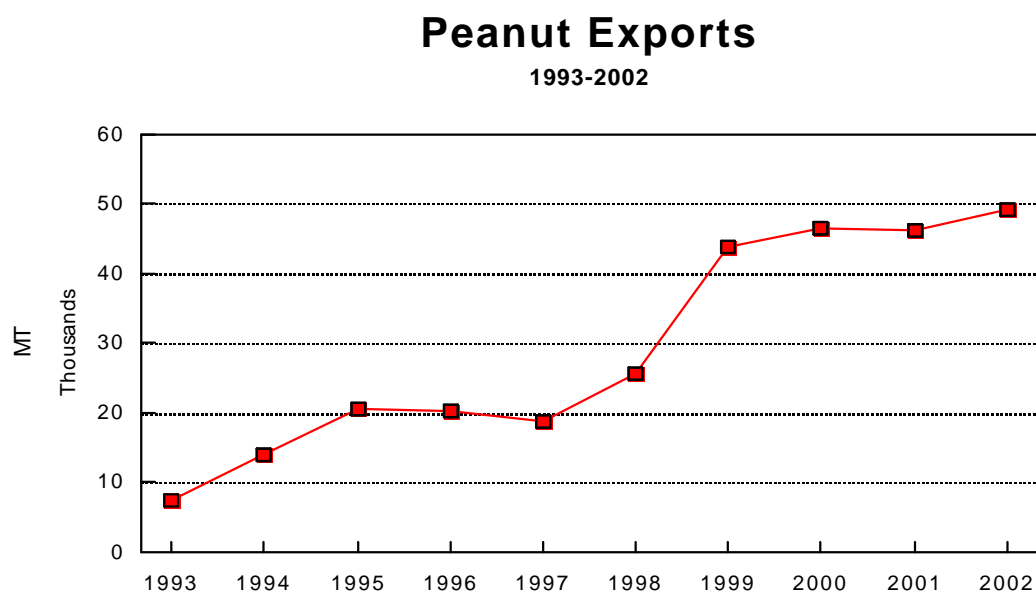


Table 4. Export Trade Matrix

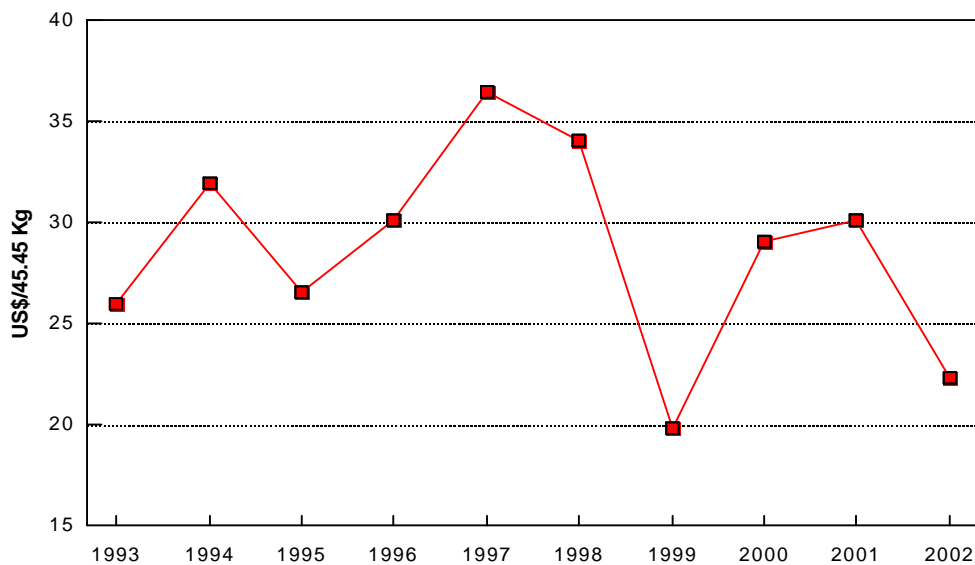
Export Trade Matrix			
Country	Nicaragua		
Commodity	Oilseed, Peanut		
Time period	2002	Units:	MT
Exports for:			1
U.S.		U.S.	
Others		Others	
Mexico	20203		
Guatemala	2073		
El Salvador	2516		
Costa Rica	1717		
Venezuela	827		
Total for Others	27336		0
Others not Listed	21886		
Grand Total	49222		0

From 1993 to 2002 peanut international prices have fluctuated. In 2002 the average peanut price was

\$22.32/45.45 kg, showing a 25 percent decrease from the average price in 2001. Nonetheless, the highest average price within this period was reached in 1997, \$36.44/45.45 kg. According to MAGFOR price is influenced by uniform quality, presence of aflatoxins, and production volumes from major peanut producing countries such as China, the U.S. and Argentina.

International Prices for Nicaragua

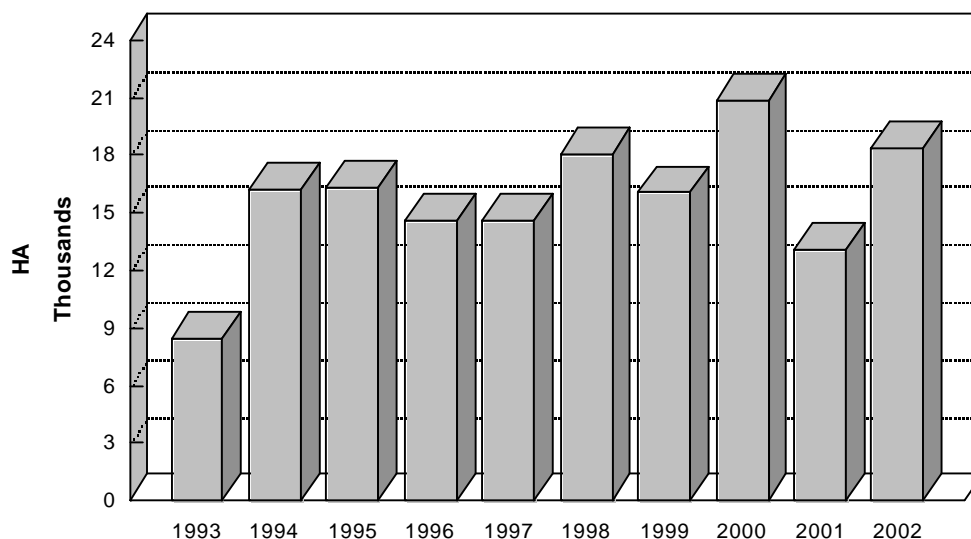
1993-2002



During the 2002/03 cycle private banks financed peanut production in 18,396 HA with \$8.47 million. This amount shows an increase of 53 and 48 percent in planted area and financed amount, respectively. The financed area represents approximately 95 percent of total harvested area.

Peanut Production Financed by Local Banks

1993-2002



Policy

The Nicaraguan Institute of Agricultural Technology (INTA) will implement several policies in Rivas, Masaya, Granada and Carazo to promote the use of pest resistance varieties with high productive potential. Some of the programmed activities include: twelve experimental stations and twenty validation areas, twenty areas for technological broadcasting and twelve training seminars for agricultural transfer reaching 600 producers, and high quality commercial seed production. Ten HA will be planted with registered seeds to produce 24.5 MT of improved seeds. Adjunctly, a field study will be performed to estimate the national peanut seed demand. One thousand pamphlets and 4,000 brochures on improved agricultural practices will be distributed to 1,750 producers. Additionally, 72 seminars on agricultural transfer are planned. Twelve events will be developed to train producers on seed production.

INTA and MAGFOR will validate peanut seed imports to check quality, germination percentage and disease prevalence. Furthermore, INTA will promote technical meetings and training to discuss results and problems found in research fields and the validation program of imported seeds. MAGFOR will promote access to credit sources to facilitate the upgrade of harvesting machinery to collect peanuts five days prior to maturity, avoiding aflatoxin contamination.

Marketing

CUKRA is the only company that processes and markets peanuts. It offers six flavored peanut products under the Brander brand: salty, barbecue, light, limon and salt, hot and mixed in bags of 18 and 80 g and cans of

170 g. Additionally, CUKRA is developing three new products: hot nuts, *garapiñado* and *japonés*.

CUKRA's products are distributed nationwide through local suppliers. Local distributors are supported through promotions and publicity under the Brander brand. Its products are also served at national restaurants, bars and hotels. Private brands are also included under CUKRA's marketing strategy. They account for 3 percent of sales in supermarket chains. CUKRA expects to sell 30 percent of its total production under private brands in the next ten years. FritoLay and ESKIMO, a Nicaraguan ice cream manufacturer, also use CUKRA's peanuts in some of their products.