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Report Name: Oilseeds and Products Annual

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Report Highlights:

Fishmeal exports reached a surprising 1.2 million metric tons (MMT) in MY 2021, the highest amount in ten years. However, production and exports are forecast to return to more normal levels at 910,000 and 896,000 metric tons, respectively.

Summary

Peru's total catch for anchovy in marketing year (MY) 2021 increased 23 percent to 5.4 million metric tons (MMT). Fishmeal production in MY 2022 is forecast at 910,000 metric tons (MT), a reduction of 23 percent compared to the unusually high output of the previous year. Fishmeal exports in MY 2022 are estimated at 896,000 MT, a reduction of 27 percent compared to the previous year. This forecast is based on an estimated reduction of total catch due to expected reduced fishing quotas. China will remain Peru's leading fishmeal export market for the foreseeable future. It absorbed 80 percent of Peru's MY 2021 fishmeal exports, three percent more than the previous year.

Meal, Fish Market Year Begins	2020/2021		2021/2022		2022/2023	
	Jan 2021		Jan 2021		Jan 2022	
Peru	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Catch For Reduction (1000 MT)	5000	4383	5000	5391	0	4300
Extr. Rate, 999.9999 (PERCENT)	0.222	0.2008	0.222	0.2211	0	0.2116
Beginning Stocks (1000 MT)	34	34	35	46	0	5
Production (1000 MT)	1110	880	1110	1192	0	910
MY Imports (1000 MT)	1	1	1	0	0	0
Total Supply (1000 MT)	1145	915	1146	1238	0	915
MY Exports (1000 MT)	1100	859	1100	1223	0	896
Industrial Dom. Cons. (1000 MT)	0	0	0	0	0	0
Food Use Dom. Cons. (1000 MT)	0	0	0	0	0	0
Feed Waste Dom. Cons. (1000 MT)	10	10	10	10	0	10
Total Dom. Cons. (1000 MT)	10	10	10	10	0	10
Ending Stocks (1000 MT)	35	46	36	5	0	9
Total Distribution (1000 MT)	1145	915	1146	1238	0	915
(1000 MT),(PERCENT)						

Production

Fishmeal production in MY 2022 is forecast at 910,000 metric tons (MT), a reduction of 23 percent compared to the unusually high output of the previous year. Peru's total catch for anchovy (*Engraulis ringes*), commonly known as *anchoveta*, in MY 2021 increased 23 percent to 5.4 MMT due to good weather conditions, healthy growth of biomass, recovery of the processing capacity, and improved labor availability.

Peru produces two fishmeal types or grades. Fair Average Quality (FAQ) fishmeal has a protein content ranging between 62 and 65 percent and is dried by direct heat. More valuable Prime Quality fishmeal, indirectly dried by steam, has a protein content of 66 to 67 percent. There are about 90 licensed fishmeal-processing plants in Peru. The country's fishing fleet numbers 984 vessels, of which 684 are steel hull boats with average storage capacity of 500 cubic meters. The remaining vessels are wooden with an average storage capacity of only 100 cubic meters. The fishing fleet's processing capacity is about 7,500 MT per hour, an amount that if reached, would be four times greater than the permissible catch.

The Pacific Ocean off the Peruvian coast is extremely rich in nutrients due to the Humboldt Current, an underwater cold stream that causes an upwelling process that makes the Peruvian waters rich in plankton. Anchovy schools are mostly found at around 60 kilometers off the coast but can be as far as 160 kilometers. La Nina conditions, which typically increase anchovy catches in Peru, were present in 2021.

Peru has two major fishing seasons and two main anchovy fishing grounds off its coast. The first fishing season is April-July for the north and central coast and February-June in the southern coast. The second fishing season is November-January in the north and central coast and July-December in the southern coast. These are only "reference" fishing seasons since they can vary significantly each year depending on fish availability and size.

In 2021, the first fishing season began on April 23 and lasted until August 11, during which time 2.5 MMT of fish were caught for processing. The second fishing season lasted from November 15, 2021, to January 12, 2022 and during which time 2.5 MMT of fish were also caught for processing. As part of the government's pandemic regulations, the fishing industry had to implement a biosafety program to reduce transmission of COVID-19 among its workers. These measures cost the industry roughly \$25 million.

The government seeks to achieve more sustainable yields by issuing individual quotas per vessel and restricting the number of fishmeal processing plant licenses issued. Peru also bans the catch of fish if ten percent of the sampled fish is below a minimum threshold size of twelve centimeters (i.e., juveniles). One of the key reasons why anchovy stocks continue to face pressure from overfishing is due to an

exemption extended to small-scale/artisanal vessels (i.e., those with tonnages of up to ten MT) to fish year-round within ten nautical miles of the coast.

The small-scale/artisanal vessel catch is intended for direct human consumption. However, despite the government's efforts, most of this catch is channeled to the more profitable fishmeal processing industry. Troubling for the long-term health of this fishery is that poorly regulated small-scale/artisanal vessels normally operate where the bulk of anchovy spawning occurs and juveniles congregate.

Peru's Fishing Seasons (MMT)						
	First Fishing Season			Second Fishing Season		
	Biomass	Quota	Catch	Biomass	Quota	Catch
2008	9.8	3.0	3.2	6.8	2.0	2.1
2009	7.2	3.5	3.4	4.3	2.0	2.0
2010	6.2	2.5	2.5	5.3	2.1	0.8
2011	9.2	3.7	3.7	10.6	2.5	2.5
2012	9.1	2.7	2.7	5.4	0.8	0.8
2013	12.1	2.1	2.0	10.3	2.3	2.3
2014	6.1	2.5	1.7	4.4	No quota	No catch
2015	9.4	2.6	2.5	6.1	1.1	1.1
2016	7.3	1.8	0.9	6.9	2.0	2.0
2017	7.8	2.8	2.4	6.1	1.5	0.7
2018	10.9	3.3	3.2	7.2	2.1	2.1
2019	7.0	2.1	2.1	8.3	2.8	1.0
2020	10.1	2.4	2.4	8.5	2.8	1.0
2021	10.0	2.5	2.5	7.0	2.1	2.0

Consumption

Local fishmeal consumption is insignificant and primarily used for shrimp production. It therefore has little to no impact on the export market. Domestic consumption in MY 2022 is forecast at 10,000 MT.

Domestic consumption is expected to remain steady in the near future, despite growing demand from northern Peru's shrimp farms. This is due to high international prices that channel domestic fishmeal production towards the more lucrative export market. Peru's own aquaculture feed demand is filled increasingly by more affordable, imported soybean meal.

Trade

Peru is the largest fishmeal producer in the world, accounting for about 20 percent of the world's production. Fishmeal exports in MY 2022 are estimated at 896,000 MT, a reduction of 27 percent lower compared to the previous year. Average fishmeal price in 2021 was \$1,495 per MT, increasing 9 percent compared to the previous year. Fishmeal is Peru's fourth largest export in terms of value, behind gold, copper, and petroleum exports. Fishmeal exports accounted for \$1.8 billion in 2021, increasing 56 percent due to higher output and better prices.

China will remain Peru's leading fishmeal export market for the foreseeable future. It absorbed 80 percent of Peru's MY 2021 fishmeal exports, 3 percent more than the previous year. Other important export markets include Germany, receiving 5 percent, Japan with 4 percent, and Taiwan receiving 3 percent of Peruvian fishmeal exports.

Policy

The Vice Ministry of Fisheries, located within the Ministry of Production, oversees Peru's fisheries. Overfishing has forced the Ministry of Production to reduce fishing quotas and ban large-scale industrial anchovy fishing within ten miles of Peru's coast. The Vice Ministry for Fisheries has established boat specific quotas. Individual boat quotas are set based on the vessel's historic catch record and its proven storage capabilities.

The Ministry of Production is responsible for enforcing the fishing quota. Its inspectors monitor the coast to prevent fish from being unloaded at processing plants during the fishing ban. During fishing season, inspectors monitor boats to ensure that allotted fishing quotas are not exceeded. Despite these measures, there are still several non-registered plants and boats operating.

The Peruvian Oceanic Institute (IMARPE) is responsible for monitoring the pelagic resources off the Peruvian coast. It monitors school conditions and size through satellite imagery and research vessels expeditions.

Attachments:

No Attachments