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Report Highlights:

Fishmeal production in MY 2020/2021 is estimated at 1.1 MMT, unchanged from the previous marketing year. At the same time, total catch for reduction is forecast at 5 MMT. Fishmeal exports in MY 2020/2021 are estimated at 1.1 MMT, also remaining at the same levels at the previous year. China is the top market for Peruvian fishmeal, accounting for 73 percent of total fishmeal exports.

Meal, Fish Market Begin Year Peru	2018/2019		2019/2020		2020/2021	
	Jan 2019		Jan 2020		Jan 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Catch For Reduction	4750	4750	0	5000	0	5000
Extr. Rate, 999.9999	0.1874	0.2248	0	0.222	0	0.222
Beginning Stocks	8	8	0	1	0	1
Production	890	1068	0	1110	0	1110
MY Imports	6	0	0	0	0	0
Total Supply	904	1076	0	1111	0	1111
MY Exports	890	1067	0	1100	0	1100
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	10	8	0	10	0	10
Total Dom. Cons.	10	8	0	10	0	10
Ending Stocks	4	1	0	1	0	1
Total Distribution	904	1076	0	1111	0	1111

(1000 MT), (PERCENT)

Production

Fishmeal production in MY 2020/2021 is forecast at 1.1 MMT, remaining at the same level as the previous marketing year. Peru's total catch for anchovy (*Engraulis ringes*), commonly known as *anchoveta*, in MY 2020/2021 is expected at 5 MMT as water temperatures remain cool and at normal conditions. 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.

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 haul 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.

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 2019, the first fishing season went from May 4 to July 31, during which time 2.1 MMT of fish were caught for processing. The second fishing season was from November 15, 2019 to January 13, 2020; during which time only 1 MMT of fish was caught for processing. It has been reported that there was a miscalculation of the total biomass in the second fishing season, which was established at 8.3 MMT. The fishing quota should not exceed 35 percent of total biomass; thus, the quota was set at 2.8 MMT.

However, when the fleet went out, an extremely high percentage of juveniles were caught, ending the season early.

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). These efforts have not succeeded in adequately protecting stocks. 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 illicitly to more the 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)						
Year	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

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 2020/2021 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 as 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 2020/2021 are estimated at 1.1 MMT, remaining at the same levels at the previous year. This forecast is based on flat production and fish stocks as outlined in the production section of this report. Average fishmeal price in 2019 was \$1,433 per MT, falling six percent compared to the previous year. Fishmeal is Peru's fourth largest export in terms of value, behind gold, copper, and petroleum exports. Total exports reached \$1.5 billion in 2019.

China will remain Peru's leading fishmeal export market for the foreseeable future. It absorbed 73 percent of Peru's MY 2019/2020 fishmeal exports. Other top export markets include Japan (7.4 percent), Vietnam (4.4 percent), and Germany (2.9 percent).

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 Minister 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 a number of non-registered plants and boats operating illegally.

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