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Report Name: Peruvian Seafood and Aquaculture Industry Observations and Analysis

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Post: Lima

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Report Highlights:

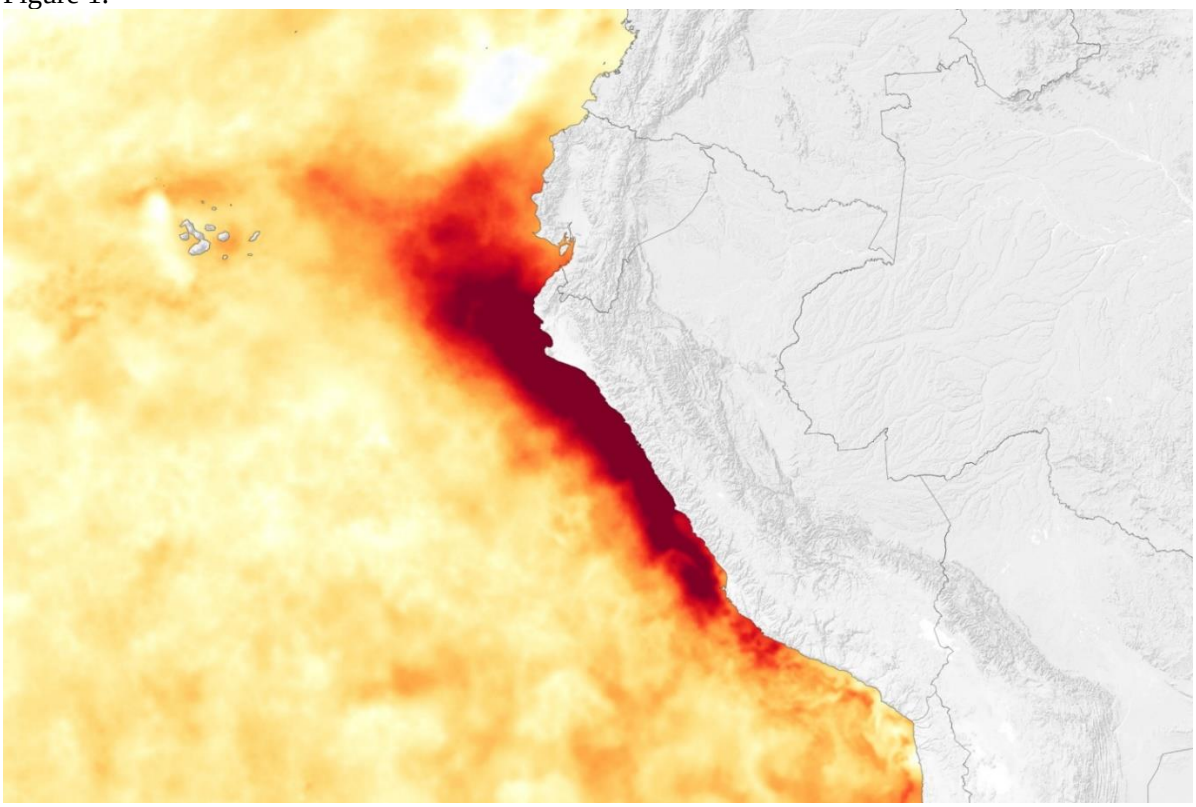
Aquaculture production in 2023 declined steeply to 105,091 metric tons (MT), a 25.43% decrease from 2022. The Peruvian aquaculture industry exported 4.5 million MT in 2023, a decrease of 12.56% from 2022 levels. Imports came in at 119,219 MT, a 18.78% decrease from the previous year. The weak market is attributed to a combination of the effects of political unrest in key aquaculture production regions as well as warmer waters due to the El Niño weather pattern.

Summary:
Peruvian aquacultural harvest saw a significant decrease of 25.43% between 2022 and 2023. Products such as scallops and rainbow trout suffered the greatest losses, yet the industry as a whole was weakened as a result of warmer water temperatures due to El Niño and struggling rural economies stemming from political protests. The top Peruvian seafood export, excluding oilseeds and related products, by value is frozen squid at over $617 million in 2023. Priority export partners in the seafood industry include the People's Republic of China, the United States, South Korea, Spain, and Japan. With such considerable trade across the Asia Pacific, investment in port infrastructure in Peru has become a top priority to strengthen trade flows globally.

Domestic reliance on seafood production notably increased in 2023. This increase in domestic demand is indicative of two trends. Firstly, the growth of self-reliance in supply chains can be seen as a result of supply chain challenges coming out of the COVID-19 pandemic. Secondly, this signals that Peru intends to invest in their seafood industry for the long-term by encouraging new consumption habits and guaranteeing supply to meet the demands of the recovering tourism industry.

Peruvian Seafood Production Overview
The fisheries and aquaculture industries are vital to the economic and social wellbeing of Peru. The nation boasts over 3,000 kilometers (km) of coastline and 60 million hectares (Ha) of the Amazon Rainforest, many portions of which contain fishing communities. As of 2024, there were nearly 12,700 aquaculture operations across the country. However, Peru's access to the Pacific Ocean also makes it vulnerable to shifting weather patterns, such as El Niño. 2023 proved to be a challenging year for the seafood industry with a steep decline in the harvest. Per the Government of Peru, the seafood industry saw a 34.4% fall compared to 2022 levels. However, officials remained optimistic with 2024 estimates from late 2023 predicting a 24.3% rise in the productivity of the seafood sector as a result of normalizing weather patterns and overall stabilization of the nation.

Figure 1.



Source: NASA Earth Observatory: "Warming Water and Downpours in Peru"

A “perfect storm” was the cause of the sharp drop in seafood yields that struck both the industry and the Peruvian economy harshly. Throughout 2020 and 2021, the Coronavirus-19 (COVID-19) pandemic stunted the Peruvian economy as it did the global economy. Unfortunately, the Peruvian government faced extreme political and civil unrest in late 2022, giving rise to agricultural strikes and protests across the nation. Lastly, 2023 dealt an unavoidable blow to the seafood industry with the effects of El Niño, warming the coastal waters of Peru and leading to significantly reduced yields.

Despite these many challenges, the Peruvian seafood industry continues to compete in the seafood market. Peru is a global leader in production of fishmeal despite the challenges faced by their seafood industry. Fishmeal is a product of anchovies (*Engraulis ringens*) that is commonly used as a form of feed for aquaculture farms due to its nature as a high-quality protein as well as a provider of essential amino and fatty acids. However, due to the high value of fishmeal, Peruvian producers choose to export the good to minimize costs within their aquaculture operations. Analysis of the Peruvian fishmeal industry is not included in this report but can be found in the 2024 ‘Oilseeds and Products Annual’ GAIN report.

Aquaculture Production

Aquaculture production takes place across Peru. Shrimp productions takes place primarily in the northern regions of Tumbes and Piura, while trout production occurs primarily in the highland regions of Puno and Ancash. Total aquaculture harvest in 2023 came in at 105,091 tons, a 25.43% decrease from 2022. This decrease in overall yield is attributed to a variety of factors—warmer water temperatures because of El Niño, political unrest reducing the productivity of agricultural workers, and limited production infrastructure.

Seafood Legal and Institutional Frameworks

The Government of Peru remains highly invested in the success of the seafood industry, considering its contributions to the Peruvian economy and cultural importance. The Ministry of Agricultural Development and Irrigation (MIDAGRI) is the nation’s highest agricultural governing body. The Ministry of Production (PRODUCE) operates parallel to MIDAGRI, focusing on the development and competitiveness of a wide variety of Peruvian industries—including fisheries and aquaculture. PRODUCE also houses the newly created coordinating body called the National Aquaculture System (SINACUI). The SINACUI’s objectives are the implementation of national policies on aquaculture and the promotion of sustainable development, continuous improvement, food security, and measures against climate change and other external factors. SINACUI works in alignment across the Peruvian government to create an interagency agricultural approach. IMARPE, another agency within PRODUCE, advises on the use of the Peruvian sea and its resources based on scientific data. Peru’s sanitary agency, SANIPES, also plays a vital role in supporting the aquaculture and seafood industries in safely exporting and importing products. Stakeholders to the seafood sector vary from advocacy groups such as National Fisheries Society (SNP) and the National Society of Industries (SNI) to innovation hubs such as CITEpesquero, which supports micro- and small enterprises in competing in the industry through technical support and workforce development services.

The Peruvian seafood industry appears to be heading in a more sustainable and regulated direction with the passage of the 2023 **Error! Hyperlink reference not valid.**. This legislation hopes to build a circular economy around the seafood sector, eventually leading to a more resilient industry, increased employment, and more innovation. The seafood industry operates under this broad policy, but private sector and stakeholder inputs continue to serve as the guiding force for how the industry self-regulates.

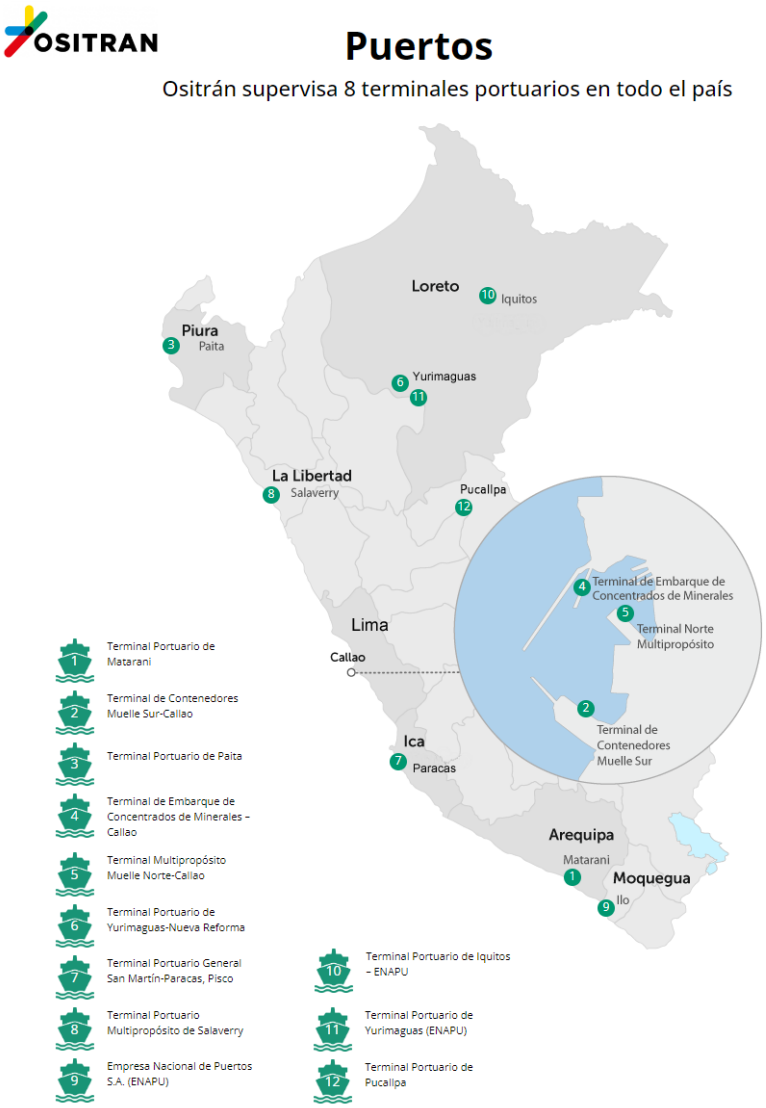
Seafood Value Chain and Infrastructure

The Peruvian government has made significant progress over the past decades in water management systems. Through the strategic use of dams and reservoirs across the country, the desert nation has bloomed into a ‘green’ environment. Strategic water allocation has supported the success of aquaculture farms predominantly in northern

Peru, while agricultural potential has spread nationwide. Additionally, Peruvian seafood processing plants continue to operate at half capacity, a service opportunity for foreign nations to process their seafood stock at lower costs.

Despite the importance of the industry, infrastructure within the seafood value chain in Peru remains relatively underdeveloped. Priority areas of investment in support of the seafood industry include the development and maintenance of intra- and international roads and expansion of cold storage capacity. Systemic underinvestment in infrastructure is a long-term problem and goes beyond the agricultural industry. Thus, Peru's strong agricultural trade competitiveness necessitates developed and high-capacity ports in country. Currently, agricultural exports from Peru are transported from two main ports—one in Callao, in central Peru, and another in Paita, located in northern Peru. Port investment and maintenance is essential, as four out of ten of Peru's top export partners by value in 2023 were located across the Asia-Pacific. The People's Republic of China (PRC) is investing over $3 billion USD in building a port in Chancay, a small city just 78km from Peru's capital, Lima. This is expected to begin operations in late 2024.

Figure 2.



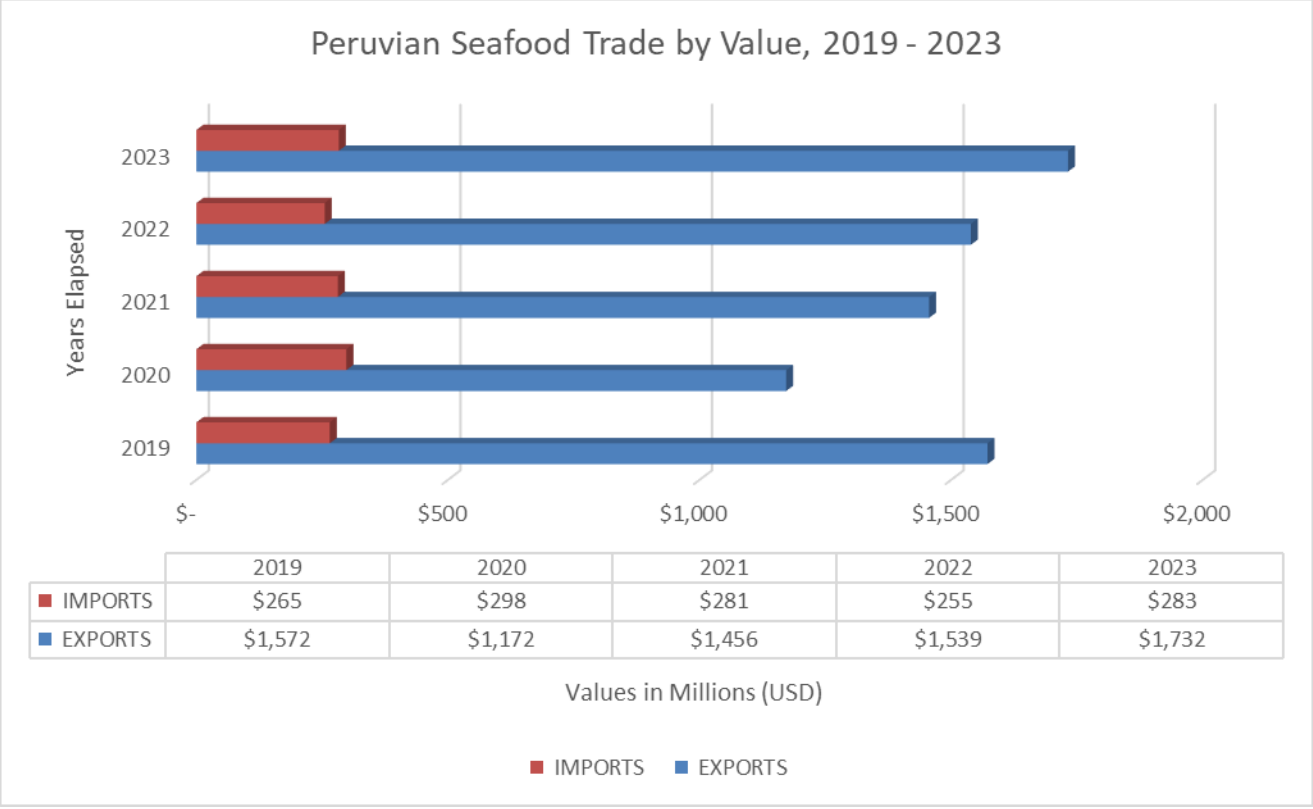
Source: [OSITRÁN: 2021 Public Accountability Hearing]

Domestic Seafood Consumption
Peru is known widely as the gastronomic capital of Latin America and is a hotspot for tourism. With its proximity to the Pacific Ocean and abundance of skilled restauranteurs, fresh fish is commonly consumed year-round, often in the form of ceviche. Unlike fish, shrimp and other forms of seafood are frequently frozen to extend their shelf-life. On average, a Peruvian consumer will purchase 20 kilograms of seafood per year. Domestic seafood consumption in 2023 increased by 12.7% relative to 2022 consumption patterns. This increase, despite the reduction in yields due to harmful weather patterns, signals the growing reliance of Peruvian consumers on seafood as a nutritional staple. In the long term, it is likely that this growth in domestic demand will make the Peruvian seafood industry more resilient to unforeseen drops in international prices.

Trade
Peru maintains trade relations with over 200 nations and has 21 free trade agreements. The Peruvian economy also benefits from foreign direct investment (FDI), with FDI estimated at $4.2 billion in 2023 per the Central Bank of Peru (BCRP). However, it should be noted that the investment climate soured from 2022 to 2023 with over a 60% decrease in FDI, a result of the nation's political instability.

Peru's global trade balance in Bulk, Intermediate, Consumer-Oriented (BICO) seafood products, excluding fishmeal and related products, in 2023 was just over $1,449 million U.S. dollars (USD), a 12.85% increase from 2022. Improving weather conditions and government intervention indicates that continued growth in seafood exports is also likely.

Figure 3.



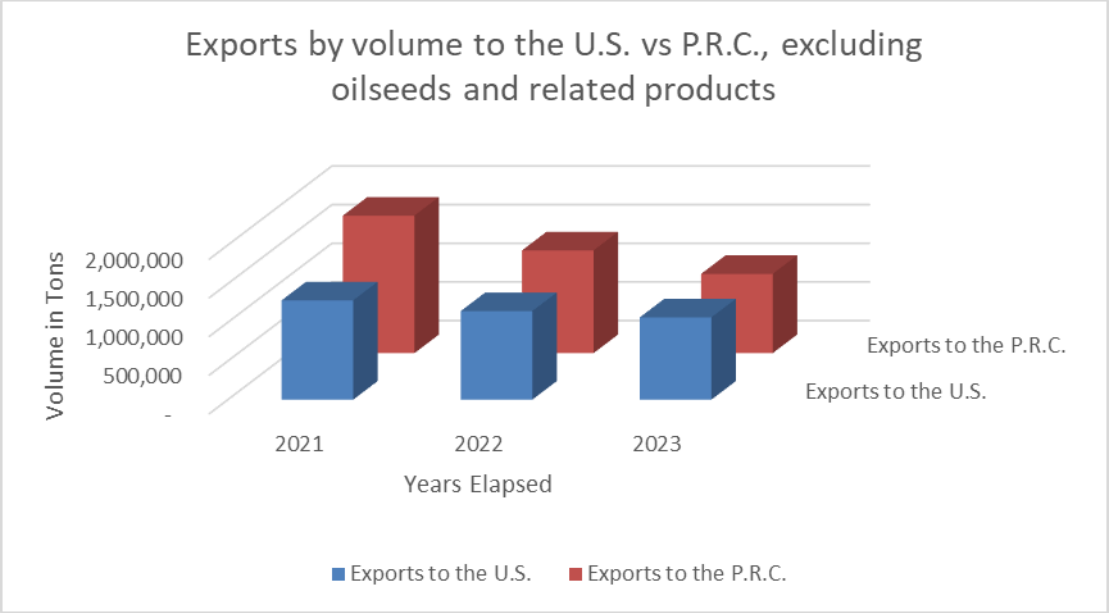
	2019	2020	2021	2022	2023
IMPORTS	$265	$298	$281	$255	$283
EXPORTS	$1,572	$1,172	$1,456	$1,539	$1,732

Source: Trade Data Monitor, FAS Lima

Seafood Exports

Total seafood exports, excluding fishmeal and related products, from Peru in 2023 amounted to approximately 4.5 million tons and approximately $1.73 billion USD. Peru's exports by value saw a steep decline of 12.56% from 2022 export levels due to the reduced harvest because of El Niño. The top export partner in 2023 by value was the PRC, followed by the U.S., and South Korea, while the U.S. led exports in volume demanded.

Figure 4.



Source: Trade Data Monitor, FAS Lima

The most exported product by value in 2023 was frozen and prepared squid followed by frozen shrimp, yet the most exported product by quantity was freshwater fish at just over 5 million tons. Overall, the percentage change in levels of exported seafood by quantity decreased by 2.68% between 2022 and 2023.

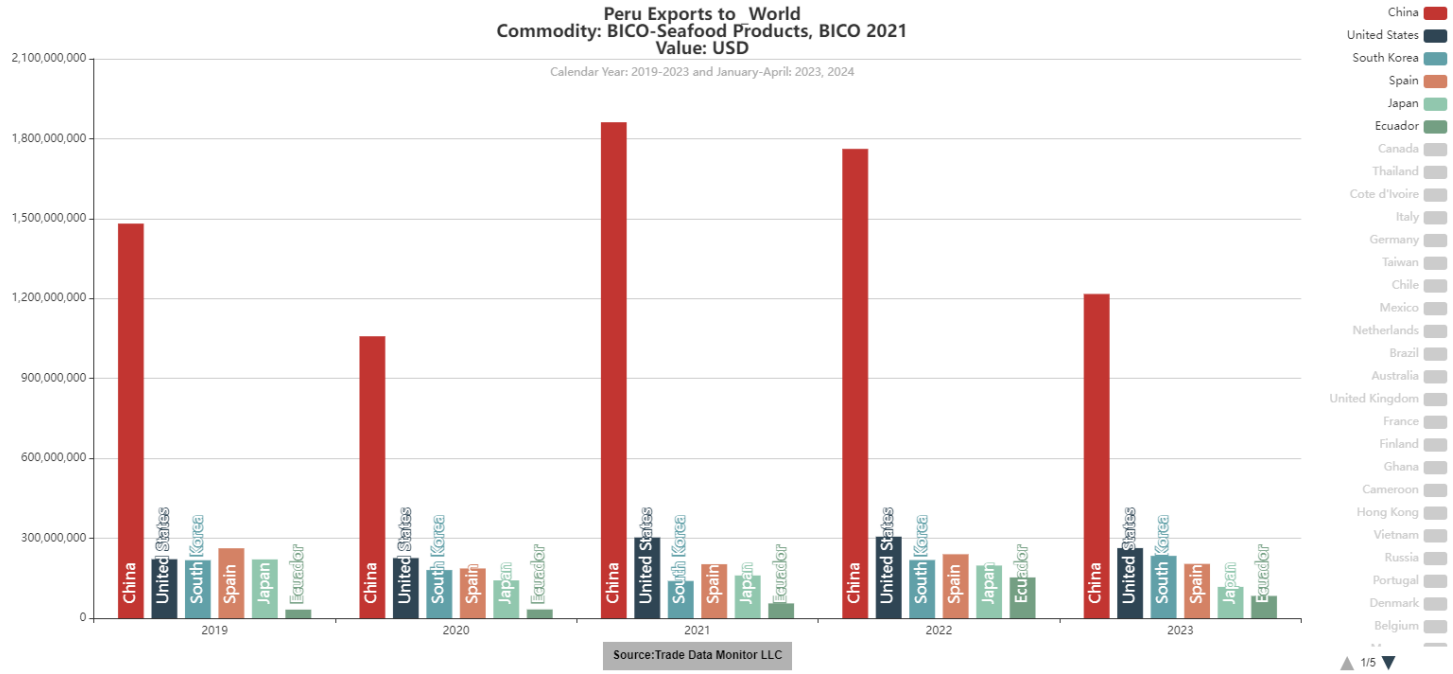
Table 1.

	2017	2018	2019	2020	2021	2022	2023
Value of Consumer-Oriented Seafood Exports (in millions USD) (HS*)	**1,030**	**1,325**	**1,572**	**1,172**	**1,457**	**1,539**	**1,732**
Squid (HS 030743, 160554)	344	599	840	540	585	610	852
Shrimp (HS 060617)	215	222	231	201	250	271	263
Scallops (HS 030722)	37	39	61	64	113	97	63
Frozen fish fillets (HS 030489)	52	51	29	40	79	107	76
Trout (HS 030482, 030442)	9	10	13	21	31	45	32
Tilapia (HS 030461, 030493)	1.8	0.5	1.0	2.7	3.7	3.0	3.6
Other Products	370.2	404.5	397	304.3	395.3	406	442.4

Source: Trade Data Monitor, FAS Lima

*HS codes of frozen commodities listed first with HS codes of fresh commodities to follow.

Figure 5.

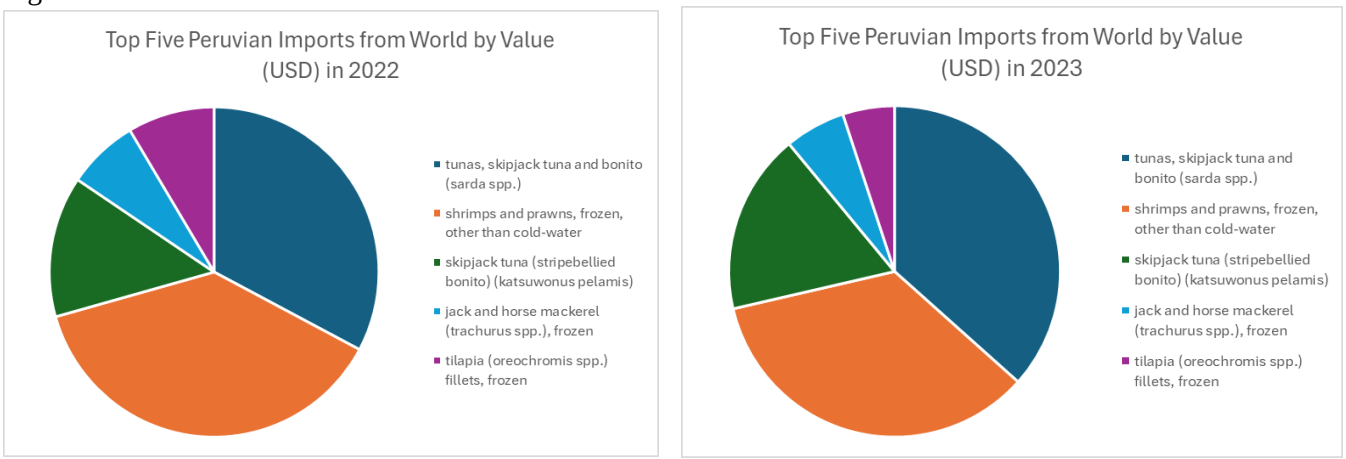


Source: Trade Data Monitor, FAS Lima

Seafood Imports

Total seafood imports by Peru in 2023 came in just above 119,000 tons with Indonesia as Peru's largest trade partner by quantity—specifically live ornamental fish. However, Argentina proved to be its largest trade partner by value (in USD) at over $76 million in 2023. Frozen shrimp was in high demand from Argentina. Imported shrimp is generally processed in country then exported abroad. Tuna was the product in highest demand by value relative to total BICO seafood imports, remaining consistent through both 2022 and 2023. Frozen shrimp was second in demand through 2022 and 2023, again a result of lower domestic yields.

Figure 6.



Source: Trade Data Monitor, FAS Lima

Peruvian Trade with the United States
Peru and the United States maintain stable and healthy trade relations, with the U.S. as Peru's second largest trading partner to the PRC. U.S.-Peru trade relations have flourished over the past 15 years in large part due to the 2009 U.S.-Peru Trade Promotional Agreement (PTPA). The PTPA has generated over $187 billion in bilateral trade since put into effect with agricultural trade levels growing in recent years. In fact, total agricultural trade between the U.S. and Peru was valued at approximately $2.42 billion USD in 2022 and just under $3 billion USD in 2023, a 22.33% increase.

This is relative to the U.S-Peru trade balance of BICO-seafood products coming in at just under $292 million USD in 2022 and later at a little over $247.5 million USD in 2023, a 15.2% decrease. The top seafood product exported to the U.S. by value is frozen shrimp at over $64 million. This accounts for 24.33% of the overall value of exported seafood to the U.S. Frozen shrimp is followed by frozen fish fillets, frozen fish meat, then trout. Peru's high capacity for seafood processing has also presented a unique market opportunity for the United States. Due to processing plants operating at approximately half their capacity, Peru has begun to fill this gap by partnering with foreign partners to provide seafood processing services. Peruvian processing companies will import a good from another market, such as wild salmon, then export these products to markets for resale. This service serves as a win-win for the economies of both Peru and their partnering nations.

Seafood Segments to Monitor in Peru

Shrimp (Penaeus vannamei)
The shrimp (*langostino*) segment in Peru suffered severely in 2023 as a result of plummeting international prices and an inability to compete with the low-cost production in a neighboring nation, Ecuador. Peruvian market participants have thus adapted their supply chain from domestic production to importing from Argentina then reprocessing this frozen shrimp to be exported as a Peruvian good. Peru has historically been unsuccessful in competing with Ecuador due to their low-cost, high-quantity production methods. This is despite the fact that the Tumbes River Delta, located in northern Peru and the predominant shrimp production region, shares a border with Ecuador. However, in recent months, the United States' American Shrimp Producers Association (APSA) has brought forward a case to the U.S. Department of Commerce and the International Trade Commission (ITC) in search of antidumping duties against Ecuador, Indonesia, Vietnam, and India. Should antidumping duties go into effect, Peru's competitiveness in the shrimp industry could recover quickly.

Rainbow trout (Oncorhynchus mykiss)
Rainbow trout, or trout (*trucha*), is a fish that is predominantly produced in the southern region of Puno with nationwide consumption accounting for 70% of total production. Lake Titicaca, the highest navigable lake in the world, is located in the Puno region and is home to much of Peru's trout aquaculture production. In fact, 61.8% of trout production in Peru originated from the Puno region according to PRODUCE. This concentration of production in Puno revealed a supply chain challenge in 2022 with the onset of protests and political unrest. Agricultural workers were leaders in these protests, lessening production of a domestic staple and consequentially weakening their rural economies. This has had a lasting impact on the trout segment in Peru, with internal sales having reduced by 49.1% between 2022 and 2023.

Tilapia (Oreochromus niloticus)
In recent years, tilapia production from the Peruvian seafood industry has acted contrary to weakening trends seen in other segments. While tilapia production in 2023 was limited to 2,791 metric tons, this presented a 13.2% increase in production levels between 2022 and 2023 per PRODUCE data. Additionally, export levels by value decreased by only 0.7% from 2022 and 2023, compared to the 12.56% reduction in overall Peruvian seafood exports by value in this same timeframe. This data speaks to not only the stability of the tilapia production segment in Peru but also the increasing resilience of the seafood industry in Peru.

Attachments:
No Attachments.