

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Peru

### Oilseeds and Products Annual

#### Fishmeal Production Affected by Weather Conditions

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**Report Highlights:**

Fishmeal production in marketing year (MY) 2019/2020 (January-December 2019) is estimated at 890,000 MT, falling 25 percent compared to the previous year. This drop in production is the result of warmer water temperatures due to El Niño. Fishmeal exports in MY 2019/2020 are estimated at 1.15 MMT, an increase of 130,000 MT over the previous year.

## Executive Summary:

Fishmeal production in marketing year (MY) 2019/2020 (January-December 2019) is estimated at 890,000 MT, falling 25 percent from the previous year. Warmer waters caused by an El Niño will likely drive fish south and to deeper depths in search of cooler waters, reducing total catch for fishmeal. Peru's total catch for anchovy (*Engraulis ringes*), or *anchoveta*, in MY 2020/2021 is expected to rebound to five MMT as water temperatures cool down to normal temperatures.

Fishmeal exports in MY 2019/2020 are estimated at 1.15 MMT, increasing 130,000 MT compared to the previous year. China will continue to be Peru's main fishmeal destination. In MY 2018/2019 China absorbed 80 percent of Peru's fishmeal exports.

**Commodity:** Fish Meal

## Production:

Meal, Fish Market Begin Year	2018/2019		2019/2020		2020/2021	
	Jan 2018		Jan 2019		Jan 2020	
Peru	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Catch For Reduction	4000	5310	0	4000	0	5000
Extr. Rate, 999.9999	0.2375	0.2222	0	0.2225	0	0.224
Beginning Stocks	121	121	0	271	0	2
Production	950	1180	0	890	0	1120
MY Imports	5	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	1076	1301	0	1161	0	1122
MY Exports	950	1020	0	1150	0	1100
MY Exp. to EU	20	27	0	30	0	30
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	10	10	0	9	0	10
Total Dom. Cons.	10	10	0	9	0	10
Ending Stocks	116	271	0	2	0	12
Total Distribution	1076	1301	0	1161	0	1122

Fishmeal production in MY 2019/2020 is estimated to drop to 890,000 MT, a 25 percent reduction from the previous marketing year. Warmer waters caused by an El Niño will likely result in a prolonged summer, which will in turn result in a reduced catch for processing into fishmeal. Total catch for reduction into fishmeal in MY 2019/2020 is also estimated to drop by 25 percent compared to the previous year.

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 central coast and February-June in the southern coast. The second fishing season is November-January in the north central part of the country and July-December in the south. These are only "reference" fishing seasons since they can vary significantly each year depending on fish availability and size. In 2018, the first fishing season went from April 12 to August 10, during which time 3.25 MMT of fish were caught for processing. The second fishing season was

from November 15, 2018 to January 10, 2019; during which time 2.06 MMT of fish were caught for processing.

Peru's total catch for anchovy (*Engraulis ringes*), commonly known as *anchoveta*, in MY 2020/2021 is expected to rebound to five MMT as water temperatures cool down to 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.

The government seeks to achieve more sustainable yields by issuing individual quotas per vessel, as well as by restricting the number of fishmeal processing plant licenses that it issues. 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.

### **Consumption:**

Local fishmeal consumption is insignificant, primarily used for shrimp production, and has little to no effect 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 18 percent of the world's production. Fishmeal exports in MY 2019/2020 are estimated at 1.15 MMT, increasing 130,000 MT compared to the previous year. However, since the second fishing season of 2018 ended in early 2019, some of these exports are from the previous year's catch. Average fishmeal price in 2018 was \$1,521 per MT, increasing eight 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 2018.

China will remain Peru's leading fishmeal export market for the foreseeable future. China alone absorbed 80 percent of Peru's MY 2018/2019 fishmeal exports, maintaining the same market share as the previous year. Other top export markets are Japan (4.8 percent), Vietnam (4 percent), and Taiwan (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.