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Report Highlights:

Fishmeal production in MY 2021/2022 is forecast at 900,000 MT. Fishmeal exports in MY 2021/2022 are estimated at 894,000 MT, remaining at the same levels as the previous year. The COVID-19 pandemic impacted the Peruvian fishing industry by limiting the catch and processing capacity.

Meal, Fish	2019/2020		2020/2021		2021/2022	
Market Year Begins	Jan 2020		Jan 2021		Jan 2022	
Peru	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Catch For Reduction (1000 MT)	5000	3700	5000	4000	0	4000
Extr. Rate, 999.9999 (PERCENT)	0.182	0.2246	0.222	0.225	0	0.225
Beginning Stocks (1000 MT)	33	33	34	1	0	1
Production (1000 MT)	910	831	1110	900	0	900
MY Imports (1000 MT)	1	0	1	0	0	0
Total Supply (1000 MT)	944	864	1145	901	0	901
MY Exports (1000 MT)	900	859	1100	896	0	894
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	4	10	4	0	5
Total Dom. Cons. (1000 MT)	10	4	10	4	0	5
Ending Stocks (1000 MT)	34	1	35	1	0	2
Total Distribution (1000 MT)	944	864	1145	901	0	901
(1000 MT) ,(PERCENT)						

Production

Fishmeal production in marketing year (MY) 2021/2022 is forecast at 900,000 metric tons (MT), remaining at the same level as the previous marketing year. Peru's total catch for anchovy (*Engraulis ringes*), commonly known as *anchoveta*, in MY 2019/2020 fell 22 percent to 3.7 million metric tons (MMT) due to restrictions caused by COVID-19, which included utilizing only 60 percent of the fleet and 80 percent of the workforce.

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 2020 and are expected to continue through the first quarter of 2021. However, this impact of La Nina was offset by the pandemic restrictions.

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 2020, the first fishing season began on May 13 and lasted 79 days, during which time 2.36 MMT of fish were caught for processing, accounting for 98 percent of the fishing quota. The second fishing season lasted from November 12, 2020 to January 15, 2021 and during which time only 1 MMT of fish was caught for processing. This represented only 36 percent of the authorized fishing quota. 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 roughly $12 million and also significantly reduced the fishing and processing capacity (only 39 out of 49 plants operated in 2020).

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

Source: FAS Lima with data from the Vice Ministry of Fisheries

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 2021/2022 is forecast at 5,000 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 2021/2022 are estimated at 894,000 MT, 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 2020 was $1,369 per MT, falling five 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 $1.2 billion in 2020, falling 23 percent due to reduced exports and lower prices.

China will remain Peru's leading fishmeal export market for the foreseeable future. It absorbed 77 percent of Peru's MY 2019/2020 fishmeal exports, 15 percent less than the previous year. Other important export markets include Japan, receiving 5 percent, and Vietnam and Germany, both receiving 4 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 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.

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