



PERU: INVESTMENT OPPORTUNITIES FISHERY AND AQUACULTURE

Peru is a leading fishing country in the world, being the second country in terms of fish landings and foremost exporter of fishmeal. This because of the high yield and the nutrient rich waters of the Peruvian sea, the existing diversity of species -many poorly appreciated- and the leadership of national and international enterprises with operations in the country.

ADVANTAGES

LEADER IN PRODUCTION AND EXPORT OF FISHERY PRODUCTS

Peru is number two in terms of fishing production and a leading exporter of fishmeal and fish oil worldwide, thanks primarily to important landings of anchovies, a species of relatively fast recovery.

- Peruvian fisheries landings increased to 7 million MT in 2009, estimating that the median fish catch which does not affect the biomass or existing ecosystems averages 8 million MT.
- According to the latest FAO available information, Peruvian fishery has an 8% share in global fish production, running second only to China.
- In 2009, Peruvian fish exports reached US\$2,200 million, of which 77% were for indirect human consumption (fishmeal and fish oil) and 23% for direct human consumption (frozen, canned, etc.).
- Peru is the foremost global exporter of fishmeal and fish oil, which is distributed to over 100 countries in the five continents,

particularly China, Germany and Japan.

- Direct human consumption product exporters (non-traditional exports) benefit from an 8% FOB value tax drawback as compensation for customs tariffs on the import of some raw materials used in the production of the exported goods.

PRIVILEGED PERUVIAN SEA

Peru has very favorable geographical and weather conditions for the fishing industry, whether in its maritime boundaries or in its continental bodies of waters; even with the opportunity of developing very competitive aquaculture projects.

- 3,080 kilometers of seashore, 200 miles of sea boundary and zones with very ample continental shelf where diverse marine species develop.
- An abundance of phytoplankton and zooplankton due to the upwelling, which allows for fast growth or recovery of marine species.
- The convergence of two marine currents, the Humboldt current with its cold waters running southwest to northwest (it enables the upwelling) and the El Niño current with its warm waters which flows north to south, which diversifies marine wildlife.
- Many continental environments, such as Lake Titicaca, the largest in South America; and the Amazon River, which originates in Arequipa, Peru and is the largest and most important fresh water reserve.



- A diversity of rivers, lakes and reservoirs that are also optimum environments for the development of aquaculture.
- An ample range of hydro-biological resources:

Species	Number
Fish	750
Molluscs	872
Crustaceans	412
Echinodermata	45
Seaweed	240

Source: PROINVERSION

QUALITY AND VALUE ADDED PRODUCTS

The official Sanitary Authority for the Peruvian fishing sector is the Peruvian Institute of Fish Technology (ITP in Spanish), which besides promoting the improvement of sanitary – hygienic conditions in fishing and aquaculture activities, it fosters the better use of Peruvian resources and the development of products with a higher value added.

- The private sector is making important investments primarily in the frozen and canned industry. Special presentations are being also developed with specific sauces or spices, aimed at supplying the most demanding international markets.
- The majority of processing plants for frozen, canned, cured and fishmeal and fish oil products, have quality assurance HACCP certification and several of them have been awarded ISO certification.
- The proximity of multiple fishing sites on the coast of the Peruvian seashore guarantees the freshness of the diverse marine species offered.
- The National Fishing Development Fund (Fondepes) provides opportunities for credit and adequate infrastructure to artisan fishermen, so that they may perform their work in improved environmental and hygienic conditions.



LEGAL REGULATING AND PROMOTING FRAMEWORK FOR FISHING INVESTMENT

Fishing regulation and environmental management are governed as per the strictest international regulations, ensuring the use of fishing resources in harmony with the environment, as well as the sustainability of the marine species Peru offers.

- The individual catch quota law is aimed at regulating the fishing activity and preserving the marine species by awarding very well defined rights for the use of anchovy and White anchovy resources.
- The recent creation of the Environment Ministry in the country shows the importance this matter has in Peru.
- It is important to remark the trend of certain large fisheries to expand into aquaculture activities, even to agriculture, thus becoming 'food companies'.
- For these companies or any other investor, there is a legal framework that promotes aquaculture development that includes income tax reductions (15% against usual 30%), advanced sales tax return (production stage) and suspension of payment for aquaculture rights.

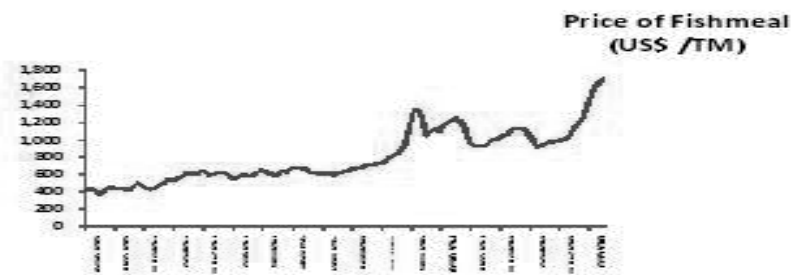
TRENDS

FISHERY RESTRUCTURING AND THE GROWING DEMAND

- Evolution in the efficiency of fishing methods and demographic increment has originated, since many years ago a strong pressure on several fishing zones, some of which have considerably decreased their production capacity. However, in developed countries, fish consumption is considered a healthy life style and in developing countries it is an efficient and important source of proteins. Thus, demand keeps growing.



- Consequently, there is a sustained growth in aquaculture activity, whereas in fishery it is necessary a more adequate regulation of the sector that will help preserve the environment.
 - In Peru there are fisheries like that of anchovy where several regulation mechanisms have been set forth and now authorities have opted for individual catch quota: however, there are still some species which are being not well used.
 - Fresh fish have a high value, so there are efforts to keep the most of its natural characteristics.
- SOLID DEMAND FOR FISHMEAL**
- As a consequence, mainly of the dynamism of the aquaculture industry in oriental countries, there are projections of high prices for fishmeal. At the end of 2009, the Price of fishmeal closed 2.7 times higher than year 2000, and in March 2010 it reached a historical record of 1,710 US\$/MT, when at the beginning of the decade it was in the vicinity of 400 US\$/MT.



PRODUCT DIVERSIFICATION

- Peruvian fishing is constantly looking for presentations which will rake in better prices for their products.
- In the case of fishmeal and fish oil, there are investments in new plants for the production of high-priced prime fishmeal.



Also, diverse canned fish are being developed based on anchovy, with sauces or in the way of anchovy-type.

- There are investment opportunities in the renovation of the fishing fleet, vessels for other fisheries, the cold chain, processing, logistics, aquaculture, etc.
- Several projects are under assessment to develop an aquaculture of high priced species based on the available fishmeal.
- Likewise, there is a local company that already produces Omega 3 from anchovy. There is an increase in demand of pharmaceutical type products or nutraceutical products based on fishery products. For instance: Glucosamine: extracted from crabs, lobster

STATISTICS

a) Production

Between 2003 and 2009, fish landings reached an average annual yield of 8 million MT and the gross domestic product (GDP) went up 44.5% in real terms. In 2009, 82% of landings were for indirect human consumption, processed into 1.63 million tons (MT) of fishmeal and fish oil. The 18% balance was used for direct human consumption (canned frozen and cured products).

b) Exports

The value of fishery exports doubled from 2000 to 2009; registering US\$ 2,200 million in 2009. Of this amount, direct human consumption exports amounted to US\$ 526 million and were mainly frozen crustaceans and mollusks, frozen fish, preparations, canned food and dried fish.



Market	Share
China	42.00%
Germany	15.80%
Japan	6.90%
Vietnam	3.60%
Taiwan	3.60%
UK	3.20%
Belgium	3.00%
Denmark	2.90%
Canada	2.80%
Turkey	2.30%
Others	13.90%

Source: PROINVERSION

China clearly stands out as the main market destination for indirect human consumption exports in 2009, to which we exported US\$ 707 million (96% fishmeal and 4% fish oil). In the case of direct human consumption exports, the main market was the United States with US\$ 105 million in shrimp tails, mollusks, trout, etc.



Among the leading fishery products export companies in 2009 were six companies that registered over US\$ 100 million in exports, and 9 others ones that ranged between US\$ 20 and US\$ 100 million.

It is noteworthy to say that Peru supports and fosters companies with local operations to achieve international presence. Thus PROMPERÚ, from early this year, has been facilitating the participation of these companies in the events below.



For more information, please visit
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