



Peru eyes potential to grow as seafood re-processing hub

Following a series of meetings between Peru's new president and the investor community last month, representatives of the country's seafood sector hope to receive political support for their ambitious objective of sharply increasing exports of value-added products in the coming years.

The plan, if effectively supported by the new administration, could strengthen Peru's emerging role as a seafood re-processing hub.

A jump in exports of seafood for human consumption during the first six months of 2021 indicates Peru is on track to surpass the record it achieved in 2019 of \$1.567 billion.

Before the pandemic hit demand and slowed down production last year, Peru's fisheries and aquaculture exports overtook its sales of fishmeal and fish oil for the first time in 2019.



Peru's fishery exports' evolution in volume and value. Source: PromPeru

Good landings and efforts to boost direct value-added seafood sales to Europe and the US -- as well as diversification of exports to various markets such as Eastern Europe and Africa during a period when China imported less due to COVID-19 related issues -- helped Peru to reach a seafood export value of \$814.9m in the first half of 2021.



This positive trend could continue in the second half of 2021, as long as a potential third wave of COVID-19 doesn't hit the country and the new government doesn't withdraw its support for the sector, according to trade group Sociedad Nacional de Industrias, also known as SNI.

Political uncertainty

Unstable political conditions have not helped to attract new investments to the country in recent years. The recent election of a leftist government had further alarmed investors, who fear Peru might follow Venezuela's path to economic collapse, as the Financial Times reported.

VALOR DE LAS EXPORTACIONES (Miles US\$ FOB)

Linea	2016	2017	2018	2019	2020	Var % Anual 5 años	Var% 20/19	Participación 2020
Consumo Humano Indirecto	1,285,062	1,806,303	1,956,302	1,949,188	1,562,319	5.0%	-19.8%	54.5%
Harina	1,014,733	1,476,227	1,581,768	1,529,260	1,195,600	4.2%	-21.8%	41.7%
Aceite	270,329	330,077	374,534	419,928	366,719	7.9%	-12.7%	12.8%
Consumo Humano Directo	891,392	1,036,774	1,322,055	1,567,925	1,282,254	9.5%	-18.2%	44.7%
Congelados	789,765	927,887	1,179,400	1,433,790	1,151,992	9.9%	-19.7%	40.2%
Conservas y semiconservas	57,808	67,971	96,376	87,282	93,215	12.7%	6.8%	3.3%
Curados	29,443	23,048	26,101	28,079	27,882	-1.4%	-0.7%	1.0%
Frescos	14,375	17,868	20,177	18,774	9,165	-10.6%	-51.2%	0.3%
Otros	19,233	34,047	32,286	25,842	22,705	4.2%	-12.1%	0.8%
Diversos	16,277	31,218	29,070	22,548	20,617	6.1%	-8.6%	0.7%
Vivos	2,956	2,829	3,216	3,294	2,088	-8.3%	-36.6%	0.1%
Total general	2,195,687	2,877,124	3,310,642	3,542,955	2,867,278	6.9%	-19.1%	100.0%

Nota: La categoría diversos incluye algas marinas y vivos a peces ornamentales.

Participación de las exportaciones pesqueras 2016-2020 (US\$ FOB)

Breakdown of Peruvian fish exports' value in USD. Source: PromPeru

Two months after Pedro Castillo, a former elementary school teacher with leftist views, was sworn in as Peru's new president in July, there is still no clarity on what approach the new government will take on the seafood sector.

There have been suggestions the new administration plans to participate in key industries, including natural gas and new hydroelectric projects, or shift a



larger part of the anchovy quota for fishmeal and fish oil away from industrial companies to artisanal fishermen.

So far, however, nothing is set and the country is at a crossroads.

The previous government's vice-minister for aquaculture and fisheries, Ursula Desilu Leon Chempen, has not been confirmed nor fired for the moment.

Following some informal meetings between authorities and artisanal fishermen, there haven't been any official statements on what the government wants to implement in the fisheries sector.

The sector's ambitions

But the recently confirmed president of the fisheries and aquaculture committee of the SNI, David Epstein, remains optimistic.

The executive returned last week to Peru after attending a series of meetings with the new president and his ministers, held in Washington DC, the US, in September.

Epstein (in the photo below, first on the right) represented the SNI, along with four other business and trade union leaders, during a private meeting with Castillo and his ministers.

During the meeting, Castillo agreed on the need to formalize the Peruvian artisanal fleet and increase domestic consumption of seafood to fight malnutrition and anemia, Epstein told Undercurrent. The new president also seemed supportive of SNI's call for Peru to hike its exports of seafood for human consumption, according to the trade body.

Peru is at a crossroads and "should take advantage of the high growth potential of its seafood sector for direct human consumption", which benefits from competitive costs, experienced staff and proximity to the US and Europe, the executive said.

He also explained that during the Washington DC meetings, Castillo sought to reassure banks and funds active in Peru that the new government's objective of reducing inequality could coexist with "reasonable macroeconomic management".

Epstein told Undercurrent the first meeting with the new minister of production, Yvan Quispe Apaza, had also been positive.





Following the meeting, the ministry of production announced on Twitter it had reached an agreement with the SNI's fisheries and aquaculture committee to increase seafood consumption in Peru (see above).

This demonstrates the government and the industry can "work together" on a number of objectives, added Epstein, who also leads one of Peru's largest seafood processing companies, Oceano Seafood.

The Peruvian government now has the opportunity to help the fisheries and aquaculture sectors to grow to \$3bn in the next five years, Epstein said.

Chile and Ecuador, by comparison, exported more than \$7bn and \$5bn in 2019, respectively.

The executive told Undercurrent giant squid, mahi mahi, canned fish, shrimp, and horse mackerel were among the seafood products helping to boost Peruvian seafood exports in recent months.

About 70-80% of Peruvian companies represented by SNI are already producing value-added products, like seafood mix or squid rings, and selling those to supermarkets and restaurants in Europe and the US.

"In the past, China was producing value-added [products, having imported raw material from Peru]. Europe and the US were importing [those final products] from China. Now Peru is trying to invest in doing value-added and sell it directly to final customers. Companies need to keep investing in infrastructure, machines, training their staff, fleet renovation, and so on," Epstein said.

"70-80% of the 36 companies represented by the [SNI] committee are doing value-added and the others are considering doing it. Peru is competitive in reprocessing. We have skilled labor and competitive prices," he noted.

Peru has the potential to strengthen its potential as a seafood reprocessing hub if government policies support investments in infrastructure and machines to allow this, Epstein said. "If Peru can develop value-added production, it can offer an alternative to Chinese processors. We are much closer to the EU and US," he said.



The government can lead this process, creating confidence and legal stability, according to the executive.

"If companies grow sales, more jobs and taxes being paid would benefit the country," Epstein said.

The executive added that on top of producing more value-added with locally caught seafood, some Peruvian companies were increasing imports of products such as shrimp, Alaska pollock and salmon, to re-process it and sell it to final customers.

He said a new law for aquaculture promotion -- such as the one that was repealed by the previous government -- was needed. The formalization of artisanal fishery also needs to continue, he added.

Epstein also said some Peruvian vessels had started the registration process to join the regional organization of the Eastern Pacific Ocean. This week several Peruvian seafood companies will exhibit at the Conxemar fair in Vigo, northern Spain.

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