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## Ecuador

**Post:** Quito

### Shrimp Ahoy - Ecuador Shrimp Sector Update

**Report Categories:**

Agriculture in the Economy

Agriculture in the News

Grain and Feed

Oilseeds and Products

Fishery Products

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**Report Highlights:**

FAS Quito estimates that Ecuador's calendar year (CY) 2015 shrimp production to reach 350,000 metric tons (MT), up 10,000 MT or an increase of three percent compared to 2014. Strong U.S. import demand for shrimp over the past five years, combined with a drop in Asian shrimp production due to the outbreak of early mortality syndrome (EMS), has facilitated Ecuador's export growth. Ecuador's CY 2014 shrimp exports reached 299,000 MT (approximately \$2.6 billion). Shrimp exports to the United States in CY 2014 came in at 88,859 MT (a record \$901 million). Shipments to the European Union (EU), which absorbs a third of Ecuador's shrimp exports, hit 93,271 MT. We estimate overall CY 2015 exports at 308,000 MT. In CY 2014 Ecuador's shrimp industry used 57,900 MT of U.S.-origin soybean meal, utilizing also about 132,940 MT of U.S.-origin wheat as a feed ingredient.

**General Information:**

FAS Quito estimates that Ecuador's calendar year (CY) 2015 shrimp production will reach roughly 350,000 metric tons (MT), up 10,000 MT or an increase of nearly three percent compared to 2014. Strong U.S. import demand for shrimp over the past five years, combined with a drop in Asian shrimp production due to the outbreak of early mortality syndrome (EMS), has facilitated Ecuador's export growth.

Although production volume will increase, prices will suffer throughout 2015 as Asian producers (i.e., Thailand and China) once again return to the export market in larger volume. Ecuador's CY 2014 shrimp exports reached roughly 299,000 MT (approximately \$2.6 billion). Shrimp exports to the United States in CY 2014 came in at about 88,859 MT (a record \$901 million). Shipments to the European Union (EU), which absorbs over a third of Ecuador's yearly shrimp exports, hit 93,271 MT. We estimate CY 2015 exports at 308,000 MT.

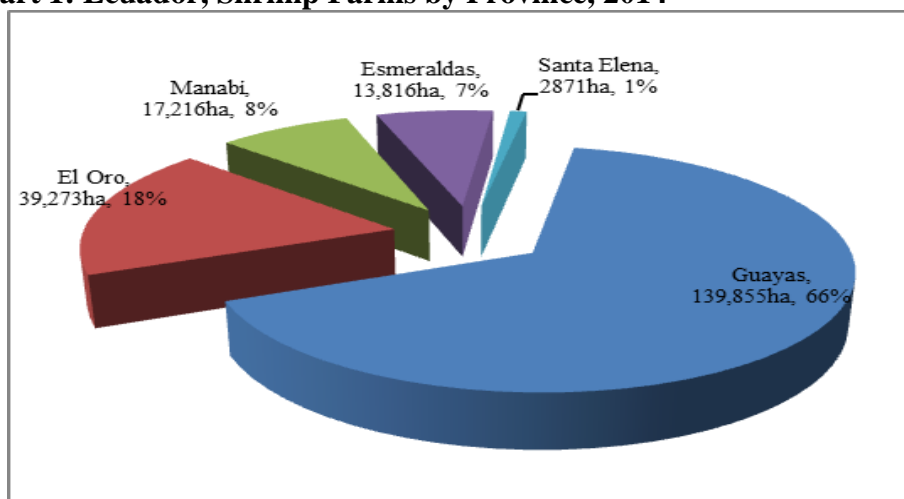
FAS Quito understands that Ecuador's shrimp industry utilizes approximately 57,900 MT of U.S.-origin soybean meal. It also uses about 132,940 MT of U.S.-origin wheat as a feed ingredient. U.S exports of soybean meal and wheat to Ecuador reached \$176 million and \$80 million (record high) respectively in 2014.

**Production:**

FAS Quito estimates that Ecuador’s calendar year (CY) 2015 shrimp production will reach roughly 350,000 metric tons (MT), up 10,000 MT or an increase of three percent compared to 2014’s 340,000 MT. Although production volume will increase, export prices will suffer throughout 2015 as Asian producers (i.e., Thailand and China) recovering from early mortality syndrome (EMS – *acute hepatopancreatic necrosis disease*) once again return to the export market in larger volume. We anticipate that the Ecuadorian shrimp sector as a whole will likely shrink by about three percent in 2015 as a result.

Ecuador has produced shrimp commercially since 1968. Currently 95 percent of total shrimp production is of the white-leg (*Litopenaeus vannamei*) shrimp species (also known as the Pacific white shrimp). Ecuador’s location along the equator, along with favorable weather, permits shrimp farmers to raise three crops yearly. In 2014, Ecuador was the third largest producer of white-leg shrimp. This moderately large species (reaching a length of about 230 mm) is well suited to captive breeding in Ecuador’s shrimp ponds where it can be stocked at smaller sizes and allowed to grow at a fast, uniform rate.

**Chart 1: Ecuador, Shrimp Farms by Province, 2014**



Source: Ecuador, Vice Ministry of Aquaculture and Fisheries.

Aiming to expand production, the Ecuadorian shrimp industry has invested in the establishment of some 300 specialized laboratories producing shrimp larvae (i.e., nauplii) and post-larvae shrimp. The Vice Ministry for Aquaculture and Fisheries reports that some 410 million shrimp larvae are produced daily (with a mortality rate of 60 percent). The white-leg species favored by Ecuadorian shrimpers also adapts well to variable environmental conditions.

Ecuador’s Natural Resource Data Center reports that 213,032 hectares are dedicated to shrimp and fish farming; this represents a significant increase from 2006’s level of 176,000 hectares. The Vice Ministry of Aquaculture and Fisheries informs that 207,000 hectares are dedicated exclusively to the production of shrimp. Average yields are estimated at about 1.6 MT per hectare per annum. In CY 2014, Ecuador’s shrimp industry used 57,900 MT of U.S.-origin soybean meal, utilizing also 132,940 MT of U.S.-origin wheat as a feed ingredient.

Sixty percent of Ecuadorian shrimp farmers use low-density, extensive farming systems (8-14 larvae per square meter). Others largely utilize semi-intensive systems (15-120 larvae per square meter). Some shrimpers also utilize intensive systems where shrimp densities are greater than 120 larvae per square meter. Shrimp farmers in Ecuador routinely switch between low and semi-intensive systems. Sanitary and sustainability concerns are being raised at a time when growing numbers of shrimpers are considering shifting to intensive shrimp farming systems.

## Consumption

FAS Quito estimates that Ecuador's CY 2015 shrimp consumption at 7,200 MT, a fairly stable figure over time. Shrimp consumption in Ecuador remains marginal, especially when compared with its production levels. With a population of about 15.8 million (Central Intelligence Agency – July 2015 estimate), per capita consumption is about 0.45 kilos per annum.

## Trade

Ecuador's CY 2014 shrimp exports reached 299,000 MT (approximately \$2.6 billion). Shrimp exports to the United States in CY 2014 came in at about 88,859 MT (a record \$901 million). Shipments to the European Union (EU), which absorbs over a third of Ecuador's shrimp exports, hit 93,271 MT. We estimate CY 2015 exports to come in around 308,000 MT.

Strong U.S. import demand for shrimp over the past five years, combined with a drop in Asian shrimp production due to the outbreak of early mortality syndrome, has facilitated Ecuador's export growth. Export in terms of value though will suffer throughout 2015 as Asian producers (i.e., Thailand and China) return to the export market in larger volume.

**Table 1: Ecuador, Shrimp Exports by HS Code (Metric Tons, \$ Millions)**

H.S. Code	Description	2014	
		MT	Value FOB
0306.13	Shrimps And Prawns, Including In Shell, Cooked By Steaming Or By Boiling In Water, Frozen	15	0.200
0306.16	Cold-Water Shrimps And Prawns (Pandalus Spp., Crangon Crangon), Frozen	67,722	593.3
0306.17	Shrimps And Prawns, Frozen, Other Than Cold-Water	230,375	1,978.0
0306.26	Cold-Water Shrimps And Prawns (Pandalus Spp., Crangon Crangon), Not Frozen	428	228.0
0306.27	Shrimps And Prawns, Other Than Cold-Water, Not Frozen	98	598.0
<b>Total</b>		<b>298,638</b>	<b>2,579.9</b>

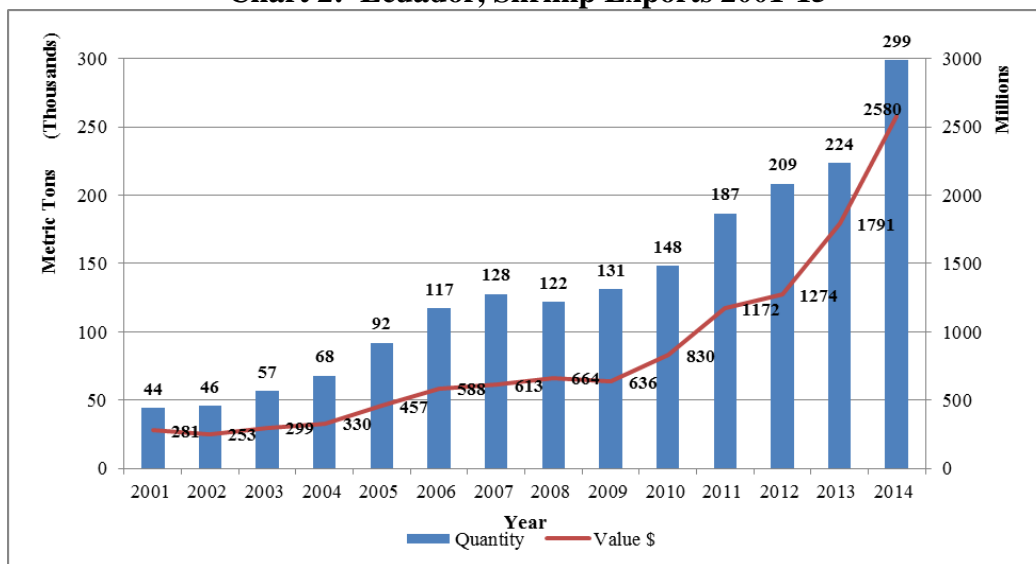
Source: Global Trade Atlas, Ecuador Central Bank, FAS Quito office research.

Exports to Vietnam, which accounted for a quarter of Ecuador's 2014 shrimp exports, will continue due to that country's heavy reliance on shrimp-based food products. Vietnam's own shrimp industry is still in the process of recovering from its own EMS outbreak. Ecuador's shrimp industry however continues to struggle to add value to its products. It remains unable to effectively compete with lower cost Asian processed shrimp product manufacturers; relegating Ecuador to mainly exporting frozen, uncooked shrimp.

With nearly \$2.6 billion in shrimp exports in CY 2014, this decapod crustacean remains Ecuador's second largest non-oil export product. However, shrimp farmers are currently facing lower world prices

for their product. FAS Quito is consequently seeing a shift to lower density farming and the increased utilization of more affordable, lower-quality feed.

**Chart 2: Ecuador, Shrimp Exports 2001-15**



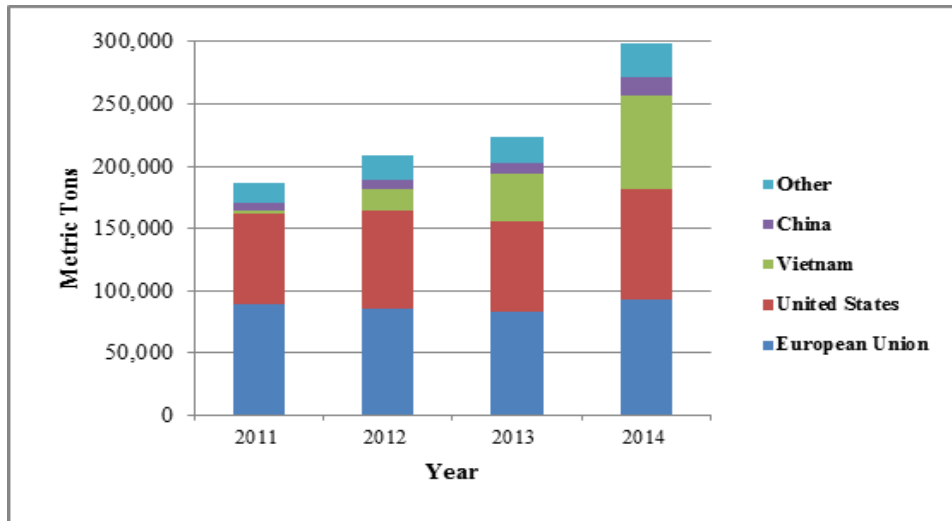
Source: Global Trade Atlas, Ecuador Central Bank, FAS Quito office research.

**Table 2: Ecuador, Shrimp Exports, (Metric Tons), 2013-14**

Destination:	2013	Share	2014	Share
<b>European Union</b>	83,157	37%	93,271	31%
<b>United States</b>	72,842	33%	88,859	30%
<b>Vietnam</b>	37,762	17%	74,081	25%
<b>China</b>	8,285	4%	14,859	5%
<b>Other</b>	21,570	10%	27,568	9%
<b>Total</b>	223,616	100%	298,638	100%

Source: Global Trade Atlas, Ecuador Central Bank, FAS Quito office Research.

Ecuador's shrimp exports to United States are granted most-favored-nation (MFN) tariff status. Ecuadorian shrimp (based on the particular harmonized tariff system – HS classification code) enter the United States with a zero percent tariff. Ecuador only trails India as the second largest supplier of shrimp to the United States in CY 2014.



Source: Global Trade Atlas, Ecuador Central Bank, FAS Quito office research.

### U.S. Feed Inputs Role in Shrimp Production

Ecuador's animal feed industry uses U.S.-origin soybean meal in lieu of fish meal. The industry utilizes U.S.-origin wheat as an agglutinant. Faster shrimp growth cycles are possible with high-protein feed formulated with U.S. inputs. Shrimp farmers typically utilize a 30 percent protein mix. This mix varies depending on soybean meal and wheat prices. Ecuadorian feed manufacturers prefer U.S.-origin soybean meal due to its higher quality specifications. Conversion rates range between 1.5-1.9 kilograms of feed for each kilogram of shrimp. Total feed use is estimated 578,000 MT; 25 percent of which is soybean meal and 23 percent is wheat meal. Forty percent of the soybean meal used is U.S.-origin; wheat meal is almost all of U.S.-origin.

### Policy and Institutions

The government exerts a regulatory role. The Ministry of Industries and Productivity is responsible for the elaboration of policies geared at increasing domestic productivity and competitiveness. There have been some efforts to provide technical assistance and financing to small- to medium-size operations. The Vice Ministry for Aquaculture and Fisheries oversees the enforcement of non-environmental regulations, as well as administers land concessions and water use. The Science and Technology Secretariat funds the sector's research and development programs. While the Institute for the Promotion of Exports and Investments (PRO ECUADOR) pursues overseas market access and promotional activities. The Ministry of the Environment regulates farm and laboratory operations, enforcing environmental standards.

### USDA/FAS Cooperation

FAS Quito through its cooperators promotes the use of U.S.-origin soybean meal and grains in Ecuador's shrimp feed. The U.S. Soybean Export Council provides technical assistance to shrimp farmers utilizing U.S. soybean meal. It is currently helping three producers to achieve GLOBAL G.A.P. certification, which should facilitate foreign market access for their shrimp.