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## Domestic Market For Farmed Shrimp In Brazil *Improved Practices, Rising Demand Alter Industry*



Although major urban centers have been the main destination for *Litopenaeus vannamei* in Brazil for years, increases in income levels are leading the distribution to include more inland regions.

### Summary:

In recent years, most of Brazil's farmed shrimp production has been absorbed by the domestic market. The country's aquaculture industry shifted focus from exporting frozen shrimp as a commodity in 2004 toward a growing internal demand for fresh and value-added shrimp. Although major urban centers have been the main destination for shrimp for some years, the increase in Brazilian income levels is changing the distribution to include more inland regions. Some Brazilian producers have started to again test the international marketplace.

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Over the past seven years, the majority of Brazil's farmed shrimp production has been absorbed by the domestic market. In 2013, total production was 85,000 mt. For 2014, production is expected to reach 100,000 mt – an increase more related to production intensification, especially in inland regions using oligohaline waters, together with the use of best management practices and biosecurity measures, than to the expansion of traditional shrimp-farming areas. Still, average annual per-capita shrimp consumption in Brazil is just 0.6 kg.

However, considering Brazil's economic growth in recent years, an increase in consumers' purchasing power and the competitive price of farmed shrimp, current per-capita consumption of shrimp is expected to go up in the short term. Given that fisheries production has already reached its maximum sustainable levels, increased production of marine shrimp in Brazil will depend on aquaculture.

### Shifting Shrimp Market

The year 2004 was a crucial one in terms of understanding the current situation for the farmed shrimp market in Brazil. In that year, political, economic and environmental factors led domestic producers to dramatically shift their market focus. The dumping lawsuit filed by the United States against Brazil and five other countries, plus the appreciation of the country's currency, the real, against the U.S. dollar and the emergence of infectious myonecrosis virus strongly affected Brazil's shrimp-farming sector. Until then, it shipped approximately 78% of its production to foreign markets.

Brazil's farmed shrimp industry was fully structured to supply the European and American markets, and the entire sector – including processing plants – worked within the quality concepts required by those markets. This concentrated production primarily on head-on frozen shrimp for Europe and head-off frozen shrimp for the United States. The focus was on exporting shrimp as a commodity.

With the imposition of antidumping duties by the U.S., shrimp exports were further directed to the domestic market, creating a considerable impact. With the appreciation of the real against the U.S. dollar from 2004 onward, shrimp exports to

**Table I. Destination of farmed shrimp production in Brazil.**

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
External market (mt)	70,000	58,000	42,500	30,500	15,515	9,397	5,728	1,600	108	0	612
Internal market (mt)	20,190	16,900	22,500	34,500	49,485	60,603	59,272	78,400	74,892	75,000	84,388





Thanks to factors such as production intensification and expansion, improvements in breeding and ample processing capacity, Brazil's shrimp farming is on an upswing.

Europe started to sharply decline, and once more, the only viable alternative was Brazil's internal shrimp market. Until then, this market was not a priority for most Brazilian farmed shrimp producers and thus represented a challenging new frontier.

During this period, the introduction of individual quick-frozen (IQF) whole shrimp, offered in bulk by major retailers in the country, was an important boost to the Brazilian frozen shrimp market. It enabled the operation of existing processing units that

were previously used for export markets.

### Internal Market

Starting in 2006, the internal market became a viable alternative for Brazilian farmed shrimp, with 53% of production destined for this market (Table 1). Factors such as a stable supply, good quality and size standardization made farmed shrimp a favorite item among seafood consumers.

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