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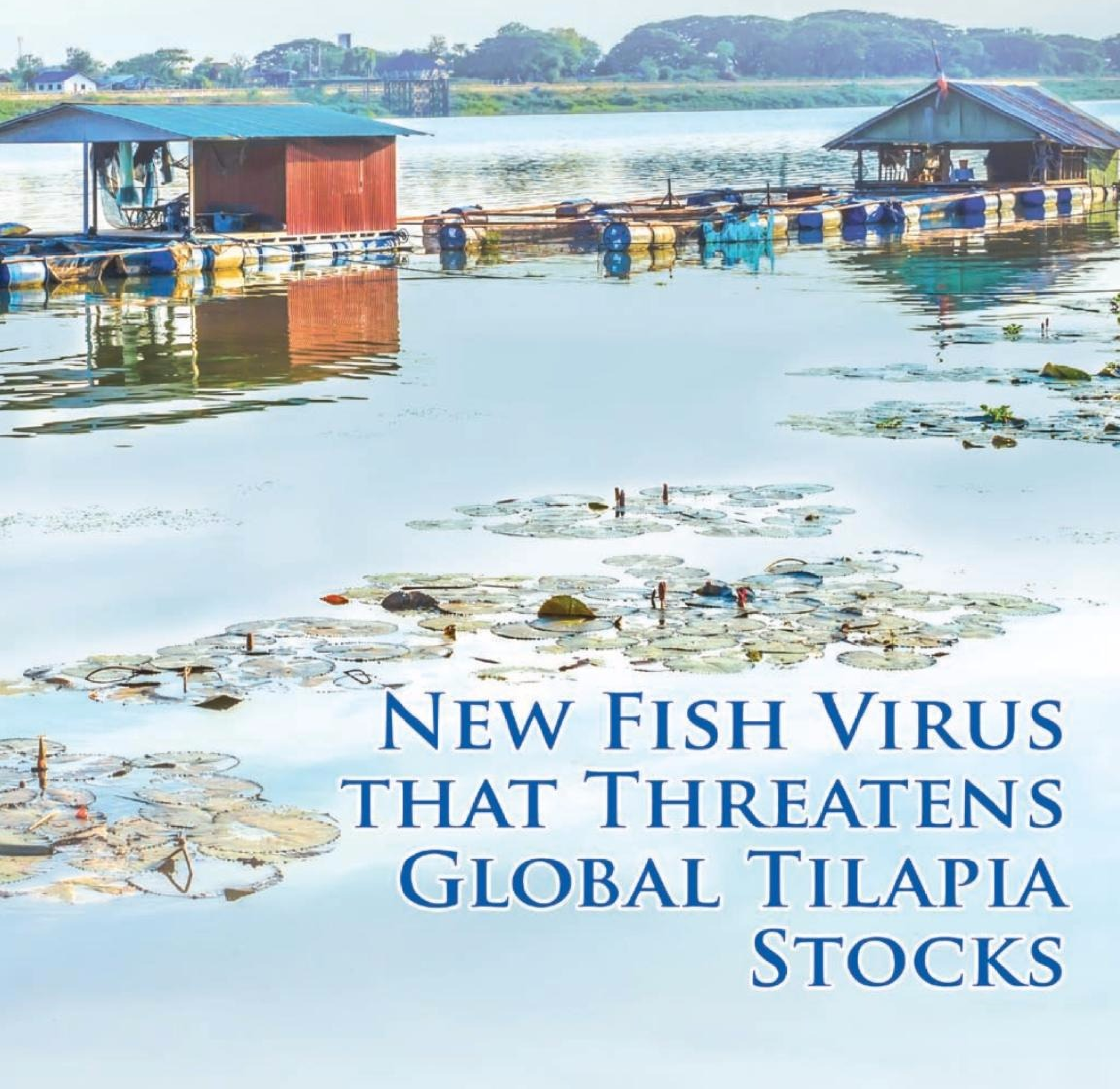


NEW FISH VIRUS THAT THREATENS GLOBAL TILAPIA STOCKS

The Brazilian Market

for Farmed Shrimp

By Itamar Rocha

Affected by antidumping duties on shrimp imposed by the US in 2004, Brazil's production of farmed shrimp is now almost exclusively absorbed by its domestic market, driven by the increasing consumer demand within the country.

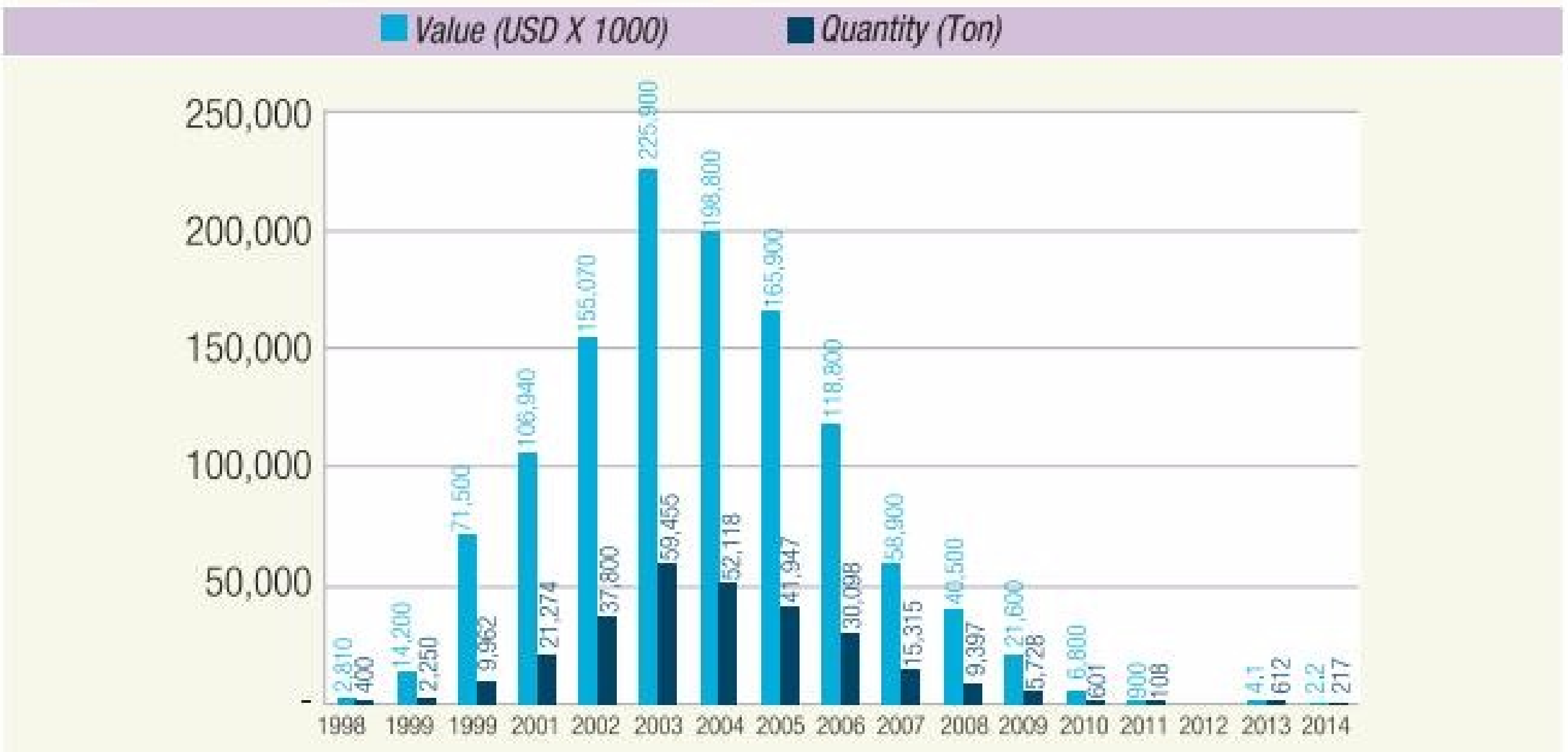
Brazil has an extraordinary potential for sustainable development of the farmed shrimp industry from both an environmental and social point of view. This potential is evident along the coast as well as inland, where waters of low salinity are readily available. Most of these areas are geographically located in its northeast region, which has the lowest socioeconomic indicators of the country.

It is important to note that Brazil's farmed shrimp industry was structured and grew in its first years to supply the European and American markets. However, the imposition of antidumping duties by the USA in 2004 together with the appreciation of the national currency against the US dollar affected the competitive edge of Brazil's shrimp exports, practically halting them, which then made the domestic market the only viable alternative (Figures 1 & 2).

In spite of loss of SGP tariffs in the European Union at the beginning of 2014 and the continued presence of antidumping tariffs in the USA, in 2013 several Brazilian shrimp producers started to test the international marketplace once again. In that year, a small amount (612 tonnes valued at US$ 4.1 million) of farmed shrimp was exported, but this dropped in 2014 to just 277 tonnes comprising shipments to Spain (17.28 tonnes /

Fig. 1

Rapid increase and decline of farmed shrimp exports (1998 – 2014)



Source: Aliceweb, Janeiro 2015

Fig. 2

Supplies of farmed shrimp to the local market (2003 – 2014)

Source: ABCC, Janeiro 2015

Table 1

Destination of the Brazilian Farmed Shrimp Production (tonnes)

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

US$ 220,300); France (93.32 tonnes / US$ 629,070); and Vietnam (168.8 tonnes / US$ 1,339,480).

Consequently, since 2006, the domestic market has been the main destination of Brazil's shrimp production.

Most supplies consumed domestically

Farmed shrimp production, both from businesses as well as family-type aquaculture, strongly contributes to regional development while meeting the growing domestic demand for shrimp (mainly *Litopenaeus vannamei*) at the national level. In fact, the shrimp domestic market is satisfied exclusively by national production, which totaled 85,000 tonnes in 2014 and was expected to reach 90,000 tonnes in 2015, which would be a record volume for the last twelve years.

Even though shrimp consumption in the country is still low at only 0.6 kg/per capita/year (80% from aquaculture and 20% from capture), this figure is increasing year on year due to increasing consumers purchasing power and higher supply from domestic production.

The fact is that Brazil's economic growth from the years 2007 to 2013 coupled with increased average income, has positively contributed to an increasing demand for shrimp, both in retail chains as well as in the food service sector, even considering the economic stagnation in 2014/2015.

Fresh shrimp still represent the largest volume of sales at the farm level. Because of the high degree of informal record keeping at this level, it is difficult to quantify with any degree of certainty the production totals and trade processes.

Domestic trade and processing channels

Small and medium-sized producers usually sell their output to local dealers as well as distributors that operate supply centers in the south and southeast regions of Brazil, the most developed regions of the country. Other destinations for the shrimp are plants located in the northeast region that process value-added products, including cooked shrimp in portions packed in 200, 400, 500 and 1000 grams, and which are then distributed throughout the country.

Middlemen are also mostly responsible for the provision of shrimp direct from the farms to certain supply centers. From there, the shrimp is distributed in fresh form to the end-user market, consisting mostly of restaurants, bars and ho-

tels. Again, because of the informal nature, this trade flow is difficult to quantify precisely.

In the case of frozen shrimp, the market has consolidated itself year after year based on the regularity of supply and excellent product quality provided by the farmed shrimp industry. This market is characterized by a higher level of formal commercial transactions and greater price stability during the year, and can be divided into the following segments:

• *Retailers:* consisting of supermarket chains, where frozen shrimp is sold both in bulk, as well as in standard weight packaging. This market absorbs both IQF whole shrimp and also higher added-value products (peeled and cooked shrimp, breaded shrimp and ready to cook dishes).

• *Distributors:* located in all regions of the country, they primarily sell frozen products in standard weight packaging to restaurant, bars, hotel, chains and small retailers.

• *Food service:* made up of restaurants chains, industrial kitchens and fast food chains, this segment is characterized by its requirement for more standardized products in terms of weights and portions, but with lower added value.

• *Processing industry:* specializing in cooking shrimp, preparation of ready-to-eat dishes and portioning of products, this segment uses frozen shrimp as raw material for their product lines.

The fixing of selling price of frozen shrimp takes into consideration a series of factors such as size and level of added value in each product. Consumer demand pressure also affects prices in the domestic market.

For some years now, the main destination of frozen shrimp has been the major urban centers represented by the main state capitals of the country (Sao Paulo, Rio de Janeiro, Florianopolis, Belo Horizonte, Recife, Salvador, Fortaleza, Natal among others). The city of Itajaí in the small State of Santa Catarina in the south-

ern region constitutes an important processing and distribution center at the national level. The continued increase of the average Brazilian income level has altered this scenario slightly, such that shrimp is now also increasingly finding its way to the inland regions of a number of states in the country. However, the southeast region still accounts for the largest share of shrimp consumption in the country, absorbing around 52% of shrimp sold in the domestic market in all forms of presentation.

Conclusions

Brazilian shrimp farming has faced difficulties in the last decade, and horizontal expansion has been slow, but the industry is now back on the growth path. The expected increase in production is linked to the implementation of Good Management Practices and Biosecurity Measures.

In this respect, it is worth noting the initiative by the Brazilian Asso-

ciation of Shrimp Farmers (ABCC) to set up regional and decentralised technical training courses for all producers, especially those in the small and medium-scale industries. This knowledge of Good Manufacturing Practices and Biosecurity Measures disseminated among producers; higher production volumes from traditional farms attracted by good prices in the domestic market; the expansion of farming to include areas with oligohaline waters (low salinity); and polyculture with tilapia; are some of the main actions that have contributed to the recovery of the sector.

Furthermore, the interaction and the possibility of new partnerships between government and the private sector to facilitate and accelerate the issue of environmental permits and lines of credit for investment and operational cost at the farm level, opens the way to overcome longstanding obstacles that have prevented the expansion of farmed shrimp in Brazil.

With its exceptional natural conditions, infrastructure, and strategic location as far as the main consuming centers are concerned; the country can reach a prominent position of leadership in shrimp farming in terms of global production. It is only matter of time. am

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