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### Chinese demand drives 24% hike in Omarsa sales volumes



Omarsa's processing plant. Photo: Alicia Villegas/Undercurrent News

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[Alicia Villegas](#)

Omarsa, Ecuador's third largest shrimp producer, has seen a 24% hike in sales volumes in 2015, on the back of Chinese demand.

The company increased sales volumes to 70.76 million pounds of shrimp last year, according to an Omarsa presentation seen by *Undercurrent News*.

Sales revenue, however, went down by 1.6% to \$239.5m, due to lower shrimp prices throughout 2015, compared to high prices seen after [early mortality syndrome \(EMS\) halved Thai shrimp production in 2013](#). Until then, Thailand was the [second largest producer](#), after China.

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But last year's [higher production](#) -- not only from Ecuador, but also from Southeast Asian shrimp producers recovered from EMS -- [put shrimp prices under pressure](#).

"We have dealt with lower prices by increasing the size of our shrimp [which provide higher margins] and by selling to markets such as China, which pay better for both whole shrimp [HOSO, head-on shell-on] and added-value," Omarsa CEO Sandro Coglitore [told Undercurrent](#) previously.

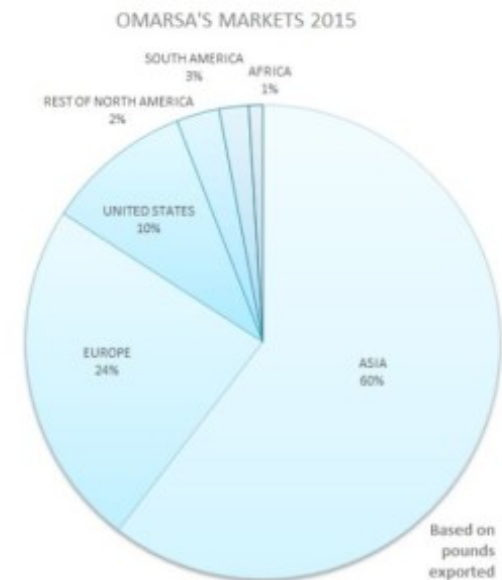
South Korea and Taiwan markets have also gained strength, he said in October last year.

In 2015, 60% of the 70.76m pounds Omarsa exported went to Asia (see image on the right), up from 58% the prior year and 44% in 2013.

Omarsa also shipped more volumes to the US, from 7% of total sales in 2014, to 10% in 2015.

On the other hand, Omarsa sent 24% of total sales volumes to Europe last year, down from the 27% exported in 2014.

At this year's [Global Seafood Market Conference in Miami, Florida](#), from which *Undercurrent* reported live, Coglitore said Ecuador sent almost 50% of its production to China in 2015.



Source: Omarsa

Demand for shrimp in China is high, and its own production has dropped to 600,000t in 2015, from 900,000t in 2010, according to [estimates on the shrimp panel](#) at the event.

This drop in production, combined with the growth in the Chinese middle class looking for imported products, has driven demand for Ecuadorian shrimp, said Coglitore.

China's economy, however, is slowing down. Although China is still expected to be a massive market for Ecuador in 2016, [an additional 10,000t of zero-duty exports](#) to the European Union -- from 30,000t to 40,000t -- will provide a [welcome outlet](#), said Coglitore.

### **Further export growth**

In 2016, Omarsa plans to keep growing. The Ecuadorian exporter is [expecting to increase production volumes](#) up to 30% on the back of an investment ranging from \$4m to \$6m.

"We continue to grow to meet the demand of our customers and our suppliers, so we will finish our plant expansion by next year," Coglitore said.

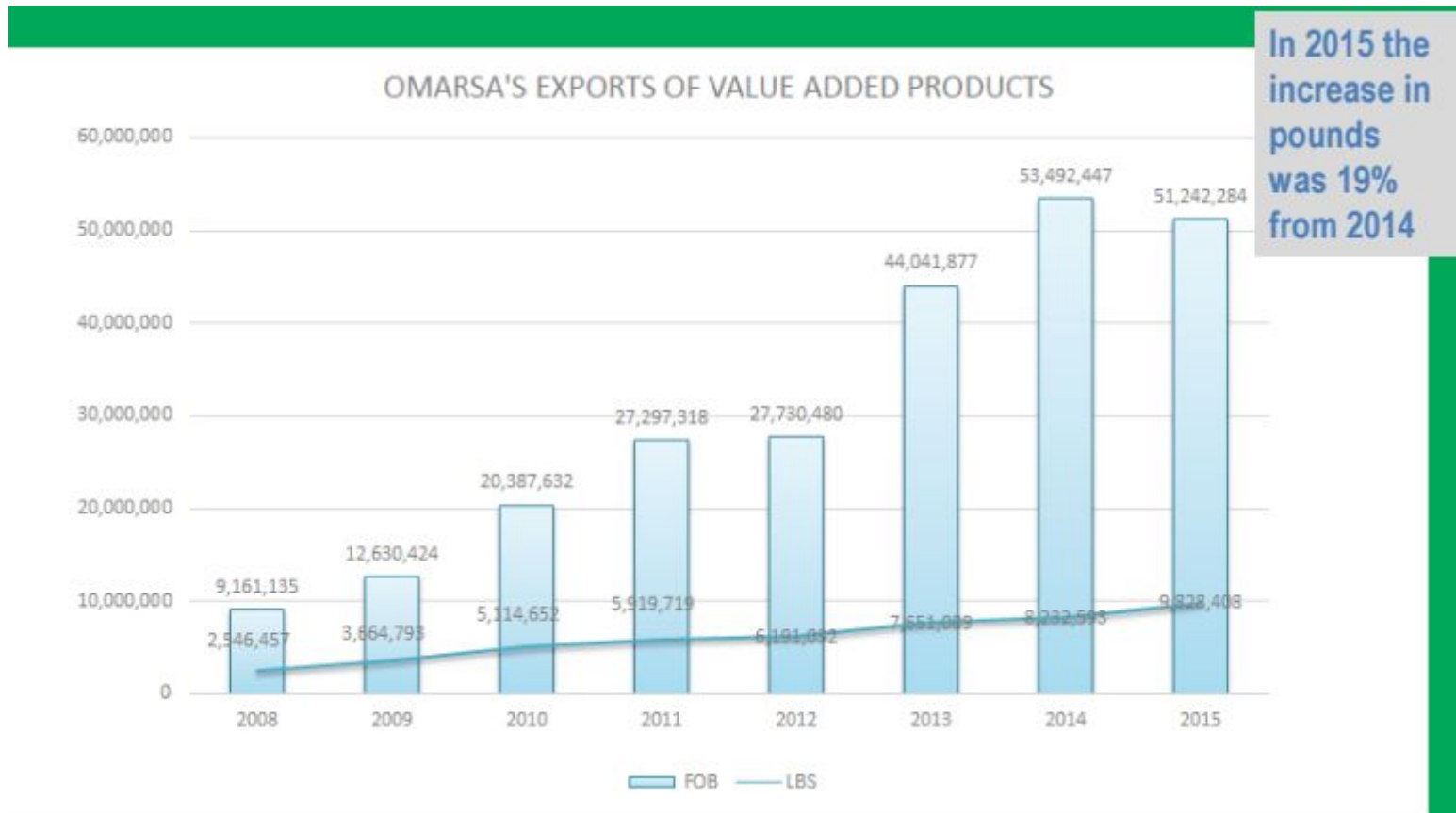
In the last five years, Omarsa's exports have grown 190% in pounds and 218% in value, as the company invested about \$10m to improve the facilities at its processing plant based in Duran.

As a result, the plant's processing capacity has increased from 350,000 pounds two years ago, to a freezing capacity now of 550,000 pounds per day. Plant storage capacity totals about 2m pounds.

In 2014, when the company was in the middle of its expansion plans to [ramp up shrimp production](#), Coglitore said higher shrimp output would cover growing Chinese demand.

"Chinese demand of course is a huge factor, but also expansion on value added and peeled products will be a big driver for 2015," Coglitore told *Undercurrent* [previously](#).

Omarsa's exports of value added products last year went up by 19.5% to 9.8m pounds and reached \$51.2m, from \$53.4m in 2013 (see image below).



Source: Omarsa

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