



Omarsa: demand for organic shrimp plateaus

Company has doubled its production of organic shrimp over the past two years by improving production techniques, survival rates and average sizes, and increasing biomass rather than area.

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Ecuadorian shrimp producer, processor and exporter Omarsa, has doubled its production of organic shrimp over the past two years, but for now demand has plateaued, Jose Torres, technical manager at Omarsa, told **IntraFish**.

During a tour of the company's organic operations on the outskirts of Guayaquil in Ecuador, Torres said the company has doubled its organic shrimp production in the last two years from around 2.5 million pounds in 2013 to a predicted 5.5 million in 2015.

"We have not increased the area, rather improved production techniques, survival rates, average sizes, and increased biomass," Torres said. "We have increased the density from 7 animals per square meter to 9 today while the survival rate has increased from 40 to 65 percent," he said.

The average size of the shrimp has also grown from 14 to 19 grams over the two years. "We still have room to grow inside the parameters of organic if we need to," he said.

To be classed as organic, there are restrictions on the amount of shrimp that can be seeded per hectare. To be classified organic the farm is able to stock a maximum of 15 animals per square meter, or 4,500 pounds per hectare, said Torres.

But Omarsa still stocks way below that level at 9 animals per square meter or 2,200 pounds per hectare, leaving it open to grow if the need arises.

However the company is not planning to expand its organic activities simply because the market is not demanding it. "There is not that much demand for organic shrimp at the moment," said Torres.

"Demand for organic has plateaued and so has production as a result, but there is still room to grow if needs be."

Omarsa has a total of 3,000 hectares of farms divided into three sections. The company's organic farm, the largest in Ecuador, is 900 hectares with the other two farms of sizes 1,200 and 900 hectares respectively.

In 2015 Omarsa is predicting it will produce a total of 20 million pounds of

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shrimp. Of this 5.5 million pounds will be organic.

“The whole process is certified organic,” said Torres. “From the larvae, the broodstock the shrimp feed. We use zero antibiotics and no chemicals whatsoever.”

In terms of volume, Omarsa is the largest organic shrimp producer in Ecuador with its main markets in Germany, the United Kingdom and France.

The company is certified organic by Naturland in Germany and in October last year became the first in the world to obtain ASC certification for the three pillars of social responsibility, environmental care and good aquaculture practices.

Omarsa is one of Ecuador's largest vertically integrated producer, processor and exporter of shrimp, posting revenues of \$250 million (€227.3 million) in 2014.

Its operations include three hatcheries, three shrimp farms and a processing plant, and it exports 100 percent of its product predominantly to the European Union, United States and Canada as well as South America and Asia.

There are plans to expand the conventional shrimp farms but not for the organic side of the business, said Torres.

“The consumer of organic shrimp is different to the average consumer – they know the difference and are willing to pay a little bit more for it. It is still a small market but we hope it will grow,” he said.

Two years ago there were a handful of other producers doing organic shrimp in Ecuador but the demand was flat so farmers started producing conventional shrimp.

“Omarsa stayed, but there is no plan to increase production as demand is covered,” said Torres.

“It is about the flavor, texture and it is healthy, no chemicals are used in the process. If the US had an organic standard that would create more demand.”

By being organic, Omarsa is able to command around \$0.25 (€0.23) per pound or \$0.50 (€0.45) per kilo more than average shrimp.

Sandro Coglitore, CEO of the company told **IntraFish**, to grow organic demand will rely on what happens in the United States.

“We will have to see the United States introduce an organic standard – many retailers cannot label product as organic as there is no USDA standards,” he said.

Omarsa's main focus right now is on head on shrimp which is most profitable sector at the moment.

“We are also planning to grow our value added (VAP) business over the next 2-3 years,” Coglitore said.

At the moment, VAP accounts for 20 percent of Omarsa's total production but it is hoping to grow this 10 percent over the next two to three years, he said.

Because of the demand in Asia for head on whole products, as well as the high prices for these products, Coglitore said the company will reduce year by year its standard shrimp production of tails.

Of the total Omarsa exports, around 35 percent of production comes from the company's own farms and 65 percent it buys in from independent farmers.

“We want to buy more from independent farmers, and to do that we will increase our buying power by selling more to Asia and getting better prices,” said Coglitore.

“Asia and China are our biggest markets at the moment, as they offer the highest prices and that is where the demand is,” he said.

But there are always challenges facing the industry, particularly the threat

of low prices and potential for disease. "Prices at the moment are stable and we have a very good outlook," said Coglitore.

"I expect them to go up with the Christmas demand and also the Chinese New Year demand and production time is very close together for both of these events."

Omarsa is expecting to produce around 32,000 metric tons of shrimp in 2015, of which 11,000 metric tons or 35 percent, will come from its own farms, said Coglitore.

Market-wise, Coglitore said the next step will be to grow exports to the Chinese market.

"We must break down more barriers in the Chinese market, there is huge distribution in China waiting to be tapped, through foodservice, hotels, restaurants etc."

In 2014, Omarsa posted revenues of \$250 million (€227.3 million), said Coglitore. In 2015 he expects similar levels despite the drop in prices.

"There is always more space for shrimp in China, and I expect prices to increase as a result," he said. "We are aiming to get the best prices, so we will have more buying power to pay higher prices to the independent farmers."



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