

# Omarsa plans new plant, shrimp farms to nearly double processing capacity

By [Tom Seaman](#)

Nov. 7, 2016 09:34 BST



 Workers at Omarsa's processing plant in Duran, Ecuador.

QINGDAO, China -- Ecuadorian shrimp farmer and processor Omarsa is finishing off an expansion on its plant, with plans in place for 2017 to build another and expand its farming area.

The company will have around 70,000 metric tons of processing capacity when the new plant is built at end of 2017, Sandro Coglitore, general manager, told *Undercurrent News*. In 2016, output will be between 42,000t-43,000t.

Also, Omarsa is adding 300 hectares to its shrimp farming operations this year and plans to add 600-700ha more in 2017, to feed the growth on the processing side, said Coglitore, during the 2016 [China Fisheries & Seafood Expo](#).

The expansion on the company's existing factory, which should be ready by the end of the year, is to produce more individually quick frozen (IQF), brine and cooked shrimp products, he said.

Then, in 2017, the company will build the new plant for head-on products, for China and Europe, he told *Undercurrent*.

The idea is to have the first plant producing value-added IQF, brine cooked products for Europe and the US, with the second focused just on head-on, said Coglitore.

Omarsa gets 40% of its raw material from its own farms and the rest from third parties, a ratio that will not change with the expansion. He declined to comment on the level of investment going into the expansion.

Coglitore was bullish on Ecuador's ability to expand production, generally.

"Ecuador will continue to grow, there are a lot of efficiencies in Ecuadorian farms and we are expanding," he said.

Growth in 2016 for total production should be around 20% he said, to around 300,000t.

Most of the additional volumes Ecuador is producing are going to China, he said.

"Ecuador is directing all the excess production, all the growth we have had, to China, so it is not impacting our sales in traditional markets," such as Europe and the US, said Coglitore. "Also, shipments to Vietnam for re-processing are growing. Korea is growing."

Also, Ecuador [is also close to joining](#) a free trade deal with the EU.

Signing of the multi-country trade deal, which also includes Colombia and Peru, will prevent Ecuador's shrimp farmers from the imposition of 12% duties for head-on shrimp, a duty that stands at 3.6% currently. That number will go to zero under the deal.

"I think it is a done deal. We all expect it should go through and be valid by Jan. 1., he said.

The reduction from 3.6% to zero will mean an "interesting additional margin" for sales to certain sections of the market, such as cookers, he said.

It is China, however, that Coglitore is most excited about. The range of sizes the country is buying is growing, he said.

China was focused on buying large sizes of Ecuadorian shrimp, but is now taking

According to Coglitore, around 60% of Ecuador's 2016 output of 300,000t, up 20% year-on-year, will go to China. In 2015, just over 50% went to China of a lower overall volume.

“The whole size range is changing. Before, China was focused on the larger sizes, 30/40s and some 40/50s. Now, they take the whole range,” he said. “All is for consumption. They are eating our shrimp.”

Although the volumes are much smaller, Argentina **is also ramping up** its sales of wild, red shrimp to China.

However, Coglitore said there is not really much competition in the market.

“If you go to a supermarket [in China], you will see all the Argentinean shrimp. That is not our target. Our shrimp sold in the fish markets that go to foodservice or are bought by housewives,” he said. “Ecuador is not yet in the retail sector. Our strength is in foodservice.”

Chinese buying for the New Year celebration should pick up after the show, he said.

The celebration is early in 2017, in late January. Usually, it is a month later.

“It is good for us that New Year is early, as the Chinese will eat up the shrimp and order again,” he said.

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