SHRIMP REPORT: Thailand Setting the Stage for Permanent and Profitable Shrimp Recovery

The fall in shrimp prices this year has exposed significant differences in how farmers in the major Asian producing countries have reacted to EMS. In a low priced environment, only those farmers who are confident about the level of risk they are taking with production will continue to produce high volumes of shrimp.

The last two years have been characterized by a huge increase in production in new areas which has led to a surplus of shrimp and low prices. They have also been characterized by the sharp decline of Thailand as the number one global shrimp producer.

Speaking with analysts and industry members in Asia, we feel 2016 will be quite a different year for the global shrimp markets compared to 2015. Significantly, the recovery in Thailand has really taken hold based on new farming practices. Although Thailand will never return to the 500,000 - 600,000 ton annual production, it is on track to be one of the most stable and profitable shrimp producing regions in the coming years.

The places where production increased the most in 2014 either were rapidly bringing new areas into production, or were living with high mortality from disease, which was tolerated because of the high prices. With the collapse of the market in 2015, the tolerance of risk among farmers has come down sharply. This year this has particularly affected production in Vietnam and China. This is likely to be the new normal in 2016.

Countries that have revamped their production in the face of EMS are going to be the new efficient producers, while those who have failed to restructure, or have been keeping ahead of disease by opening new areas will find production volume slows or reverses.

A recent survey in Thailand by David Kawahigashi, an expert in Vannamei cultivation who trains shrimp farmers around Southeast Asia, uncovered real changes in Thai shrimp aquaculture, which so far do not seem to be occurring anywhere else.

In the last few months, says Kawahigashi, “Farms that were previously hit hard by EMS/APHNS and having a difficult time producing shrimp economically are now harvesting large volumes in the 30-40 metric ton per hectare range (per crop) at survival rates between 80 and 90%. The farmers seem to have a regained confidence. ”

Those farms that are showing improvements are farms that have all undergone modifications in pond and farm configurations as well as a water management. More and more farms are quickly adopting these changes. The farmers believe they must maintain a healthy pond bottom environment where the APHNS bacteria are the most concentrated.

Another shrimp industry advisor says “Farmers can now explain this disease to me better than I can explain it to them. It brings a smile to my face - and their management reflects this new understanding.”

The successful farmers have made a number of specific changes.

- First, they carefully control feeding rates. Buildup of wastes from uneaten shrimp feed is one of the reservoirs of the APHNS bacteria.
- Secondly, they have increased their water exchange capacity and reduced density. Water quality is another factor that has proved important in the control of disease.
- Third, they are using “shrimp toilets.” These are deep sumps constructed in the center of the pond to collect and trap settled wastes. The effluent water carrying sediments from these sumps is carried to a series of recirculation reservoirs, some of which also have tilapia, before being circulated back to the shrimp pond.

The net result is that they have vastly reduced the loads of EMS/APHNS carrying bacteria, and as a result have returned to very high survival rates on the order of 80% to 90%.

Thai Union has estimated conservatively that Thai shrimp production this year will reach 250,000 tons, which is 35,000 tons more than last year. If conditions continue to improve production could reach 285,000 tons. The acceleration of grow out in the second half of the year appears to be taking hold.

However, fear of low market prices for shrimp may be inhibiting some farmers, and the volume increase may be a little less because of that.

Also, the changes in the Thai industry mean that the country will likely never return to the 600,000 ton production level. Even with better broodstock and pond management, the overall density is lower. However, observers see a very stable and profitable Thai shrimp industry at the lower production levels.

These changes in farming practice have not spread to Vietnam, Malaysia or China, let alone Indonesia and India which face quite different environmental conditions. In Vietnam, the high prices of shrimp last year led farmers to heavily stock ponds despite high mortality. This year they have cut back drastically, as the market will no longer support their taking those risks. During the first six months of the year stocking was down at least 30%. Recently the lack of raw material for Vietnamese processors has been a widely discussed problem in the press.

In the market, most consumers are still reacting to the high prices of a year ago and there is a lag time before they change behavior.   But consumption is changing in the US as there is little evidence of inventory buildup and shrimp promotions and retail sales are increasing. At the same time demand for imported shrimp in countries like China remains strong.

Through July, US shrimp imports were up over 6%, with India, Indonesia and Thailand all more than making up for shortfalls from Vietnam and Malaysia.

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