

# The Shrimp Times

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## \$ 85 million in losses in the export sector due to the conflict in Russia and Ukraine

Russian buyers have past due invoices of \$50 million usd. There are 85 million usd in losses in the past these seven weeks due to the Russian conflict with Ukraine.

“Some shipments have been diverted to markets in Europe and the United States. However, the high concentration of volume demanded by the Russian market, especially in bananas and flowers, makes it impossible for an alternative market to absorb such an amount of products without generating downward pressure on the price due to oversupply.” explains



Fedexpor.

Another effect is the increasing of costs of products agrochemicals, vegetable oils and fats, paper, cardboard, aluminum, raw materials for balanced products, and also higher energy costs for industrial use

Given this, exporters consider that the country's strategy should focus on opening markets that allow expansion for all export chains and Asians "such as China and South Korea become an important platform for agricultural and food supply with high prices." potential, just as the Central American countries have become the axis of export development for a large part of export manufacturing". They detail the path and the opportunities.

## Cardboard Industries in Ecuador receive a large volume of raw material

After a long period of shortage of raw materials for the production of packaging in the various sectors of Ecuador. Main cardboard industries in the country have been receiving steady volumes of raw material to increase their capacity of production

This, in turn, has caused the price of packaging material return to regular pandemic levels. According to Fesa, The price of an inner box went from \$0.39 to \$0.32

Likewise, Ecuador has presented a notable improvement in delivery times, going from 30 days to 4 busi-



ness days, which means that Seafood Companies will be able to ship their containers on time or, failing that, reduce delivery times and possible delays due to packaging material

Ecuador estimates cardboards plant could handle normal production levels of packaging materials at the end of April 2022.

## Shrimp demand is stable in Ecuador

Ecuador continues to receive a strong international demand for seafood products from major markets such as China and Europe despite these health alerts about traces of COVID in the external packaging and not in the product.

Lorena Konanz, Vice Minister of Export and Investment Promotion (Pro Ecuador) mentioned that “The Chinese buyer recognizes the quality of Ecuadorian products, and for this reason, the exports of the product to this destination have not been affected, even their demand has increased since the pandemic until now,” mentioned

## China has been the Main Market for Ecuadorian Shrimp during 5 years

In the last five years, China has managed the main position as the first export destination for Ecuadorian shrimp, and the figures from the Ministry of Production, Foreign Trade, Investment and Fisheries (MPCEIP) demonstrate this.

From 2017 to 2021, according to the State Portfolio, more than 1 million tons of the crustacean have been exported for an amount that exceeds 6,000 million dollars. In 2021 alone, Ecuador sold 22 percent more to this destination compared to 2020.

Facundo Scavone, director of the Management Program for companies in the shrimp sector at the IDE Business School, affirms that, although China is the main destina-



tion for the Ecuadorian crustacean, a possible FTA would improve the tariff and tariff issue, and would add more stability to the exporters of the sector. At the same time, there are efforts to diversify the market, and although these do not offer the same returns, the placement risk decreases

And finally mentioned that “The increase in exports to this market is mainly due to a strategic diversification model, proposed by some exporters who tried to avoid the risk of concentration in China; therefore, they decapitated and/or peeled shrimp to enter this market with greater force”, he explains.

## Ecuador resumes negotiations with South Korea for a trade agreement

The Government of Ecuador announced the resumption of negotiations with South Korea to finalize a trade agreement between the two countries, after six years of being paralyzed.

Both countries recognize the importance of an open, fair and transparent business environment in the midst of the impact caused by the covid-19 pandemic, in addition to building a long-term relationship

based on trust and cooperation in existing business areas.

With the signing of this instrument, Korea and Ecuador also committed themselves as strategic partners to strengthen mutual efforts in seeking accession to the Pacific Alliance and the Comprehensive and Progressive Treaty of Trans-Pacific Partnership (CPTPP).

In 2021, non-oil exports from Ecuador to South Korea amounted to 124.7 million dollars, while between 2017 and 2021 non-oil exports were registered for more than 530 million dollars.

The main non-oil products shipped from Ecuador to the Asian country are shrimp, bananas, fishmeal, metal manufactures, cocoa and fish.