

The Shrimp Times

February 22, 2022

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N° 005

Custom services suspended in Ecuador due to platform problems

Ecuapass platform, which allows all import and export operations to be carried out, was temporarily suspended during the day of February 16th, according to the National Customs Service of Ecuador (Senae). The suspension occurred after a severe fire started in the equipment air conditioning room.

Likewise, Senate reported at 09:30 am, through their Twitter account, the suspension of operations.

However, in a statement released this Thursday, February 17, 2022, Customs reported that the Ecuapass system is now "partially" re-enabled and that Customs are also working on tests that would allow them to recover



Long lines of trucks were recorded during the suspension of Ecuapass

their operations within a few hours.

It was indicated that alternative solutions are currently being sought and that operational exits will be implemented for urgent cases.

"It is essential that this incident serve to establish contingency mechanisms that allow this type of situation to be avoided in the future," the CEE said in a statement on its Twitter account.

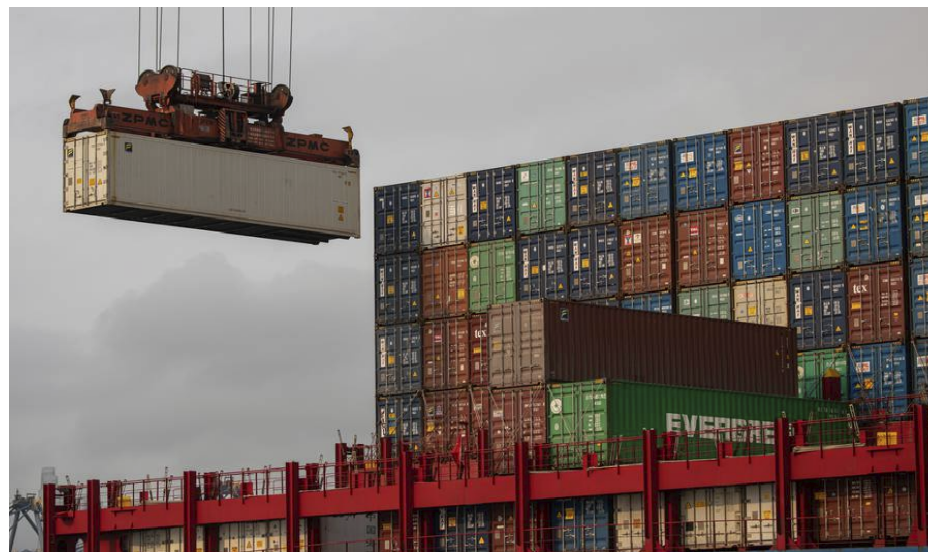
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\$ 797 million losses to Ecuadorian export sector in 2021 due to the increase in maritime freight

Ecuador lost the opportunity to export \$797 million in all of 2021 as a result of the increase in prices of the maritime freight, according to the Ecuadorian Federation of Exporters (Fedexpor).

Aquaculture and fishing sector was the one that registered the greatest potential loss of shipments with \$410 million, followed by the agri-food and agro-industrial sector with \$210 million and manufacturing with \$125 million.

José Antonio Camposano, president of the National Chamber of Aquaculture, said that the increase in freight costs makes shellfish exports more expensive, as well as key inputs for production. "We have been asking



the authorities to apply the drawback as a means to partially offset these negative effects," said Camposano.

Also, in 2021 the export sector faced an additional cost of transportation fees of \$91 million. In other words, the different export segments had to make additional payments (than those of the pre-

pandemic) for the import of supplies and machinery that they use for the transformation and processing of their products.

Given the logistics problem that affects the entire supply chain on a global scale, Fedexpor has established the emergency logistics front. This front makes it possible to establish safe, efficient and competitive logistics, to mitigate the negative impact on the export sector, which other competitors do not face due to their greater geographical proximity to their destination markets (Central America-United States; Asian countries-China), as well as also better tax conditions.

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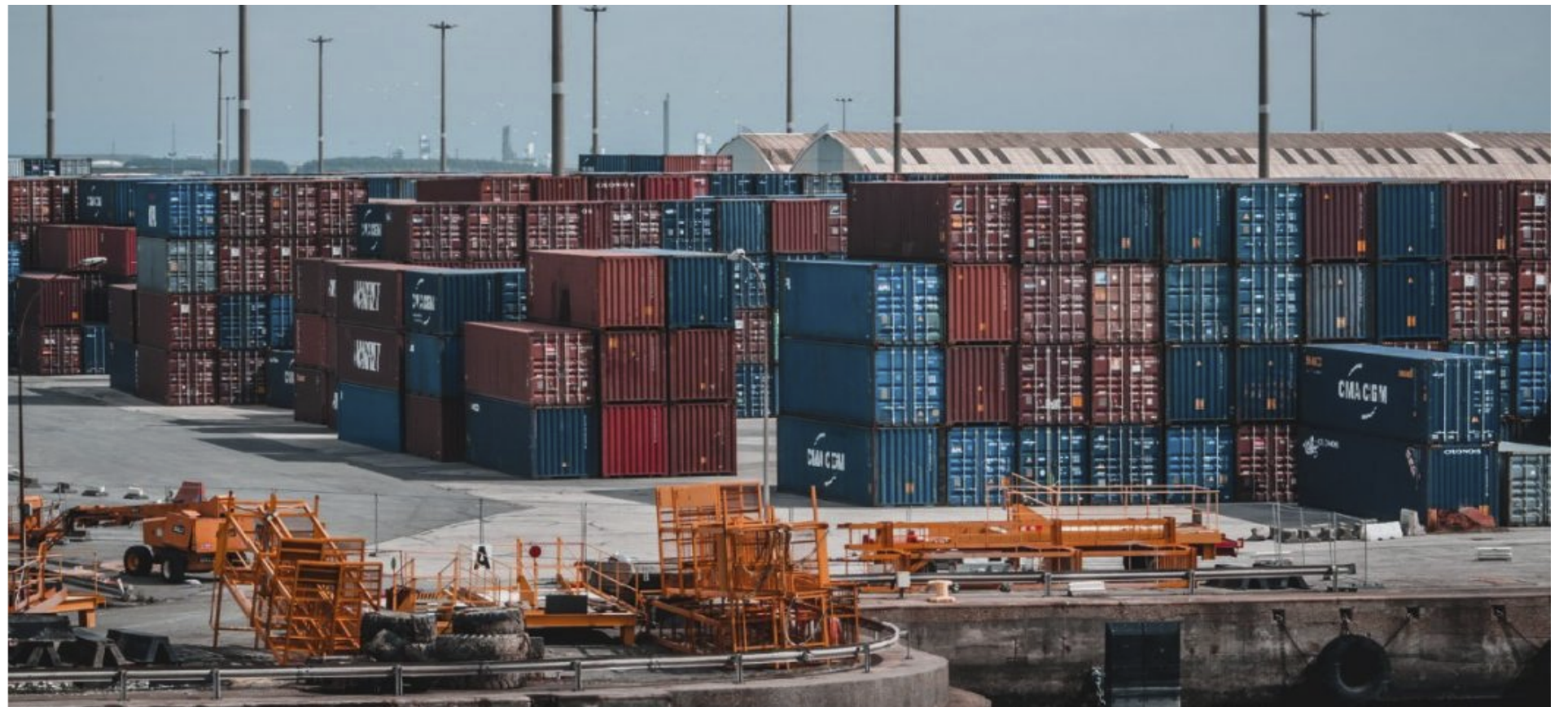
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The cost of freight raised up to 117% worldwide

The global logistics crisis has significantly impacted Ecuador. The increase in world demand for containers for trade pushed up the cost of freight, the shortage of raw materials and an increase in consumer prices.

Since the beginning of the COVID pandemic, the increase in freight costs has been progressive: at the end of 2021, maritime transport had increased by up to 117% compared to 2019, according to the Ecuadorian Federation of Exporters (Fedexpor).

The international crisis also had consequences with the cost of raw materials for the manufacture of cardboard and plastics (which are used within the value chain of the agricultural and seafood sectors) and in the increase in prices of fertilizers, chemicals, amongst



others.

All this has impacted the agricultural, industrial and export sectors of the country.

José Antonio Hidalgo, executive director of the Association of Banana Exporters of Ecuador, pointed out the increases in prices from 35% to 45% for fertilizers, 70% for cardboard and 45% for plastics, reducing the competitiveness of the sector.

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The demand for shrimp continues to increase.

Ecuador continues to receive a strong international demand for seafood products from major markets such as China and Europe.

1 month ago, Ecuador was limiting orders from China due to the fear of possible new measures in that country in the face of its "0 Covid" goal. However, the reduction in the number of positive cases in recent weeks, allowed Ecuador to now take new orders and thus meet the needs of the Asian giant

Regarding the United States market, Ecuador continues to receive high demand for shrimp HLSO, especially large sizes (16/20, 21/25, 26/30, 31/35 and 36/40).



The Ecuadorian aquaculture sector is of great importance for the Chinese market. In 2021, 46% of the Ecuadorian shrimp exports were to China, reflecting an increase in exports compared to 2020.

Raw material begins to arrive for the cardboard sectors in Ecuador

After a very hard semester for the country's cardboard sector and some neighbor countries like Colombia, Peru and Chile, Ecuador now shows a panorama that improves week by week.

The main cardboard producers of Ecuador have begun to receive better amounts of base materials to process the various packaging materials that are used in the country.

It is estimated that in 15 days the costs of the material will begin to improve. The delivery time improved from 30 to 12 working days for deliveries.