

Tracing Indonesian Shrimp Exports

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Indonesia is a country with the richest natural resources in ASEAN, but ranks ninth for its people's hunger (Global Hunger Index), ninth out of ten ASEAN countries. Marine products are one of Indonesia's superior resources, and Indonesia is the second producer in the world, however, Indonesia's marine product export ranking is not included in the top ten. Inadequate infrastructure, inaccurate data collection, weak operational capital for business actors and a conservative mindset from the government and business actors, hampered Indonesia's shrimp exports. The author suggests that the mindset of the government and business actors be aligned by applying synergy and integrity to create fisheries strategies that support the development of Indonesian fisheries.

Shrimp export strategy

In general, the strategy of the Ministry of Maritime Affairs and Fisheries (KKP) is based on ambition, the ambition to compete with other countries and not based on data from accurate research.

Both KKP and business actors have never conducted market research, so they do not know the market and are not aware of consumers' demands. Statistics are considered as the basis of demand, if other countries' sales statistics increase, it is interpreted that demand increases. It did not cross their mind that statistics are data from the past export realization from the country. and is not a guarantee for future demand or export. Market analysis, which could determine future buyer demand and trends, is neglected. It is compensated with a simple interpretation as producing as many as possible will lead to increasing

exports, without taking account of the saturation point of the demand. Therefore, KKP announced that Indonesia in 2024, will produce and export 2 million tons of shrimps. Increasing supply without a corresponding increase in demand will drive down the price. Furthermore, other countries such as Ecuador, India, Vietnam countries are doing market research regularly, in order to meet their consumers' demand and improve their technology to respond to the demands of importing countries. Acceptance of their products are, in general, better than Indonesian products. Focusing on quantity and ignoring the quality of the products, causes Indonesian products to not be considered as superior products.

In addition, KKP promotes only one type of shrimp, namely *Litopenaeus vanamei*, to be developed as many

as possible and that broodstock mostly must be imported from the United States of America. Black Tiger prawns (*P. monodon*), which is native species of Indonesia and preferred by Europeans and Americans consumers, receive less attention, due to the diseases and are considered as difficult to cultivate. Even though Indonesia has many experts who can help solve these problems, the focus of KKP is not to find solutions, but to make it convenient by following only initiatives that have been implemented by other countries. The strategy depends on attitudes from abroad, both for imports of raw material and for export of end products.

Export constraints

The largest importing country for Indonesian fisheries is the United States (US).

Based on a report from UNIDO, which was presented on December 13, 2022, 52% of food products exported to the US, 27% to Australia and 20% to China, were rejected, citing hygiene and food safety.

There are not many rejections from the European Union (EU), because, since 2013, Indonesia's position has been in a moratorium, meaning only producers who have been exported until 2013 may continue to export, new companies are not permitted. This is because Indonesia's competent authorities (BKIPM-KKP) cannot meet the EU's monitoring aquaculture requirements. Therefore it limits Indonesia's fishery exports to the EU. By itself, rejection is also limited. This is detrimental to Indonesia, because the EU is a net importer of marine products, they don't have lots of resources and fish cultivation is also limited, compared to the USA. However, Europe demands high food safety standards, consumers are willing to pay more for premium quality.

Since the rejection statistics are not subtracted from the export statistics, there is no actual export data. Also no research was made to find the source of the rejection. and to fix it.

Importers want products in large quantities, ranging from 2000 – 5000 tons per year, and with quality that meets their requirements.

Indonesian farmers, in general, are small farmers, so the cost of harvesting is high.

The transportation from the ponds to the processing unit is very long, the distance that should have been covered in a few hours was carried out in several days. Transport is very simple, only by truck and immersion in ice water, where the temperature of the cooling is irregular and not measured.

The food safety demands of importing countries, fresh shrimp, must be transported at temperatures between

- 4° - 0° Celsius. The decline in quality during travel and management in collecting cannot be repaired in the processing unit.

Supply chain for export

Indonesian shrimp, depending on collectors or middlemen, who buy shrimp at higher prices from farmers, and sell to the processing units, cheaper than the pond price. This is possible, with shrimp peeled by collectors, without facilities that meet food safety requirements and without government inspections. Furthermore, they are not registered. After peeling, the shrimp are soaked for up to 3 days, to gain weight. But in doing so, the quality of the shrimps, deteriorating. Rejection of exports for reasons of hygiene and bacterial contamination, is likely to occur in collectors. Registered and inspected processing units, in general, meet the food safety criteria of the importing countries. They cannot compete with collectors, because to meet food safety criteria, their investment and operating costs are high.

The collectors are the rulers of the Indonesian fishery economy, recognized by the Ministry of Maritime Affairs and Fisheries, even though they do not have a license. KKP takes action against fish farmers and other fish business operators who are registered but do not have completed their permits,

while collectors have never been prosecuted.

Lack of operational capital, both for farmers and for the processing units, causes collectors to play an important role in the supply chain for Indonesian shrimp exports. KKP helps start-ups with capital (People's Business Credit etc.), so they can start entrepreneurship, but once they start, they are not assisted in their development, so they have to depend on collectors.

SWOT Analysis

Strength

Indonesia has many native species of shrimp, which are favored by foreign buyers, and have been exported as wild catch. In every corner of Indonesia, from Sabang to Merauke, there is a fishery faculty, which means, it has enough experts to do research and to promote various native species of shrimp, to get superior seeds. The use of seeds based on native species will reduce logistics and production costs, as well as reduce competition, which will lead to a stable price.

Weaknesses

The KKP wants to compete with the other countries, such as Ecuador, Vietnam, Thailand etc., but have never benchmarked to see what action or support other country's governments have done, which can improve its fishery exports. Those countries have less sea and land areas than Indonesia.

Indonesian regulations for fisheries, often, discourage the business operators, because its implementation is not clear, without transparency, and unstable.

By each changement of officer, regulation is changed, thus it confuses the business operators.. There is no cooperation among ministries to synergize and to integrate permits to make it easier for business operators.

Overlapping regulations from various ministries, which compete to enforce the law, with the aim to punish rather than coaching, discourage and

reduce trust of business operators in the government.

Opportunity

Broodstock breeding and hatchery of shrimps as the USA does with vannamei shrimp, requires sophisticated technology, but does not require a long growing time. Therefore, the risk is less than growing the shrimps.

If Indonesia focuses on exports of broodstock and seeds from various native shrimp species and other marine products, then Indonesia will become a champion in fisheries production and export.

Shrimp shell contains chitin and its derivatives which can be processed for use in cosmetics, feed, supplements, agriculture, tissue engineering, wastewater treatment, and packaging material applications. One of its derivatives is glucosamine, a protein commonly found in human joints and connective tissue. Shrimp shells provide a number of nutrients that we can use to boost the human immune system and are rich in selenium, which helps fight free radicals.

Cultivation, focused on local consumption, with a system taking account of environmental issues as silvofishery, Integrated Multi Trophic Aquaculture (IMTA) and with high nutrition and nutrition, will be beneficial in eradicating hunger and malnutrition, such as stunting, wasting etc. Thus, reducing the use of land for cultivation will reduce the impact of climate change by protecting mangrove forests and reforestation.

Mariculture for several types of marine animals, apart from shrimp, seaweed, etc. by imitating their original habitat, will prevent extinction and reduce feed costs. Carbon emissions will be reduced which will help climate change.

Threats

The shrimp species cultivated on a large scale in Indonesia, is a *L. vannamei*, which is imported. Even

though broodstock breeding has started, the results have not been sufficient for the needs of the farmers.

This type of shrimp is cultivated on a large scale in Asia, Latin America, the USA and Europe, so competition is high.

The cost of fuel for import and distribution of fry throughout Indonesia as well as quarantine, makes Indonesia's production costs high, compared to other countries, such as Ecuador and the US, where this type is a native species that they reproduce in the lab, so it is disease resistant.

Political problems can disrupt broodstock imports and will be devastating for farmers.

Raw materials for feed must also be imported, resulting in high production costs.

Conclusion

Indonesia has the potential to become a champion in shrimp exports, if ministries can work together to support business operators in terms of licensing.

Also sufficient capital for operations will increase the quality of Indonesian shrimp. Food safety is a prerequisite for exports that its requirements must be complied with.

Collectors or middlemen are the economic rulers of Indonesia's shrimp supply chain, which play an important role in capitalizing fishery business operators but reducing the quality of shrimp.

To reduce production costs, shrimp shells can be processed into supplements, by working with the pharmaceutical industry. Thus, shrimp can be processed with no waste and increase profit.

Suggestion

Focusing on the Strength of Indonesia's native species, will reduce competition and cultivation risks.

The use of technology with silvofishery and IMTA will increase

production and help local consumers obtain highly nutritious food thereby helping to eradicate hunger and malnutrition.

Modernization of infrastructure for logistics and roads from ponds to processing units, must be improved to increase quality.

Adequate capital for farmers and management units, will shorten the supply chain and reduce costs as well as build the required quality.

Concern for the environment by developing marine aquaculture, will help restore habitat in the Indonesian seas and reduce the impact of climate change.

Source: infoakuakulture

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