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WAVE OF DESTRUCTION

Asia's Shrimp Hatcheries Hurt As Tsunami Swept Larvae Away

Thailand, Indian Output
Is Hardest-Hit by Disaster
That May Push Prices Up

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HONG KONG -- Tsunami damage to the hatcheries and ponds of South and Southeast Asia's shrimp-farming industry could crimp production of a valuable aquacultural export commodity and drive up prices for shrimp shipped to the U.S., Japan and other major markets.

The Indian Ocean tsunami wrought immediate devastation on coastal fishing communities and ocean-going fishing fleets. But it is now also clear that it took a toll on the region's more high-tech shrimp-farming industry, particularly in Thailand and India.

The two nations value aquaculture as a high-growth business and an important source of foreign exchange. Damage to their shrimp businesses, coming on top of potential tariffs on their shrimp exports to the U.S., spells "double trouble," says Somsak Paneetatyasai, president of the Thai Shrimp Association.

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¹ • See complete coverage² of the earthquake and tsunami in South Asia.

• **Page One:** [Along Indian Ocean's Coast, Waves Wash Away a Livelihood](#)³
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Importing nations depend on pond-raised Asian shrimp to offset their stagnant domestic catches amid consumer demand. The U.S. is the world's biggest importer of shrimp.

Damage to the region's shrimp-farming industry wasn't obvious at first because the Dec. 26 tsunami spared most of the working farms that raise shrimp larvae, or fry, into marketable adults.

Most of these farms lie hundreds of meters inland from the coast in brackish wetlands and estuaries. Instead, giant waves walloped many of the hatcheries that hatch and nurture the fry supplied to the shrimp farms. Shrimp hatcheries require a high concentration of seawater, meaning that many of them were perched on exposed shorelines. Some aquaculture experts estimate the tsunami swept away half of all Thai hatcheries, a loss that foreshadows a sharp drop in the output of adult shrimp from the world's biggest producer.

Mr. Somsak of the Thai Shrimp Association expects that Thailand's shrimp farmers will lose half of their shrimp larvae as a result of the destruction. He worries that it could take at least six months for hatchery

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owners to rebuild their facilities. "If there is no recovery in the hatcheries, the farmers will not have enough fry," he said. "I think it will affect prices directly."

In India, the world's No. 3 supplier after Thailand and China, damage to shrimp hatcheries was less severe. But Vishnu Bhat, joint director of aquaculture at the Indian government's Marine Products Export Development Authority, foresees an international impact. "I think there will be a drop in shrimp production generally in the whole of South Asia and Southeast Asia, so I think the importing countries may see an increase in prices," he said.

Any effect on shrimp prices probably would take time to unfold because the commercial species cultured in Thailand and India require at least four months to grow from fry into saleable adults.

Hassanai Kongkeo, the Bangkok-based senior adviser for the nonprofit Network of Aquaculture Centers in Asia Pacific, predicts a 10% jump in wholesale prices during the next two to three months. Mr. Somsak, whose trade group includes shrimp farmers, hatcheries and other members of the aquaculture industry in Thailand, said he expects prices to rise by at least that amount.

Shrimp-farming consultant Jimmy Lim agreed. "Prices will definitely go up...about 15%," he said. Mr. Lim, a partner in Venture Farms Pte. Ltd. of Singapore, said the higher prices are likely to last until at least the end of this year.

Not everyone in the industry shares this concern. Because the tsunami struck during a lull in production for many shrimp farms, Adirek Sripratak, chief executive of Thailand's Charoen Pokphand Foods Public Co., said he detects no upward pressure on prices for fry or adult shrimp. Charoen Pokphand is a producer of shrimp and commercial shrimp feed.

Seafood traders in Hong Kong and Singapore report no post-tsunami price rises so far. Although the Lunar New Year celebration in early February is Asia's peak season for shrimp consumption, most traders had boosted inventories of frozen shrimp before the tsunami struck.

Rising prices would have broad implications in the U.S., where consumers gobbled an average of nearly four pounds of the crustaceans in 2003. Domestic U.S. shrimp production, mostly from the Gulf of Mexico, has languished for many years, so Americans have turned to cultured shrimp from Asia and Latin America, most of it imported in frozen blocks. U.S. shrimpers produced 193.2 million pounds in 2003, a fraction of that year's 1.49 billion pounds in imports, according to the U.S. National Oceanic and Atmospheric Administration.

Shrimp imports from Asia have been part of the center of a long running trade dispute with the U.S. American shrimpers complain bitterly that low-priced imports have undercut their ability to compete, and their complaints have been heard within in the Bush administration. Last week, the U.S. International Trade Commission made a final determination that shrimp imports from six countries, including tsunami-ravaged India and Thailand, had harmed U.S. fishermen and processors. The action set the stage for the imposition of new import duties on foreign shrimp. But in a concession, the ITC, voicing concern about the tsunamis, said it would initiate a review of the actions against India and Thailand.

The tsunami's decimation of Asia's ocean fisheries could further worsen conditions for shrimp farmers. Smaller catches of fish could mean higher prices for the fish meal used in commercial feeds that are a crucial cost for shrimp farms.

Thailand's west coast, which bore the worst of the tsunami's effects on that nation, has few shrimp farms because the area lacks suitable wetlands, said Hassanai Kongkeo of the Network of Aquaculture Centers in Asia Pacific. But the west coast has a significant number of shrimp-larvae hatcheries, and at least 91 of them were washed away in December. Most Thai shrimp ponds are located near sheltered shores in the country's east coast. In India, 90% of the shrimp farms along its ravaged southeastern coast were empty when the disaster struck. This was pure luck; the season for stocking these ponds doesn't begin until later this month, said Mr. Bhat, the Indian aquaculture official.

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