

Market diversification to increase the demand for and value of Bangladeshi shrimp



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In a rapidly growing global shrimp industry, Bangladesh's shrimp sector faces fierce competition from much larger producers such as Ecuador, India, and Vietnam. One of Bangladesh's challenges is that it is overdependent on Europe's fragmented hotel, restaurant, and catering (HoReCa) segment and ethnic retail markets, where it exports 88 percent of its output. This market is highly price-driven and limited in size. However, Bangladesh's exporters have no or only limited access to retail markets in the European Union (EU), the United States (US), or other markets that source black tiger shrimp due to a lack of high-quality products, a lack of Aquaculture Stewardship Council (ASC) and Best Aquaculture Practices (BAP) certification, negative market perception of the country's shrimp, and a lack of promotional activities. As a result of the increased competition and restricted market access, Bangladesh's exporters and farmers are experiencing spiraling prices, and their future activities are at risk. Diversifying its markets should help the industry increase demand and get better prices for the products it exports. This brief explores the current market position of Bangladeshi shrimp and what the country can do to diversify its markets. Promotion is key, but not to consumers. Business-to-business (B2B) shrimp buyers worldwide must view Bangladesh as a reliable source of competitive, high-quality, sustainable shrimp.

The current market position of Bangladeshi shrimp in the international market

Bangladesh's shrimp exports are dwindling (Figure 1). Since 2005, Europe has been the largest destination for the country's shrimp exports. In 2023, Europe accounted for 88 percent of Bangladesh's exports.

Bangladesh's market in Europe is concentrated in northern Europe, particularly in Belgium, Germany, the Netherlands, and the United Kingdom (Figure 2). Since 2004, Bangladesh's shrimp export volume to northern Europe has dropped by 25 percent, while exports to southern Europe have quadrupled. Exports to France and

Spain (Europe’s biggest shrimp markets) have grown but are still small. Portugal is Bangladesh’s largest market in southern Europe.

Figure 1. Bangladesh’s shrimp exports to major destinations

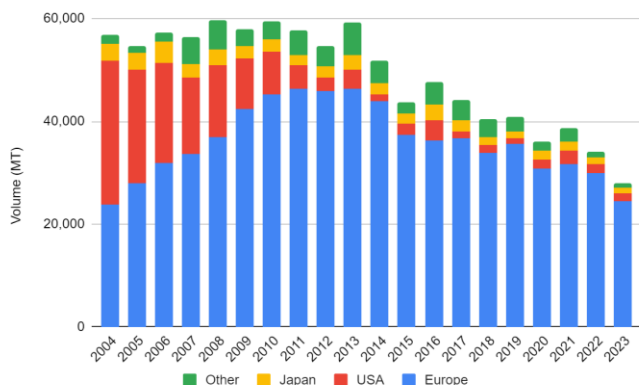
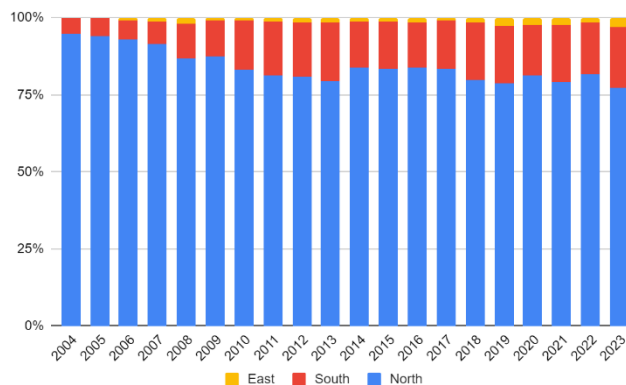


Figure 2. Market share of different parts of Europe of Bangladesh’s shrimp exports



Source: ITC Trademap. Mirror data.

Bangladeshi suppliers to northern Europe compete with black tiger shrimp (*Penaeus monodon*) suppliers from Vietnam and India (Table 1). Vietnam’s black tiger shrimp is mainly sold in retail, while black tiger shrimp from Bangladesh and India are primarily sold wholesale and in food service. Vietnam dominates retail due to the wide availability of ASC-certified shrimp and the positive perception of shrimp from Vietnam. Vietnamese shrimp also tend to receive higher prices than shrimp from Bangladesh.

The biggest market for *P. monodon* in southern Europe is in France. Here, a mix of wild-caught and farmed black tiger shrimp from African countries such as Madagascar, Mozambique, and Nigeria dominate the market. African suppliers are often considered premium as their products are strongly branded and certified by ASC and other sustainability certification schemes. While some Asian black tiger shrimp reach southern European markets, these volumes are small.

Table 1. Major suppliers (listed in order of significance) of *Penaeus monodon* and *Litopenaeus vannamei* shrimp to various market segments in northern and southern Europe

Region of Europe	Shrimp species	Retail	High-end food service	Low-end food service
North	<i>P. monodon</i>	Vietnam	Vietnam, Bangladesh, India	Vietnam, Bangladesh, India
	<i>L. vannamei</i>	India, Vietnam, Ecuador, Venezuela	India, Vietnam, Indonesia	India, Vietnam
South	<i>P. monodon</i>	Madagascar, Nigeria, Mozambique, Vietnam	Madagascar, Nigeria, Mozambique, Vietnam	Madagascar, Nigeria, Mozambique, Vietnam, India, Bangladesh
	<i>L. vannamei</i>	Ecuador, Venezuela, Honduras, Vietnam	Ecuador, Venezuela, Honduras, Vietnam	Ecuador, Venezuela, Honduras, Vietnam, India

Source: Authors.

Sustainability certification and social compliance: Market access requirements for European and US retail

Looking through the websites of shrimp exporters such as [Omarsa](#) from Ecuador, [Devi Seafoods](#) from India, or [Minh Phu](#) from Vietnam, one observes a plethora of certification standards that their farms and processing plants comply with. This is because of the demand for such certificates from their retail buyers.

Most European retailers and US supermarket chains have committed to certifying their aquaculture and fishery products with the [Global Sustainable Seafood Initiative \(GSSI\)](#)-benchmarked certification schemes. Several European retailers have committed to the Aquaculture Stewardship Certification (ASC) scheme, while most US retailers require BAP certification. A few European retailers also accept [GLOBALG.A.P.](#)-certified shrimp. These certifications are market access requirements, i.e., it is not possible to sell in these markets otherwise. Should Bangladesh's exporters want to diversify away from the European wholesale and food service markets and get access to EU and US retail clients, they must certify farms with the ASC or BAP schemes.

Table 2. Number of ASC and BAP-certified shrimp producers in Bangladesh and the world's largest shrimp-producing countries

Certification scheme	Number of certified farms and volume	Bangladesh	Vietnam	India	Ecuador
ASC	Number of farms	1	345	166	91
	Certified volume (tons)	96	55,000	28,476	246,945
BAP	Number of farms	2	608	970	26

Source: Authors.

ASC appears to be the most logical choice for diversifying into European retail, and attempts have been made. Bangladesh has one ASC-certified farm (Gemini Seafoods), while another is in audit (Rosemco). Apex once had a certified farm, but this certification has since been cancelled. ACI Agrolink started an audit, but this too was cancelled. In partnership with Lenk Frozen Foods, ASC currently implements an improver program for small-scale farmers in southern Bangladesh. There are also two BAP-certified farms (Apex and Gemini). These certified farms are all owned by shrimp exporters. The lack of more BAP-certified farms reflects the country's minimal shrimp business with the US.

Many EU and US retailers have additional social responsibility requirements on top of sustainability certification obligations. They require factories to be certified with the Sedex Members Ethical Trade Audit (SMETA), have Social Accountability 8000 (SA8000) certification, or participate in retailers' social audit programs. Like sustainability certification, having these in place is merely a market access requirement, but without which it is not possible to supply to these markets.

While it is often perceived that meeting these requirements will result in price premiums, this is not necessarily the case. Retailers may sometimes pay slightly higher prices than those paid in the wholesale and food service segments. If a premium is paid, it is hardly more than the cost of certification, and as such, does not usually result in better margins for the supplier.

For instance, if there is adequate supply of certified shrimp, a retailer with certification requirements may not pay a higher price for the same product than another retailer with no such requirements. In this scenario, the benefit to the supplier is the ability to sell to this buyer and, as such, move more product. Typically, retailers move bigger quantities than wholesale and food service companies, and demand and prices are often less volatile.

Table 3. Quality, sustainability, and social compliance certification requirements and occurrence in various market segments in Europe and the United States

Market segment	Mainstream (market access requirement) vs. Niche (premium price)	Quality and food safety	Sustainability certification	Social compliance
Retail	Mainstream	BRC, IFS	ASC, BAP, GLOBALG.A.P.	BSCI, SMETA, SA8000
	Premium	-	Label Rouge, EU Organic, Naturland	Fairtrade, Mr. Good Fish
Large-scale food service	Mainstream	BRC, IFS	-	-
	Premium	-	ASC, BAP	-
Small-scale food service	Mainstream	Conventional: BRC, IFS	-	-

Source: Authors.

Note: Mainstream refers to the bulk product in the store. Within the store, certain products may be positioned as being premium, often being accompanied by additional claims, stories, or certifications.

Table 3 summarizes the main certifications common to the European and US markets and whether they are commonly a market access requirement or a means to “premiumize” a product. While ASC and BAP are merely market access requirements and do not necessarily result in premium prices, other certification schemes such as EU organic and Fairtrade certification can fetch premium prices.

A retailer with certification requirements could sell two similar products, one certified ASC and the other certified Fairtrade, at different price points. The logo, and possibly some storytelling, would accompany the product to explain the difference. Sometimes, such a premiumization happens without another certificate. One such example is Lenk Frozen Food’s Lunafarms product, which is sold to Kaufland in Bangladesh.

A reconfiguration of Bangladesh’s shrimp supply chain is required to improve market access and access premium segments

While the European wholesale and food service segments are typically not very stringent on the quality of products – at least not the part that Bangladesh sells most of its shrimp to – for other markets, this is different. Some markets have stringent requirements regarding how shrimp is treated, how it physically appears, smells, and tastes. To get access to retail markets in Europe and the US – but even more so to get access to other markets that are willing to pay a premium price for high-quality black tiger shrimp, such as the markets in France, China, and Japan – these requirements will have to be met.

Today, Bangladesh’s shrimp supply chain from farm to factory is highly disintegrated, especially in the case of the small-scale extensive farms. Farmers supply shrimp to processors through one or more levels of intermediaries, who often lack the incentive to preserve the quality of the product. They do not maintain a cold chain and often lack hygienic handling facilities. Moreover, they are reportedly incentivized to manipulate the product’s weight to earn more when they sell by adding water. While the product at the farm is considered one of the world’s best shrimp, once received at the factory, the quality of the product has often deteriorated.

Without changes to the supply chain, even with the best intentions and processing practices, exporters can often fail to meet the stringent requirements that retail or other niche markets that pay more for high-quality products

have. This is one of the reasons why some companies attempt to establish premium shrimp brands from Bangladesh. They invest in collection centers close to the shrimp farms and their own transport to bring the farm to the factory. Their team maintains quality standards and ensures the farm's product is as fresh as possible when it reaches the factory.

These companies do not necessarily offer a premium price to get farmers to sell to them, but they provide better payment terms. They pay the day of or the day after the transaction, enabling farmers to recover cash and invest to improve their incomes. To add value, these companies often work with farms to improve their practices, develop social products around their communities, and show long-term commitment. Such companies are heavily invested in sourcing shrimp and integrating the supply chain into their operations.

Changing the perception of Bangladeshi shrimp in buyers' minds

Many buyers who in the past may have sourced from Bangladesh or who source black tiger shrimp from other countries today have a doubtful perception of Bangladeshi shrimp. Their perception is tainted by labor issues related to Bangladesh's textiles and shrimp industries, quality issues related to the shrimp supply chain in Bangladesh, and not being able to reliably source shrimp from Bangladesh for several years. Moreover, black tiger shrimp is now available from competitors such as India at equal or even lower prices; why would buyers continue to buy from Bangladesh?

Malpractices such as the misdeclaration of soaking, glazing, and counts to manipulate prices have tainted the processors and the industry. The country's shrimp industry faces a tremendous challenge in maintaining and diversifying its markets because of competition from other producers and the need for certified and high-quality shrimp from Bangladesh. The government and the industry have to convince the world that Bangladeshi shrimp can be of the highest quality, be sustainable, and ethically responsible. Although sustainability and ethical responsibility can be assured through third-party certification, the quality image is more complicated to deal with, as it requires vigorous enforcement of government regulations and changes in how companies do their business.

The government has an important role to play in this regard. It can increase its efforts to enforce its own and overseas packaging and labeling regulations. One way of doing this is to create an industry code of conduct that individual companies sign on to. Companies that comply may receive a stamp of quality. Companies that fail to do so cannot receive that stamp, and if they repeatedly fail to comply with official regulations, they could be sanctioned. There are multiple other ways to achieve the same goal, but the aim must be to stop permitting malpractices for the long-term benefit of the industry.

Once the groundworks for improved perception of Bangladeshi shrimp are laid, the onus will be on the government and the private sector to bring the story to trade shows worldwide and promote Bangladeshi shrimp as a high-quality, sustainable, and ethically responsible choice. Instead of just showcasing Bangladeshi shrimp, those companies and organizations that have laid the groundwork for the new position of Bangladeshi shrimp should be driving the promotional effort.

Examples of good practices

We provide three examples of shrimp companies that have invested heavily in delivering a brand and market image of quality and sustainability. It is resulting in market access, increased demand, and premium prices.

Unima and OSO (Madagascar)

In the French market, Madagascar is synonymous with quality shrimp. Two fully integrated shrimp companies, [Unima](#) and [OSO](#), dominate supply from Madagascar to France. Both companies have invested heavily in building a brand that makes chefs and supermarket clients willing to pay more for its black tiger shrimp than any other comparable shrimp on the menu. Both companies have invested heavily in certification.

Unima's shrimp farming operation is certified by ASC, Label Rouge, and EU Organic. ASC certification is a market access requirement for most of France's supermarkets. Label Rouge is a very exclusive certification managed by producers who want to set their products apart from competitors and increase a niche where higher prices are paid. Unima was the first Label Rouge-certified shrimp company in the world. Its EU organic certification allows the company to compete in the organic market where price premiums are paid. Unima runs its own cookery and processing plant in France, enabling it to serve its French retail and food service customers optimally.

OSO's shrimp farming operation is certified by ASC and organic. The company brands its shrimp as sustainable, ethical, and the best shrimp in the world. The farm is certified by the EU Organic Standard and the French Agriculture Biologique (AB) organic standard. This certification is preferred by many French retailers and food service companies for the sales of organic products. The company brands itself strongly on ethical projects involving the communities around its farming operation and in wider Madagascar. Having gained recognition for its shrimp, the company has also ventured into organic salmon, GMO-free seabass, and bream to target the niche French organic market.

Both Unima and OSO have successfully invested in the highest possible quality and sustainability standards for their supply chains and, on top of that, have invested in solid marketing of the story that comes with purchasing their shrimp. Both companies sell their shrimp at a significant premium in the French market.

Luna Shrimp Farms (Bangladesh)

Luna Shrimp Farms is an initiative of Lenk Frozen Foods, a significant importer of Bangladeshi shrimp into the northern European market. After years of trying to source high-quality shrimp in Bangladesh, the company invested in its setup. To source high-quality shrimp, the company has invested in its collection centers close to the shrimp farms, in its team that manages the purchases and post-harvest logistics, and in a team that manages the shrimp processing in a leased plant. The company sources shrimp from both individual farms as well as clusters of farms in southwest Bangladesh.

To access retail clients in Europe looking for sustainable and ethically responsible shrimp, the company has engaged with ASC in an Aquaculture Improvement Program. Most retailers that commit to ASC certification include in their sourcing policies that they do not only accept ASC-certified products but also products originating from Improvement Programs, which eventually aim to certify producers but have a time path of several years to achieve it. The company and ASC already work with several farmer groups and aim to expand to several more shortly. On top of the improver program, Luna Shrimp Farms invests in the local communities where it procures shrimp by renovating schools, building roofs for the water place, and donating sewing machines. The company tells its story through its marketing materials, and [ASC also promotes the partnership](#).

The first shrimp from this project have already been sold in the German market at a price that justifies the investments made in Bangladesh to make this project successful. With the proof of concept completed, expansion to other retailers is expected.

More examples of good practices can be found in this [Shrimp Insights Blog](#).

Minh Phu Seafood Corporation (Vietnam)

[Minh Phu Seafood Corporation](#) is the largest shrimp exporter from Vietnam. The company is based initially in Ca Mau, the heart of Vietnam's black tiger shrimp sector. Nowadays, black tiger shrimp is primarily produced on extensive shrimp farms. Minh Phu certified most of its semi-intensive and intensive farms under ASC and BAP. Its extensive black tiger farming operation has both ASC and EU organic certification. This offers the company access to the usually lucrative organic market in the EU, where shrimp is sold at a significant premium.

Minh Phu also sources black tiger shrimp from thousands of extensive farms that grow shrimp in [mangrove-integrated systems](#) and farms that grow shrimp in rice fields. These external farms are hard to certify as the supply chain is fragmented. However, to create more value from this part of its supply chain, Minh Phu has [partnered with Monterey Bay Aquarium](#) to improve its Seafood Watch rating to "recommended choice" (green). Products from this supply chain are now sold in the US under a unique brand that carries the Seafood Watch logo and is promoted by buyers who have committed to only selling Seafood Watch green and yellow-rated products.

Conclusions and recommendations

Amidst an almost collapse of the export-oriented shrimp industry, Bangladesh urgently needs to diversify its markets. To succeed, it must comply with access requirements and ensure that buyers from potential markets perceive Bangladeshi shrimp positively. This requires private and public sector investments and supportive policies, such as:

- **ASC and BAP certification of shrimp farms and processing plants and BSCI or other social responsibility certification to deal with labor issues in the shrimp supply chain.** These certifications will enable processors to obtain market access to retail and high-end food service markets. Whether higher prices for certified products are sometimes paid, the driver for certification should rather be access to the market and increased and more stable demand for Bangladeshi shrimp. More certified farms and processing plants will also contribute to an overall improvement in the perception of Bangladeshi shrimp.
- **While investments in ASC and BAP certification result in market access, the extent of premium prices for ASC and BAP-certified shrimp is limited.** To realize premium prices, processors need to invest in additional certification schemes such as Organic or Fairtrade or in partnerships with organizations such as ASC or Monterey Bay Aquarium to work on improved conditions in the supply chain and create a story around it. Only these types of investments will result in a significant premium price.
- **The integration of cold chain logistics in processing operations.** Suppose shrimp processors or farmers invest in collection centers that maintain high-quality standards and to and from which processors can facilitate proper cold chain logistics. In that case, this will improve the quality of shrimp that reaches the processing plants. As such, this shrimp can comply with the quality requirements of more markets. This will increase demand. However, some of these markets will also be able to pay a higher price as they recognize the value of higher-quality products.
- **Domestic mechanisms to step by step abolish malpractices regarding the misdeclaration of soaking, glazing, and counts.** This will force processors and exporters to talk to their clients and stop manipulating the price of products through fraudulent practices. Exporters and their overseas customers must adjust how they are doing or look for partners who can and want to adhere to the new domestic quality assurance mechanisms. This will require strong government involvement, and while it will create trouble in the short term, it will significantly benefit the perception of Bangladeshi shrimp abroad in the long term.
- **Aggressive promotion of Bangladeshi shrimp in overseas markets that pay a higher price for high-quality black tiger shrimp.** Once the challenges in the supply chain are solved and malpractices are abolished, aggressive marketing by the public and private sectors in overseas markets is needed to change the minds of buyers who may have outdated perceptions of Bangladeshi shrimp. These efforts should target markets that are already sourcing high-quality black tiger shrimp from other countries. This includes markets like France, China, Japan, and South Korea.
- **A crucial note is that market promotion of Bangladeshi shrimp should not target consumers.** Consumers do not have a negative perception of Bangladeshi shrimp. Consumers often cannot distinguish different origins; they just buy shrimp. There is global agreement through the Global Shrimp Council that the industry worldwide should work together to position shrimp as a healthy and tasty alternative to beef and, to some extent, poultry. By working together in consumer promotion, the industry can grow the size of the shrimp pie in the total protein market instead of competing among shrimp producers.
- **At the industry level, however, the public and private sectors should join forces** to convince shrimp buyers from supermarkets, wholesalers, and industry clients that Bangladeshi shrimp can compete with other origins in terms of quality, safety, sustainability, and prices. This way, Bangladesh can compete for more of the growing shrimp pie in the global protein market.

Appendix 1: Market analysis

The European shrimp market

Figure A1. EU's imports of raw frozen *Penaeus* (HS03061792) shrimp

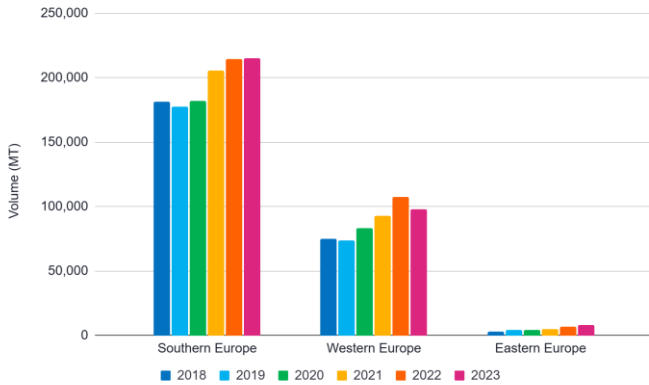
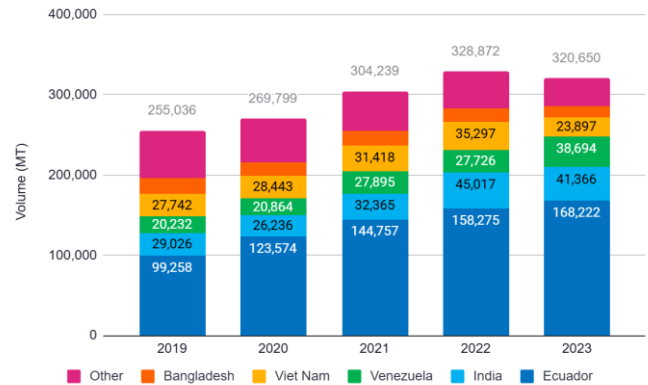


Figure A2. EU's raw frozen *Penaeus* (HS03061792) shrimp suppliers



Source: ITC Trademap.

Europe is the world's third largest shrimp market after the USA and China. The shrimp market in Europe can broadly be divided into the South (including countries such as Spain, France, and Italy) and the North (including countries such as the UK, the Netherlands, Belgium, and Germany).

In the South, consumers mainly eat head-on-shell-on shrimp. In the North, consumers mostly buy headless-shell-on or peeled shrimp. In the South, suppliers from Latin America, such as Ecuador and Venezuela, dominate the market, but in the North, Asian suppliers, such as Vietnam, India, and Bangladesh dominate.

The market for *P. monodon* in Europe is concentrated in the North, although a niche also exists in the South. *P. monodon*'s market is under pressure due to the dominance of the cheaper *L. vannamei*. Most consumers and chefs cannot distinguish between the species and choose the cheapest option. Few know the species' unique selling points and pay a premium.

European shrimp importers and the market segments they supply

The companies importing shrimp in Europe differ between (1) those who supply chilled and frozen products to the market, and (2) those who supply wholesale and retail segments. Importers can be broadly divided into three categories.

1. The first group imports frozen bulk raw materials, which they reprocess and pack as chilled products for retail and large broad-line food service clients. These importers have substantial infrastructure to thaw, cook, and pack shrimp and distribute it to their clients. They often have long-term contracts and relationships with retailers for which they need to hold extensive inventories, which requires financial strength. The contracts are based on yearly tenders where a selected supplier group competes for the business. Due to the need for processing capacity and financial strength, only a few companies are active in this market segment.
2. A second group of companies primarily buys finished products at origin for distribution into retail and food service markets. They don't need local processing capacity; they only buy finished products and move them through the supply chain. However, like in the first category, they need financial strength to hold substantial inventories and meet their contract business requirements. A few more companies have these abilities; hence, the number of companies active in this market segment is more significant than in the first group. This group usually is also active in the third segment described below.

3. The third group of companies supplies finished frozen products to the broader fragmented food service market. While the companies from the first two categories are often active in this segment, a much bigger group of smaller importers is involved. They buy shrimp at its origin and sell it in Europe based on spot prices. One major challenge in this market segment is that it is highly price-driven and that malpractices such as overglazing, overtreating, and mislabeling are almost standard practices to suppress the price.

While black tiger shrimp from Vietnam and Madagascar enter the chilled and frozen retail and large-scale food service segments, black tiger shrimp from Bangladesh mainly enter the broader fragmented food service market. As a result of the unwanted practices encountered in this market segment, Bangladeshi black tiger shrimp is tainted by a negative perception of the quality and reliability of the products.

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