



Louisiana Shrimp Value Chain: Price Dynamics, Challenges and Opportunities

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Purpose and Need

Louisiana shrimpers face a number of challenges, the recent trend of low dockside prices arguably most pressing. Lacking a clear understanding of the factors affecting dockside prices makes it especially difficult to plan for more distant, future challenges like wetland loss and sea level rise. In order to better understand these factors and investigate avenues for Louisiana Shrimpers to become more economically resilient, CRCL, with funding from the National Wildlife Federation, contracted Datu Research for an independent analysis. Datu conducted interviews, visits to shrimp docks, and analysis of historic prices and other data. The report focuses on how the value chain contributes to dockside prices and how to improve profitability to offset the low dockside price.

Key findings

- In the early 2000s, global farmed shrimp production increased 190%, flooding the US market with an abundance of relatively cheap imported shrimp. This influx of imported shrimp had a direct effect on Louisiana dockside prices. Since then, over three-fourths of Louisiana dockside price changes can be explained by changes in import prices.
- Retail prices are *at least* three times higher than average dockside price.
- High-end restaurants and consumers are willing to pay more for locally caught wild shrimp bought directly from a shrimper who can provide information on catch and handling.

Recommendations

- Capture added value that is lost to different segments along the value chain by selling more shrimp directly to consumers and retail outlets.
- Increase direct to consumer marketing, network with high-end restaurants, and improve handling via new technology such as chillers as a means to increase these profit avenues.
- Form co-ops to provide shrimpers with a greater influence of prices throughout the value chain, including dockside.

Implications and Next Steps

The downward pressure of imported shrimp production is likely to continue to influence the dockside price of Louisiana shrimp. Future environmental uncertainty (storms, climate change, habitat loss, restoration efforts, oil spills, etc.) present an additional set of challenges for the industry. Yet, there are a few under-exploited avenues that shrimpers can pursue to create more profit and hence, economic resilience. Now is the time for all parties involved to come together and plan for the progression of the industry in light of all these challenges and opportunities.

We now have a better understanding of dynamics effecting low dockside prices and recommendations to offset; the thing that we know to be truest is that the best answers lie within the shrimpers themselves. The industry needs to work collectively and develop a plan to prepare for these challenges. CRCL is positioned to support this planning process. Shrimpers need to act on their businesses like they would on the water—if you see someone stranded out on the water, you might have to sacrifice a little extra fuel and time to tow them to safety, but you do so knowing that you would receive the same help if you were stranded.