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The hidden cost of farmed shrimp from Ecuador



The project

The global value chains of companies in the seafood industry may pose risks to human rights and the environment. Those companies face increasing regulatory, financial, litigation, and reputational risks connected to their human rights and environmental impacts. Without actionable policies and clear due diligence mechanisms in place, companies cannot identify, assess, and act on environmental and human rights risks across their value chains. Financial institutions providing capital to these companies may also face material risks as a consequence.

In this series, we examine the stories behind seafood species frequently seen on supermarket shelves in Europe. Our aim is to learn what the impact of their trade is on the environment and on the lives of coastal communities. As increasingly required by EU legislation, we expect seafood companies and investors to conduct due diligence across their value chains and portfolios to identify and address environmental and human rights impacts.

Domestic shrimp production in the European Union (EU) is limited, making the market dependent on imports to meet demand. According to [EUMOFA](#), global harvesting of wild shrimp amounts to 1.1 million tonnes, of which only 1% is from the EU. Meanwhile, aquaculture production amounts to 6.76 million tonnes, with only 150 tonnes being produced in the EU.

In 2021, EU imports of frozen *Penaeus* shrimp reached:

452,269 tonnes

The main European importing countries were:

Spain

34%

France

20%

Italy

14%

The suppliers to the EU were:

Ecuador

32%

Argentina

19%

India

13%

Source: [EUMOFA](#)

25%

Ecuador is the top exporter of shrimp, with a 25% share in the international shrimp trade in 2021.

Source: [EUMOFA](#)

Imports from Ecuador to the EU have been facilitated by the signing of the [Protocol of Accession of Ecuador](#) to the Multi-Party Trade Agreement with the EU in 2016, which put in place tariff preferences for farmed shrimp, among other products.

Ecuador's production is set to grow in the future, possibly also due to the Free Trade Agreement signed with China on [3 January 2023](#), which covers shrimp.

According to the FAO, shrimp and prawns were the highest value group of aquaculture products traded globally in 2017. The global market for these

species was valued at USD 45 billion in 2018, distributed among public, private, small-scale, and commercial producers. The shrimp industry is [forecast to continue to grow](#) at a rate of 3.7% to 5.2% between 2019 and 2025.

Globally, in 2019, the *Penaeus sp.* aquaculture industry reached [6.5 million tonnes](#). The main species farmed are white or vannamei prawns (*Penaeus vannamei*), representing 84% of global *Penaeus sp.* production; and jumbo prawns (*Penaeus monodon*), making up 12%. The production of both species has increased by 106% and 38% respectively in the last decade (2010-2019).

Mangrove deforestation continues unabated

The mangrove ecosystem in Ecuador is made up of mangrove forest, other forest species and saline areas and it used to cover an area of [362,802 hectares](#). From the mid-1970s to the late 1990s, with the arrival of the shrimp farming industry, located mostly in mangrove tropical forest areas, deforestation led to a major change in land use. The result has been a loss of biodiversity and the resources that had formerly fed and provided work for artisanal fishing and harvesting communities.

The [2019 Global Assessment Report](#) of the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) names the effects of changes in land and sea use as one of the key drivers of nature degradation. It notes that the destruction of coastal areas, such as mangrove forests, threatens the lives of up to 300 million people. According to the [2022](#)

[projections](#) of the National Institute of Statistics and Census of Ecuador, the Ecuadorian population living in the five marine coastal provinces totals more than 7.5 million people.

The mangrove areas are home to the Indigenous communities of the coast of Ecuador, such as the Valdivia, the Wankavilca, the Jama-Coaque and the Atacames, among others. These Indigenous communities have lived in the provinces of Manabí, El Oro, Santa Elena, and Esmeraldas for centuries.

When shrimp farms began to expand in Ecuador in the mid-1970s, they did so on state-owned land, where the communities that lived off the mangroves had free access to these territories. Access was closed as the shrimp farms were developed, and communities saw their lives take a sharp turn towards poverty. By 2020, and according to the National Coordinating Corporation for the Defence of the Mangrove Ecosystem ([CCONDEM](#), from its initials in Spanish), more than 70% of the mangrove ecosystem in Ecuador was [destroyed by shrimp ponds](#). The destruction of mangrove forests leads to the [loss of many benefits](#), such as flood control, storm protection, nutrient

retention, nursery grounds for different species, erosion control, carbon sequestration and water filtration.

Since the beginning of shrimp farming in Ecuador, there have been [major acts of violence](#) related to the work, food and lives of the harvesters. CCONDEM has counted more than 11 murders in the last 10 years, and shell and crab harvesters have been shot dead by security guards, mauled by guard dogs, or electrocuted at the edge of shrimp farms. Slavery practices were identified both in the farms and in the packing plants up to 2008, together with lack of contracts, lack of work during the off-season, and job insecurity.

Today, mangrove destruction does not seem to be slowing down. [An assessment](#) made in the Ex-Post Evaluation Study of the Trade Agreement between the European Union and Colombia, Peru, and Ecuador, concludes that "*given the continued increase in shrimp exports, the Agreement is likely to intensify pre-existing biodiversity and climate pressures related to shrimp farming, e.g., degradation and deforestation of mangrove areas, water pollution and CO2 emissions*".

These impacts can be disproportionately felt by the most vulnerable groups, including women and children.



The deforestation of mangroves impacts human rights

In Ecuador, direct and indirect deforestation of mangroves, for example through pollution from ponds, can affect the enjoyment of various human rights in local communities that depend on the resources provided by the mangrove.

These impacts can be disproportionately felt by the most vulnerable groups, including women and children.

Deforestation affects the capacity of this ecosystem to provide defences against climate change, which can impact the right to life. This is because communities protected by healthy mangrove

ecosystems are less likely to suffer deaths caused by cyclone. Similarly, the loss of provisioning services, including crabs and other species that are locally consumed, directly impacts the right to food.

The emerging human right to a clean, healthy, and sustainable environment, recently acknowledged by the UN General Assembly, is making the interconnections between the environment and human rights more visible and concrete. This right builds on the recognition that all human rights depend on a healthy environment to be fully enjoyed. The right to a clean, healthy and sustainable environment is enshrined in the Constitution of Ecuador, and the relationship between the environment and human rights has been clarified in a recent advisory opinion of the Inter-American Court of Human Rights. Companies and investors will be

increasingly expected to demonstrate that they are taking the appropriate steps to ensure respect for this right.

The upcoming EU Corporate Sustainability Due Diligence Directive is likely to require companies to account for their impacts on natural resources from deforestation and the links to the possible violation of several human rights, including the right to life and the right to health. Companies could also be required to conduct due diligence on impacts resulting from unlawfully evicting or taking land, forests and waters including by deforestation. They would also need to conduct due diligence on the links to possible violations of the right to an adequate standard of living, including the right to food.