

Indonesia shrimp fact sheet



This study finds that extreme labor and human rights exploitation occurs in the production tiers of Indonesia's shrimp supply chain and that this exploitation is fueled by price pressures by actors in the purchasing and retail tiers.

An Overview of Indonesia's Shrimp Market:

- Since 2016, Indonesia has been the fourth largest exporter of frozen shrimp globally, trailing behind India, Ecuador, and Vietnam, with an export share of 6-7 percent. The trend of decreasing prices in shrimp has impacted the overall export value, averaging about \$2.1 billion¹.
- In 2021, there were 401,841 shrimp farmers in Indonesia. With an average pond size of a 0.79 hectare, it is estimated that there are about 308,000 shrimp farms in Indonesia today².
- Between 2018 and 2023, approximately 68-80% of Indonesia's total shrimp exports were to the United States.³ After a 10% drop from 2021 to 2022, exports to the U.S. further decreased by 16% from 2022 to 2023.

Shrimp Farms & Workforce:

The data below is based on key informant interviews conducted with 221 individuals across, nine provinces in Indonesia.

- The majority of the production 68% is harvested from semi-intensive farms 51%, and traditional farms 17% that use informal employment arrangements. At least half of the shrimp exports from Indonesia are sourced from these informal parts of the shrimp supply chain, where there is evidence of abusive business models.
- The prevalence of unsafe working conditions and labor violations were found in hatcheries, shrimp farms, and processing plants.
- Shrimp farms have the lowest profit margins at 10% and are the most vulnerable link in the supply chain, facing annual inflation rates ranging from 2.6% to 5.51%, coupled with fluctuating prices of up to 27% over the past three years.⁴

• Working Conditions:

- Researchers observed the working conditions in shrimp farm compounds and witnessed poor sanitation, inadequate space for rest/ sleep, and an endless working schedule.
- Workers shared having to search for food in nearby villages because the company did not provide for their nutritional needs.
- Compounds that housed shrimp workers did not have adequate sanitation or hygiene.
- The average pay for gig workers in shrimp farms for 10-12 hours of work is USD 3.75 per day.

• Identified Labour Violations/Forced Labor:

- Common (high prevalence/systemic):
 - Deceptive payment scheme, resulting in many workers not making minimum wages
 - Low monthly wages due to informal job status
 - Debt bondage (mostly with non-employer money lenders)
 - Deceptive employment relationships and unmet promises of permanent employment
 - Excessive overtime
 - Urgent concerns about well-being
- Incidental (not widespread)
 - Child labor
 - Restriction of movement
 - Isolation
 - Intimidation and harsh conditions
- The shrimp supply chains in Indonesia lack effective grievance mechanisms and unions, making it difficult for workers to understand to understand their rights and voice their concerns in the workplace.
- Existing trade unions frequently face threats. In the Lampung Province of Indonesia, a company was observed using intimidation and threats to discourage

¹ It means that some farms belongs to one small holder. The number of shrimp farmers at 2021 is 401,841 people, more than 90% of them have been culturing Vanamee shrimp since 2001. The area of shrimp culture reaches 247,000 hectares consisting of 90% of land for traditional systems, 8.3% semi-intensive systems and 1.7% intensive system, but until 2021 the active area is only 300,501 m² (54.6%). With average pond size is 0.79 hectare, it is estimated that there are about 308,000 shrimp farms in Indonesia. Although Indonesia is expanding intensive shrimp farming, ADB estimated in 2022 that the whiteleg shrimp (*Litopenaeus vannamei*) which accounts for 80% of total shrimp production and is cultivated by large companies and about 50% of the smallholders (ADB, 2022). The study confirms this estimation. CP Prima that operates vertically integrated model participating in a policy called "kampong vannamei" to source from shrimp farmer.

² *Ibid.*

³ The benchmark farm gate prices of vannamee shrimp for 60 pc per kilogram in June 2023 were record low at USD 3.83 in Viet Nam, USD 2.88 in India, USD 3.62 in Indonesia and USD 2.20 in Ecuador.

⁴ The literature provides mixed data on the impact of COVID-19 on shrimp prices, but generally agrees that there will be a moderate price recovery, with a CAGR of 4-7% during the forecast period of 2024-2032. However, despite the recovering prices due to increasing demand, the production segment will remain the lowest profit margin because the cost of shrimp feed is also on an upward trend. Schmitz, A., & Nguyen, L. (2022) provide the evidence on the recovery of demand: Period 1 (March-June 2020): there is a net economic loss globally of \$194 million due to lockdowns. Period 2 (July 2020-June 2021): there is a net welfare gain globally of \$885 million due to increased shrimp demand. Overall, the global net economic gain was \$692 million. For the United States alone, shrimp consumers gained \$470 million while shrimp producers gained \$24 million, which is relatively consistent with the net quasi-consumer gain of \$475 million due to the Covid-19 pandemic.

workers from raising grievances through their trade union, going so far as to threaten to dissolve the unions.

- **Supply of Cheap Labor.** Due to significant unemployment, there is an abundant supply of cheap labor and large informal sector in Indonesia’s economy that increases vulnerability to forced labor.

Drivers of Forced Labor Conditions:

- **Oligopsony Pricing.** Supermarket retailers with limited competition can create or worsen forced labor conditions in Indonesia’s shrimp supply chain through their pricing and practices.
- **Increasing Input Costs.** Retailer pricing does not reflect increasing production costs. Labor is the production cost most likely to be reduced to keep the economic viability of the industry.
 - Labor is just 6% of production costs. According to normative law, labor costs should be between 12-14%, double the current situation.
 - Other costs, such as feed and power are increasing. Feed represents 40%–65% of total shrimp production costs and has increased by 25% since early 2021.
 - Disease disruptions can also impact labor conditions.
- **Lack of Traceability.** The ability to trace the origin of products and verify labor practices is essential to addressing labor exploitation and forced labor.
 - Indonesia’s traceability certification program has encountered difficulties in safeguarding workers’ rights and environmental concerns, relying on a weak social auditing process, self-assessments, and lacking enforcement.
 - Interviewees also attribute the complex and fragmented supply chains to making traceability extremely difficult, allowing products produced using forced labor to enter certified supply chains.

Largest Suppliers:

- The top shrimp exporters in Indonesia are highly concentrated. The top four shrimp exporters from Indonesia to the U.S. are Bahari Makmur Sejati (BMS), Bumi Menara Internusa (BMI), Sekar Bumi, and First Marine Seafoods. These suppliers jointly account for 60% of the market share of shrimp exports. The top 10 exporters represent 80% of total exports to the United States.
- A profit margin analysis indicates retailers enjoy almost 40% profit margins by holding retail prices high while paying little for shrimp, which comes at the expense of longer working hours and harsher working conditions in the Indonesia shrimp supply chain⁵. Retailers’ procurement practices contribute to deteriorating labor conditions in the bottom tiers of the supply chain.
- Farm owners’ margins are at around 10%, with an average inflation at 4-6% and shrimp prices fluctuating between 5-20%. Overall, the production tier operates at a loss, forcing managers to shift the financial pressure and shrink labor costs.
- The shrimp that is farmed and produced in Indonesia is exported and purchased by grocer retailers including those in the U.S., such as Walmart, Kroger, and Costco. See the table below for the link to exporters and retailers.

Grocer retailer:	Indonesian suppliers:	Shrimp products:	Records:
Walmart USA	Bahari Makmur Sejati Modern Industri, Cikande, Serang, Banten 42186, Indonesia	Frozen Breaded Shrimp 18,425 kg Frozen raw shrimp 18,583 kg Frozen raw shrimp 17,775 kg Frozen raw shrimp 17,775 kg Frozen raw shrimp 19,351 kg Frozen raw shrimp 17,775 kg Frozen raw shrimp 18,514 kg Frozen raw shrimp 18,212 kg Frozen raw shrimp and frozen cooked shrimp 18,617 kg Frozen raw shrimp 19,391 kg	March 30/31, 2024, PO Number 167354: https://panjiva.com/shipment_search/results?user_term=1&prefilter=none&type=us_imports&q=walmart+shrimp+indonesia&commit=Search
Walmart USA	Pt. Mega Marine Pride Desa Wonokoyo, Kecamatan Beji, Pasuruan, Jawa Timur, 67154, Indonesia	EZ Peeled raw shrimp 21,110 kg	March 30, 2024, https://panjiva.com/shipment_search/results?user_term=1&prefilter=none&type=us_imports&q=walmart+shrimp+indonesia&commit=Search

⁵ Gibson D. (2023). Shrimp margin for US retailers at staggering 40% in 2023. Undercurrent News, July 26, 2023. <https://www.undercurrentnews.com/2023/07/26/shrimp-margin-for-us-retailers-at-staggering-40-in-2023/>

Grocer retailer:	Indonesian suppliers:	Shrimp products:	Records:
Walmart USA	Pt Pabrik Lamongan Bmi Jl. Raya Sugio - Lamongan, Kabupaten Lamongan, Jawa Timur, Indonesia	Frozen shrimp, 24,510 kg Frozen shrimp, 25,510 kg	March 30, 2024, PO NUMBER: 2-38313, https://panjiva.com/shipment_search/results?user_term=1&prefilter=none&type=us_imports&q=walmart+shrimp+indonesia&commit=Search
Walmart USA	Bumi Pangan Utama Millennium industrial Estate, Peusar, Panongan, Tangerang, Banten 15710, Indonesia	Cooked, tail-on shrimp 23,527 kg	March 30, 2024, https://panjiva.com/shipment_search/results?user_term=1&prefilter=none&type=us_imports&q=walmart+shrimp+indonesia&commit=Search
Costco, Kirkland Signature Brand	Pt. Mega Marine Pride Desa Wonokoyo, Kecamatan Beji, Pasuruan, Jawa Timur, 67154, Indonesia	Frozen raw peeled, deveined tail-on shrimp, March 6 2024: 19,340 kg 19,452 kg 19,620 kg January 30: 19,252 kg 19,220 kg	March 6, 2024, January https://panjiva.com/shipment_search/results?user_term=1&prefilter=none&type=us_imports&q=kirkland+shrimindonesia&commit=Search
Kroger, Signature Brand	Pt Pabrik Lamongan Bmi Jl. Raya Sugio - Lamongan, Kabupaten Lamongan, Jawa Timur, Indonesia	Frozen shrimp 17,876 kg Frozen shrimp 21,713 kg Frozen shrimp 22,226 kg Frozen shrimp 20,239 kg Frozen shrimp 20,159 kg Frozen shrimp 20,351 kg Frozen shrimp 19,974 kg	March 29, 15, February 28, 25, 22, 2024: https://panjiva.com/shipment_search/results_user_term=1&prefilter=none&type=us_imports&q=kroger+shrimp+indonesia&commit=Search
Kroger Signature Brand	Pt. Bumi Menara Internusa, Jl. Raya Gresik - Lamongan No.KM 40.200, Gajah, Rejosari, Kec. Deket, Kabupaten Lamongan, Jawa Timur 62291, Indonesia	Frozen shrimp 15,669 kg	February 25, 2024: https://panjiva.com/shipment_search/results?user_term=1&prefilter=none&type=us_imports&q=kroger+shrimp+indonesia&commit=Search