



# THE **AQUACULTURE** ROUNDTABLESERIES® 2022

A shared vision for aquaculture in Asia

6 - 7 October 2022 • Ho Chi Minh City • Vietnam

## ***TARS 2022*** *Meeting Report*



**AQUAFEEDS**  
A New Equilibrium



## MEETING REPORT

### TARS 2022: AQUAFEEDS: A NEW EQUILIBRIUM

The aquafeed industry in Asia faced a confluence of challenges, including the lingering effects of the pandemic, escalating ingredient and freight costs, supply chain disruptions, and the growing demand for sustainable feed ingredients.

With a theme centred around "Aquafeeds: A New Equilibrium," TARS 2022 attracted approximately 250 stakeholders from 24 countries, highlighting the urgency and global interest in addressing the sector's challenges. The event, supported by key sponsors (INVE Benchmark Genetics, DSM Nutritional Products, BASF, Diamond V, BioMar, Phibro, Adisseo, Grobest, Symrise Aqua Feeds, Cargill and Jefe Nutrition) and the Vietnamese government, brought together industry leaders to explore innovative solutions and strategies.

#### Welcome Address

In a challenging landscape defined by the pandemic's aftermath and global shifts in ingredient costs, high freight charges, and sustainability pressures, Asia's aquafeed industry seeks equilibrium. Dr Tran Dinh Luan, Director at the Ministry of Agriculture and Rural Development in Vietnam, opened The Aquaculture Roundtable Series® (TARS) 2022 with a stark acknowledgment of the difficulties faced by Asian feed millers tasked with fostering industry growth.



*Dr Tran Dinh Luan, Director,  
MARD, Department of Fisheries*

Dr Tran Dinh Luan outlined Vietnam's ambitious plans to expand its aquaculture industry by 36%, reaching 5.6 million tonnes by 2025, with a substantial focus on shrimp production. Emphasising the need for sustainable aquaculture, especially in the Mekong Delta, he underscored the industry's dynamism and its vital role in enhancing productivity and competitiveness.

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In essence, TARS 2022 set the stage for a comprehensive exploration of the aquafeed industry's challenges and opportunities, emphasising the urgent need for adaptive strategies, sustainability, and collaborative solutions in an ever-evolving global landscape. The welcome address by Dr Tran Dinh Luan encapsulated the industry's resilience and determination to navigate the turbulent waters ahead.

#### State of the Industry

The Hard Talk panel scrutinised challenges related to early adoption of new ingredients and strategies to incentivize their integration into the industry. As the aquafeed industry faces uncertainties related to ingredient prices and seeks ways to attract investments, the TARS 2022 program emphasised the importance of collaborative efforts along the value chain. A pivotal 1.5-hour roundtable breakout session brought participants together to discuss "Working along the value chain to improve efficiency, traceability, and sustainability."

#### Volatility in Feed Ingredients

In a candid assessment of current events shaping the aquafeed landscape, Karla Canavan, Vice President at the World Wildlife Fund (WWF), highlighted the compounding impact of the "3Cs" – Covid, Conflict in Ukraine, and Climate change. Canavan delved into the repercussions of these events on the production, processing, packaging, transportation, and financing of aquafeed ingredients.

The disruptions caused by Covid, particularly in the supply chain and increasing feed commodity prices, were interlinked with the conflict in Ukraine, a significant producer of raw materials like corn and sunflower oils. This conflict had a cascading effect on global commodity prices, influencing corn prices in Central America and causing disruptions in wheat supply, a crucial component in aquafeed formulations. The limited supply of sunflower oil from world trade further impacted the prices of palm and soybean oil, essential ingredients in aquafeeds.



Acknowledging climate change as a significant factor, Canavan stressed the uncertainty surrounding its outcomes. The food system, contributing a third of total greenhouse gas emissions, necessitates a collective effort from aquaculture and aquafeed stakeholders to address climate-related challenges, particularly through the reduction of commodity-driven deforestation.

Canavan emphasised the importance of managing risk in volatility and availability, describing it as crucial for transforming food systems, ensuring food security, and enhancing production resilience within planetary limits. Aquafeed production, positioned as the backbone of aquaculture, requires a nuanced understanding of the implications of major events on feed ingredient prices and availability for sustained success.

The need for dynamic risk management and an in-depth examination of the supply chain at procurement and company levels emerged as a central theme. Canavan dispelled the notion that the situation would return to pre-Covid or pre-conflict norms, asserting that adaptation to the new reality is imperative. As the aquafeed industry faces ongoing volatility, the establishment of a resilient aquafeed landscape requires assessments of supply chain control gaps, consideration of environmental impacts, full traceability, and an evaluation of suppliers and supply.

In providing takeaways for the industry, Canavan underscored the necessity for a long-term perspective and comprehensive planning, cautioning against quick fixes. Dynamic risk management, supply chain scrutiny, and traceability emerged as pivotal strategies, with incentives aligned with farmers and a triple bottom line sustainability approach encompassing social, environmental, and economic considerations. The message was clear – adaptation, resilience, and strategic planning are imperative for the aquafeed industry's sustained success in an ever-evolving global context.

### **Status of Asia's Aquafeed Industry**

Piet Verstraete of 4Sea Consulting Ltd delivered a comprehensive overview of the challenges and sustainability efforts in Asia's aquafeed industry. The presentation, given at TARS 2022, highlighted the drastic increase in FOB soybean meal prices by 74% since January 2020, primarily attributed to supply-demand imbalances influenced by weather conditions in the US and Latin America and heightened



demand from major importers like China. The conflict in Ukraine led to a 124% surge in wheat prices, contributing to a complex scenario with fears that prices may not stabilise in the short term.

The ramifications of rising ingredient prices were vividly illustrated with a snapshot from a shrimp feed plant in India, revealing tripled prices for certain ingredients like soybean meal and soy lecithin, resulting in an almost 50% cost increase for standard shrimp feed in 2021. This financial strain, as Verstraete emphasised, marks a shift where feed design is no longer solely about meeting nutritional requirements at the best possible cost but has evolved into a risk management exercise.

Beyond financial constraints, the feed millers face challenges from unfavourable foreign currency exchange rates and increased logistics and energy costs. The impact on aquafeed production manifested in significant drops in shrimp feed production across leading countries in 2020, with a subsequent recovery to 4.6 million tonnes in 2021. The fish feed sector witnessed shifts in demand, exemplified by China's move towards farming high-value freshwater species for local markets.

The current ingredient landscape necessitates diversification in purchases to mitigate supply risks, pushing Asia's feed companies to prepare for a more sustainable future. Unlike the traditional focus on reducing fishmeal usage, the industry now emphasises understanding and managing a broader range of ingredients. The presentation underscored the imperative for close collaboration between purchasing, formulation, and quality control to ensure a steady supply of quality ingredients.

Technology and collaboration between feed, farm, and genetics emerged as crucial for reducing feed conversion ratios (FCRs) and enhancing sustainability. The debate in Asia centres on extruded shrimp feeds, with considerations for their performance. Verstraete concluded with a compelling takeaway, highlighting the opportunity to make ingredient costs more sustainable.

Progress with functional feeds and additives, coupled with the need for efficient liquid application systems, was emphasised for optimising available ingredients and ensuring the industry's long-term resilience. More details here

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### **The Pull and Push effect for the Adoption of Novel Feed Ingredients**

At the Hard Talk programme during TARS 2022, a panel representing the supply chain searched for answers. In recent years, we have seen the emergence of several novel feed ingredients, from single-cell proteins, insect meals to algal oils. The main marketing focus of these product developers is a sustainable alternative for fishmeal and fish oil in shrimp and marine fish feeds, the primary consumers.



The Hard Talk panel at TARS 2022. From left, Henrik Aarestrup, BioMar Group; Tony Dang Quoc Tuan, Tony Tuan Farm, Josh Goldman, Australis Aquaculture and Christopher Tan, Mida Trade Ventures Pte Ltd with moderator, Ronnie Tan. More on the panel here.

Panellists, Henrik Aarestrup is Vice President at BioMar Group, Denmark; Josh Goldman, Founder/CEO at Australis Aquaculture; Tony Dang Quoc Tuan is a certified accountant and owner of Tony Tuan Farm and Christopher Tan, Director, Mida Trade Ventures PL, Singapore. Read online the online report:

[https://issuu.com/aquacultureasiapacific/docs/aq22180\\_aap\\_novdec\\_22\\_fa\\_web/38](https://issuu.com/aquacultureasiapacific/docs/aq22180_aap_novdec_22_fa_web/38)

## Risk Mitigation and Investments in Asia's Aquafeed Sector

Five industry players at the TARS 2022 industry dialogue discussed actions for risk mitigation from increasing ingredient prices, attracting investments and learning from the salmon industry, among others. These were some issues that were highlighted by moderator, Ronnie Tan, Aquaculture Lead at US Grains Council, Malaysia, said."

"The commercial aquaculture industry in Asia has reached almost half a decade and the regeneration of an industry depends largely on two processes. First, a succession plan, and second, is investments. Investments will be the focus of this dialogue," said Tan.

The panel comprised the following, each an expert in their field. Carlos Diaz (CD), CEO at the BioMar Group in Denmark; Benedict Tan (BT) is Program Manager at Hatch Blue, Singapore; Michael

Sweeney (MS) is Partner at Bluegrass Partners, Hong Kong; Piers Lakin (PL) is Senior Associate of Investments and heads shrimp investments at Ocean 14 Capital, UK and Aaron McNevin (AM), Global Network Lead, Aquaculture, World Wildlife Fund, USA. The discussion is online in the January/February 2023 AQUA Culture Asia Pacific.



The five industry players at the Industry Dialogue during TARS 2022 were, from left, Carlos Diaz, Aaron McNevin, Piers Lakin, Michael Sweeney and Benedict Tan. Ronnie Tan (right) moderated.

TARS 2022 provided a comprehensive platform for industry leaders to address the pressing issues confronting Asia's aquafeed sector. As the industry navigates challenges, a consensus emerged on the importance of sustainability, collaboration along the value chain, and technological advancements.

The key takeaways include the need for dynamic risk management, long-term planning, and a holistic approach to feed and farm integration. The aquafeed industry in Asia, while facing headwinds, remains resilient and poised for transformation.

## More features on TARS:

Meeting the challenges in Vietnam's shrimp industry

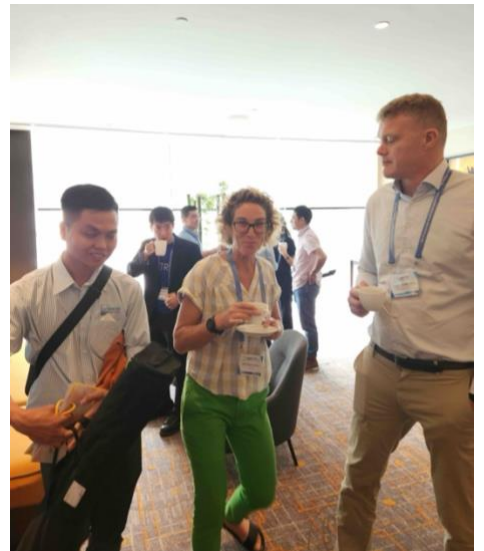
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