

Indonesia shrimp fact sheet



Labour and human rights exploitation occur in the production tiers of Indonesia's shrimp supply chain – and 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 billion.
- 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 today.
- Between 2018 and 2023, approximately 68-80% of Indonesia's total shrimp exports were to the United States. 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 Labour 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.
- **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 reported having to search for food in nearby villages because their earnings are insufficient to meet 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 Labour:**
 - 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 Labour
 - 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 one of the observation sites, a company was observed using intimidation and threats to discourage workers from raising grievances through their trade union, going so far as to threaten to dissolve the unions.

Drivers of Forced Labour Conditions:

- **Oligopsony Pricing.** Supermarket retailers with limited competition can create or worsen forced Labour conditions in Indonesia's shrimp supply chain through their pricing and practices.
- **Increasing Input Costs.** Retailer pricing does not reflect increasing production costs. Labour is the production cost most likely to be reduced to keep the economic viability of the industry.
 - Labour is just 6% of production costs. According to normative law, Labour 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 Labour conditions.
- **Lack of Traceability.** The ability to trace the origin of products and verify Labour practices is essential to addressing Labour exploitation and forced Labour.
 - 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 Labour to enter certified supply chains.
- **Supply of Cheap Labour.** Due to significant unemployment, there is an abundant supply of cheap Labour and large informal sector in Indonesia’s economy that increases vulnerability to forced Labour.

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 chain. Retailers’ procurement practices contribute to deteriorating Labour 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 Labour 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:
Walmart USA	Bahari Makmur Sejati Modern Industri, Cikande, Serang, Banten 42186, Indonesia
Walmart USA	Pt. Mega Marine Pride Desa Wonokoyo, Kecamatan Beji, Pasuruan, Jawa Timur, 67154, Indonesia
Walmart USA	Pt Pabrik Lamongan Bmi Jl. Raya Sugio – Lamongan, Kabupaten Lamongan, Jawa Timur, Indonesia
Walmart USA	Bumi Pangan Utama Millennium industrial Estate, Peusar, Panongan, Tangerang, Banten 15710, Indonesia
Costco, Kirkland Signature Brand	Pt. Mega Marine Pride Desa Wonokoyo, Kecamatan Beji, Pasuruan, Jawa Timur, 67154, Indonesia
Kroger, Signature Brand	Pt Pabrik Lamongan Bmi Jl. Raya Sugio - Lamongan, Kabupaten Lamongan, Jawa Timur, Indonesia
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