

# Hatchery operators: voices heard randomly

By **AP Surtida**

Much has been said about the country's shrimp industry. It has made millionaires out of the first shrimp farmers and hatchery owners and equally impoverished a fair share of them too. Many are still dreaming of the boom years of the last decade which they hope would come back. Unfortunately, it is not so. With infectious disease hounding the industry coupled with high costs of inputs, lack of quality shrimp broodstock and a lot of other reasons, it is doubtful whether there would be a shrimp boom redux.

Surprisingly, there are still those who are into it, surviving - and making money too! In this mixed bag of random interviews with some shrimp industry practitioners, we get a glimpse of both the bleak and the bright perceptions of those inside the industry.

## **GERARDO VILLANUEVA**

*Pond owner-proprietor and Vice-President for Operations Harbortown Hotel, Iloilo City*



Gerry is young at 35, but already a seasoned aquaculturist as he manages the family-owned fishpond in Paloc Sool, Dumangas (58 ha) and Tabucan, Mandurriao (6.5 ha) both in Iloilo Province.

Gerry told us that they managed to latch on to the tail-end of the shrimp boom years which was around the late eighties.

But according to him they didn't make much money, but they didn't lose either. They didn't concentrate on monoculture of shrimp though, but alternated it with milkfish which Gerry says is more stable and has a ready market domestically.

Gerry's view, however, on the whole agri-fisheries industry is rather bleak. He advises those who have enough capital to plow their money into other areas such as hotel or restaurant business, rather than go into agriculture or aquaculture.

Asked to elaborate, Gerry rattled off several factors which according to him makes the odds stacked-up against you. These include: government interference such as CARP or the Comprehensive Agrarian Reform Program; lack of molluscicides; high cost or lack of credit; unpredictable weather conditions (El Niño and La Niña); the GATT/WTO realities wherein you can't compete with the giant multinationals; high cost of feeds; peace and order situation; high cost of labor; and stagnant farm prices, i.e., the price of *bangus* is the same as that of ten years ago.

On whether the heydays of the shrimp roller-coaster ride of the 80's would come back, Gerry said, not a chance, at least for intensive prawn culture. "It's dead and gone. It's too complex to raise shrimp on the intensive level," he said, "although you can still make money on the extensive level."

He cited some giants in the industry who went into shrimp culture and eventually folded-up: Philamlife, Dole Philippines, San Miguel Corp.

Asked what should the government do to encourage investors into the agri-aquaculture industry, Gerry said: "Since you're going against the odds, perhaps the government should give tax shelters to aquaculturists."

About CARP, he thinks it is delaying

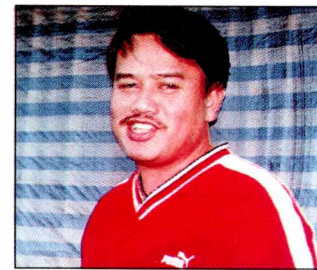
rather than hastening countryside development. To financing institutions, Gerry offered some suggestions like 6 to 8% interest per annum be given to the agri-aqua sector and accept lands as collateral to spur growth.

To researchers and scientists in the academe and R & D sector, they should address economic viability and profitability rather than paper chasing.

To fellow aquaculturists already in the business, to carry on and concentrate on high-value crops such as lapu-lapu, tilapia, catfish, kingcrab, snapper and others.

## **BON BOTANTE**

*Business Partner, Asian Prawn Hatchery Buyu-an, Tigbauan, Iloilo*



Bon, 35, part-owner of a shrimp hatchery, works at the Fish Processing Plant in Iloilo City.

He has extensive experience in the growing, processing, and exporting shrimp, having worked in Sky Van Marine Exports in Navotas and Divisoria, Metro Manila. Aside from shrimp hatchery, he also operates a 80-ha fishpond in Pontevedra, Capiz.

Bon informs us that they get their wild shrimp spawners from either Masbate or Bacolod (100-200 g) at the cost of ₱1,200-₱1,600 per spawner. These spawners are caught by trawl fishers.

They need at least 25 spawners to stock one hatchery run, afterwards, these spawners are discarded.

He traces the fall of the shrimp boom

to the Mt. Pinatubo eruption in Zambales. According to Bon, many shrimp ponds in Luzon were devastated from the ash falls of the eruption. And of course, the industry killer itself -- luminous bacteria -- nailed the lid on the industry. Asked which one is tougher, grow-out or hatchery, Bon said, there are more problems in grow-out like low survival rate than in the hatchery.

Bon believes that the boom years will never return, because it was unrealistic and unsustainable. "If you have noticed, all the high-rollers during the boom were doing intensive farming in Negros Island. We in Panay were content with extensive farming, and that's why we are still here," Bon avers.

And the surprise is that Bon and his kind of farmers are still making money, although modest compared to the boom years. "But that's all right, as long as the business is sustainable, we will raise shrimp," Bon added.

Bon tells us they sell 30 g shrimp at P270 per kg to exporters. Asked to give more details about their shrimp growing methods, he gave us some glimpse of how northern Panay growers do it.

Bon tells us that they reserved about 5.0 ha of their farm to shrimp, and that they practice rotation of different species. At the start, they stocked the ponds with 100,000 *sugpo* fry, 10,000 *bangus* fry, 2,000 *alimango* crablets and 30 gantas of brown shrimp or "*suaheng tagalog*."

After 30-45 days, they start to harvest the crop, first the *suaheng* then after about 3 months and a half, the *bangus*, then after 4 months the kingcrab or *alimango* then the *sugpo* which have grown to 30 g by then. They sell their products at the Iloilo Fishing Port.

Asked about production costs, Bon says they don't use commercial feeds much but rely on wet feeds (trash fish, brown mussels, small shells, etc.), and they don't cause pollution because whatever is food left by the shrimp is eaten by the crabs. "It's very cost-effective."

**LITA AGBAYANI**

*Hatchery owner and homemaker*  
Barangay Namocon  
Tigbauan, Iloilo



The prawn hatchery of Mrs. Lita Agbayani is located right beside her house, some 350 meters away from the seashore. The hatchery was initially for seabass, started by her husband in 1989, together with some of his colleagues at SEAFDEC. But the hatchery operated for less than a year, partly because of very limited market, and primarily because of problems among the business partners. Lita's husband was not able to recover a single peso out of the almost P250,000 investment. The hatchery laid idle for almost two years until 1992 when Lita and her husband decided to take a shot at prawn hatchery. Which was ironic, Lita now says on hindsight, because the prawn industry was then on a downward spiral.

Lita attributes her hatchery's survival to enterprise management, a discipline or skill which tries to make the last centavo cost-effective. She narrated how enterprise management is operationalized. It runs the whole gamut from hiring skilled, honest and industrious technicians and aides, to judicious use of inputs such as electricity, feeds and chemicals, rigid checking of prices of materials and inventory, strict supervision and well-defined roles of personnel, records keeping, minimizing losses from bad debts, awareness of corrupt practices of some players in the industry, and above all, being there when trouble arises.

She described how the hatchery operates: she gets spawners from Masbate,

Negros and Capiz. Depending on the season and quality of the spawners, she needs 50 to 100 spawners to produce the 12-15 million nauplii for her 11 rearing tanks. But she does not pay on a spawner count basis, like most hatcheries, but on a nauplii count basis. She pays high per million nauplii (she refuses to say how much) but she is assured that the spawner suppliers will not deliver to her "manipulated" spawners.

One run goes for 40-50 days. She averages 5.5 runs per year. The cost of operation per run is anywhere from P200,000 to P250,000 depending on the load, season and other factors. Her produce can be as low as less than a million (loss), or 1.5 million (barely break-even), and as high as more than three million fry (blue-moon bonus). She expects the cost of operation will become higher now with the rising prices of gasoline, electricity, feeds and other inputs, particularly the imported ones like artemia and chemicals.

She takes great pride in the quality of the fry that her hatchery produces. "We have developed a protocol -- rather expensive -- but our fry are of very good quality. They have high survival and growth rates in the ponds. That's why our fry are priced a little bit higher than others. But like all other hatcheries, there are times when we produce bum fry, especially during cold and rainy seasons. I'd have these bum fry flushed out and lose money one time rather than lose my customers. Even if my fry have been booked, if later I find out that there's something wrong with the fry, I'd call my buyers and tell them the truth. There are nursery operators, like those from Capiz, who buy diseased fry at a very low price. They know what they're getting and are willing to take the risks in consideration of the low price. They usually sell the nursery survivors at almost three times their original price."

"I have my share of loyal customers from Bacolod, Manila, Aklan and Iloilo," Lita says. Their orders range from 20,000 to 2 million.

About problems in the business, she

lists a litany of woes: (1) dwindling supply and rising cost of spawners because of overfishing and destruction of the environment; (2) rising cost of inputs, such as artemia cysts (which a few years ago cost only P300-320 per 500-g can but now costs P1,800-2000), chemicals, electricity, gasoline, eggs, etc. ; (4) decreasing cost of fry, from P0.22-25 a few years back to P0.17-20 now; (5) rising cost of transportation, especially chartered flights; and, (6) unscrupulous practices of some brokers or agents, such as fry switching, disinformation, 'short-ordering/short-counting' of fry, misrepresentation, and (7) the biggest killer of all -- non-payment of delivery or bad debt.

Asked whether the boom years of the industry will ever come back, she hesitates and then offers, "Maybe, if somebody can come up with a cure for the diseases that have become the scourge of the industry."

For those who would like to try the hatchery business, she has a word of advice, based on her and other hatchery operators/investors' traumatic experiences. "Be the sole owner, don't go into partnerships. This business is so fickle, so erratic. *Minsan tutubo, minsan tutubig ang puhunan mo.* (Sometimes you make profit, sometimes you lose). Partners become suspicious of each other, especially if the other investors are not involved in the management of the hatchery and are not thoroughly aware of the vagaries of the business. It is in your best interest to be the sole proprietor because there's only yourself to commend or to blame for the rise or fall of your business."

And to growers, she offers this advice: take the trouble of buying direct from hatcheries. Besides making a considerable saving, you know what you're getting. If you yourself cannot witness the harvest from the hatchery, have somebody really trustworthy to stand in for you. If you still prefer, or have no option but to engage the services of brokers, check them out very well. Surely, there are some brokers who value their name and reputation, and are in the business for the long haul.

#### ANGELITA TILLO

Hatchery owner-proprietor  
Buyu-an, Tigbauan, Iloilo



Angie Tillo is married and has three children. She acquired her backyard shrimp hatchery in 1994 and had it renovated last year at the cost of P300,000.

Her sources of spawners are Bacolod, Roxas and Masbate. Price ranges P1,000-1,200 plus another P1,000 for fare charges. She needs about 15 spawners for a single run. These spawners give about 8-10 million nauplii. After 2 and a half weeks, she's ready to harvest but those 8-10 million nauplii has now dwindled to 2.5-5 million due to the vagaries of nature, including dreaded diseases. "If you can get 5 million nauplii, you can consider yourself lucky," she says.

Buyers have different size or age specifications: postlarvae (PL) 15, PL 20, and so forth. Buyers usually comes from Bacolod, Dumangas, Kalibo and Roxas City. A couple of years ago, Angie was able to get huge orders -- 200,000 to 400,000 PL -- but in recent years this has dwindled to 60,000, even 20,000, perhaps reflecting the sad state of the industry. Of course, the prices also suffered from a high of P0.18-0.24 to a low of P0.10-0.15.

It costs about P70,000-100,000 per run depending on the inputs. As for the average income per run, "it's too unstable and erratic," says Angie. "Sometimes you hit the jackpot, sometimes you don't. Win some, lose some."

How much is the jackpot? "Around P160-200,000." And the opposite? "Zero. You lose," smiles Angie. "Such is the nature of the business."

## From egg to fry

It's a risky business. The shrimp metamorphoses (or changes appearance and character) twice after hatching before they grow into the fry that shrimp farmers can stock in ponds. During metamorphosis (from nauplius stage to zoea; and from zoea to mysis), the risk for stock die-off is greatest. The "trade secret" is how to improve overall survival. This may be in the form of feeding management, water management, disease control and management, or even in hiring a technician with the "green" or "blue" thumb and who has the greatest capability in spotting and solving problems.

Shown here are the stages of development of tiger shrimp from egg to fry (Motoh H. 1985. Biology and Ecology of *Penaeus monodon*. In: Y Taki, JH Primavera, JA Llobrera. 1985. Proceedings of the First International Conference on the Culture of Penaeid Prawns/Shrimps; Iloilo City, Philippines; 4-7 December 1984; SEAFDEC/AQD, Government of Japan, and American Soybean Association.)

How does she compute net profit? "Simple," says Angie. "You hit the jackpot of P200,000 for example, and you subtract the amount of P100,000 for the operating expenses, subtract 5% for land rent, and subtract another 35% labor fee. What remains is your net profit."

She averages about three runs per year with a minimum of three personnel (one technician and two aides). There are no salaries, only percentages of the proceeds of fry.

Asked about problems, the biggest killer according to her is non-payment of delivery or bad debts. It comes in various shades such as bouncing checks. "This can lead to bankruptcy," she says. "Disease is another problem."

About the future? "I pray that the heydays of the boom years would come back." ###