



Photo: PezCo

PezCo extends reach into US fresh tilapia market

Colombian group seeing fast growth as it burnishes sustainability credentials, exec told

IntraFish

by Drew Cherry

Vertically integrated Colombian tilapia producer PezCo has added another feather to its cap, and it's one likely to accelerate an already upward trend for the producer.

The supplier, which accounts for around 1/3 of Colombia's 12 million pounds of tilapia exports annually, recently received three-star Best Aquaculture Practices (BAP) certification from the Global Aquaculture Alliance (GAA) following certification of the vertically integrated group's Huila-based hatchery.

"This comes at a good time for us," PezCo COO Juan-Carlos Libreros told **IntraFish**.

"Right now, the trend is that more and more retailers want GFSI (Global Food Safety Initiative) or other certifications, and two-star BAP is the ticket for entry."

Libreros said it's likely it will take its tilapia to the four-star level in the coming year, as feed supplier Contegral is also in the process of securing BAP certification of its mill.

PezCo's BAP certification comes on top of Aquaculture Stewardship Council (ASC) certification, which the group has held for years.

The company's focus on sustainability has been paying off. In 2015, the group posted revenues of \$9 million (€8 million) on production of around 45,000 pounds of fresh fillets per week. This year, revenues are on track to reach \$13 million (€11.6 million), and the production goal is for 90,000 pounds of fillet fillets per week.

The company still has plenty of room to expand, both in terms of existing capacity, and in the industry at large, where the sector remains fragmented, and the government supportive of aquaculture expansion.

“The demand is creating the need for growth,” Libreros said. “Some of the contracts we are working on will create an opportunity for us to expand.”

The fresh tilapia fillet market is a bit chaotic at the moment, Libreros said. High salmon prices – both farmed and now wild – have buyers looking for other products to put on offer, and tilapia has benefited somewhat on pricing. At the same time, traders normally focusing on salmon are reacting to the market shift, and are pushing high volumes into the US market to make up for the shortage of salmon.

“Competitors are being aggressive with one another,” Libreros said. “Prices are a little unsustainable right now.”

While that’s a short-term challenge, Libreros said PezCo’s proposition isn’t based on price, particularly as he sees more and more buyers making long-term commitments to fully certified seafood supplies.

With the focus on sustainability has come an increased desire for traceability as well, and that’s had some buyers exploring both longer contracts, and a more “personalized” product, including dedicated ponds.

“They’ve asking, ‘How can we commit to not just three months, not just six months, but a year?’” Libreros said.

While some retailer and foodservice buyers like the flexibility of spot purchasing, the need for more security of supply and understanding of the full value chain is trumping that.

In particular, buyers are keen on PezCo’s larger sizes. Some 80 percent of the company’s production is in large fillets – 5 and up – and that brings a premium.

“Not many companies can focus exclusively on that size,” Libreros said. “Conditions are optimal for us to do something like that.”

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