

How does aquaculture compare with traditional farming, e.g., in terms of risk?

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Aquaculture is an alternative farming system, and is the fastest growing sector of world food production. As an agriculture enterprise, aquaculture also involves dealing with the biology of growing plants and/or fish. The growing environment could be done outdoors where it is subject to the vagaries of the weather, or it can be done indoors where the growing environment can be controlled. Therefore, aquaculture is subject to yield risk, i.e., fluctuations in production levels, market risk, i.e., fluctuations in product prices, input prices, and financial risk, i.e., fluctuating interest rates, cash flow variations, and changes in asset values.