

Global trade of Shrimp value-added products and scope for India

The following article is a part of FIFP webinars conducted on 7th November 2020 on the topic of Value addition in fishery industry' (Part 2).

Note from the Chief Editor:

Main theme of the third in the series of FIFP webinars was Value addition in fishery industry' (Part 2) conducted on 7th November 2020. In all, four presentations were made that covered Prospects of value-added seafood from India; Freeze drying of seafood; Global trade of shrimp value-added products and scope for India; and Innovations in shrimp value addition: focus on product knowledge. Sri Oindrayan Mukherjee discussed about global trade of shrimp value-added products and highlighted the scope for India; production and exports of Indian shrimp; shrimp value addition with examples of value-added shrimp products; major exporting countries of value-added shrimp products to USA; country-wise supply of breaded shrimp to the US; developments in the exports of breaded shrimp to USA; emergence of Vietnam as a major shrimp exporter, share of value-added shrimp exports from Vietnam, major shrimp importing countries from Vietnam, and product-wise exports and percentage share of high-end value-added shrimp products from Vietnam.



Introduction

Shrimp is one of the most common and popular types of seafood consumed worldwide. Global shrimp market reached a volume of 5.10 million tons in 2019 that is expected to reach 5.83 million tons by 2024, growing at a CAGR of 3.73% during the forecast period (2019-2024). The global market has been witnessing positive growth on account of addition of several value-added products to their product line by manufacturers. These products have been gaining popularity in several importing countries such as the United States, Europe and Japan which has helped in expanding the consumer base. Manufacturers/producers regularly develop innovative products to stay afloat and register growth.

Global Shrimp Market



Indian Shrimp industry

India registered shrimp production growth rate of over 30% (804,000 MT) in 2019 as compared to 616,000 MT in 2018. Shrimp exports to different countries show growth of around 9% (667,000 MT). Of the of total shrimp production in the country in 2019, 83% was utilized for exports. US was the largest importer of Indian shrimp accounting for 42% of the total exports followed by China (24%) during 2019. This was followed by EU (11%), Japan (6%) and Vietnam (5%) and others 12% respectively (Fig.1). The trend of Indian shrimp production during the last 10 years is depicted in Fig-2.

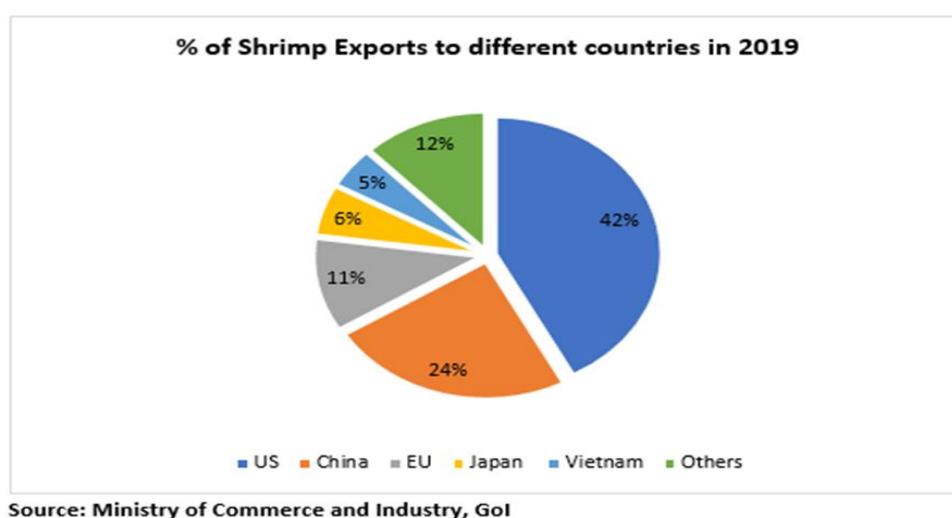


Fig-1. Country-wise percentage share of Indian shrimp exports in 2019



Fig-2. Trend of Indian shrimp production during the last 10 years

Value addition

Value addition in simple terms is defined as adding value to a raw product. In other words, value of a product can be enhanced by employing different processing methods, use of special additives, novel packaging to enhance shelf life and to maintain nutrition and sometimes convenience also. The concept of value addition has emerged due to the consumption pattern of the consumers in the major seafood consuming countries.

Value-added products include Ready to eat; Ready to cook; Ready to fry; Thaw & eat, Heat & Serve; Retail raw branded products; and Other fishery pharmaceutical and cosmetic products of high unit value in export market.

Shrimp Value addition

There has been an increase in consumers' need/demand for convenience seafood globally during the last few years. These include shrimp products, such as lightly-preserved products and hygienically prepared and attractively packed convenience foods. Examples of few value-added shrimp products are shown in Table 1.

Table-1 Examples of few value-added shrimp products

Product Name	Picture	
Ready-to eat		
Product Name	Shrimp Platter – Cooked PDTO	Cooked Shrimp and Salad
Ready-to- FRY		
Product Name	Filo Shrimp	Tempura PDTO
Heat and Eat		
Product Name	Hakao&Shumai	

Frozen/ Chilled		
Product Name	Marinated Shrimp – Garlic Prawn	

Major exporters of value-added shrimp products to USA

China, Thailand and Vietnam are the major suppliers of value-added shrimp, USA being the major market. China exports \$181 million breaded shrimp and contributes to 50 % of the USA's total imports. The other major suppliers of breaded shrimp to USA are Thailand (20%) and Vietnam (15%). Country-wise supply of breaded shrimp to the US is presented in Table -2.

Table -2. Country-wise supply of breaded shrimp to the US

US imports of breaded shrimp, 2018					
Supplier ↕	Volume (metric tons) ↕	Value (\$m) ↕	Market share by value ↕	Average unit value (\$/kg) ↕	Average unit value (\$/lb) ↕
China	30,989	181	50%	5.85	2.65
Thailand	7,098	70	20%	9.92	4.50
Vietnam	7,511	55	15%	7.35	3.33
Indonesia	3,738	30	8%	8.12	3.68
Ecuador	2,240	18	5%	7.84	3.56
Other	687	5	2%	NA	NA
Total	52,262	360	100%	6.89	3.13
Source: NOAA data compiled by Undercurrent News			© 2019 Undercurrent News		

Source: Undercurrent News

Developments in the exports of breaded shrimp to USA

Out of the three main suppliers of breaded shrimp to the US, China is subject to a 25% tax as the United States imposed US \$ 200 billion as tax to Chinese goods in May 2019. This led to a dramatic drop in the production and export of breaded shrimp to the US from China. The US importers are looking for other suppliers to replace China. Vietnam is heavily investing on breaded lines and finding opportunity to boost its breaded shrimp exports to USA in place of China.

Thailand is less competitive in the US market for breaded shrimp products. It finds it difficult to compete with China due to high production costs. The export price of Thai breaded shrimp is always higher than that of China and Vietnam. In the first 5 months of 2019, the average export price of breaded shrimp from Thailand reached US \$ 9.2/kg while those from China and Vietnam reached US \$ 5.6/kg and 7.2 US \$/kg respectively. Out of the 4241 million USD exports of Vietnam, 26% belongs to value-added shrimp products.

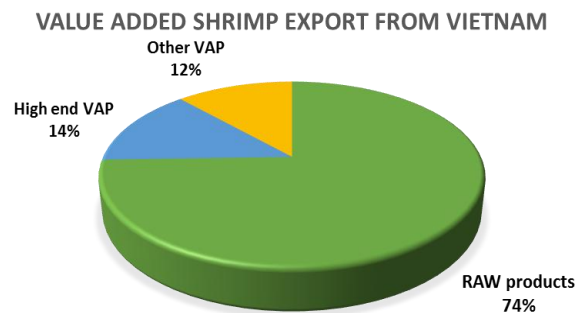


Fig-3. Share of value-added shrimp exports from Vietnam

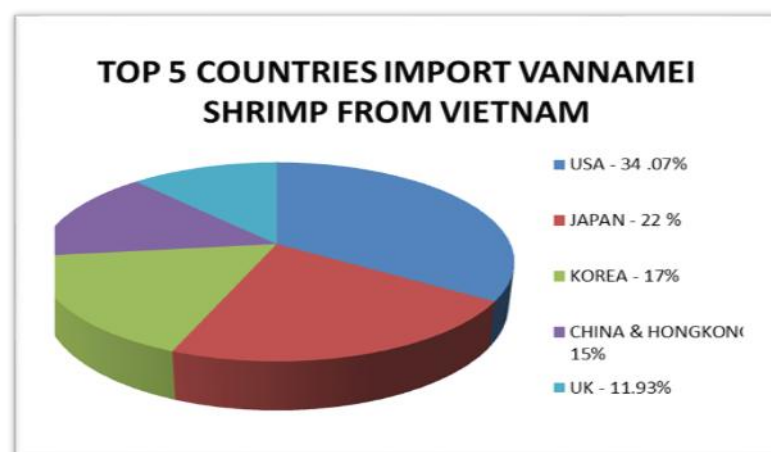


Fig-4. Major shrimp importers from Vietnam

Categories of products exported from Vietnam

Raw products comprise the major category of products exported from Vietnam which translates to about 69% of the revenue followed by 18% from high-end value-added products and 13% from cooked and blanched products (Table.3).

Table-3 Percentage share of categories of products exported from Vietnam_

		Cooked and Blanched	Highend VAP	RAW	Country total
JAPAN	USD in million	81	175.9	341.8	598.7
	% share	14	29	57	
USA	USD in million	98.6	55.5	219.4	373.5
	% share	16	15	59	
Korea	USD in million	10.8	75.1	219.4	305.3
	% share	2	25	72	
China and Hong kong	USD in million	12	2	391.8	405.8
	% share	2	0	97	
UK	USD in million	51.0	21.8	134.8	207.6
	% share	9	11	65	
Total		253.4	330.3	1307.2	1890.9

Table-4: Product-wise exports of high-end value-added shrimp products from Vietnam

		Breaded Shrimp	Nobashi	Spring Roll	Sushi	Tempura	Wrapped Shrimp	Country total
JAPAN	USD in million	64.7	63.5	2.9	22.9	21.7	0.1	175.8
	% share	37	36.1	1.6	13.0	12.3	0.1	
USA	USD in million	39	3.7	0.2	5.3	6	0.9	55.1
	% share	71	6.7	0.4	9.6	10.9	1.6	
Korea	USD in million	39.1	17.9	0.3	12.4	5.3	0	75
	% share	52	23.9	0.4	16.5	7.1	0.0	
UK	USD in million	12.1	0.5	0.8	1.4	4.1	2.6	21.5
	% share	56	2.3	3.7	6.5	19.1	12.1	
Total		154.9	85.6	4.2	42	37.1	3.6	327.4

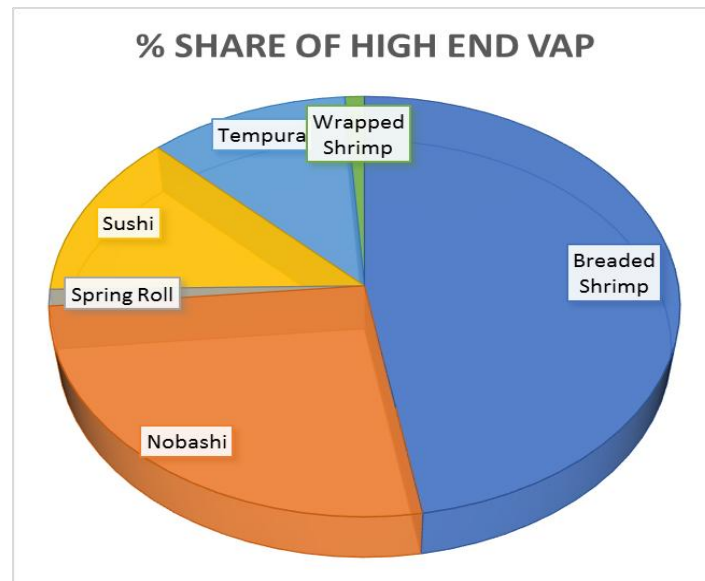


Fig-5. Percentage share of the high-end value-added shrimp product exports from Vietnam

Indian Value-added shrimp industry

India exported 35,000 mt value added products (VAP) worth \$350 million in FY 2018-19 to the US, whereas it exported \$ 2.3 billion total seafood (Mainly Shrimp). Private labeling for US brands has already been initiated in FY 2018-19. An investment of Rs.45 to 50 Crores has been made by a leading seafood exporter for setting up a new VAP factory on the west coast of India.

In India, many exporters are investing in breeding lines to realize more unit value. China's breeding business expanded in the 2000s when the country grew to become by far the world's largest shrimp producer. While other countries have since grown in the production stakes, breeding shrimp requires greater technical know-how than standard shrimp processing such as peeling and de-heading. The investment in bread and shrimp hardware is not much; an assembly line worth \$3m might be enough. The construction and setting up of a breeding and battering unit will take less than a year or two. It would take about three years for countries to build up their capacity.

Conclusion

Establishment of product specification acceptable to the end consumer; Establishment of markets (USA, EU and other destinations) and related quality standards; and Infrastructural development and skilled workforce would propel India towards enhancement of shrimp value-added product trade in the coming years.



Author: Oindrayan Mukherjee

Sr. Manager, Procurement and Supply-chain,

IFB Agro Industries Ltd

E Mail: oindrayanifb@gmail.com

Mr. Oindrayan Mukherjee worked in raw frozen seafood and frozen value-added shrimp production Shop floor in the initial days of career at IFB Kolkata. Later, he was involved in sourcing supply-chain and FMCG marketing sector for domestic seafood space for IFB Agro in Gujarat (Veraval, Surat, Billimora, Bharuch), prior to heading business in Pune, Maharashtra for 2 years. After successfully handling sourcing and supply-chain in Mumbai for 6 years and establishing decentralized sourcing and supply chain for north-west and south-western Indian Metro city markets, he worked in the eastern part of India in the main stream shrimp export sector. Headed purchase and supply-chain department in IFB Agro Ongole (A.P) for 2 years. Presently heading Purchase and Supply-chain department for IFB Agro. Marine Division and handling 3 Units in West Bengal.