

SEAFOOD EXPORTERS SEEK POLICY INTERVENTION TO PROMOTE SHIPMENTS

Lockdown amidst COVID-19 has severely affected the operation of sea food exporters in India, especially in the coastal state of Odisha. The state contributes around 7% to India's export revenue from the seafood sector.

In an interview to MVIRDC World Trade Center Mumbai, Dr. Kamalesh Mishra, President, Seafood Exporters Association of India, Odisha Region explains the hardships faced by seafood exporters in the state and suggests policy measures to overcome them. Dr. Mishra also offers his outlook on India's seafood exports in the coming months.

Excerpts of the interview:

Q1. Seafood exporters are suffering from subdued overseas orders and inability to export goods because of logistics issues. Can you share with us the distress faced by the seafood exporters of Odisha in this challenging time?

Due to the unfortunate COVID-19 pandemic and social distancing being the only norm to fight the same as a preventive measure all most all countries have gone for lock down and that has in turn affected all the producing as well consuming countries in terms all kinds of manufacturing or processing activities in general and seafood in particular. Seafood processing being a labour intensive sector gets the worst hit in spite of the governments both central as well as the state that has allowed its operation as it comes under food processing and as a major sector that contributes around 6.80 to 7 billion dollars worth of exports revenue annually. Though there is reduction in export orders owing to market closure and logistics issues to manage cargo from ports to the last mile connectivity, there were still existing orders in the hands of most seafood exporters also got cancelled as execution of the export orders were not possible post lock down in most cases but some could still manage to execute the orders before the grinding halt. This could be attributed to non-availability of workers in the factory, restriction of truck and trailer movement, confusion with custom authorities etc brought to a state of stand still. After some days of the lock down deceleration the central government allowed the movement of export cargo with lot of ambiguities between the state and the central authorities which added to further confusions and in reality the processing plants could not start operation. The major problem faced are lack of work force in the processing plants, complete restriction of movement of individuals and logistics of all kinds, the social distancing norms that creates big problem for the seafood sector which is very much labour intensive and without these being addressed it will be difficult to predict about the operation of the seafood processing plants in the near future. However, with the recent orders from Central government and subsequent initiative from the state government, it seems the operation of the processing units may start soon. But the processing plants owners are at real panic as they apprehend that if in case a COVID-19 patient is found in the plant in spite of all precautions being followed then in that case the plant may get sealed and that will be like getting into the fire from the frying pan for the units. The media blowing things out of proportion adds further to the anxiety of the processors. However if the processing plants don't start operation then its impact will very drastically affect the aquaculture farmers who are almost in the stage to go for harvesting the shrimp very soon in Odisha may be by the end of April and the first week of May. Andhra Pradesh farmers have

already started harvesting since last one month and are in real distress situation as the plants are in lockdown situation to buy and process the same. They even approached Odisha exporters to no avail.

Q2. What are the steps you expect the state government and the central government to take to provide relief to exporters?

Role of State Government:

Odisha is a prominent contributor to India's export of sea food amounting to around 7% of the national export revenue. It has tremendous potential as it has a coast line of 480 kms so both sea catch and brackish water aqua culture is yet to harness its full potential. The state government has identified it as priority sector and has set an ambitious target to reach an export value of around Rs 20,000 crore by 2024. It is all poised to facilitate the sector to harness its potential as much as possible and also aggressive in its action. The COVID-19 has certainly disrupted the progress of the sector badly. This has been well noted by the state government and it is trying and doing its best now through a gradual relaxation of the norms for bringing the sector back to its growth path. But the plants are yet to start operation.

In the present situation as the state government has very much understood its role it is taking steps for ensuring necessary arrangements to facilitate inter-state movement of goods such as fish and shrimp feed, fish and shrimp seeds, and allowing the work force to join back the processing sector so that the aqua culture sector which will soon go for harvest in Odisha will not push the farmers into a distress state and discourage them to stay away from farming for the following season to start soon. The state is taking necessary steps taking the stake holders in to confidence. It is of course ensuring the serious adherence of social distancing norms and has instructed all processor to operate at 30 to 50% of actual capacity without slightest compromise in the sanitation and hygiene factor.

The state government should also ask the bankers to provide 30 to 40% additional working capital to the processing units and make easy credit available to farmers, hatchery sector to ensure sustenance of the sector at this difficult time. Till this difficult time gets over the state government should carry out periodic discussion with all stake holders to ease out the bottlenecks if any surfaces at anytime. It should also work out subsidy for diesel used for trawlers and generators in farming sectors. A power tariff holiday should be extended for processing units for the lockdown time.

Role of Central Government:

The marine products export sector has had a highly appreciable performance over the last decade in the country, registering a growth of 500% during this period, and creating a record export of nearly Rs. 50,000 crore during the last financial year. Having been recognized as one of the best performing export sectors in the country, we now are faced with circumstances which gravely threatens not only this growth, but also exposes the sector to going back to levels of a decade back. To overcome the distress caused by the lockdown, the following suggestions can be considered by the central government.

Convenience for Labour movement:

If the labour situation is not improved by efforts from the local state and district level government authorities, and if the markets do not take a turn for the better, then the farmers will face a very disastrous scenario of being unable to sell the material, thereby incur losses in hundreds of crore and will be discouraged to go for subsequent crops.

Though the sector falls under food processing, and is considered as an essential activity qualifying for exemption from normal lockdown rules, the local situation at the rural village and town levels, has to be drastically changed, and this can be done only by government authorities where an active coordination between the state and central government is very much called for.

Market situation:

Markets are always driven by a demand and supply dynamics. The whole world is in a crisis. Unless everybody holds their hands together, the farmers, the processors, the exporters, the hatchery operators, the feed plants, and the government authorities, at both the state and national levels, understands the situation and the reality, there is bound to be total chaos, that will be landing everyone in a mess.

There has to be a sense of give and take, and planning without panic. One cannot keep blaming the other, and action cannot be taken based on information from one side.

European Economic Community (EEC) must agree to our long pending requests of re-listing the 14 d-listed plants, listing all the new plants approved and forwarded to them by their competent authority in India (EIC) and reducing the sampling of shrimp consignments for antibiotic residues from 50% to 10%.

Markets of China, Russia, South Korea and Australia should be urgently addressed for opening up their markets with easier conditions on procedure and do away with unreasonable health regulations.

Procedural issues in EIC/EIA:

For a few countries, only EIA (Export inspection Agency) has to inspect samples of consignments in their laboratories. Their labs are closed, their staffs are not available to pick up samples. Private accredited and approved labs are not allowed to test, and on their test reports, EIC does not issue health certificates needed for shipments, for EEC, Japan, Russia and other countries. This is strangulating the business. Private labs must be allowed to test for all countries shipments immediately.

Logistics concerns:

Added to these, a huge logistics problem has come up due to international courier services being suspended. Original documents are needed by the importers for clearing the cargo and the banks need them for effecting negotiation of documents and payments.

Support from Fisheries Ministry to capture fisheries:

- Wavier of all outstanding loans
- Minimum subsistence income for all days the State Governments prevent fishing during ban and inclement weather conditions when fishing is being banned
- All benefits now being provided by the Central government for the Agriculture sector should be extended to the fisheries sector
- Immediate recognition of both aquaculture and fishing as equivalent to agriculture activity

- Providing each fishing family an alternate source of income like providing them at greatly subsidized cost an inland or coastal fish cage with support of seed, feed and growing technology. Or allotting unproductive coastal lands to Fishing communities for aquaculture activity. This will greatly enhance fish production and additional income to fishing families
- Make available ESI Medical benefits for registered fisherman and their families.
- Government of India needs to urgently consider all the above critical issues faced by the seafood sector at this critical juncture before the sector, and also the sector is looking forward to all the solutions that have been suggested above to be addressed soon so the issues faced today with its impact on the marine products sector is mitigated to a large extent.

Q3. China is one of the major destinations for Indian seafood exports; Do you feel export orders may improve in the coming weeks with China gradually recovering from the crises

Shrimp market in China reached a volume of 2.7 Million Tons in 2018. Shrimp is a marine animal that has become a staple in China. For thousands of years, the country has been practicing aquaculture and currently produces more seafood than the rest of the world combined. The consumption of shrimp has more than doubled over the past decade, catalyzed by the strong growth in the middle-class population. Moreover, shrimp imports into China have increased, whereas exports have declined, making China one of the world's biggest importers of shrimp in recent years. China is also one of the largest importers of Indian shrimp in spite of being one of the major producers of shrimp itself in the world for its home consumption as well as for feeding its shrimp processing units that prepares value added products for the global market. With the wet market opening up and most of the consumers may shift to safer products, the demand from china for shrimp may not shrink in the future.

However, going by a report published in ET Market on 14th Feb, 2020, the Indian seafood industry may be impacted as global shrimp prices are expected to face pressure over the next few months with the trade adjusting to the changing demand dynamics in China, as mentioned by a key importer and consumer of farmed shrimp to Investment Information and Credit Rating Agency ICRA

The sizable domestic production of china (estimated at over 10 lakh tonnes) and consumption of shrimp in China, makes the country a key price-mover in the global markets. In fact, China was a market stabilizer during 2019, when global demand from USA, EU and Japan floundered.

The massive shutdown in China due to corona virus spread will lead to a contraction in Chinese demand for seafood causing a glut in the global market, says Pavethra Ponniah, Vice President and Sector head, ICRA Ltd. Apart from the reduced demand, disruption in China's internal logistics: for unloading, storing and further processing, will play havoc with all types of sea foods, impact of which will be felt along the entire value chain, leading up to the farmers. Port clearance for seafood containers in Chinese ports would be difficult in the current environment, effectively cutting off the supply pipeline temporarily.

With the opening up of the China post lock down and going by the significant factor driving the consumption of shrimp in China is its rich nutrition profile and associated health benefits. It is an excellent source of antioxidants and astaxanthin that boosts the functioning of the nervous and musculoskeletal systems. It also helps in weight management, improves bone and brain health, relieves eye fatigue, lowers blood pressure, and prevents the risk of diabetes and cardiovascular diseases. Moreover, driven by strong economic growth and rising affluence, consumers in China are undergoing a 'nutrition transition,' whereby they are shifting from a

carbohydrate-based diet to a food that consists of higher levels of proteins. Apart from this, rapid urbanization and busy lifestyles of consumers have led to a further rise in the demand for cooked and breaded shrimp as they are ready-to-eat food items that do not require extensive preparation before cooking. Furthermore, the expansion of the e-commerce industry has boosted the online sales of shrimp, which in turn has positively impacted the industry. Looking forward, IMARC Group anticipates the market to reach a consumption volume of more than 3 Million Tons by 2024, exhibiting a CAGR of 3.2% during the forecast period (2019-2024).

If we go by a report published on April 12, 2020 and reported by The Huifeng in the "South China Morning Post" that reads as under

"China's shrimp farmers 'terrified' as deadly virus threatens to destroy lucrative seafood industry" the crop may get badly affected and that will certainly be a good reason for further growth in the demand for Indian Shrimp.

- The virus, known as Decapod iridescent virus 1, has infected about a quarter of the shrimp farms in Guangdong province, the heart of production in China
- It is not known to harm humans but can kill shrimp in a matter of days

This is a real concern with the shrimp farmers in china and with this out break it is also important for other shrimp producing countries to be extra-cautious to ensure that it does not cross boundary and affect their crop too. If it really affects the aqua culture in China then it will further boost the demand for Indian shrimp in China. Ecuador yet another major exporter of shrimp to china is also very badly affected by the Covid19 pandemic and may not be in a position to revive the shrimp farming sector.

Looking at the demand factor in China for import of shrimp will be definitely encouraging. But to meet that demand how far Indian exporters in general and Odisha exporters in particular will be able to rise to the situation with necessary support from government both state and center needs to be observed in the days to come.

Q4. What is your expectation on global demand for seafood in the coming weeks and where do you see India's share in world?

The pandemic has certainly triggered a public health crises followed by an ongoing economic crisis due to the measures taken by most countries to contain the spread of the infection such as home confinement, travel ban and business closure. Though in many instances the super markets, take away restaurant and departmental stores are considered essential and kept operational, the measures taken to contain the pandemic has certainly made it difficult to fetch food and food items.

The global economic slowdown followed by lockdown has grossly affected the global demand, its perishable nature, the norms deployed for operation of food processing units to operate at much lesser capacity, limited storage space to hold limited stock in case processing happens also, makes it really difficult at the moment to predict the future demand. Even as it is not possible to predict when the pandemic is really going to get over it is just very difficult to comment on the global demand. Yes, going by the norm that every rise has a fall and every fall has a rise thing will move towards better in the days to come. Hope the world recovers soon from the bad time and things move towards normalcy fast so that all will breathe easy and find a more concerned world to live in where love and care will ultimately prevail over greed and exploitation.

Looking at the global situation which is getting pushed into more and more of unpredictability it is very difficult to provide an accurate prediction about the global demand at the moment. However, as it is a food product and of high value with excellent food value proposition, it is certain that demand for seafood will be encouraging for sure in the future days.

In conclusion, the normalcy of market in different buying countries along with the ability and the condition of the export sector backed by steady production and supply from aqua culture sector will play a major role in the future days.

Notifications

Press Information Bureau, Government of India

- [Daily Bulletin on COVID-19](#)
- [Export of chemical grows 7.43% in April 2019-January 2020](#)

DGFT

- [Procedural details for extension in import validity period and export obligation period](#)

RBI

- [Meeting schedule of Monetary Policy Committee for 2020-21](#)

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