Market Opportunities and Impediments for Australian Seafood to India

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Seafood Industry Australia
The Voice of Australian Seafood

GREAT AUSTRALIAN SEAFOOD

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Executive Summary

The consumption of seafood has risen to more than double in the last five decades, with an average person consuming over 20 kilograms per annum. As such, the market potential of the fishing industry has also consequently been on the rise.

With the onset of the pandemic, the supply and logistical chain may have taken a beating, but nevertheless, the fishing industry is expected to recover strongly. The Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) expects Australia's fisheries and aquaculture GVP to recover substantially in 2021-2022, reaching $3.55 billion at a 10.4% growth rate.

Australia Market and Trade

Australia's fishing industry has constantly maintained an almost impeccable reputation as a producer of premium quality seafood. Covering over 8.9 million km2, the Australian Fishing Zone has allowed the Australian fishing and aquaculture industry to export approximately US$912.14 million worth of fresh, chilled, and frozen fish and seafood products. This was up by 4%, compared to figures from 2020. Crustaceans and Mollusc exports to Asian countries form a dominant part of Australia's total fish and seafood-related exports.

In terms of exports, Australia may be a global leader in certain fish and seafood species, such as the Australian Rock Lobster, but is a minority player globally, with total fisheries production resulting in only 0.16% of global production. This may be mainly ascribed to the focus on managing stocks so that they remain sustainable in the longer term.

However, with Australia's domestic seafood consumption increasing from 240,150 tonnes (1999-2000) to 334,615 tonnes (2019-2020), imports of fish and seafood have also risen from 139,000 tonnes to over 205,000 tonnes.

Indian Market and Trade

India's fishing industry is a robust sector, playing an increasingly dynamic role within the Indian economy. With an Exclusive Economic Zone (EEC) that covers more than 2.3 million km2, India ranks second globally in total fish production.

India's fish production has experienced a close to 19-fold increase over the last 70 years, growing from a mere 0.75 million tonnes (1950-51) to more than 14.2 million metric tonnes (2019-20).

In addition, as of 2019 – 2020, India has also produced approximately 1.78 million metric tonnes (MMT) of preserved and processed fish and seafood products. The states of Gujarat and Andhra Pradesh lead the production of such products.

Irrespective of the high levels of production, fish-eaters comprise only 35% of the total domestic population, with an average annual per capita fish consumption of only 6.9 kg, as compared to the global 20.3 kg.

Key Findings and Areas of Focus

India's local fish industry offers strong competition to Australian fish and seafood products, especially as the latter are besieged by high tariffs and limited market scope. It has been observed that Australian exporters would be better off concentrating on supplying quality fish to high-end foodservice outlets such as luxury hotels, instead of attempting to make headway into the local consumer market.

The signing of the Comprehensive Economic Cooperation Agreement (ECTA) between India and Australia is expected to significantly boost trade between the countries, with a gradual elimination of tariffs on multiple Australian exports to India and vice versa. The Indian Ministry of Commerce & Industry estimates that ECTA will double bilateral trade between India and Australia within five years, valued at over $50 billion

Two Way Trade

While total bilateral trade between India and Australia has grown leaps and bounds, from $13.6 billion in 2007 to an $24.3 billion in 2020, the signing of ECTA in April 2022 is expected to further boost the two way trade relationship between the two countries, due to the elimination of tariffs on Australian exports to India and vice versa. At the present time, there is no significant trading of fish and seafood between the two countries, with Australia only importing approximately $3.08 million worth of fish (fresh, chilled, and frozen) and about $308,000 worth prepared or preserved fish and seafood products from India.

The Australian Market Snapshot

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The Australian Market Snapshot

Australia maintains an international reputation as a producer of high-quality, safe, and sustainable fish and seafood, thereby allowing producers to sell at a premium across international markets.

Australia has the world's third-largest Exclusive Economic Zone (EEC)- the Australia Fishing Zone. The Australian Fishing Zone covers an area of over 8.9 million km2, significantly larger than the area of mainland Australia, and extends some 200 nautical miles out from the Australian coast.

This zone contains some 3,7000 known species of fish, over 2,800 species of mollusc and over 2,300 species of crustaceans.[1]

Despite having access to one of the largest fishing zones in the world, Australia is a minor producer of fisheries products globally, with total fisheries production accounting for only 0.16% of global production. Australia's aquaculture production represented a mere 0.12% of global production as of 2020.[2]

Australia's relatively low production can be attributed to the low biological productivity of the Australian marine environment and the management of fisheries to ensure the availability of sustainable seafood over the longer term.

Commonwealth fisheries continue to share fish stocks with the states and the Northern Territory, while catches are managed cooperatively to assure sustainability.[3]

The Australian Department of Agriculture, Fisheries and Forestry's (DAFF) 2021 Fishery status report found that 77% of fisheries stocks were not subject to overfishing, 19% were classified as uncertain with regard to fishing mortality, and 4 were found to be overfishing.[4]

Based on these findings, the Australian Fisheries Management Authority (AFMA) has maintained its management practices of reducing fish mortality and keeping fish stocks above the minimal reference points of biological endangerment.

Australia's seafood consumption rose from 240,150 tonnes in 1999-2000 to 334,615 tonnes in 2019-2020. Imported fish and seafood fill the gap between Australian seafood consumption and local availability. Imports of seafood into the Australian market climbed from 139,000 tonnes to over 205,000 tonnes, with imports accounting for 58% to 62% of consumption.

In 2019-20, per-person fish consumption was 25.87kg, ahead of the global average which stands at 22.3kg according to FAO.[5]

Over the past 20 years, Australia's aquaculture industry has grown in actual value and relative share of fisheries and aquaculture gross value of production (GVP being the value of production at the point of sale) exponentially.

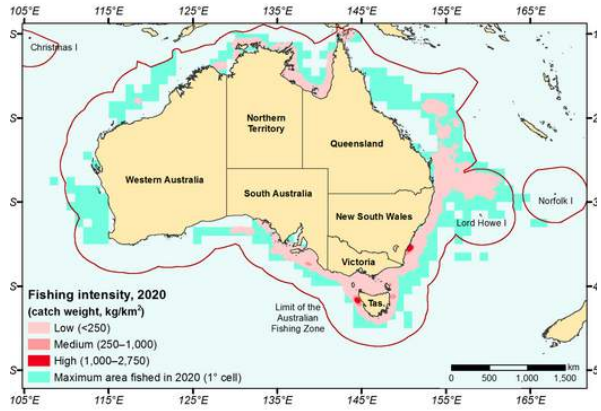
While in 2016-2017, aquaculture production accounted for 44% of the total Australian fisheries and aquaculture GVP, ABARES predicts this will grow beyond 60% in 2026-2027.

This growth is due to an increase in salmonid production and a declining trend in wild-caught production. ABARES predicts a future concentration on prawns, abalone, oysters, and finfish like barramundi and kingfish.[6]

ABARES also predicts that Australia's fisheries and aquaculture GVP will recover substantially in 2021-2022, topping $3.55 billion at a 10.4% growth rate - the highest level since 2002-03.

Gross value predictions within the industry between 2022 - 2023 and 2026 - 2027 are likely to transcend a 3.1% year-on-year pace, reaching $3.97 billion, while real value of production is projected to expand by a modest rate of 0.4% year-on-year to surpass $3.48 billion by 2026 - 2027.[6]

Figure 1. Australia's Exclusive Economic Zone



Source: ABARES Fishery Status Report (2021)

1. Department of Agriculture, Fisheries and Forestry. 2022. Domestic Fisheries. Accessed 26 April 2022. <https://www.agriculture.gov.au/agriculture-land/fisheries/domestic>

2. Food and Agriculture Organization of the United Nations (FAO). The State of World Fisheries and Aquaculture 2022. Accessed 26 April 2022. <https://www.fao.org/3/cc0461en/cc0461en.pdf>

3. Mobsby, D & Curtotti, R. 2018, Snapshot of Australia's commercial fisheries and aquaculture industries, Australian Bureau of Agricultural and Resource Economics and Sciences, Canberra. CC BY 4.0. Viewed 26 April 2022, <https://www.awe.gov.au/abares/products/insights/snapshot-of-australias-commercial-fisheries-and-aquaculture>

4. Patterson, H, Bromhead, D, Galeano, D, Larcombe, J, Woodhams, J and Curtotti, R. 2021, Fishery status reports 2021, Australian Bureau of Agricultural and Resource Economics and Sciences, Canberra. CC BY 4.0. Viewed 25 April 2022, <https://daff.ent.sirsidynix.net.au/client/en_AU/search/asset/1032581/0>

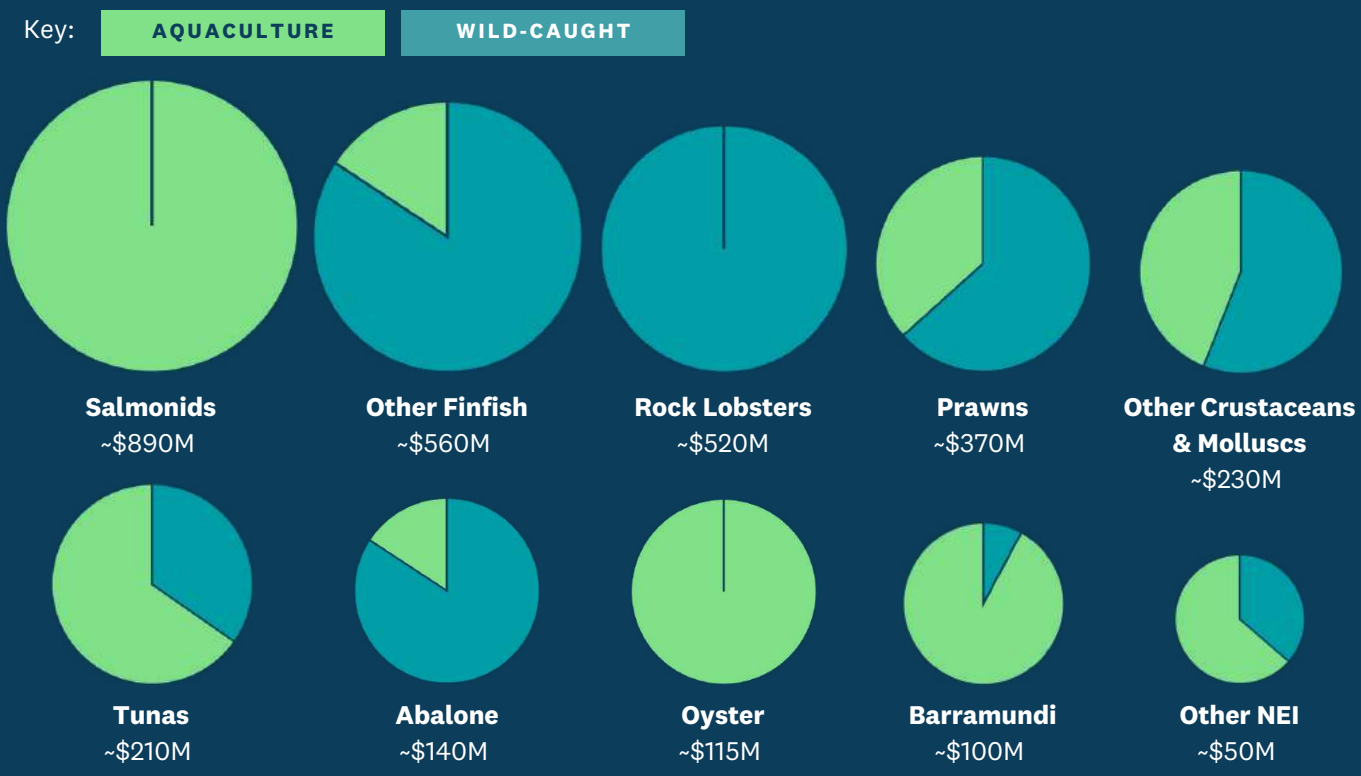
5. Food and Agriculture Organization of the United Nations. FAOSTAT Statistical Database 2022. Accessed 26 April 2022, <https://www.fao.org/faostat/en/#data/FBS>

6. Mobsby, D, Steven, AH, Curtotti, R & Dylewski, M. 2022, Australian fisheries and aquaculture: Outlook to 2026–27, ABARES research report, Canberra. CC BY 4.0. Viewed 26 April 2022, <https://daff.ent.sirsidynix.net.au/client/en_AU/search/asset/1033321/0>

Key Seafood Species

The Australian fishing sector includes wild capture fisheries and coastal aquaculture enterprises, with regionality supporting output value. While Australian fisheries produce a wide range of products, the gross value of production (GVP) is primarily accounted from the wild-catch sector and is largely concentrated in three key species - salmonids, rock lobster, and prawns. These species account for 57% of the GVP of the Australian fisheries and aquaculture industry in 2019 - 20.[7]

Figure 2. Major Species Groups Produced in Australia: 2019 - 20 Projections[7]



Source: ABARES Australia Fisheries and Aquaculture Statistics (2021)

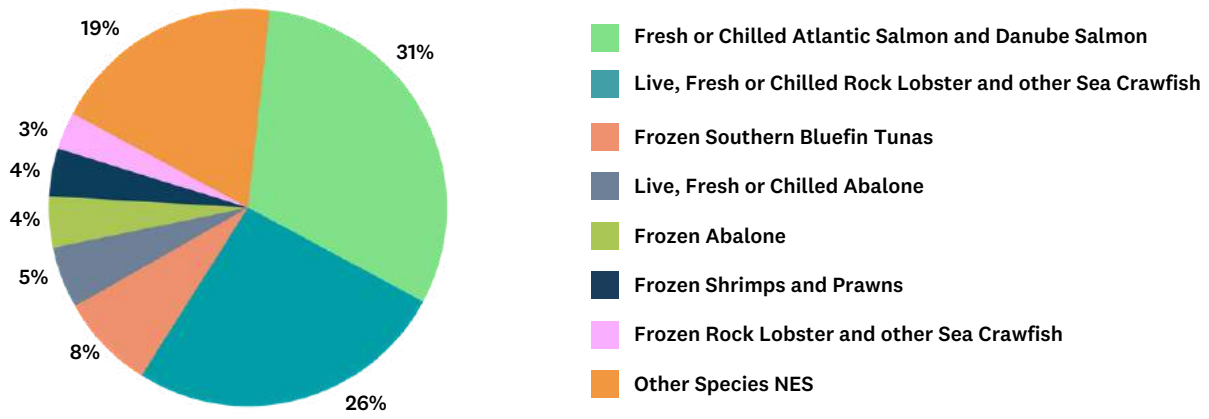
7. Steven, AH, Dylewski, M and Curtotti, R. 2021, Australian fisheries and aquaculture statistics 2020, Fisheries Research and Development Corporation, ABARES, Canberra, August. CC BY 4.0. Viewed 27 April 2022, <https://daff.ent.sirsidynix.net.au/client/en_AU/search/asset/1032481/0>

Export Trade Flows

International trade has been a significant contributor to Australia's fisheries and aquaculture industry, with Australia exporting approximately half of its annual fisheries and aquaculture production by value. According to International Trade Centre (ITC) calculations based on Australian Bureau of Statistics (ABS) figures for 2021, Australia exported approximately US$912.14 million worth of fresh, chilled, and frozen fish and seafood products, growing by 4% from 2020. Much of this growth is the result of exporters recovering from market disturbances, such as COVID-19, and trade distribution with China, who account for over 25% of seafood exports as of 2021.[8]

Australia's seafood export value is dominated by high unit value products, largely led by crustacean and mollusc exports to the Asian market;. As of 2021, the top five seafood products accounted for over 70% of Australian fish and seafood exports in 2021 as highlighted in figure 3.[8]

Figure 3. Australian Fish and Seafood Exports by Species: 2021



Source: ITC Trademap (2022)

Australia is a leading global exporter of several key fish and seafood species as of 2021. Australian Rock lobsters (live, fresh or chilled) in particular, in export value represented over 32% of world exports in 2021 at US$239.75 million - ranking 1st globally.[8]

Australia is also the global leading exporter of Southern bluefin tuna, representing 74% of frozen and 52% of fresh or chilled variants at US$67.54 million and 7.55 million respectively - ranking 1st globally.[8]

The other notable export out of Australia is Abalone, with a combined exported value of US$103.97 million across live, fresh, chilled, smoked, dried, salted or in brine, abalone as of 2021.[8]

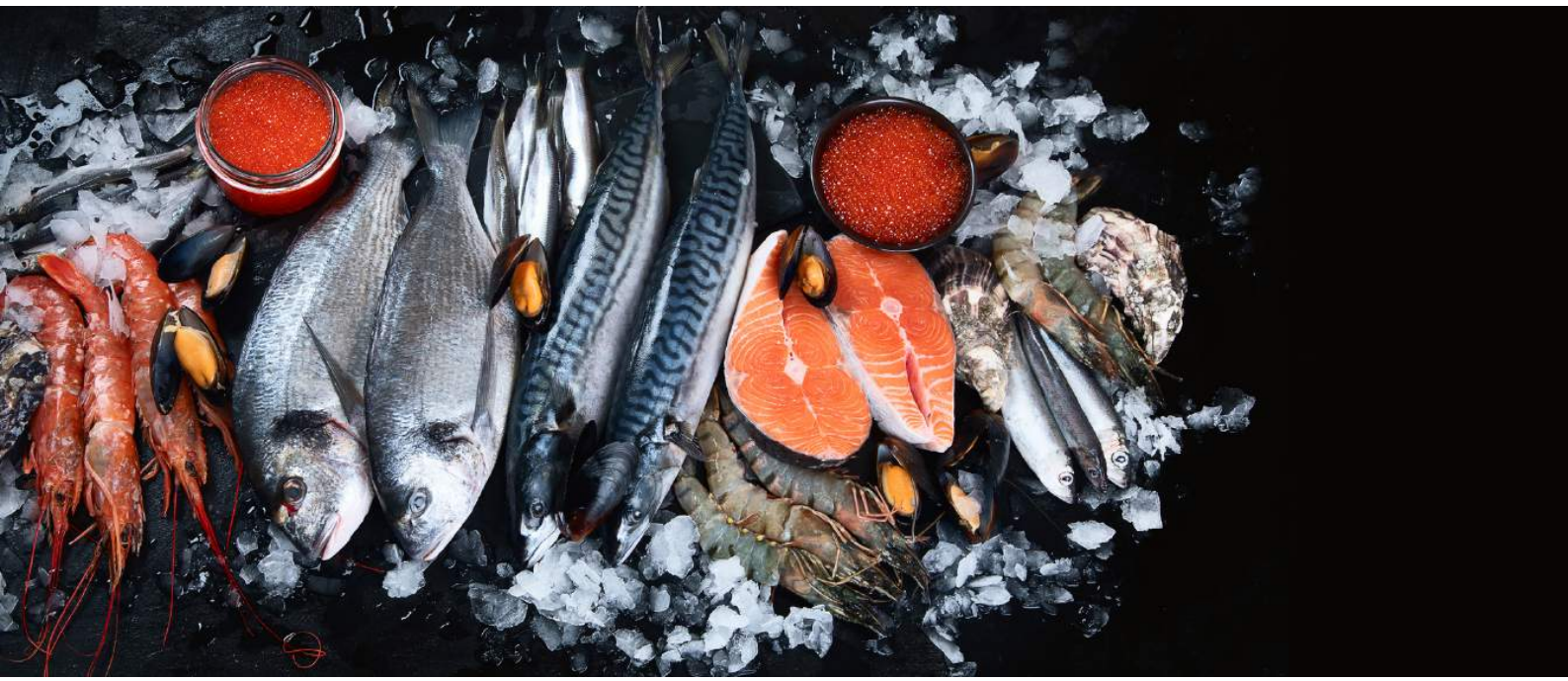
Market diversification continues to be an active topic of discussion within the Australian fisheries and aquaculture industry.

As of 2021, the leading export destinations for Australia were China (US$231.60 million), Hong Kong (US214.81 million), Japan (US$114.55 million), the United States (US$73.84 million), and Vietnam (US$68.87 million). Combined, these destinations made up over 75% of fishery exports.[8]

Consolidating key export markets in combination with market diversification is key to the future growth prospects of Australian fish and seafood exporters, helping to mitigate export earnings volatility and reduce vulnerability to external shocks, thereby ultimately providing suppliers with a more resilient supply chain which in turn will stabilise export revenues.

Figure 4. Key Australian Exports - Live, Fresh, Chilled, or Frozen Fish and Seafood: 2021

HS Code	Species	Value Exported in 2021 (USD Thousand)	Percentage of World Exports for Specific HS Code
'030631	Rock Lobsters, Live, Fresh or Chilled	239,748	32.2%
'030346	Frozen Southern Bluefin Tunas	67,535	74.3%
'030781	Live, Fresh or Chilled Abalone	48,338	27.6%
'030783	Frozen Abalone	38,477	57.9%
'030787	Smoked, Dried, Salted or in Brine, Abalone	17,150	21.4%
'030236	Fresh or Chilled Southern Bluefin Tunas	7,550	51.8%
'030485	Frozen Fillets of Toothfish	5,049	18.4%
'030291	Fresh or Chilled Fish Livers, Roes and Milt	3,294	10.6%

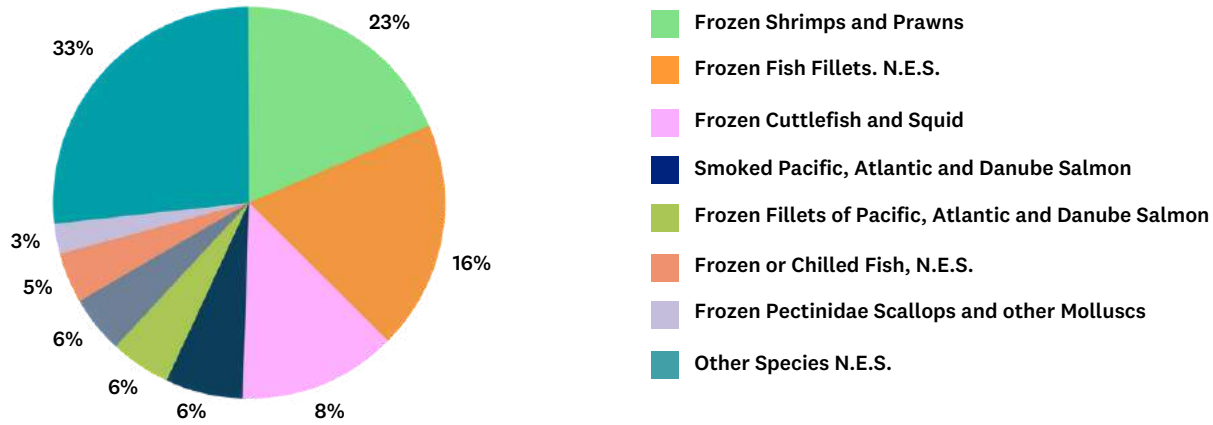


Import Trade Flows

Australia is a net exporter of seafood in value terms, accruing a positive trade balance of US$98.36 million in 2021. Despite this, Australia remains a significant importer of fish and seafood products. According to ITC calculations based on ABS figures for 2021, Australia imported approximately US$813.78 million worth of fish and seafood, rising by 16% between 2020 - 2021, and equal to 89% of the value of exports in 2021 across live, fresh, chilled, and frozen fish and seafood.[8]

Australia's fish and seafood imports are led by five key species which represent approximately 60% of total imports. As of 2021, these include shrimps and prawns, frozen fish fillets, frozen cuttlefish and squid, and more as outlined in Figure 5.

Figure 5. Australian Fish and Seafood Imports by Species: 2021



Source: ITC Trademap (2022)

Figure 6. Key Australian Imports - Live, Fresh, Chilled, or Frozen Fish and Seafood: 2021			
HS Code	Species	Value Imported in 2021 (USD Thousand)	Percentage of World Imports
'030617	Frozen Shrimps and Prawns	187,369	0.9%
'030489	Frozen Fish Fillets	127,706	5.8%
'030743	Frozen Cuttle Fish and Squid	68,526	1.2%
'030541	Smoked Pacific, Atlantic and Danube Salmon	49,652	2.5%
'030481	Frozen Fillets of Pacific, Atlantic and Danube Salmon	47,203	1.3%

The leading import sources for Australia in 2021 were Vietnam (US$184.46 million), New Zealand (US$134.27 million), China (US$17.42 million), Norway (US$50.07 million), and Indonesia (US$48.73 million). Combined, these markets made up approximately 65% of fish and seafood products imported.[8]

It is equally important to note that Australia is the 15th largest importer of prepared and preserved fish and crustaceans globally, having imported US$415.69 million worth of prepared/preserved fish, and US$185.38 million worth of prepared/preserved crustaceans and molluscs in 2021.[8]

Australia imports over US$192.45 million worth of prepared tuna alone, and over US$70 million worth of prepared shrimp as of 2021 from Thailand (US$222.27 million), Vietnam (US$85.57 million), China (US$84.57 million, Indonesia (US$41.99 million), and Malaysia (US$27.98 million).[8]

Figure 7. Key Australian Imports - Prepared or Preserved Fish and Seafood: 2021			
HS Code	Species	Value Imported in 2021 (USD Thousand)	Percentage of World Imports
'160414	Prepared or Preserved Tuna, Skipjack and Atlantic Bonito	192,454	2.5%
'160521	Prepared or Preserved Shrimp and Prawn (not in airtight containers)	75,655	1.8%
'160419	Prepared or Preserved Fish, Whole or in Pieces	67,042	2.7%
'160420	Prepared or Preserved Fish (Excl. Whole or in Pieces)	60,837	2.5%
'160250	Prepared or Preserved Shrimp and Prawn (in airtight containers)	47,203	1.3%

8. International Trade Centre (ITC Trademap) 2022. ITC Trade Map. Accessed 28 April 2022. <https://www.trademap.org/Index.aspx>

The India Market Snapshot

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The Indian Consumer Outlook

TOTAL POPULATION
1.38 Billion

EXPATRIATE POPULATION
5.2 Million

URBAN POPULATION
34%

POPULATION ETHNICITY
Indo-Aryan: 75%
Dravidian: 20%
Others (incl. Austroasiatic and Sino-Tibetan): 5%

DOMINANT RELIGIOUS GROUPS
Hinduism: 79.8%
Islam: 14.2%
Christianity: 2.3%
Sikhism: 1.7%
Others (incl. Buddhism): 2.0 %

Over the last few decades, high and consistent increases in consumer purchasing power have led India to be forecasted as the third-largest consumer market by 2030.[9]

Indian consumers aged 35-49 are predicted to earn the highest per capita income between 2021 and 2040, defining the Asian consumer market. India's first digital natives, i.e. Gen Z and younger Millennials, are concerned with sustainability, brand ethics, tolerance, and connectivity. By 2040, Gen Z customers aged 40-44 and with an annual gross income exceeding USD250,001 are expected to define the country's luxury spending habits.

Delhi, Vadodara, and Mumbai are the richest cities in India in terms of wealth concentration and will remain key investment hubs, helping India to become the fourth-largest population of households in the Asia Pacific region, with a disposable income exceeding US$300 million by 2040.[10]

Key Consumer Trends

Cooking & Eating Habits
Approximately 48% of consumers reheat or prepare a ready meal once or twice a week, and they're willing to spend money to save time. Weekly meal possibilities include cooking or baking, making a ready meal, getting home delivery or takeout, and eating out.[10]

Work-Life
A majority of consumers anticipate they'll be working more over the next five years than they do currently, signalling increasingly hectic and busy lifestyles, which may propel further interest in convenient food solutions.

Sustainability
81% of Indian citizens take everyday steps to improve the environment. Consumers, especially Millennials, are aware of the implications of climate change and take steps to reduce them.[10]

Indian consumers trust brands with recyclable labelling, eco-friendly, sustainability, vegan, or charity claims, and buy their products more than the global average. Younger customers reduce food waste, use less plastic, and recycle.

Generational Trends
Younger consumers, particularly Generation Z and Millennials, are more enthusiastic when it comes to trying new products and/or services, seeking experiences rather than tangible products, engaging with brands, and seeking out product innovation.[9]

These generations are also more likely to seek the convenience of food delivery compared to their older counterparts. Strong demographics, large foreign investment, and improving manufacturing productivity will boost the economy and consumer income over the projection period.

9. World Economic Forum. 2019, Future of Consumption in Fast-Growth Consumer Markets: INDIA. Accessed 29 April 2022.<https://www3.weforum.org/docs/WEF_Future_of_Consumption_FastGrowth_Consumers_markets_India_report_2019.pdf>

10. Euromonitor International. 2021, Voice of the Consumer: Lifestyles Survey 2021. Accessed 29 April 2022.

The India Market Snapshot

The fish and seafood sector plays a significant role within the Indian economy, presenting a highly dynamic sector with high potential. This dynamism can be observed by the near 19-fold increase achieved in fish production over the past seven decades - from just 0.75 million tonnes in 1950-51 to over 14.2 million metric tonnes in 2019 - 20.[11]

India's coastline spans over 75,000 km, and its Exclusive Economic Zone (EEC) is amongst the top 20 in the world, extending beyond 2.3 million km2, sharing its maritime boundaries with neighbouring countries such as Sri Lanka, Maldives, Pakistan, and Bangladesh as shown in figure 8.[12]

Home to more than 10% of the global fish diversity and ranked as second in the world in total fish production, India has an annual fish production of approximately 14.15 million metric tonnes (MMT) as of 2019 - 20. Fisheries within India are broadly classified into two categories - marine fisheries and inland fisheries. This value is led by inland fish production, representing 10.43 MMT, and marine fish production, representing 3.72 MMT.[13]

Figure 8. India's Exclusive Economic Zone, 2020

Source: DailyFt, 2020

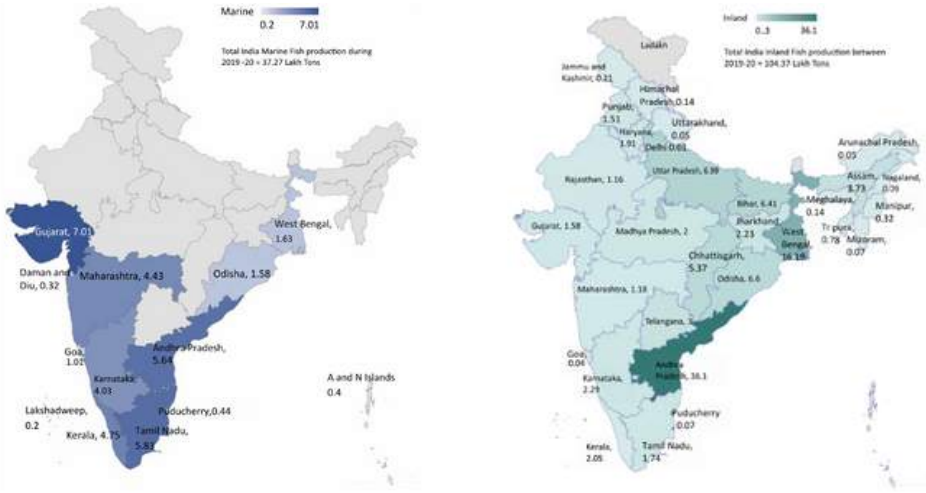
Despite its high levels of production, fish consumption within India remains relatively low, with only 35% of the Indian population being fish eaters, with the country maintaining an average per capita fish consumption of 6.9 kg per annum according to FAO[5] - some 13 kg below the global per capita fish consumption of 20.3kg.

Key States by Fish Production

From a marine fishing perspective, three states make up 49.5% of total landed fish landings; Gujarat is the most significant production base in India, accounting for 18.80% of the 3.72 million metric tonnes (MMT) of marine fish landings in 2019 - 20. This is followed by Tamil Nadu at 15.64%, and Andhra Pradesh at 15.1%, with these states combining to produce a significant number of carp and freshwater fishes.[13] From an inland fish production perspective, the three leading states made up 56.8% of total inland fish landings; Andhra Pradesh is the most significant production base in India, accounting for 34.6% of the 10.43 MMT of inland fish landings. This is followed by West Bengal at 15.5%, and Uttar Pradesh at 6.70%, within which, prawns, sardines, catfish, perch, and mackerel dominate.[13]

Aside from Marine and Inland fish production, India has also produced approximately 1.78 million metric tonnes (MMT) of preserved and processed fish and seafood commodities as of 2019 - 2020. The leading States/Union Territories for the production of preserved and processed fish and seafood within India account for over 50% of total volume, these being Gujarat, which accounts for over 30% of total volume (i.e., 0.55 MMT) of preserved and processed commodities, and Andhra Pradesh, which accounts for nearly 20% of total volume (i.e., 0.35 MMT).[13]

Figure 9. Marine and Inland Fish Production in India: 2019 - 20



Source: Department of Fisheries, 2020

5. Food and Agriculture Organization of the United Nations. FAOSTAT Statistical Database 2022. Accessed 2 May 2022, <https://www.fao.org/faostat/en/#data/FBS>

11. Food and Agriculture Organization of the United Nations (FAO). 2022. 'India', Fisheries and Aquaculture Division, viewed 2 May 2022, <https://www.fao.org/fishery/en/countrysector/in/en>

12. Wanigasekara, U. 2020. 'Role of Special Economic Zones in development of Sri Lanka', Daily FT, 29 September, viewed 2 May 2022, <https://www.ft.lk/opinion/Role-of-Special-Economic-Zones--in-development-of-Sri-Lanka/14-706706>

13. Department of Fisheries, 2020, Handbook on Fisheries Statistics, Ministry of Fisheries, Animal Husbandry & Dairying, Government of India, New Delhi. viewed 2 May 2022, <https://dof.gov.in/sites/default/files/2021-02/Final_Book.pdf>

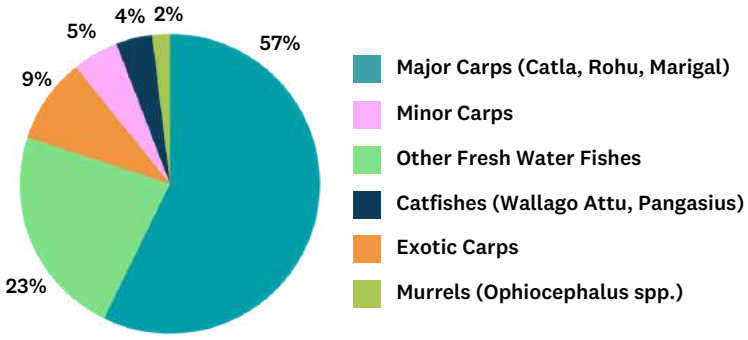
Indian Fisheries Industry Performance

Fisheries within India play a significant role in supporting the Indian economy, with the fisheries sector accounting for 1.24% of the Indian economy as of 2018-19, and 7.28% of India's agriculture sector. The gross value added (GVA) of the fisheries sector as of 2018-19 was recorded at 2,12,915 crores which equates to approximately US$27.83 billion, a 14.13% increase from 2017 - 2018.[13]

Leading Commodities: Inland Fish

India's Department of Fisheries provides a breakdown of its Inland fish landings across 6 broad species in 2019 - 20 as highlighted in figure 10. Major Carps (Catla, Rohu, Marigal) represent 57% (i.e., 5.95 MMT) of the 10.43 MMT (million metric tonnes) of Inland Fish recorded in India as of 2019 - 2020, with over 33% of these major carps landings occurring in Andhra Pradesh at 2.0 MMT.[13]

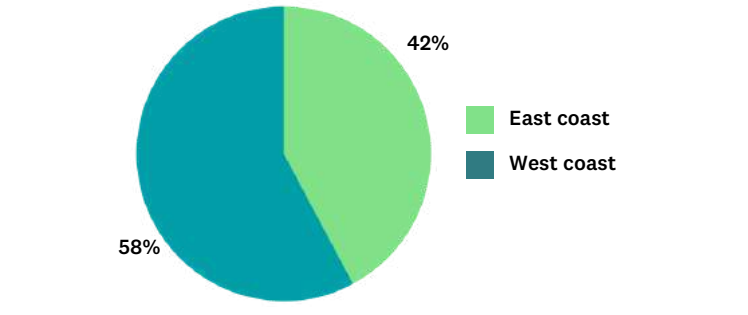
Figure 10. Inland Fish Landings by Species: 2019 - 20



Leading Commodities: Marine Fish

Marine fish landings are calculated by Coastal States and Union Territories. This allocation is broken down according to the East and West coasts of India; as of 2019 - 2020, the East Coast represents approximately 42% (1.55 MMT) of the 3.72 total MMT of species-wise Marine fish landings in India, while the West Coast represents approximately 58% (2.17 MMT) of this total for Marine fish landings, as outlined in figure 11.[13]

Figure 11. Marine Fish Landings by Coast: 2019 - 20

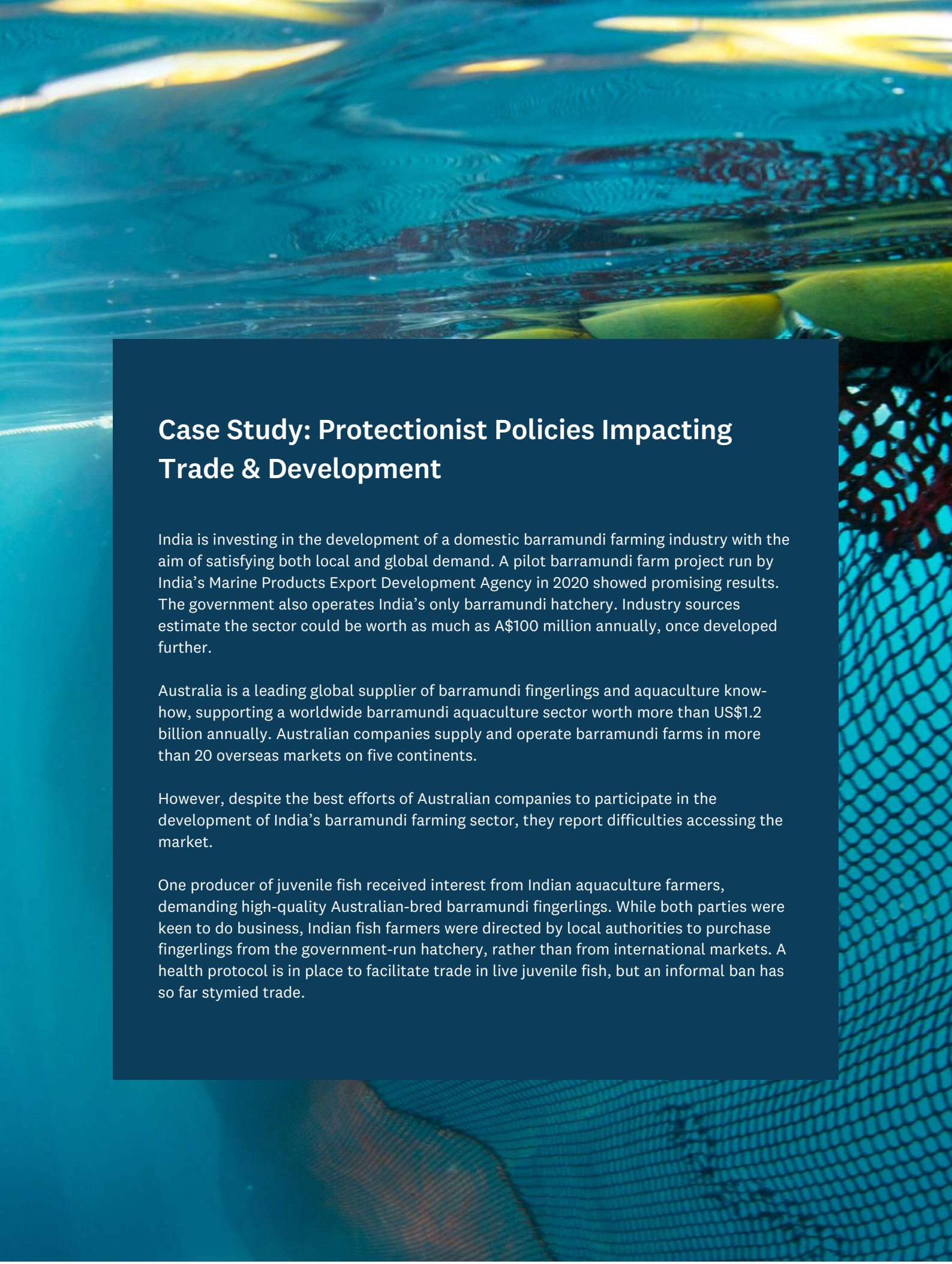


Source: Department of Fisheries, 2020

Across the East and West Coast, the leading species for Marine fish landings by volume were:

Prawns and Sardines	Indian Mackerel	Bombay Duck (Harpadon)
Clupeids	Indian Herrings	Ribbon Fish (Trachipterus)

13. Department of Fisheries, 2020, Handbook on Fisheries Statistics, Ministry of Fisheries, Animal Husbandry & Dairying, Government of India, New Delhi. viewed 2 May 2022, <https://dof.gov.in/sites/default/files/2021-02/Final_Book.pdf>



Case Study: Protectionist Policies Impacting Trade & Development

India is investing in the development of a domestic barramundi farming industry with the aim of satisfying both local and global demand. A pilot barramundi farm project run by India's Marine Products Export Development Agency in 2020 showed promising results. The government also operates India's only barramundi hatchery. Industry sources estimate the sector could be worth as much as A$100 million annually, once developed further.

Australia is a leading global supplier of barramundi fingerlings and aquaculture know-how, supporting a worldwide barramundi aquaculture sector worth more than US$1.2 billion annually. Australian companies supply and operate barramundi farms in more than 20 overseas markets on five continents.

However, despite the best efforts of Australian companies to participate in the development of India's barramundi farming sector, they report difficulties accessing the market.

One producer of juvenile fish received interest from Indian aquaculture farmers, demanding high-quality Australian-bred barramundi fingerlings. While both parties were keen to do business, Indian fish farmers were directed by local authorities to purchase fingerlings from the government-run hatchery, rather than from international markets. A health protocol is in place to facilitate trade in live juvenile fish, but an informal ban has so far stymied trade.

Fish & Seafood Trends in India

Fish and seafood retail sales neared recovery from the pandemic in 2021. Fish and crustaceans dominate demand, although molluscs and cephalopods surpassed pre-pandemic levels. Fish and seafood foodservice volumes somewhat recovered owing to the reopening of foodservice businesses, but are not expected to reach pre-pandemic levels until 2022-23.

India's government has introduced measures to help the fish and seafood industry recover post-COVID. Launched in September 2020 in 21 states, the PM Matsya Sampada Yojana (PMMSY) has a budget of INR 20,050 crore (~US$2.4 billion) to be spent until FY 2024-2025. This initiative focuses on developing fish production, increasing the income of fishermen and fish farmers, increasing fish exports, reducing post-harvest losses, and generating employment opportunities in fisheries and related segments.[14]

There is a high potential scope to formalise and modernise the mostly informal/traditional Indian market with efficient distribution channels that would lead to increased accessibility of fish and seafood. If organised retail markets can offer stringent hygiene and quality control, effective product processing and packaging, better temperature control and transportation, and overall enhanced supply chains, premium imported fish and seafood suppliers have the opportunity to gain a presence in the Indian market. Supply chains in particular must be enhanced, with India ranking 44 on the overall global Logistics Performance Index, with potential problems regarding cold chain storage and distribution.[15]

Despite India's informal/traditional fish and seafood distribution situation, e-commerce has seen steady growth as the number of online outlets rises, including Licious, Fresh to Home, and BigBasket, which have experienced success attributed to their strong supply chain, high-quality standards and contextual marketing.[16]

Convenience and quality are major purchasing drivers for fish and seafood. The success of online retailers is also driven by their ability to reduce consumer pain points when shopping at local fish markets, by providing clean, high-quality fish in ready-to-cook or eat formats.

Indian consumers are highly conscious about food safety and quality when it comes to seafood products following various cases of fish adulteration. Therefore, manufacturers are encouraged to focus on quality and safety guarantees.

Fresh fish is preferred by approximately 60% of consumers, with freshness often becoming a more important purchase driver than price.

Seafood consumption varies widely across India, generally according to whether the area is coastal or urban. Key consumption trends by state include:

- Highest consumption in Lakshadweep, where 105.6 kg of fish is eaten per person, Andaman and Nicobar Islands, with annual consumption at 59 kg per capita, and Tripura, at 25.45 kg.
- Consumption is high among Punjabi people, with inhabitants of the area consuming 16.47kg per annum, a trend which is also common amongst most Northeastern people, barring those in Sikkim.

- Conversely, consumption is the poorest in Haryana, which is largely due to the fact that the state is located far away from coastal areas. Other areas with low consumption include Delhi at 0.47kg annually, Uttarakhand at 0.7kg, and Rajasthan at 0.86kg.

According to the Food and Agricultural Organisation, seafood consumption in India over the past few years has risen at an average rate of 8.37% per annum[18], with contributing factors including:

- Heightened awareness of the nutritional benefits of fish and seafood
- Enhanced accessibility across fresh, frozen, and canned variants in retail and traditional markets
- Rising disposable incomes
- Increased domestic production, facilitated by government schemes to improve infrastructure

13. Department of Fisheries, 2020, Handbook on Fisheries Statistics, Ministry of Fisheries, Animal Husbandry & Dairying, Government of India, New Delhi. Viewed 2 May 2022, <https://dof.gov.in/sites/default/files/2021-02/Final_Book.pdf>

14. India Brand Equity Foundation (IBEF). 2021. Pradhan Mantri Matsya Sampada Yojana (PMMSY). Viewed 2 May 2022, <https://www.ibef.org/government-schemes/pradhan-mantri-matsya-sampada-yojana>

15. The World Bank. 2018. Global Logistics Performance Rankings. Viewed 2 May 2022, <https://lpi.worldbank.org/international/global>

16. AwuaSpark. 2022. B2B and B2C E-Commerce to Overhaul India's $50bn Fresh Meat and Fish Market and Supply Chains. Viewed 2 May 2022, <https://aqua-spark.nl/blogs/b2b-and-b2c-e-commerce-to-overhaul-indias-50bn-fresh-meat-and-fish-market-and-supply-chains/>

17. The Hindu Businessline. 2021. How much fish is eaten in each State in India?. Viewed 3 May 2022, <https://www.thehindubusinessline.com/news/variety/how-much-fish-is-eaten-in-each-state-in-india/article35535769.ece>

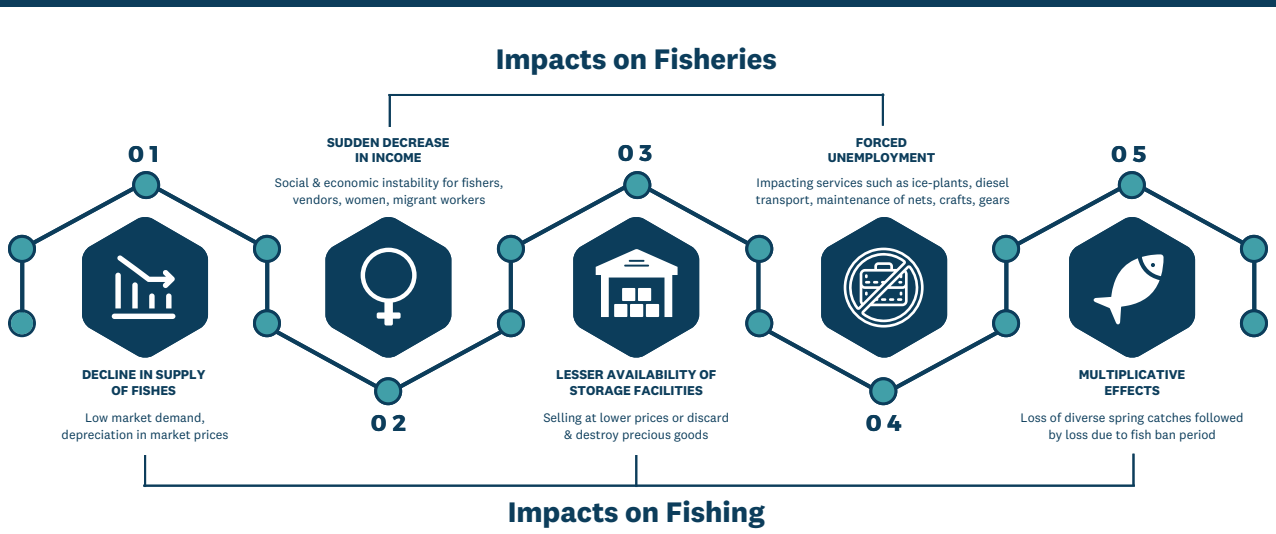
18. C Shore Foods. 2021. Seafood Consumption and Industry In India. Viewed 3 May 2022, <https://www.cshorefoods.com/seafood-consumption-and-industry-in-india/>

Impact of COVID-19 on Indian Fisheries

The COVID-19 pandemic has severely impacted the blue economy, especially the small-scale fisheries (SSF) sector in India following disruptions in the fish catch, market, and supply chain.

The COVID-19 pandemic outbreak in India resulted in the implementation of a nationwide lockdown from 25 March to 20 August 2020 in various phases that restricted freedom of movement, shut down transportation networks, and stopped all economic activity aside from essential and medical services.[19] This had a detrimental impact on the SSF, fish demand and supply, and caused disruptions in the value chain in the fishery sector, as highlighted in Figure 12 below.

Figure 12. Impact of COVID-19 on Indian Fisheries[20]



Source: Kundu, S.K., & Santhanam, H. 2021.

With respect to local trade, research conducted across Andhra Pradesh, Assam, and Gujarat- three states which contributed over 30% of India's fishing production as of 2019-2020, found a significant drop in trade (buying/selling/trading of fish). Studies conducted by M S Swaminathan Research Foundation (MSSRF) in villages near Chennai found that fishers were forced to sell their fishes at USD$4 - $5 approximately per kg, when the actual rate was approximately US$7 - corresponding to a lowering of about 60 - 70% of the fisherman's incomes.[20]

The structure of India's fisheries and aquaculture industry left it vulnerable to labour shortages and market shocks - particularly between March to June 2020. Migrant workers who make up the majority of India's skilled labourers at processing plants for sectors such as shrimp, returned home during the lockdown, presenting production challenges sector-wide. Furthermore, the landing, loading, unloading, selling, and buying of fish had a significant impact on its marketing - the shortage of both vehicles and fishing labourers, meant that the transportation of seafood to other markets could not be completed.[21] Due to the severe supply chain disruption, thousands of workers in fish-related industries lost their jobs,

The severe disruptions to transport mobility brought on by the COVID-19-induced lockdown measures hampered international commerce and fanned the flames in India's logistics industry. The movement of products has been significantly slowed down by transportation freight restrictions. Lockdown restrictions initially stopped all first- and last-mile delivery services as well as intermodal freight movement, but were eventually relaxed.[22] Due to these limitations, combined with equipment shortages and a steep decline in vessel capacity, a significant impact on both local and international trade has been witnessed.

The slowdown in trade, transport, and subsequent industry was compounded by declining consumer demand for fresh fish and seafood, as many consumers were reluctant to attend wet markets, where the majority of fish and seafood purchases are made. Post-lockdown, many consumers remain apprehensive, with those living in urban cities and middle-to-high income levels seeking out companies such as Meatigo, Zappfresh, and Licious to purchase fish and seafood online.

19. Avtar, R., Singh, D., Umarhadi, D.A., Yunus, A.P., Misra, P., Desai, P.N., Kouser, A., Kurniawan, T.A., Phanindra, K. 2021. Impact of COVID-19 Lockdown on the Fisheries Sector: A Case Study from Three Harbors in Western India. Remote Sens. Viewed 3 May 2022. <https://doi.org/10.3390/rs13020183. 2021>

20. Kundu, S.K., Santhanam, H. 2021. All pain and no gain: Factors impacting local and regional sustainability due to COVID-19 pandemic with respect to the Indian marine fisheries. Viewed 3 May 2022. <https://doi.org/10.1016/j.crsust.2021.100086>

21. Kumaran, M., Geetha, R., Antony, J., Vasama K.P., Anand, P.R., Ravisankar, T., Angel, J.R., De, D., Muralidhar, M., Patil, P.K., Vijayan, K.K. 2020.Prospective impact of Corona virus disease (COVID-19) related lockdown on shrimp aquaculture sector in India – a sectoral assessment. Aquaculture. Viewed 3 May 2022. <https://doi.org/10.1016/j.aquaculture.2020.735922>

22. Sudan, T., Taggar, R. 2021. Recovering Supply Chain Disruptions in Post-COVID-19 Pandemic Through Transport Intelligence and Logistics Systems: India's Experiences and Policy Options. Front. Future Transp. Viewed 3 May 2022. <https://doi.org/10.3389/ffutr.2021.660116>

Fresh, Chilled and Frozen - Export Flows

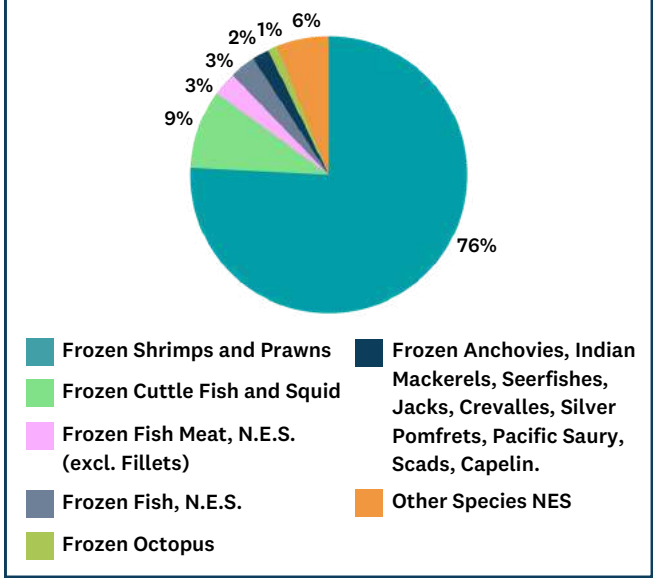
India is the third-largest exporter of fresh, chilled, and frozen fish and seafood products, accounting for 5.1% of world exports as of 2021. According to ITC calculations based on UN COMTRADE statistics, India exported approximately US$6.73 billion worth of fish and seafood in 2021. This export value is noted to have grown by 31% since 2020.[8]

The resumption of international activity and supply chains have provided a sizeable boost, Exports to leading partners such as the US experienced 44% growth between 2020 - 2021, while China and Japan experienced 15% and 17% respectively, with these three markets accounting for over 60% of India's exports in 2021.[8]

Key Export Commodities

India's seafood export value is wholly led by frozen shrimps and prawns, accounting for nearly 80% of total exports as highlighted in figure 13. The top five products exported from India across the broader fresh, chilled, and frozen fisheries and aquaculture grouping were, in fact, all in frozen formats.[8]

Figure 13. Indian Fish and Seafood Exports by Products: 2021



Source: ITC Trademap (2022)

India is a leading global exporter of low-cost species as of 2021, as highlighted in figure 14. The implication of this for Australian exporters is to collaborate with speciality meat and seafood importers to supply high-end restaurants and five-star hotels, rather than attempting to target the broader market and population.

Figure 14. Key Indian Exports - Live, Fresh, Chilled, or Frozen Fish and Seafood: 2021

HS Code	Species	Value Exported in 2021 (USD Thousand)	Percentage of World Exports
'030617	Frozen Shrimps and Prawns	5,148,765	25.1%
'030743	Frozen Cuttlefish and Squid	600,464	9.3%
'030359	Frozen anchovies, Indian mackerels, seerfishes, jacks...	121,054	10.9%
'030619	Frozen Crustaceans	13,689	12.2%
'030739	Smoked, Frozen, Dried or Salted Mussels	8,963	27.7%
'030329	Frozen Nile Perch and Snakeheads	6,955	17%
'030273	Fresh or Chilled Carp	6,365	26.5%
'030272	Fresh or Chilled Catfish	3,500	14.4%

Source: ITC Trademap (2022)

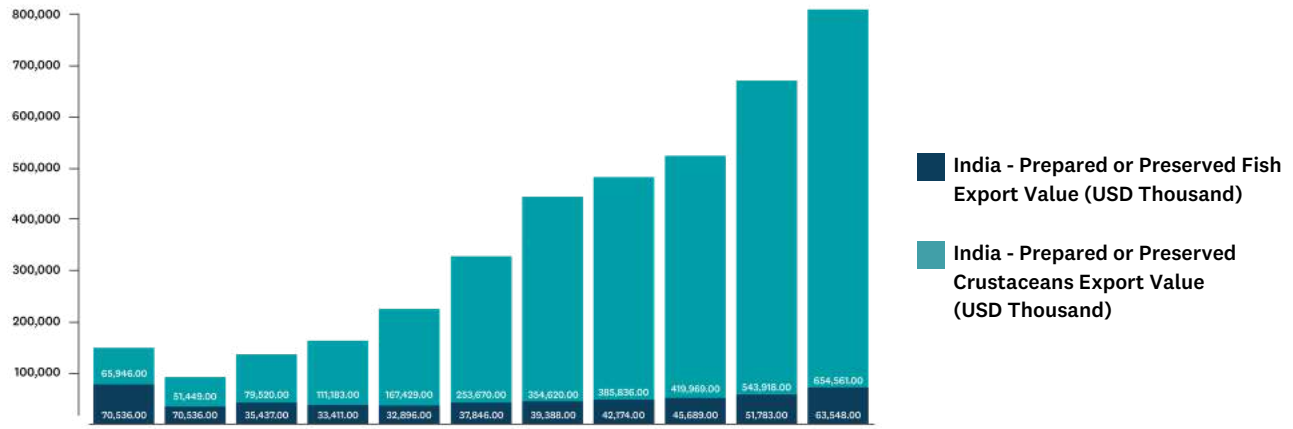
8. International Trade Centre (ITC Trademap) 2022. ITC Trade Map. Accessed 5 May 2022. <https://www.trademap.org/Index.aspx>

Prepared or Preserved Export Flows

India is a significant exporter of prepared or preserved fish and seafood, having exported US$654.56 million of prepared or preserved crustaceans (ranking 5th globally), and US$63.59 million of prepared or preserved fish (ranking 36th globally) in 2021 as highlighted in figure 16.

Prepared or preserved fish exports from India have experienced substantial year-on-year increases in value, exceeding 23% between 2017 and 2021, following a significant loss of 56% between 2011 and 2012. Prepared or preserved crustaceans have likewise witnessed year-on-year exponential increases over the review period, exceeding 17% annually since 2017, albeit at ten times the value of prepared or preserved fish.[8]

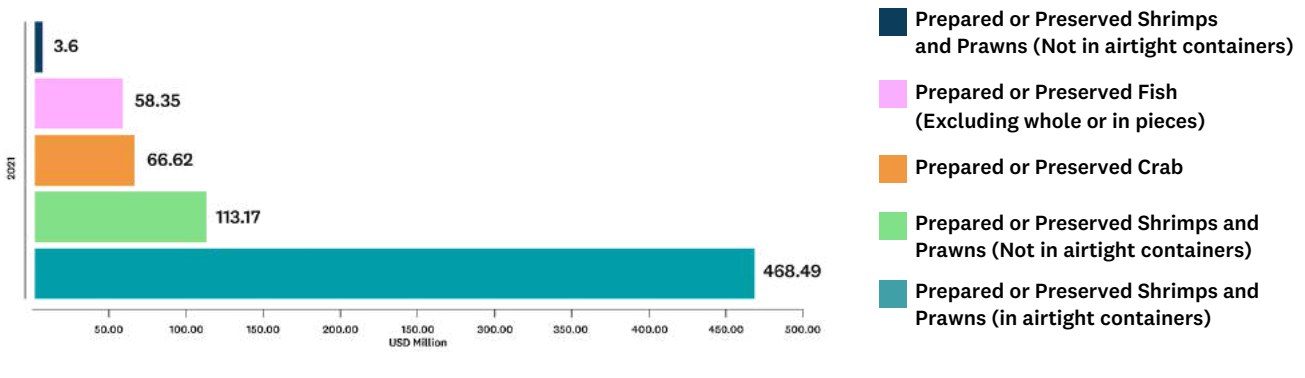
Figure 16. Indian Prepared or Preserved Fish and Crustaceans Exports: 2011 - 2021



Source: ITC Trademap (2022)

As of 2021, India's exports of prepared or preserved fish and crustaceans are dominated by shrimps and prawns, accounting for over 80% of total prepared or preserved fish and crustacean exports.[8] The top five exported products under this commodity group in 2021 are highlighted in figure 17.

Figure 17. Top 5 Indian Preserved Fish and Crustaceans Exports: 2021



Source: ITC Trademap (2022)

Fresh, Chilled & Frozen Import Flows

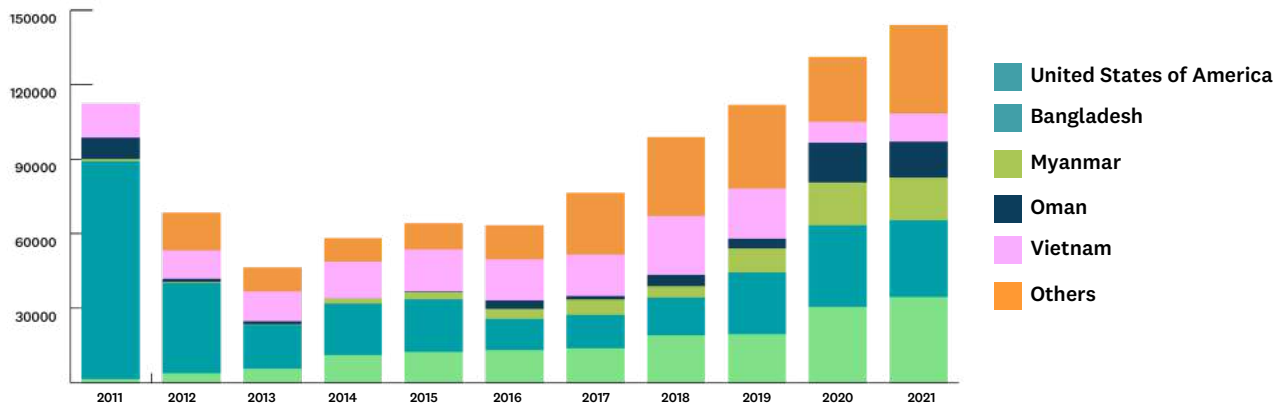
Imports represent 2.1% of total import/export value across fish and seafood products. In fact, India is a net exporter of fresh, chilled, and frozen fish and seafood products in value terms, accruing a positive trade balance of US$6.59 billion in 2021.

According to ITC calculations for 2021, India imported approximately US$143.96 million worth of fish and seafood in 2021, ranking 58th in world imports.[8]

From an import market perspective, the major import sources for India in 2021 were the United States (US$34.64 million), Bangladesh (US$30.81 million), Myanmar (US$17.23 million), Oman (US$14.36 million), and Vietnam (US$11.48 million).

Combined, these destinations made up approximately 68% of fresh, chilled, and frozen fishery imports as highlighted in figure 18.[8]

Figure 18. Value of Indian Imports by Source Markets: 2011 - 2021

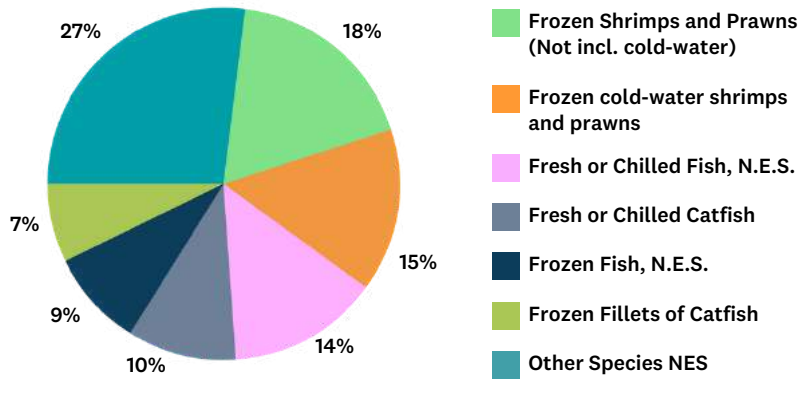


Source: ITC Trademap (2022)

Leading Import Commodities

India's seafood import value for fish and seafood products is largely fragmented, led by frozen shrimps and prawns, frozen cold-water shrimps and prawns, and fresh or chilled fish, N.E.S., which account for over 45% of total imports as highlighted in figure 19.

Figure 19. Indian Fish and Seafood Imports by Products: 2021



Source: ITC Trademap (2022)

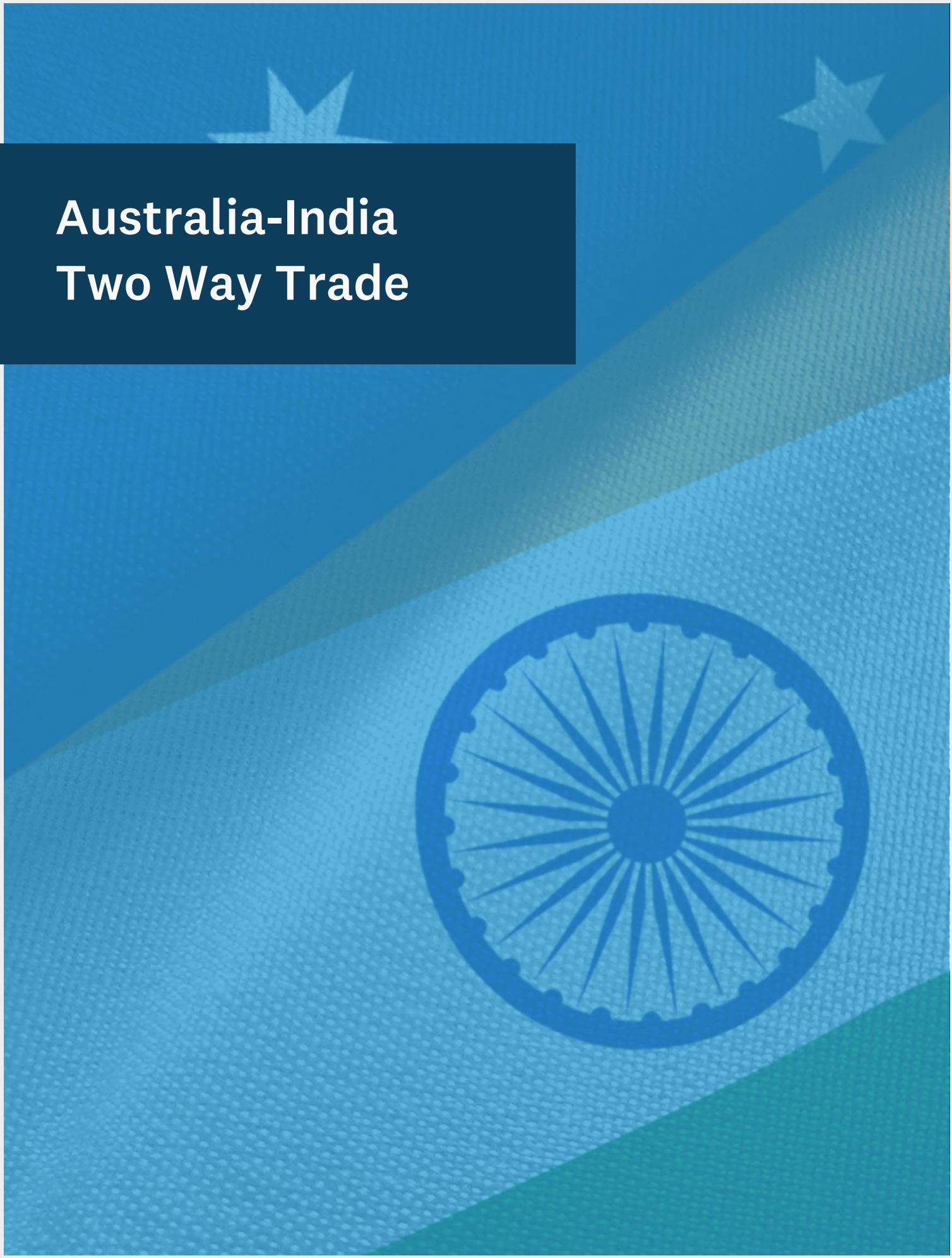
India is not a significant importer of prepared or preserved fish and crustaceans, having imported US$1.42 million of prepared or preserved fish (ranking 168th globally), and US$9.22 million of prepared or preserved crustaceans (ranking 45th globally) in 2021.[8]

Indian imports of prepared or preserved fish and crustaceans in 2021 are dominated by shrimps and prawns (in airtight containers), representing close to 80% of total imports under the prepared or preserved fish and crustaceans classification.[8]

From an import source market perspective, the major destinations where India imported prepared or preserved fish and crustacean products in 2021 from have been the United States (US$7.54 million), China (US$728,000), Vietnam (US$596,000), Thailand (US$434,000), and Japan (US$162,000).

8. International Trade Centre (ITC Trademap) 2022. ITC Trade Map. Accessed 5 May 2022. <https://www.trademap.org/Index.aspx>

Australia-India Two Way Trade



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Bilateral Trade

Bilateral trade between Australia and India has experienced exponential growth over the past two decades, with two-way trade in goods and services having grown in value from $13.6 billion in 2007 to $24.3 billion in 2020, and estimated to have surpassed $27.5 billion in 2021.[23]

Australia and India are currently negotiating the Comprehensive Economic Cooperation Agreement, which will secure Australian exporters' access to the world's fastest-growing leading economy. A key stepping stone for the liberalisation of Australia and India's trading relationship has been the signing of the Australia-India Cooperation and Trade Agreement (ECTA) on 2 April 2022.

ECTA is expected to provide a significant boost to the annual bilateral trade between Australia and India, with this figure expected to surpass $45 - $50 billion in the next five years.

The agreement will eliminate tariffs on over 85% of Australian exports to India - rising to 91% within ten years, while 96% of Indian imports will become duty-free.

From a seafood perspective, ECTA will oversee the elimination of tariffs over 7 years for most fresh, frozen and processed seafood products including Atlantic salmon, tuna and frozen rock lobster.[23]

According to ITC Calculations based on ABS data, Australian merchandise exports to India has surpassed US$12.82 billion in 2021, rebounding from a 10-year low in 2020. Conversely, merchandise imports from India reached a 10-year high in 2021, surpassing an import value of US$5.97 billion.[8]

Despite being the 10th largest merchandise exporting market into Australia as of 2021, there is very little fresh, chilled, frozen or otherwise preserved fish and crustaceans being imported from India into the Australian market.

Australia imports approximately US$3.08 million worth of fresh, chilled and frozen fish, and approximately US$308,000 worth of prepared or preserved fish and crustaceans from India.[8]

Similarly, while India is a top-five merchandise exporting destination for Australia as of 2021, trading relationships between the two markets from a fish and seafood perspective remains limited, with Australian exports being hampered by a combination of high tariff rates, limited target markets, and high competition from the low-cost local industry.

8. International Trade Centre (ITC Trademap) 2022. ITC Trade Map. Accessed 6 May 2022. <https://www.trademap.org/Index.aspx>

23. Department of Foreign Affairs and Trade (DFAT) 2021, Australia-India Comprehensive Economic Cooperation Agreement (AI-CECA), 23 May 2022, <https://www.dfat.gov.au/trade/agreements/negotiations/aifta/australia-india-comprehensive-economic-cooperation-agreement>

Australian Exports into India

Australia is currently not a significant exporter of fresh and frozen fish and crustaceans products into India, having exported US$290,000 worth of fresh, chilled, and frozen fish and seafood products into India in 2021 - ranking India as the 31st largest export destination, representing <0.1% of total fish and seafood exports.[8]

The leading product being exported from Australia as of 2021 is frozen toothfish, representing over 50% of total export value at US$147,000. As of 2022, Australian exporters face a 30% tariff on all fish and seafood exports into the Indian market.[8]

Figure 20. Australian Fish and Seafood Exports into India: 2021

Product Code	Product Label	2021 Export Value (USD Thousand)
Total - 03	Fish and crustaceans, molluscs and other aquatic invertebrates	290
030383	Frozen toothfish "Dissostichus spp."	147
030389	Frozen fish, n.e.s.	94
030489	Frozen fish fillets, n.e.s.	49

Source: ITC Trademap (2022)

Australia is not currently exporting any prepared or preserved fish and crustacean products into India as of 2021.

The signing of the Australia-India Cooperation and Trade Agreement (ECTA) will open up new export opportunities for Australian fish and seafood producers over the forecast period.

This agreement will ensure significant reductions in tariffs for Australian goods exported to India - including seafood, with the Indian Ministry of Commerce & Industry predicting ECTA to double bilateral trade between the countries within five years - valued at over $50 billion.[24]

6. International Trade Centre (ITC Trademap) 2022. ITC Trade Map. Accessed 5 May 2022. <https://www.trademap.org/Index.aspx>

24. Press Information Bureau Government of India (PIB). 2022. Ministry of Commerce & Industry Press Release. Accessed 6 May 2022. <https://pib.gov.in/PressReleasePage.aspx?PRID=1814099>

Australian Imports from India

India is not currently a key supplier of fresh, chilled, and frozen fish and seafood products into the Australian market. As of 2021, India represents 0.4% of total imports, and is ranked as Australia 20th leading supplier.[8]

The leading products being imported from India by Australia are frozen octopus at US$986,000 - accounting for over 30% of total imports - followed by frozen cuttlefish and squid at US$704,000.

Australia does not presently apply any tariffs to fish and crustacean imports from India, applying the current MFN duty rate of 0%.

Australia is not a significant importer of prepared or preserved fish and crustaceans from India - representing <0.1% of total fish and seafood imports.

India is Australia's 36th largest import source of products preparations of meat, of fish or of crustaceans, molluscs or other aquatic invertebrates, The most significant fish and seafood products being imported under this chapter are prepared or preserved fish at US$206,000 and prepared or preserved shrimps and prawns at US$96,000, neither of which are presently subject to any tariffs.[8]

Market Access into India

Food Import Clearance Procedure

All foods imported into India must comply with the Food Safety and Standards Act, 2006 and its regulations pertaining to safety, standards, and labelling.

- The Food Safety and Standards Regulations, 2011 operates under the Food Safety and Standards Act, 2006. The regulations govern product standards, packaging and labelling, business registration, additives, and maximum residue levels of contaminants, etc.

As per The Foreign Trade Policy, 2015 - 2020, mandatory shipping documents for exporting products into India are:

- Bill of Lading/Airway Bill
- Commercial Invoice cum Packing List
- Bill of Entry

India does have restrictions on the species which can be exported as live products.

For approved live (clams, mussels, oysters, scallops, cuttlefish, squid and octopus) and non-viable seafood exports, exporters will need to attain an FX46 certificate with Endorsement 3973.

Import procedures for seafood products are as follows:

- Obtaining an import permit
- Port-of-entry inspection and testing
  - For details on the sampling procedure, refer to the FSSAI Manual on Meat and Fish.
  - For more information on key import procedures and guidelines of seafood products, see Standard Conditions for Import of Fish & Fishery Product.

Fish & fish products are classified as high-risk foods, and as such 100% sampling and testing is undertaken for the first 5 consecutive consignments; if all samples are in conformance with FSS Regulations, then 25% sampling for the next 20 consignments are done.

If these samples are cleared in all cases, 5% sampling in all subsequent consignments are undertaken - failure at any stage will result in consignments being subject to 100% sampling testing.

Market Access into India

Packaging and Labelling Requirements

As per the Food Safety and Standards Packaging Regulations, 2018, the packaging material should be strong enough to guard against extreme heat and humidity.

The suggested packaging materials for fish and fish products or seafood are:

- Glass jars with plastic (PP or High-density polyethylene (HDPE) caps.
- Metal Containers with metal lid (lacquered tin containers).
- Polyethylene terephthalate (PET) punnets or containers with plastic caps.
- Plastic based multilayered flexible laminates heat sealed pouches.
- Plastic tray with overwrap.

Labelling requirements of imported food Items are mentioned under Food Safety and Standards (Packaging and Labelling) Regulations, 2011 and Food Safety and Standards (Import) Regulations, 2017.

As per the regulations, when an article of food is imported into India, the package of food shall also carry the name and complete address of the importer in India. The country of origin of the food shall be declared on the label of food imported into India.

Products that use sticker-type labels may not be deemed acceptable according to FSSAI.

The India Market Opportunities & Challenges for Seafood Exporters

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Market Opportunities

The key market opportunities, as outlined below, have been developed through evaluation of desk research, which included examining and utilising current Australian Government and industry research, figures and tables from a range of sources, as well as conducting personal interviews with in-market stakeholders and industry. Throughout this report, we have attempted to credit specific source material. The information presented in this report is a guide, and not intended to be exhaustive or seek to replace any industry reports or resources.

- Education on offerings
- Growing interest in categories
- High-end venues
- Ready meals
- Premium products
- Younger generation
- Economic Cooperation and Trade Agreement
- E-Commerce

Education on Offerings

Australian seafood maintains a low profile in India - while it is perceived as clean, green, and safe, it doesn't necessarily resonate with Indian consumers due to a lack of exposure to premium species. An example of this is the supply of bluefin and yellowfin tuna from Australia which is processed in Japan, re-exported to India and sold in online speciality retailers such as MAIN DISH.in.

In general, fish consumption is already low in India compared to the global average yet rising at 8.37% per annum as awareness of nutritional benefits, accessibility and disposable incomes rise. There exists an opportunity to better educate the Indian consumer on Australian seafood offerings, thereby improving exposure and sales potential, as well as an opportunity to generally teach more consumers the nutritional benefits of seafood to improve overall demand.

High-End Venues

Domestically supplied species, such as Bombay duck, sardines, shrimps and prawns, and yellowfin tunas are largely consumed at home, while imported species are typically consumed in HORECA channels. Thus, the key opportunities for Australian exporters remain in working alongside foodservice operators to supply high-end restaurants and five-star hotels. This can be achieved by working with speciality meat and seafood importers with connections to foodservice venues.

Education on Offerings

According to the latest McKinsey Global Institute report, consumption in India is expected to grow by $1.8 trillion over the next decade - leading India to have the third-largest number of high-income households globally by 2030. Likely to generate a larger consumer market for high-end fish and seafood products, this presents an opportunity for Australian exporters in the premium segment.

Economic Cooperation and Trade Agreement

The ability of Australian exporters to capitalise on new business prospects in India is bolstered by the signing of the Economic Cooperation and Trade Agreement (AI-ECTA) that was made between Australia and India.

This agreement will see an immediate elimination of tariffs on rock lobster exports to India, and a 7-year phasing to the elimination of tariffs on most fish and mollusc species, including cold water shrimps and prawns, abalone, COD, tunas, and more.

This will reduce market entry barriers for Australian exporters, improving ease of market entry, and decrease export costs and timeframes.

Growing interest in categories

Feedback from trade indicates that there is growing interest in Australian fish and seafood; importers have enquired about a number of species that Australia supplies over the past 12 months. These include:

- Atlantic salmon
- Abalone
- Barramundi
- Frozen Toothfish
- Kingfish
- Rock Lobsters
- Scallops
- Trout

Education on Offerings

A key driver for this demand has been the emergence of the younger generation as a viable consumer base. These consumers are highly experimental and are, thus, keen to try new products and brands. This will support greater market acceptance for new exporters who introduce new products to the market, especially those which are highly innovative.

Ready meals

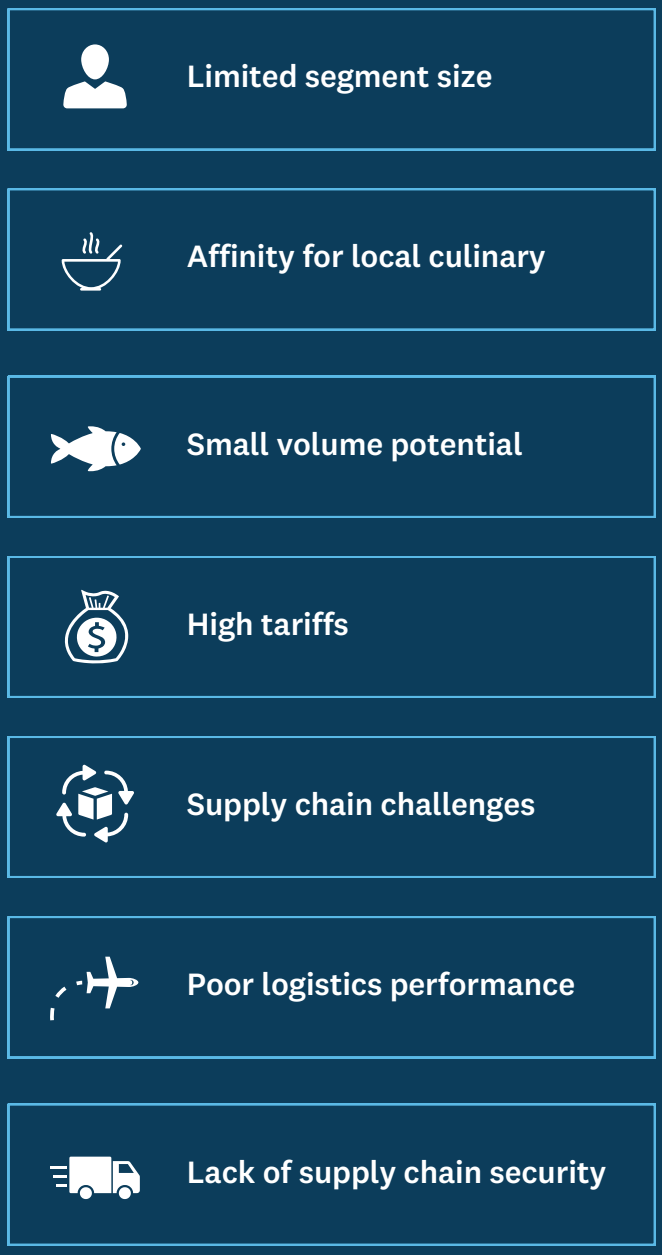
These consumers are also experience-oriented, which may promote demand for seafood used in home dinner parties and canapés. Building on this, consumer demand for convenience is on the rise, with 48% of Indian consumers reheating or preparing ready meals once or twice a week. This trend is expected to rise in the future, with consumers anticipating an increase in their work hours over the next five years, restricting the time available to cook. This presents an opportunity for Australian exporters to export products in this space, such as ready meals including cooked fish fillets and other value-add seafood products.

E-Commerce

This new and emerging consumer market has also supported the growth of key e-commerce operators such as Licious, Fresh to Home and BigBasket, all emerging with strong supply chains, quality standards and marketing efforts.

While India maintains a relatively informal/traditional fish and seafood distribution space, the emergence of e-commerce as a viable channel for seafood operators will support Australian exporters entering India, providing them with a distribution channel that can offer sufficient support and resources to maximise consumer awareness and sales.

Market Challenges



Limited Segment Size

The opportunity to sell a differentiated and premium product within the Indian market is limited by the small subset of the consumer segment that would be willing and able to afford Australian imported fish and seafood products. Interviews with trade indicate that select metro cities such as Mumbai, Chennai, Delhi, Pune, and Bengaluru, with above average wealth per capita would likely be the only cities that can viably afford premium Australian fish and seafood species such as rock lobsters, abalone, and barramundi.

Affinity for Local Culinary

Another challenge for Australian exporters is the lack of market knowledge of many high-value Australian seafood exporters. A strong affinity for local culinary traditions means there are limited opportunities for certain species, such as oysters, to be integrated into local dishes. Perhaps the most significant challenge for Australian exporters is the competition faced within the local industry. While there is consumer demand for mussels, prawns, and farmed fish, this demand is largely met by local production, or from low-cost producing countries such as Bangladesh, Myanmar, Oman, Vietnam, and Thailand - all of which are able to meet market demand at a comparatively cheaper price than Australian exporters.

Small Volume Potential

India's status as a large-scale, low-cost producer of seafood commodities presents Australian exporters with a significant challenge over the coming years, especially with the Government's launch of the PMMSY in 2020 to further support local fish production in coming years. Subsequently, the volume potential for Australian fish and seafood in the Indian market remains comparatively small and is largely limited to high-end foodservice operators and five-star hotels.

High Tariffs

Given the challenges associated with importing products into the market - owing to high tariffs and cumbersome import requirements, many domestic operators are hesitant to import premium fish and seafood. India maintains the highest average applied tariff of any G20 country, and while the signing of the Economic Cooperation and Trade Agreement (AI-ECTA) will see a gradual tariff phase-out for most fish and seafood species, concerns over the inherent risks associated with non-transparent regulatory and tariff policies continue to plague surveyed Australian seafood exporters.

Supply Chain Challenges

A key concern for Australian exporters is the integrity of the domestic supply chain and the availability of freight to the Indian market from Australia. While India has made significant capacity investments across its transport sectors, calls for reforms in the logistics sector to enhance supply chain operations still exist. According to the latest Logistics Performance Index, the World Bank ranked India as 44th based on its logistics performance, further amplifying concerns by Australian exporters that India's cold chain storage and distribution systems may not be appropriately developed for Australian premium seafood imports - given the high value of shipments, this presents significant risks to exporters of potential product spoilage before even reaching the market.

Poor Logistics Performance

India's poor logistics performance has been linked to a lack of cutting-edge technologies and inadequate supply chain driver optimisation, including modern transportation, information, and warehousing. Similarly, importers of high-value fish and seafood maintain reservations, particularly pertaining to fresh and chilled due to the insecurity of the supply chain present at this time. The COVID-19 pandemic highlighted the fragility of India's transportation and logistics network - with some 50,000 sea containers being left uncleared at 23 Container Freight Stations and private container terminals in major ports across Chennai, Kamajarar, and Kattupalli due to a shortage of road transit capabilities.

Lack of Chain Supply Security

The lack of hinterland connectivity between producing centres and gateway ports is evident; with the OECD reporting that it takes 46 hours to transport products from a warehouse in Delhi to a port, which is at least three times longer than the time necessary in other significant emerging economies. For Australian exporters, the lack of supply chain security minimises market opportunities for fresh and chilled seafood producers, and will likely to remain a significant challenge for the foreseeable future.

Seafood Industry Australia

The Voice of Australian Seafood