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## Thailand

**Post:** Bangkok

### **Thailand and EU Seafood Yellow Card Will Lead U.S. Exports to Rise**

**Report Categories:**

Fishery Products

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**Report Highlights:**

The European Union (EU) issued a yellow card warning against Thailand in April 2015 over its failure to combat Illegal, Unreported, and Unreported (IUU) fishing, jeopardizing the export of Thai fishery products. Since then, Thailand has confronted the issues identified by the EU by enacting new laws and enforcing regulations. Based on the actions taken by Thailand, on January 8, 2019, the EU delisted Thailand from its group of warned countries. Post's analysis shows that the lifting of the IUU yellow card will likely increase exports to both EU and non-EU countries in 2019 and 2020. This is expected to increase market opportunities for U.S. fishery products, particular for products that are reprocessed in Thailand and then re-exported to other countries.

## Impact of the EU’s “Yellow Card” on IUU

After finding evidence of significant flaws within Thailand’s system to combat Illegal, Unreported and Unreported (IUU) fishing, in April 2015, the European Union (EU) decided to issue a “yellow card” warning to Thailand. The yellow card warning gave Thailand six months to address the identified issues of enforcement and traceability or the EU would take further action and potentially prohibit seafood imports from Thailand.

The IUU yellow card jeopardized the reliability of Thailand as a seafood supplier. Subsequently, Thai exports fell as EU importers diversified their seafood suppliers. Thailand’s fishery product exports to the EU dropped sharply in 2015 from U.S. \$787 million in 2014 to U.S. \$541 million (Table 1). Thailand exports to non-EU markets also declined in 2015 from U.S. \$5.44 billion in 2014 to U.S. \$4.72 billion as other seafood competitors became more attractive. From 2015-2018, exports to the EU continued to drop, declining to U.S. \$501 million in 2016 and to U.S. \$429 million in 2018. However, exports to non-EU markets partially recovered, but never reached the same level as before the issuance of the IUU yellow card.

As of 2018, Thailand’s fishery product exports to the EU accounted for 8 percent of all Thai fishery product exports.

	2013	2014	2015	2016	2017	2018
The European Union	995.9	787.4	541.2	500.9	466.7	429.2
Non-EU Countries	5,691.3	5,442.0	4,722.8	5,004.9	5,255.4	5,287.6
<b>Total</b>	<b>6,687.2</b>	<b>6,229.4</b>	<b>5,264.0</b>	<b>5,505.8</b>	<b>5,722.1</b>	<b>5,716.8</b>

Source: Global Trade Atlas

The main products that Thailand exports to the EU include canned tuna, canned sardines, frozen or prepared shrimp, prepared/preserved fish meat (including surimi), prepared/preserved cuttle fish and squid, prepared/preserved mollusks and scallops, frozen fish meat, and etc. Table 2 shows that Thailand’s exports to the EU for nearly all of these products declined between 2013 and 2018.

HS Code	Item	2013	2014	2015	2016	2017	2018
160414	Canned Tunas	345,958	210,145	174,862	131,641	127,211	123,494
160420	Prepared/Preserved Fishes	30,300	30,231	29,745	28,126	21,889	22,473
160529	Prepared/Preserved Shrimps in Airtight	7,260	5,237	3,524	3,961	8,326	10,394
160521	Prepared/Preserved Shrimps not in Airtight	92,409	66,347	21,895	20,305	16,340	15,504
160554	Prepared/Preserved Cuttle Fish/Squids	10,518	12,013	8,062	10,940	12,011	10,898
030559	Dried Fishes	5,579	4,244	3,279	2,564	804	654
	Others	503,908	459,163	299,807	303,390	280,163	245,774
	<b>TOTAL</b>	<b>995,932</b>	<b>787,380</b>	<b>541,174</b>	<b>500,927</b>	<b>466,744</b>	<b>429,191</b>

## **Thailand Reforms the Fishery Sector to Address the IUU Problem**

After the IUU yellow card was announced, Thailand began to address the issues identified by the EU through enacting and enforcing new laws and regulations. Reforms include the implementation of a seafood traceability system, reforming how Thailand registered and monitored fishing vessels, and additional resources for enforcement. Based on these reforms, on January 8, 2019, the EU decided to lift the IUU yellow card for Thailand. When the EU announced this decision, they praised the progress Thailand had made in combatting IUU fishing, and suggested that Thailand can serve as model for other countries in the region facing IUU issues.

## **Thai Fishery Exports are Expected to Grow**

The lifting of the yellow card is expected to increase exports of Thai fishery products. The Director General for the Thai Department of Fisheries has said that he anticipates increased demand for Thai fishery products following the EU's recognition of the reforms that Thailand has undertaken to address IUU fishing. Additionally, Thai fishery product processors are asking the government to ease barriers to importing greater volumes of raw seafood materials to be processed in Thailand. However, the strength of the Thai Baht may decrease the competitiveness of Thai fishery products.

Post forecasts that Thailand's total fishery exports will grow by 3 percent in 2019 and 4 percent in 2020. Exports to the EU are forecast to increase to U.S. \$460 million in 2019 and U.S. \$500 million in 2020. Meanwhile, exports to non-EU countries are expected to increase from U.S. \$5.3 billion in 2018 to U.S. \$5.5 billion in 2019 and U.S. \$5.7 billion in 2020.

## **Increased Demand for U.S. Fishery Product Raw Materials**

Post forecasts that increased Thai seafood exports will lead to greater demand for U.S. fishery products, particularly as raw materials. Products normally used by Thai fishery processors to meet export demand include skipjack and yellowfin tunas, salmon, and Alaskan Pollock.

Table 3 shows that Thailand's imports of U.S. fishery products dropped significantly by 23 percent in 2015 when Thailand received the IUU yellow card. However, Thailand's imports of U.S. fishery products began to recover in 2017 and 2018 due to the price competitiveness of U.S. supplies, a recovery in exports to non-EU markets, and increased domestic consumption of imported fishery products.

**Table 3: Thailand's Imports of U.S. Fishery Products, 2013-2018 (Unit: US\$ million)**

	2013	2014	2015	2016	2017	2018
Skipjack Tunas Except Fillets, Livers, Roes, Frozen	207.8	147.9	84.5	98.3	80.9	91.2
Yellowfin Tunas Except Fillets, Livers, Roes, Frozen	22.4	18.6	12.1	13.1	22.4	14.1
Pacific Salmon, Frozen	44.9	43.3	41.8	20.7	45.5	32.2
Sockeye Salmon, Frozen	0.9	4.3	14.6	8.8	11.0	10.9
Alaska Pollock, Frozen, Except Fillets	0.5	1.0	4.5	11.6	26.8	25.2
Alaska Pollock, Frozen, Fillets	0.4	2.8	1.1	0.4	0.2	21.7
Flat Fish Except Fillets, Livers, Roes, Frozen	4.0	2.1	2.8	7.2	6.2	8.2
Lobsters, Live, Fresh or Chilled	0.0	0.0	0.0	0.0	6.1	8.5
Crabs, including in Shell, Frozen	1.1	4.3	4.6	5.9	4.1	5.8
Fish Meat, Frozen	4.8	4.8	10.7	3.4	1.5	0.5
Others	38.2	27.5	20.7	23.3	24.3	26.9
<b>Total</b>	<b>325.0</b>	<b>256.6</b>	<b>197.4</b>	<b>192.7</b>	<b>229.0</b>	<b>245.2</b>

Source: Global Trade Atlas

More limited domestic supplies may also cause Thailand to require greater imports. As shown by Table 4, the Thai fishing fleet is smaller now than it was in 2015.

**Table 4: Thailand's Number of Fishing Boat Registered by Type of Fishing Method, 2011-2018**

	2011	2012	2013	2014	2015	2016	2017	2018
Otter board trawls	2,256	2,238	2,075	1,940	1,922	2,161	2,099	2,023
Pair trawls	1,092	1,052	1,026	982	978	1,142	1,138	1,126
Beam trawls	118	94	91	116	97	493	488	452
Surrounding nets	1,230	1,332	1,313	1,461	1,483	1,041	937	869
Anchovy surrounding nets	268	259	235	252	245	289	237	195
Other gill nets (not for Indo-pacific mackarel, Spanish mackarel, crab, shrimp, and squid)	3,810	4,564	2,816	4,837	4,692	820	812	905
Squid falling nets	3,029	3,293	3,049	3,751	4,094	1,450	1,350	1,450
Anchovy falling nets	690	671	624	613	591	614	616	598
Anchovy lift nets	6	11	10	11	9	15	11	11
Push nets	375	350	347	340	339	145	139	126
Others (not including hand line)	4,329	4,225	4,962	9,253	10,552	3,067	3,086	3,714
<b>Total</b>	<b>17,203</b>	<b>18,089</b>	<b>16,548</b>	<b>23,556</b>	<b>25,002</b>	<b>11,237</b>	<b>10,913</b>	<b>11,469</b>

Source: Department of Fisheries

Similarly, Table 5 shows that marine capture has declined for many species.

**Table 5: Thailand's Marine Capture Production by Group of Species, 2010-2016 (Unit: 1,000 Metric Tons)**

	Total	Fish			Crustaceans		Cephalopod		Others
		Sub-Total Fish	Food Fish	Trash Fish	Shrimps	Crabs	Squids & Cuttlefishes	Molluscs	
<b>2010</b>	1,601.3	1,324.8	905.8	419.0	54.4	31.8	127.0	26.0	37.3
<b>2011</b>	1,610.4	1,273.7	917.9	355.8	48.6	36.0	128.4	18.2	105.5
<b>2012</b>	1,500.2	1,238.3	916.6	321.7	45.5	40.5	119.9	14.3	41.7
<b>2013</b>	1,614.5	1,277.1	953.5	323.6	41.3	31.3	117.0	20.1	127.7
<b>2014</b>	1,488.3	1,235.2	933.3	301.9	40.3	28.4	100.9	18.3	65.2
<b>2015</b>	1,317.2	1,074.6	793.6	281.0	31.5	26.8	91.0	16.7	76.6
<b>2016</b>	1,343.3	1,067.6	791.5	276.1	43.8	36.1	109.0	22.8	64.0

Source: Department of Fisheries

In summary, Post forecasts that Thailand's exports of fishery products will increase in 2019 and 2020. Limited domestic supplies and increasing production will increase demand for raw fishery product imports, including raw material supplies from the United States. The U.S. products with the most potential include raw materials for processing. This includes ingredients for canned fishery products such as Skipjack tuna, Yellowfin tuna, sardine, and mackerel; ingredients for making surimi products such as Alaskan Pollock; and ingredients for other processed seafood products such as squid, cuttlefish, and Pacific and Sockeye salmon.

**End of Report.**