Thailand’s Processed Seafood Industry

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Summary

Thailand is one of the global major producers and exporters of processed seafood, with well-established infrastructure and expertise in seafood processing. The processed seafood industry has faced many challenges e.g. declining fisheries production, sustainability issues, and strong competition. However, Thailand has been improving and maintains strong market position.

Since the industry vitally contributes to Thailand's economy, various business opportunities have been identified, for example, food processing can offer new seafood product development to move up the value chain. Also, automation can introduce automated technology to increase productivity. Ultimately, aquaculture can support sustainability for Thailand's seafood industry. These potentials certainly help the industry to maintain the leading position sustainably and maximize long-term growth.

Content

At a Glance

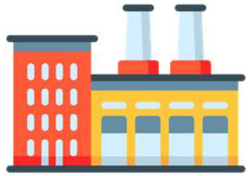
- Thailand is one of the leading global exporters of processed seafood.
- The processed seafood industry can be divided into canning, chilled/frozen, and prepared/preserved, of which major processed seafood products are mainly for export.

Global Presence

2 **The world's 2nd-largest** exporter of canned fish and processed fish products

1 **Top** processed seafood exporter in **ASEAN**

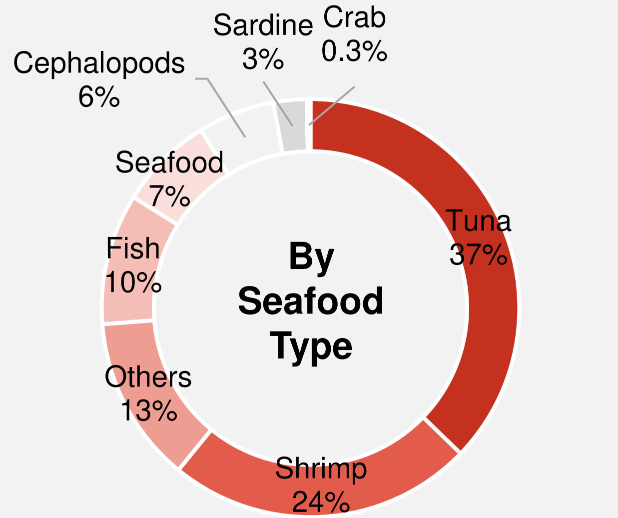
No. of Factories* (2024)

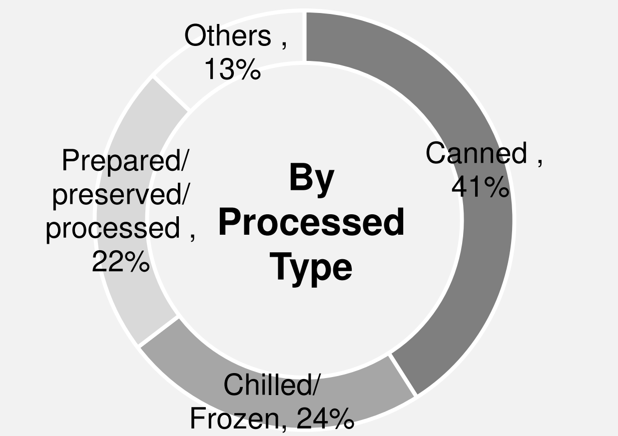


527 **factories**

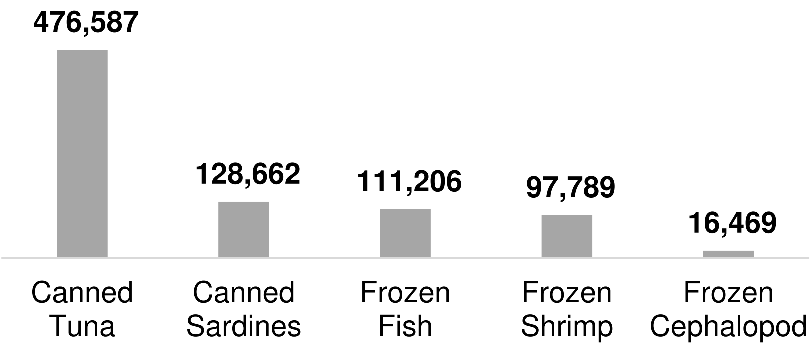
Samut Sakorn province	**Seafood Hub of Thailand**

Processed Seafood Export by Type (2023)

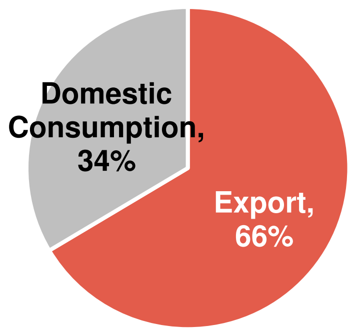




Major Processed Seafood Production (2023)



Proportion of Major Processed Seafood Production (2023)



Note: * Number of factories includes frozen, canning and seafood processing factories

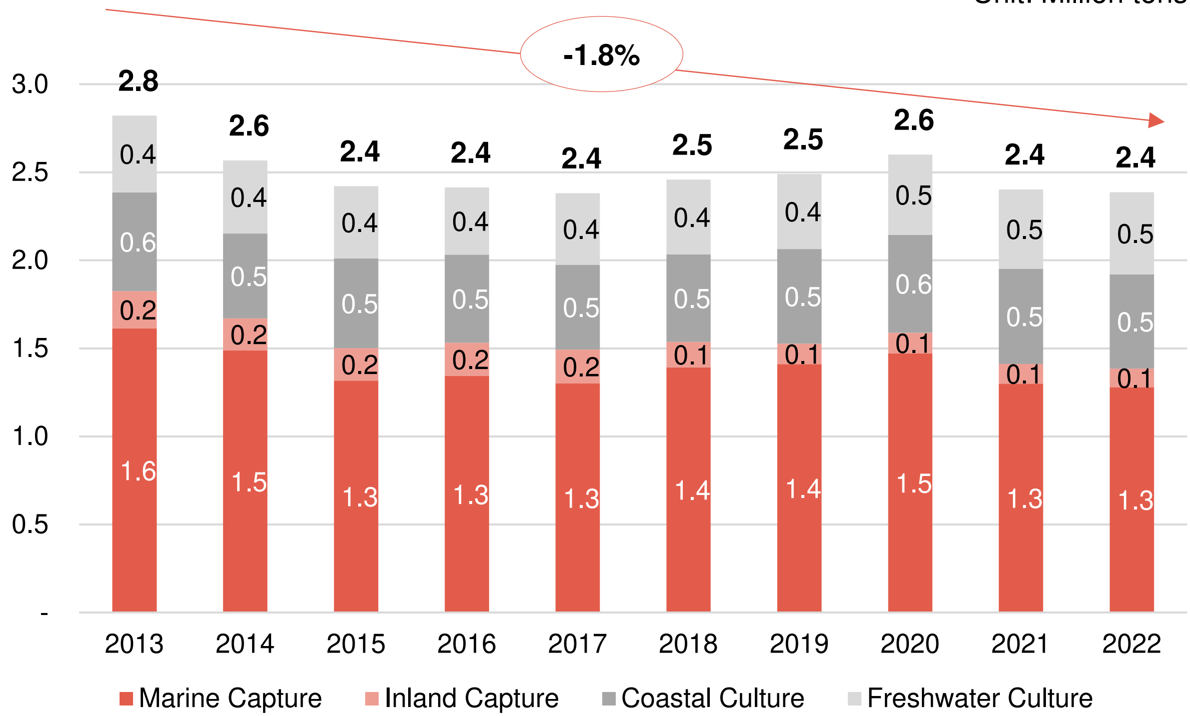
Source: Office of Industrial Economics (OIE), Fisheries Development Policy and Strategy Division, Department of Industrial Works, The Nation Thailand

Thailand's Fisheries Production: Overview

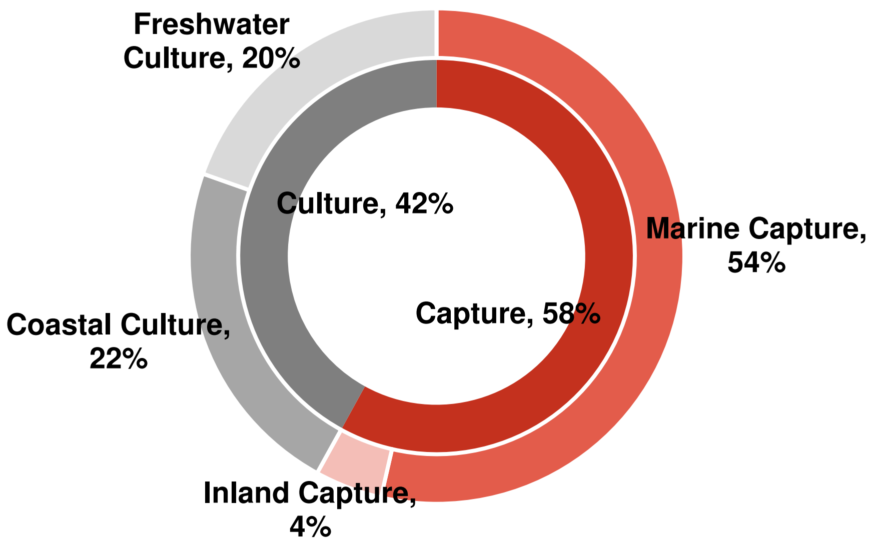
- More than half of the fisheries production in Thailand is derived from marine capture.
- Thailand's fisheries production has been declining, resulting in Thailand having to rely on imported raw materials.

Thailand's Fisheries Production by Sub-sector (2013 - 2022)

Unit: Million tons



Fisheries Production by Sub-sector (2022)



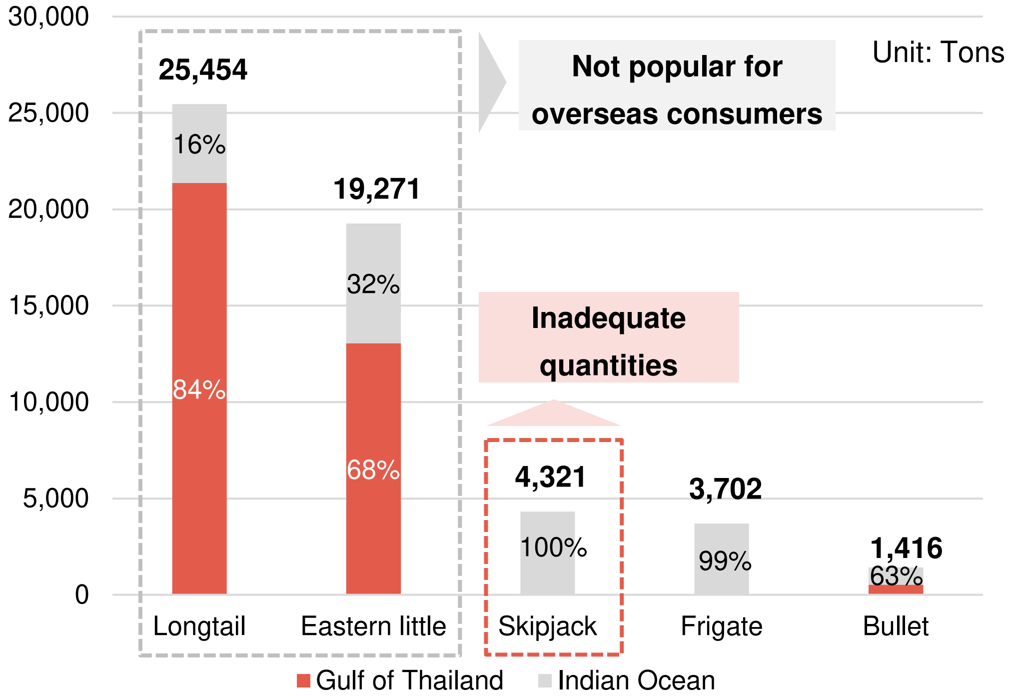
- **Thailand's total fisheries production has been declining** with a CAGR of -1.8% per year, mainly resulted from overfishing, rising aquaculture costs, aquatic animal diseases, and reduction in marine fishing activities due to restrictions on fishing practices.
- **For marine capture and coastal culture**; as the main raw materials for processed seafood products, the fisheries productions are 1.3 million tons and 0.5 million tons in 2023, respectively, which are not sufficient for processed seafood production in Thailand**.**

Source: Department of Fisheries

Thailand’s Fisheries Production: Fisheries Production for Processed Seafood

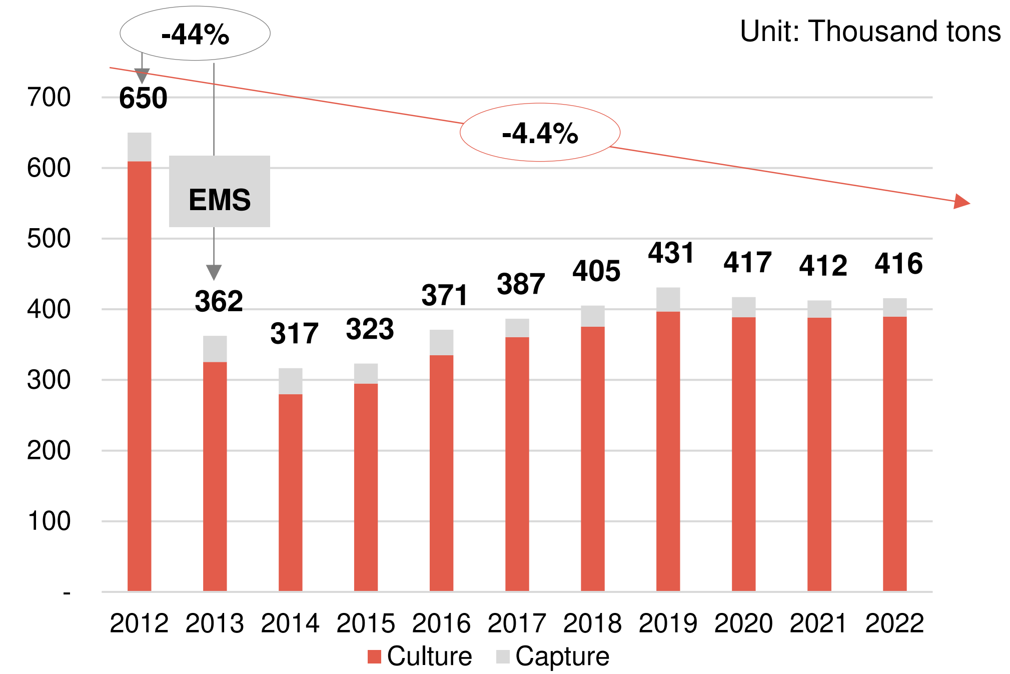
- Raw materials for major processed seafood production are insufficient.
- The tuna species of Thailand’s catch are usually not for canning export, and the quantity of Skipjack tuna is inadequate.
- Thailand’s shrimp culture production has not recovered after being affected by the EMS outbreak.

Thailand’s Tuna Capture by Type (2022)



- **Longtail and Eastern little tuna** are the major tuna types captured in Thailand, which are not popular for processing into canned tuna for overseas customers. These types of tuna are used for domestic consumption and food services.
- The quantity of **Skipjack** which are captured in Thailand is also not sufficient for the canning production especially for export. Also, the global tuna supply has been harmed by severe climate change and sustainable fishing, which can affect Thailand’s tuna processing in the long term.

Thailand’s Shrimp Production by Sub-sector (2012 - 2022)



- **Shrimp production** in Thailand has been declining since 2013 due to Early Mortality Syndrome (EMS), cutting shrimp supplies by nearly half when compared with 2012, and still has not recovered to the same level before the disease, mainly because of lack of effective central management from the government e.g., relying more on shrimp imports, lack of price support, ineffectiveness at improving the image of Thailand shrimp farming with regards to sustainability issues.

Note: Vannamei shrimp (Whiteleg shrimp) accounted for 95% of shrimp culture production in quantity in 2023.

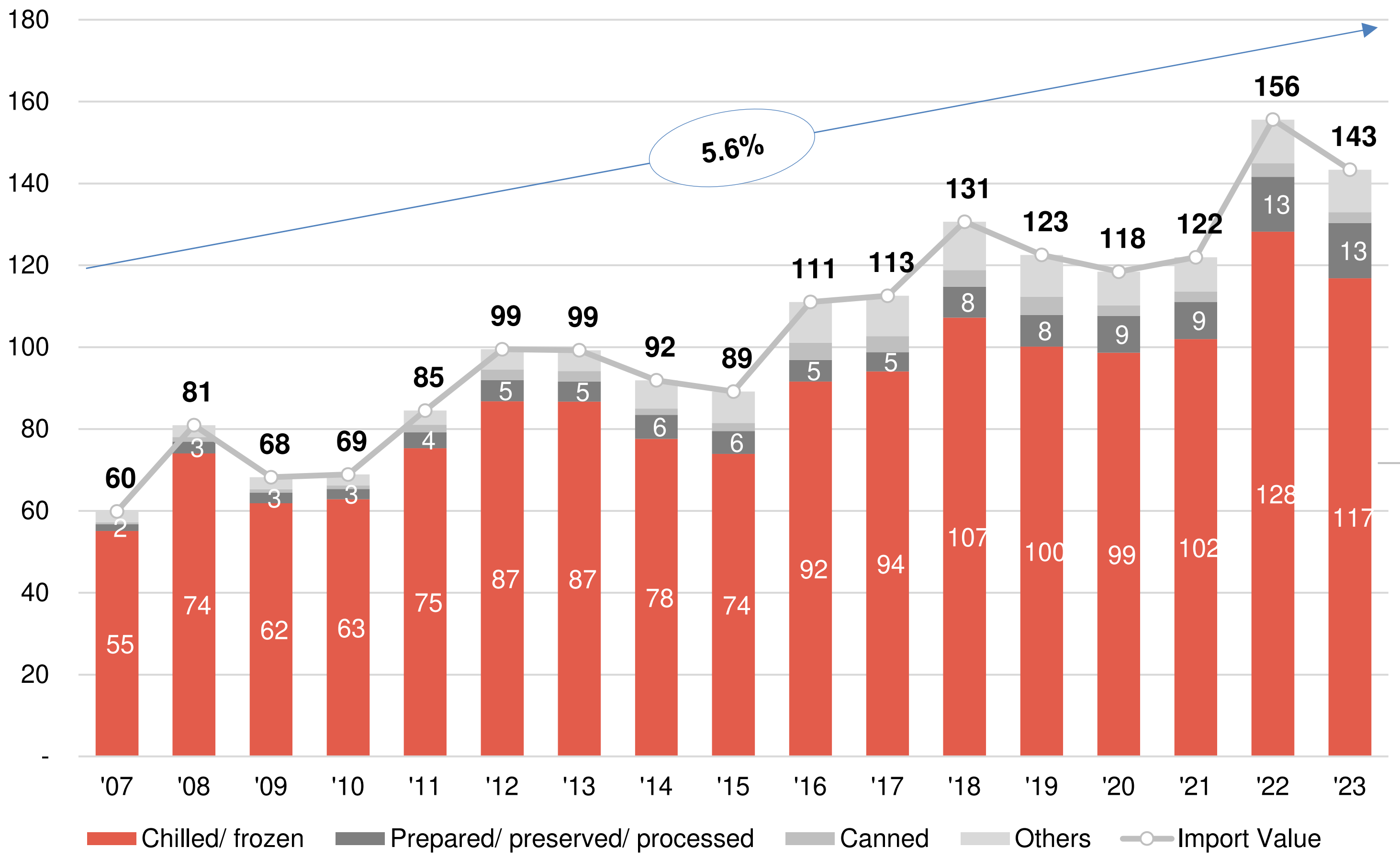
 Source: Department of Fisheries

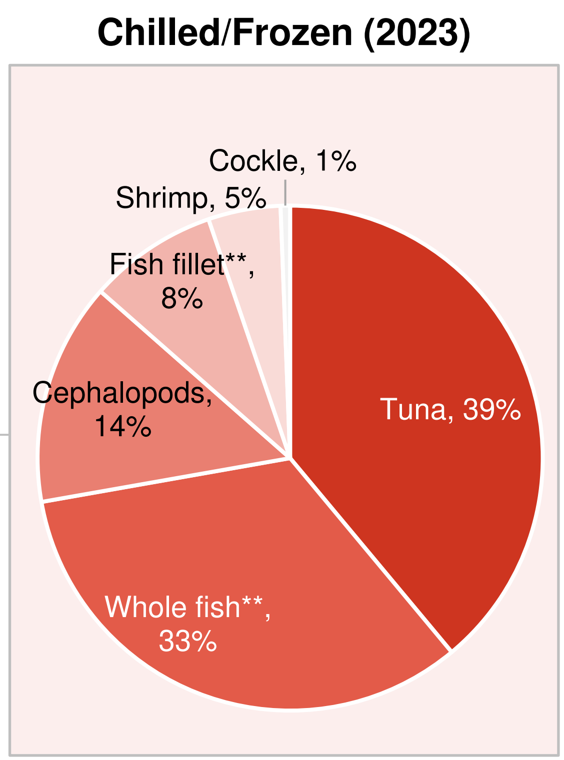
Thailand's Processed Seafood Import

- Processed seafood import has seen growth. Thailand imports processed seafood primarily in the chilled/frozen category to meet the demand of seafood processing, especially chilled/frozen tuna, which is a raw material for canned tuna production.
- Major imported products include chilled/frozen of tuna, chilled/frozen whole fish, and chilled/frozen cephalopods.

Import Value* of Total Processed Seafood Products by Major Categories (2007 – 2023)

Unit: Billions THB





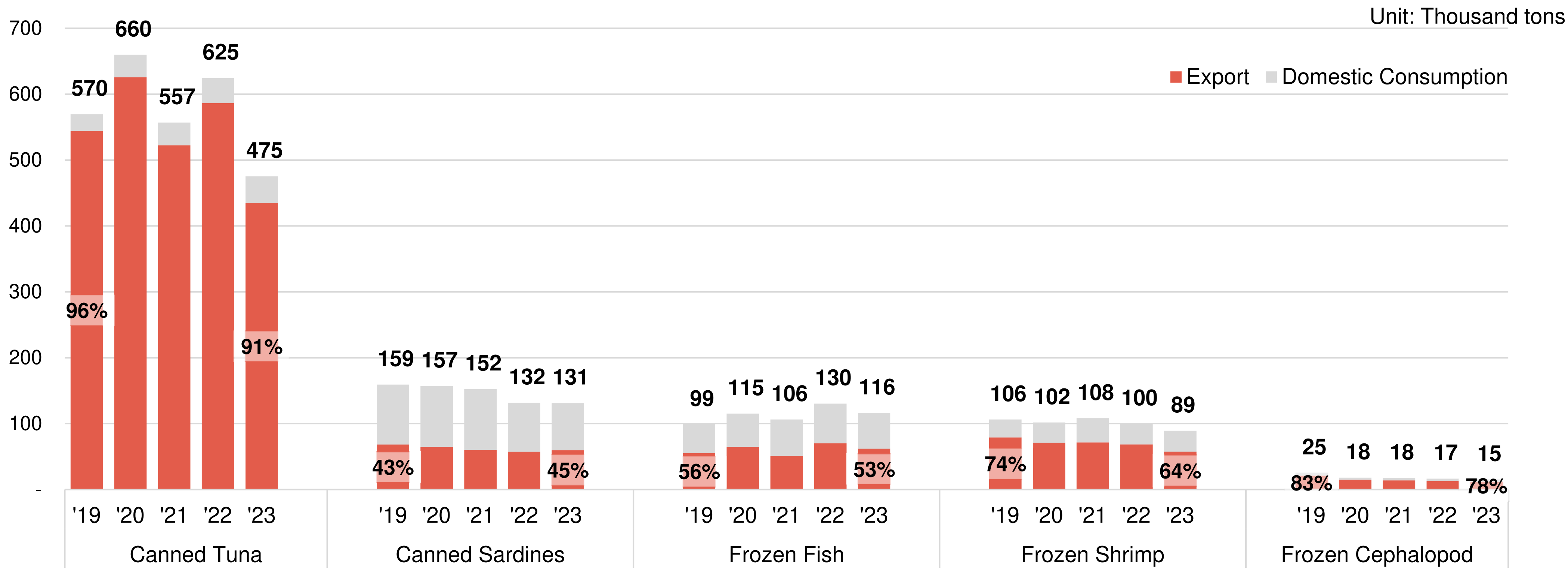
Note: * Import values include other fisheries products, which may include non-processed seafood. Import values exclude processed seafood for pet food.
** Whole fish and fish fillet include different varieties of fish other than tuna

Source: Fisheries Development Policy and Strategy Division, Department of Fisheries

Major Processed Seafood Production

- Processed seafood production is mainly for export, except canned sardines, which is mainly consumed domestically.
- Thailand is one of the global canned tuna production bases, producing canned tuna at approximately 600,000 tons per year.

Major Processed Seafood Production (2019 - 2023)



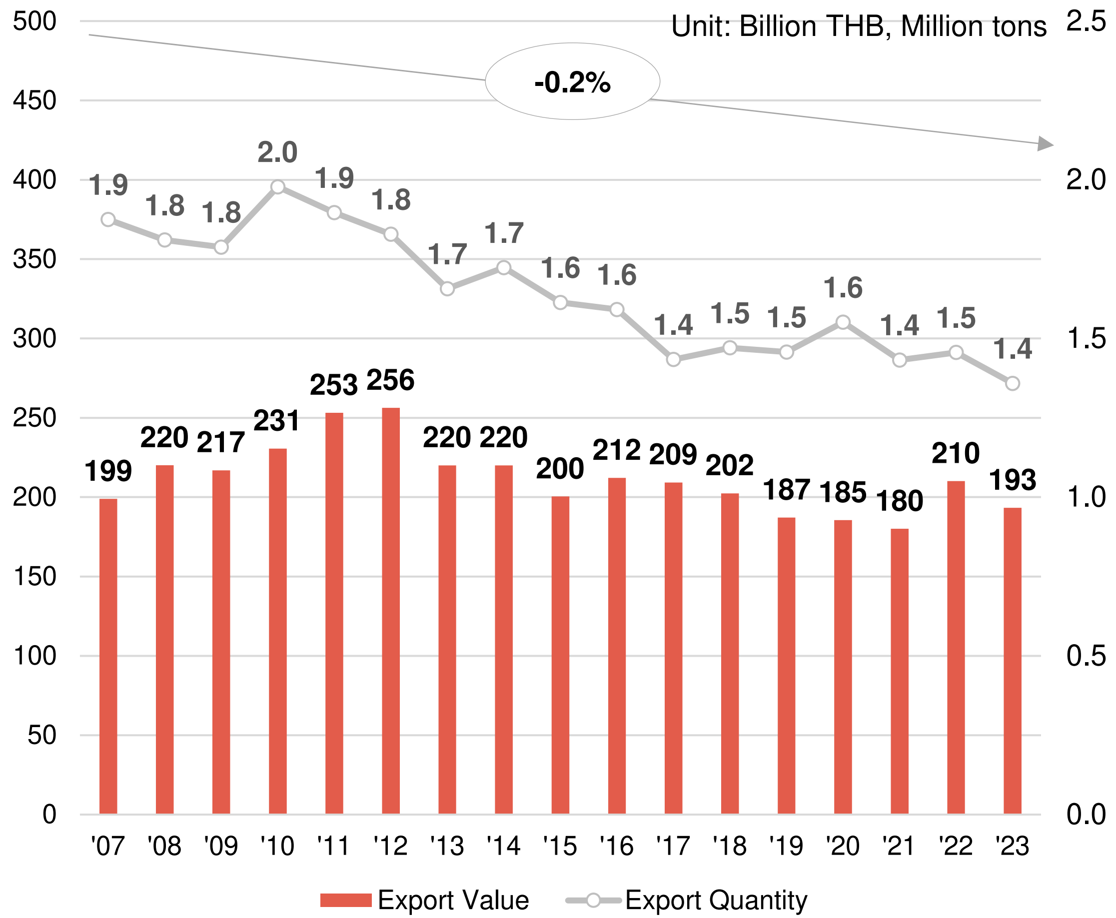
- **Overall**, Thailand's main processed seafood products are mainly for export, as Thai consumers prefer fresh seafood, except for canned sardines and frozen fish, which are for domestic consumption and used in food services.
- Thailand produces approximately 600,000 tons of **canned tuna** per year, as Thailand is one of the major production bases for canned tuna. The leading canned tuna producers e.g., Thai Union and Sea Value, produce many leading global canned tuna brands.
- **Frozen fish production** is outgrowing other processed seafoods due to rising domestic demand e.g., from the food services sector and export demand from changing consumer behaviors selecting frozen products for its convenience and long shelf-life.

Source: Office of Industrial Economics (OIE)

Thailand's Processed Seafood Export: Past Performance

- Thailand processed seafood export experiences negative growth, resulted from the loss of competitive advantages.
- High production costs, trade barriers, reduction in fisheries production have hampered producers' competitiveness with others and trading partners have shifted to competitors who offer more attractive prices.

Export Value and Volume* of Total Processed Seafood Products (2007 – 2023)



Past Performance

Even though Thailand has a well-established infrastructure and reputation of high-quality processed seafood, Thailand has been facing a downward trend of export as it has lost the competitive edge due to various factors;

- **High production costs** contributed to by increasing labor costs and additional costs from stricter fishing practices.
- **Strong price competition** among exporters, especially in low value-added products e.g., frozen shrimp.
- **Tariff barriers:** Thailand lost its GSP** status from the EU, and **Non-Tariff Barriers (NTBs)** were used against Thailand's processed seafood export as the importing countries are concerned about the sustainability of Thailand's fishery practices.
- **Declining fisheries production** for domestic raw materials, contributed to by shrimp diseases, climate change and stricter fishing practices, which are challenging raw materials supplies in the long term.

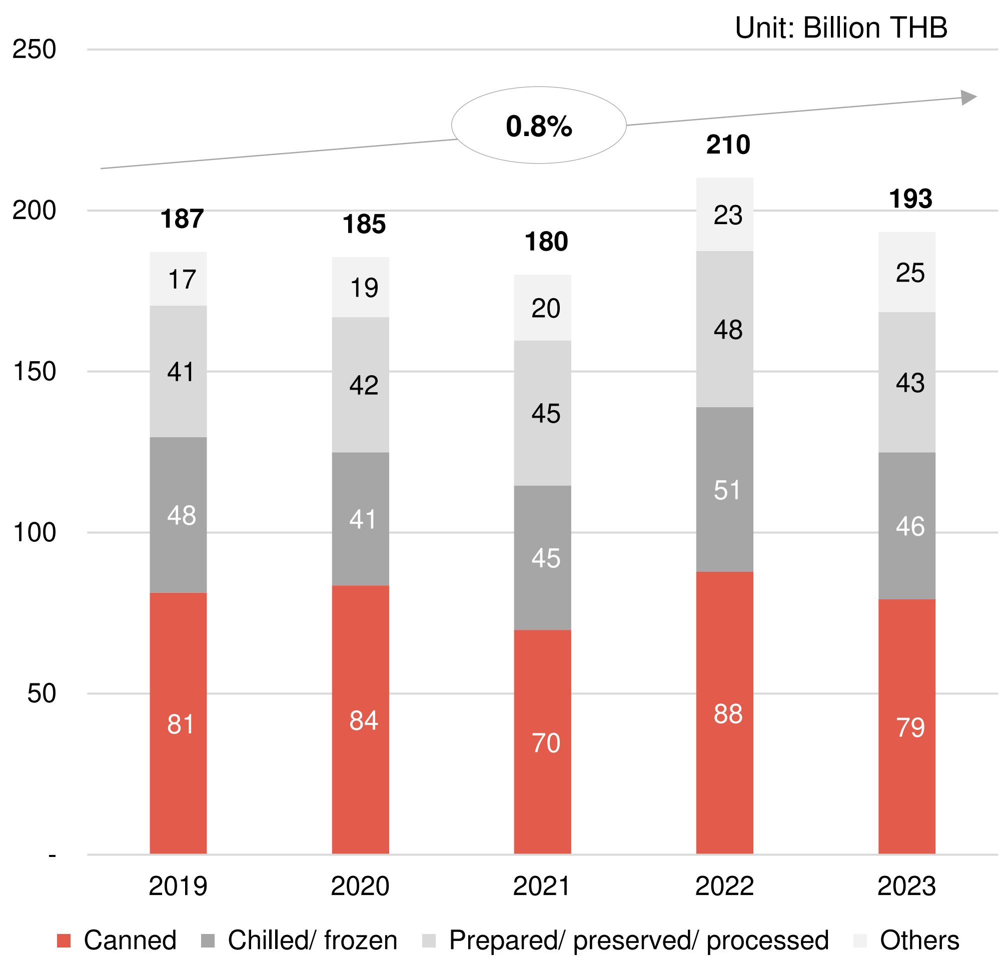
Note: * Export value and volume include other fisheries products, which may include non-processed seafood. Export value and volume excludes processed seafood for pet food.
** Generalized System of Preferences (GSP) is the tariff system providing tax reductions for developing countries.

Source: Fisheries Development Policy and Strategy Division, Department of Fisheries, Krungthai COMPASS

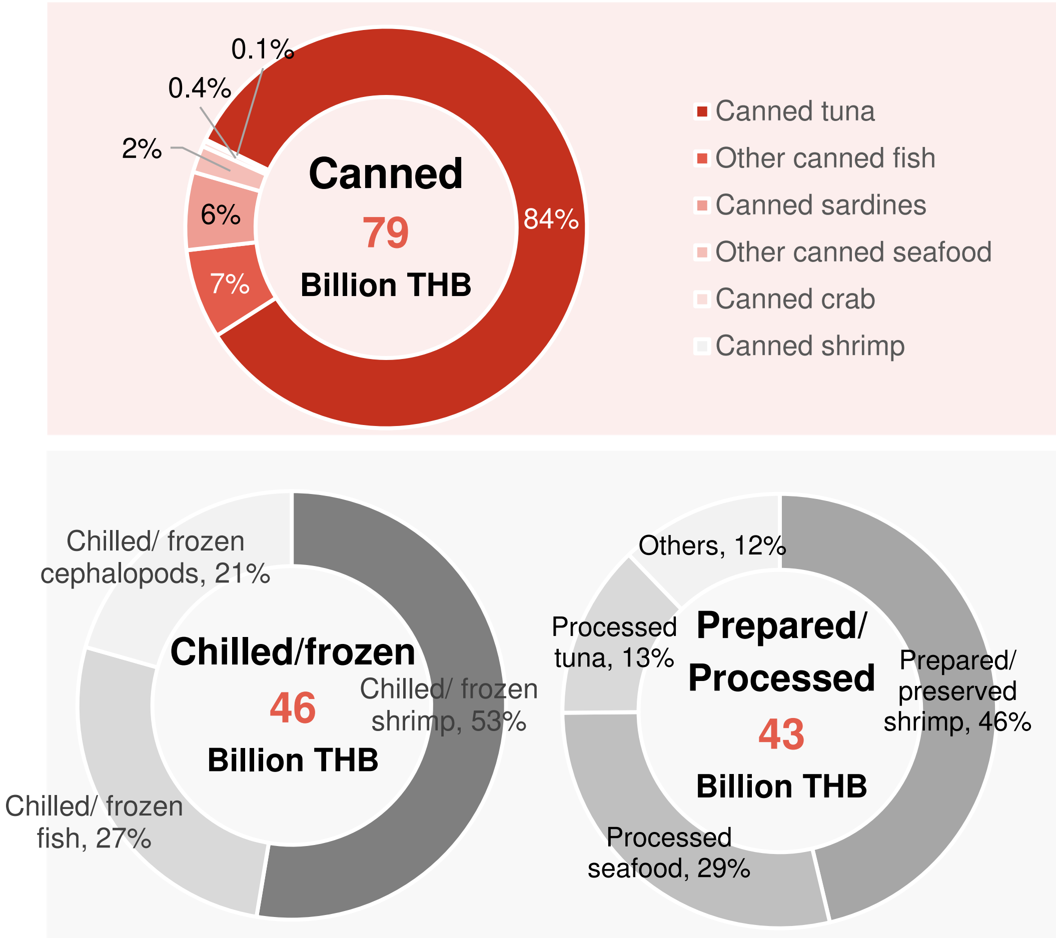
Thailand's Processed Seafood Export: Major Category and Product

- Thailand processed seafood can be divided into 3 major categories, including canned, chilled/frozen, and prepared/preserved/processed. Major products in each major category are led by canned tuna (84%), chilled/frozen shrimp (53%), and prepared/preserved shrimp (46%), respectively.

Processed Seafood Export Value by Major Categories (2019 – 2023)



Major Processed Seafood Categories by Sub-category Export (2023)



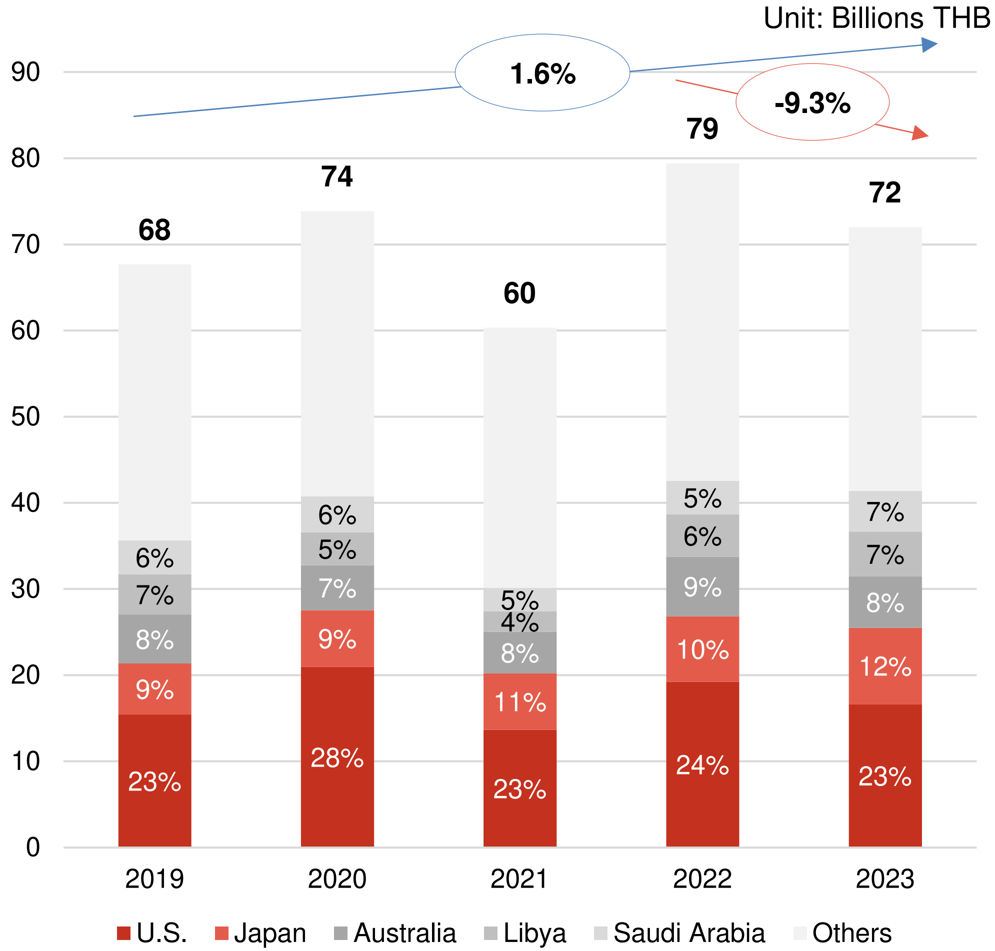
Note: Others are e.g., processed/prepared cephalopods, dried fish, boiled/steamed shrimp.

Source: Fisheries Development Policy and Strategy Division, Department of Fisheries

Thailand's Processed Seafood Export: Canned Tuna

- In 2023, canned tuna export dropped due to a shrink in tuna supply and low demand from primary markets. The main export countries include USA, Japan, and Australia.
- Thailand has remained the leading producer of canned tuna, benefitting from many strengths of canned tuna producers.

Canned Tuna Export Value by Major Countries (2019-2023)



Note: Export value is derived from Ministry of Commerce data (HS Code: 160414)

Canned Tuna Export

Past Performance

- In 2023, canned tuna export dropped, resulting from a shrink in tuna supply affected by climate change and the high level of inventory stock of exported countries.

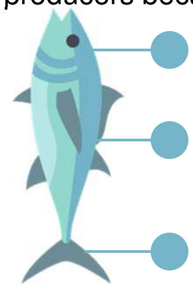
Major Export Destinations

- The **USA** has remained the **primary market** for canned tuna, while Saudi Arabia, Japan, and Libya are growing major export destinations.

Major Growing Markets (YoY Growth) (2023)		
Saudi Arabia 21 %	Japan 17 %	Libya 6 %

Strengths of Thailand's Canned Tuna Producers

- Thailand has maintained its strong position for leading canned tuna producers because;



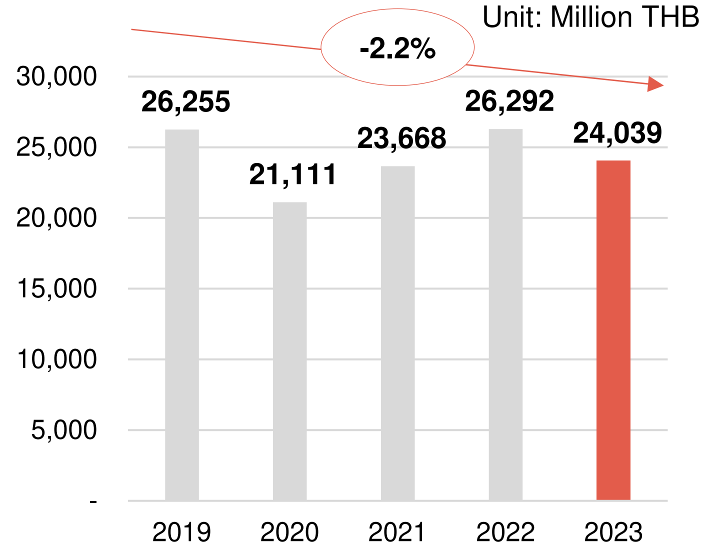
- **High standard of production:** certified by international standards for export.
- **High capability** with the availability of skilled labor, high production capacity, strong partnership with raw materials suppliers and distributing channels.
- **Location** benefits raw materials sourcing, as its location is convenient to source tuna from various oceans.

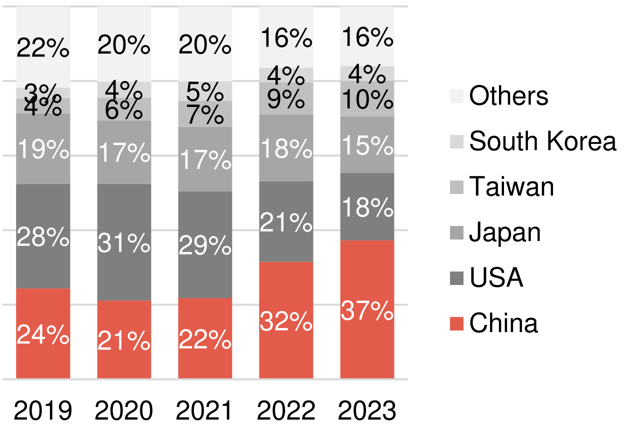
Source: Ministry of Commerce

Thailand's Processed Seafood Export: Chilled/ frozen and Processed Shrimp

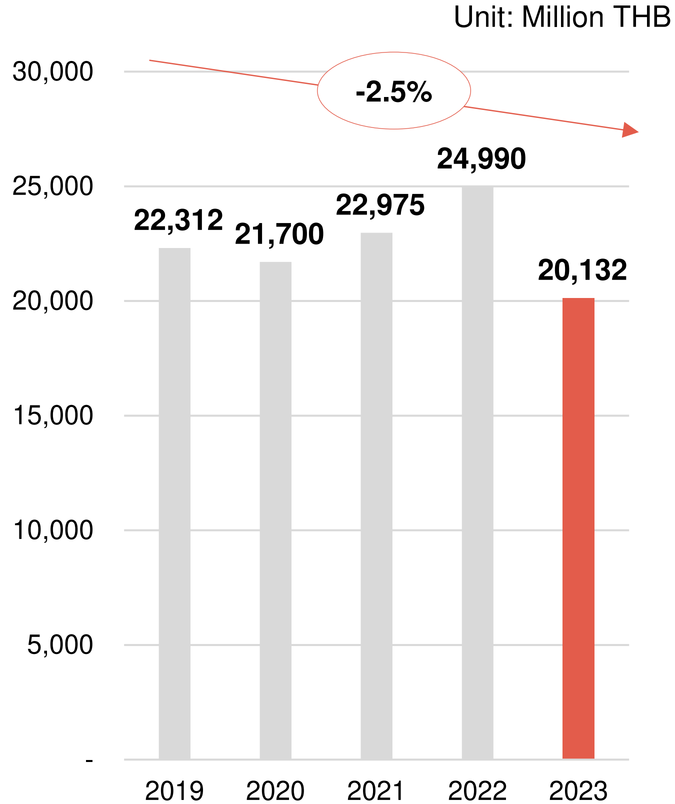
- Thailand is perceived as the leading global shrimp processor for the strengths of the shrimp industry. However, chilled/ frozen and processed shrimp exports recently declined due to pressures from the recovering shrimp farming industry and strong competition from countries with lower costs e.g., Ecuador, Indonesia, India, and Vietnam.
- China and Taiwan are the fast-growing targeted markets for chilled/frozen shrimp due to rising consumer demand.

Chilled/Frozen Shrimp Export Value/ By Country (2019- 2023)





Prepared/Preserved/Processed Shrimp Export Value (2019- 2023)



Note: Prepared/ preserved/ processed shrimp products are e.g., peeled cooked shrimp, crispy fried shrimp, shrimp wonton, sushi shrimp, etc.

Strengths of Thai Processed Shrimp Producers

Strong shrimp supply network

- Thailand has a strong shrimp supply chain, starting from hatchery, farming, processing and distribution networks both domestic and export.

High-quality production

- Available highly skilled labor for shrimp production.
- High-technology production, which can offer a wider range of products to meet market demand.

Qualified with international standards

- Globally renowned for high-quality processed shrimp products.
- Perceived as certified with many international standards for example;
  - Good Manufacturing Practice (GMP)
  - Hazard Analysis Critical Control Point (HACCP) standard

Source: Fisheries Development Policy and Strategy Division, Department of Fisheries, Ministry of Commerce

Supply Chain of Thailand's Processed Seafood Industry

Supply Chain of Thailand's Processed Seafood Industry

Raw Material Sourcing

Fisheries

- Wild capture
- Aquaculture
- Import

Port / Market / Middlemen

- Fish market
- Fishing port
- Middlemen
- Fisheries worker

Processing

- Primary/ secondary food processing factories
- Canning factories
- Frozen factories

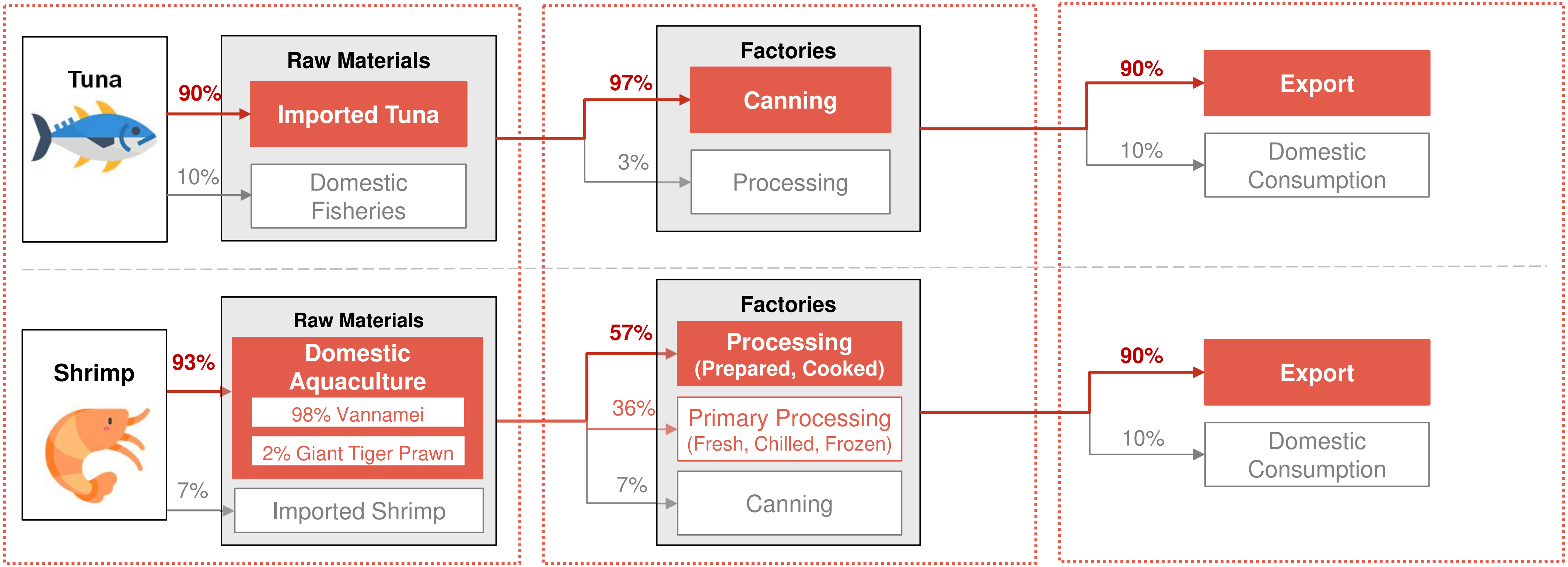
Distribution

Distribution Channels

- Domestic market retailers
- Food services
- Wholesalers
- Exporters

End Users

- Domestic consumption
- Export



Source: SCB EIC (Economic Intelligence Center)

Major Players

- Thai Union Group is one of the global leaders of processed seafood with well-known canned tuna global brands e.g., Chicken of the Sea, John West, Petit Navire, and Thai-leading brands e.g., SEALECT and Fisho, while CPF is the major exporter of processed shrimp products.

Major Players* of Processed Seafood Producers

No.	Company	2022 Total Revenue (Million THB)	Examples of Brands	Main Seafood Types	Main Processed Seafood Product Types		
					Canned	Chilled/Frozen	Other Value-Added Product
1	Thai Union Group Pcl.	39,638	SEALECT, John West	Tuna	✓	✓	✓
2	Charoen Pokphand Foods Pcl.** (CPF)	N/A	CP FreshMart, CP Pacific	Shrimp	-	✓	✓
3	Unicord Public Co., Ltd. ***	25,600	Super C Chef	Tuna	✓	-	✓
4	Golden Prize Canning Co., Ltd.	10,393	Golden Prize	Tuna	✓	-	✓
5	I.S.A. Value Co., Ltd.***	8,497	-	Tuna	✓	-	✓
6	Patthaya Food Industry Co., Ltd.	7,858	NAUTILUS, MONGKUT TALAY	Tuna	✓	-	✓
7	Chotiwat Manufacturing Co., Ltd.	7,083	-	Tuna	✓	-	✓
8	Tropical Canning (Thailand) Pcl.	6,072	TCB	Tuna	✓	-	✓
9	Marine Gold Products Ltd.	5,056	-	Shrimp	-	✓	✓
10	Thaveevong Industry Co., Ltd.	4,223	TVI	Fish	-	✓	✓
11	The Thai Royalfrozen Food Co., Ltd.	4,006	TRF	Shrimp	-	✓	✓
12	MMP International Co., Ltd.	3,760	-	Tuna	✓	✓	✓
13	Lucky Union Foods Co.,Ltd.	3,548	KANI FAMILY	Fish	-	✓	✓
14	KF Foods, Ltd.	3,434	The Catch of Kingfisher	Shrimp, Fish, Tuna	-	✓	✓
15	Sea Wealth Frozen Food Co., Ltd.	3,342	-	Shrimp	-	✓	✓

Note: Other value-added products are e.g., fish balls, shrimp balls, seafood-based snacks, crab sticks, fish oil, etc.
*Major players are registered companies engaging in processed seafood production, including canned, chilled/frozen, and value-added seafood products under TSIC 10211, 10212, 10221, 10222, 10291, 10292, 10751 and 10752.
** CPF is an agro-industrial and food conglomerate in Thailand. The revenue of only the processed seafood business is unavailable.
*** Unicord and I.S.A. Value are under Sea Value Group, the holding company of the leading tuna producers.

Source: Department of Business Development (DBD), Business Online PCL (BOL)

Sustainability of Thailand Fisheries and Government Supports

- Currently Thailand's fisheries and seafood products are IUU-free, sustainable, more legal, and safer. Many legislative efforts have been implemented to manage IUU issues while achieving sustainability for Thailand's fisheries.
- The food processing industry is supported by the government with measures such as investment incentives and specialized economic zones aiming to be the KITCHEN OF THE WORLD.

Thailand's Sustainable Fisheries

Overfishing harming marine resources

EU withdrew yellow card

Past — 2015 — 2019 — Present

Yellow card is issued by the EU for illegal, unreported and unregulated (IUU) fishing

Thailand Achieves IUU-Free

- **New Fisheries and Marine Laws**; e.g., the Fisheries Act 2015, Marine Fisheries Management Plan of Thailand (FMP)
- **Overhauled Fisheries Management System**
- Robust Monitoring, Control and Surveillance (**MCS**) System
- **Enhanced Traceability System**
- **Preventing Labor Exploitation**

Thailand's Supports for the Food Industry

Seasonings &Ingredients

Food Safety & Standards

Beverages

Food Processing

Processed Seafood Industry
(frozen, canning, processing)

Thailand: **KITCHEN OF THE WORLD**

Food Innopolis
Specialized economic zones for the food industry

Supporting Organizations
- The National Food Institute (NFI)
- The National Science and Technology Development Agency
- etc.

Investment Incentives - The Board of Investment of Thailand (BOI) Incentives

Activities	Group	CIT Exemption	Exemption of Import Duty* and Non-tax Incentives**
1.2.5 Manufacture or preservation of food, beverages, food additives, food ingredients or dietary supplement, products using modern technology	A3	5 years	✓
1.2.6 Manufacture of future food: food with health claims, novel food, organic food, medical food	A2	8 years	✓
1.2.8 Manufacture of animal feed or animal food ingredients	A2, A3, A4, B	0 – 8 years	✓
<u>Additional Incentives</u> Food Innovation Industrial Zones (Food Innopolis)		50% Exemption 5 years	

Note: * Exemption of import on machinery, raw materials used in R&D and used in production for export.
** Non-tax incentives refer to Permit to own land, Permit to bring into the Kingdom skilled workers and experts to work in investment promoted activities, Permit for foreign nationals to enter the Kingdom for the purpose of studying investment opportunities, Permit to take out or remit money abroad in foreign currency

Source: Department of Fisheries, Board of Investment of Thailand (BOI)

Major Trends for Food Industry

- Sustainable fishing, global food crisis, and new product development are the mega current trends affecting the processed seafood industry.
- Sustainable practices and diversifying export markets are prioritized to minimized the effects.

Themes	Trends	Implication for Producers
Global Food Crisis	• **Global Food Crisis** e.g., rising food costs, food shortages caused by COVID-19, Russia-Ukraine war, and severe climate changes. • In the mid-term, Thailand will benefit from rising demand as the leading seafood processor. **However,** this can influence many countries to secure their own food production, which can limit long-term demand.	✓ *Growth strategy focusing on the rising demand of processed food* ✓ *Develop technologies to improve production efficiency*
Food Security	• **China' food security policy** influences China to gradually reduce imports and rely on their domestic production. • This policy particularly affects export products targeting the Chinese market, such as chilled and frozen shrimp products.	✓ *Seek new growing export markets e.g., the Middle-east, Cambodia, Laos, Myanmar, and Vietnam (CLMV) to diversify the target markets.*
Sustainability Trend	• **Sustainable fishing, legal and fair labor practices** have been emphasized and promoted globally to prevent overfishing and maintain marine biodiversity.	✓ *Producers should promote sustainable supply chain management e.g., developing traceability system to avoid and minimize Non-Tariff Barriers (NTBs).*
Future Food	• **Alternative seafood** e.g., plant-based, fermentation-derived, and cell-based seafood can offer essential nutrients while maintaining similar tastes, textures, and nutritional properties of seafood. • Many major players have introduced alternative seafood products e.g., vegan tuna, plant-based shrimp	✓ *Invest in R&D for new product development e.g., plant-based seafood* ✓ *Expand product lines to high-value added products*

Challenges and Opportunities

- Thailand's processed seafood industry faces many challenges, from the global economic situation, trade barriers, reduction in fishery production, to high competition.
- There is an opportunity for food processing producers who can offer R&D for new product development. Also, automation businesses can support cost reduction and improve production efficiency, while aquaculture companies can utilize technology to promote sustainability of the seafood industry in long term.

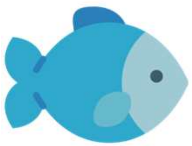
Challenges

Barriers to Trade

- Non-Tariff Barriers (NTBs) and the imposition of international standards have pressured seafood export. However, major producers will not be affected as they have already passed the required standards.

Volatility in the Global Economy

- Production costs are affected by fluctuations in imported raw materials costs, which resulted from the global economic uncertainty.



Shrinking Fishery Production

- Sustainable fishing and climate change have contributed to more restricted fishing practices, which led to a reduction in fish supply.

High Competition

- There is rising competition in the global market from competitors who have benefited from lower production costs and can offer price competitive products, especially frozen shrimp products.

Business Opportunities

Food Processing Sector

- Due to rising competition, Thailand's processed seafood industry should focus more on high value and differentiate with innovative products instead of competing with price, benefiting from established seafood processing production base and being export leader.

  Thus, **food processing companies offering R&D** have potential opportunities to offer new seafood product development and utilizing by-products of seafood e.g., seafood-based snacks, fish oil, seafood extract, plant-based seafood, etc.

Automation Sector

- **Automation businesses** can help reduce production costs, address future labor shortages and increase production efficiency in seafood processing factories.

Aquaculture Sector

- Regarding reduction in fishery production, **aquaculture businesses** that focus on improving efficiency and sustainability of aquaculture can offer **aquaculture technologies** to support sustainable and consistent seafood supply in the long term.

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