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IMPACT OF U.S. TARIFFS ON INDIAN FISHERIES: CHALLENGES, RESPONSES, AND FUTURE STRATEGIES

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Abstract:

India stands as a prominent global exporter of marine products, with the fisheries sector contributing significantly to rural livelihoods and foreign exchange earnings. In the fiscal year 2022–23, India exported seafood worth USD 8.09 billion, with the United States consuming nearly 40% of this trade. Shrimp dominates these exports, accounting for over 70%, largely destined for the U.S. market. However, recent shifts in U.S. trade policy, especially the revocation of India's Generalized System of Preferences (GSP) in 2019, have created substantial challenges for the sector. This paper examines the impact of U.S. tariffs and trade barriers on Indian fisheries, analyzes economic and social consequences, evaluates governmental and industry responses, and suggests strategies for building sector resilience.

Key words: GSP, Tariffs, Shrimp, Trade barriers, Economic Consequences

Objectives:

1. To examine the types of seafood products India exports to the U.S. and how tariffs have influenced these exports.
2. To analyze the impact of U.S. tariffs on the Indian fisheries sector in terms of export volume, earnings, and livelihoods.
3. To explore how Indian fish exporters and the government have responded to these trade barriers.
4. To identify challenges faced by Indian fisheries due to changing U.S. trade policies and rising global competition.
5. To suggest basic strategies or policy recommendations that could help Indian fisheries reduce dependence on a single export market.

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1. Background: India-U.S. Trade in Fisheries

India's seafood exports to the U.S. primarily include frozen shrimp, cephalopods (squid and cuttlefish), and frozen fish fillets. Between 2014 and 2022, exports grew steadily, peaking at USD 3.7 billion in 2021–22. The U.S. withdrawal of India's GSP status in June 2019 removed duty-free access for over USD 5.6 billion of Indian goods, increasing tariff burdens. Though seafood was not directly targeted in the Trump administration's 2018 tariff wars, Indian exporters faced indirect impacts through higher tariffs (2%–6%) and non-tariff barriers (NTBs), such as stricter sanitary standards, labour compliance, and environmental certifications. Competitors like Vietnam, Ecuador, Thailand, and Indonesia benefited from more favourable trade terms, escalating challenges for Indian seafood exporters.

2. Impact of U.S. Tariffs on Indian Fisheries

2.1 Export Volume and Revenue Growth Decline

Post-2019, Indian seafood export growth to the U.S. slowed markedly. The removal of GSP benefits subjected Indian products to tariffs, making them costlier and less competitive. This resulted in a 5–10% reduction in exporters' net profit



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margins and prompted U.S. buyers to shift towards cheaper, tariff-favoured suppliers like Ecuador and Vietnam. Frozen shrimp, India's flagship seafood export, was particularly affected.

2.2 Competitive Disadvantage

Countries with free trade agreements or superior compliance infrastructure gained an edge. Vietnam's trade deals and advanced processing, Ecuador's cost advantage, and Thailand's and Indonesia's better traceability systems created a competitive gap. Indian exporters, especially small- and mid-sized firms, struggled due to limited resources to upgrade facilities or meet rigorous standards swiftly.

2.3 Regional Economic Impact

The consequences were most severe in coastal states:

- Andhra Pradesh: The largest shrimp producer experienced falling farm-gate prices, diminishing aquaculture farmers' incomes.
- Kerala and Odisha: With economies reliant on wild-caught fisheries and small-scale processing, workers faced job insecurity.
- Tamil Nadu and Goa: Exporters reported higher shipment rejections and delays owing to enhanced U.S. import inspections.

2.4 Livelihood Disruptions

Over 14 million Indians depend on fisheries, including fishers, hatchery workers, transporters, and processors. The export downturn led to wage cuts, layoffs, and reduced incomes, increasing pressure on fishers to intensify catches—raising concerns about marine resource sustainability.

2.5 Non-Tariff Barriers (NTBs)

Beyond tariffs, U.S. regulations emphasized:

- Sustainability certifications (e.g., Marine Stewardship Council - MSC),
- Labor rights compliance, including prohibitions on forced and child labor,
- Traceability requirements to verify seafood origin and handling.

These increased compliance costs and complicated market access for Indian exporters.

3. Government and Industry Response

3.1 Diplomatic and Trade Negotiations

The Indian Ministry of Commerce engaged U.S. trade officials seeking tariff relief or reinstatement of GSP privileges. Parallel efforts aimed at diversifying trade partners through free trade agreements (FTAs) with the European Union, Japan, and the Middle East to reduce overdependence on the U.S. market.

3.2 Financial Support and Subsidies

Government initiatives like the Pradhan Mantri Matsya Sampada Yojana (PMMSY), launched in 2020, provide substantial funding for fisheries infrastructure, including cold storage and processing facilities. Exporters also benefit from incentives



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under schemes such as the Merchandise Exports from India Scheme (MEIS) and the Interest Equalization Scheme (IES), offsetting higher costs.

3.3 Compliance and Quality Enhancements

The Marine Products Export Development Authority (MPEDA) encourages adherence to international standards in sanitary measures, labor rights, and environmental sustainability. Efforts to secure MSC and Aquaculture Stewardship Council (ASC) certifications are underway, boosting credibility in markets with stringent import standards. Digital traceability systems have been introduced to meet U.S. regulations on seafood provenance.

3.4 Industry Initiatives

Exporters have formed associations to lobby for policy support and collectively improve quality and compliance. Investments in technology, such as modern processing plants and cold-chain logistics, aim to reduce product losses and improve export quality. Diversification of product lines and export destinations is increasingly emphasized.

3.5 Persistent Challenges

Small-scale fishers and exporters face hurdles due to limited access to finance and modern technology. Regional disparities in infrastructure and capacity persist, with better-developed states like Andhra Pradesh faring comparatively well, while others lag.

4. Broader Trade and Policy Implications

4.1 Shifting Export Patterns

Faced with U.S. tariffs, Indian exporters are turning to alternative markets like the EU, Japan, and the Middle East, which demand compliance with their own safety and sustainability standards. For example, India's seafood exports to the EU have grown approximately 10% annually in volume, reflecting strategic diversification.

4.2 Vulnerability of Export-Dependent Sectors

The Indian fisheries sector's experience highlights risks tied to overreliance on a single market. Tariff and regulatory changes in major importing countries disrupt income and threaten livelihoods, underscoring the necessity for broader market diversification.

4.3 Importance of Stronger Trade Agreements

Negotiations for agreements like the India-EU Trade and Investment Agreement and engagements within the Indo-Pacific region are vital for securing tariff concessions and smoother customs processes. Such accords enhance market access and competitiveness.

4.4 Policy Reforms and Infrastructure Investments

Upgrading cold chain logistics, processing facilities, and certification laboratories is essential to meet global market requirements. Equally important is ensuring inclusion of small-scale fishers through skill development, access to finance, and infrastructure improvements to foster equitable growth.

4.5 Environmental and Social Sustainability

Increasing global emphasis on sustainable seafood production necessitates responsible fishing and farming practices. Compliance with environmental and labor standards not only maintains market access but also safeguards marine ecosystems and workers' rights.



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5. Recommendations

To bolster the Indian fisheries sector's resilience against external shocks and ensure long-term sustainability, the following strategies are recommended:

5.1 Market Diversification:

- Pursue emerging seafood markets (EU, Japan, Middle East, Southeast Asia) to reduce U.S. market dependence.
- Promote export missions and trade facilitation efforts to ease entry into new regions.

5.2 Enhance Compliance with International Standards

- Expand support for acquiring certifications like MSC, ASC, and Fair Trade.
- Offer training and financial aid to meet sanitary, phytosanitary, and labor compliance requirements.

5.3 Infrastructure Development

- Increase investment in cold chain logistics, modern processing, and quality testing.
- Strengthen aquaculture infrastructure and promote sustainable farming techniques.

5.4 Support for Small-Scale Fishers and Processors

- Improve access to finance, technology, and training to enable competitiveness.
- Encourage cooperative models to boost bargaining power and access to export facilities.

5.5 Policy and Trade Negotiations

- Accelerate trade agreements ensuring tariff reductions and simplified customs for fisheries exports.
- Develop adaptive policies responsive to shifting global trade dynamics.

6. Conclusion

The U.S. tariffs and withdrawal of trade preferences have challenged India's fisheries sector, impacting export growth, profitability, and millions of livelihoods. Although the sector has demonstrated resilience through government support and industry adaptation, the experience underscores the risks of overreliance on a single export market. Moving forward, market diversification, strengthened compliance, infrastructure investment, and inclusive support for small producers are essential. Strategic trade negotiations and sustainable practices will be crucial to maintain India's competitive position in the global seafood market. Implementing these recommendations can build a more resilient, inclusive, and sustainable fisheries sector that supports economic growth and social well-being.

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