Thailand's Shrimp Industry: From Global Leader to Reinvention

Key Takeaways:

- Thailand's shrimp industry is losing momentum. Processed shrimp exports declined sharply in early 2026, while traditional markets such as Japan continued to weaken despite modest growth in 2025.
- Competition from lower-cost producers is intensifying. Ecuador, India, Indonesia, and Vietnam have gained market share through lower production costs and larger production scales, making it increasingly difficult for Thailand to compete on price.
- ESG and traceability are becoming new barriers to trade. Stricter environmental requirements from Japan and Europe are reshaping the industry, yet less than 1% of Thai shrimp farms currently hold internationally recognized sustainability certifications.
- Trade disruptions are adding further pressure. Malaysia's temporary suspension of shrimp imports and intensifying competition across Asian markets could weigh on prices and export prospects in the near term.
- Thailand's future lies in premium and value-added products. The industry may need to shift from competing on volume toward focusing on quality, sustainability, processing capabilities, and market diversification.

Export Growth is Losing Momentum

For decades, Thailand was one of the world's leading shrimp exporters, with annual exports exceeding 100 billion baht and a reputation for high-quality processed seafood. But the industry is now operating in a very different environment. Export growth is slowing, competition is intensifying, and global buyers are demanding not only competitive prices but also stronger environmental standards and supply chain transparency.

Recent data suggest that this transition is already underway.

According to the Ministry of Commerce, processed shrimp exports showed little growth in 2025 and weakened sharply in early 2026, largely because of slowing demand from Japan. In contrast, frozen shrimp exports continued to benefit from strong Chinese demand, highlighting an increasingly uneven performance across Thailand's major export markets.

While China has become the industry's primary growth driver, Japan remains Thailand's most important premium market. The continued weakness in Japanese demand therefore poses a significant challenge for the industry's overall export outlook.

Thailand is Losing Cost Competitiveness

Thailand's cost competitiveness has gradually weakened as production costs continue to rise while lower-cost producers expand their global market share.

Japan's sluggish domestic economy and weaker purchasing power have made importers increasingly price sensitive. At the same time, Thailand faces growing competition from lower-cost producers such as Ecuador, India, Indonesia, and Vietnam.

According to the Thai Shrimp Association, Thai shrimp is now approximately one US dollar more expensive per pound than products from Ecuador and India. Persistent disease outbreaks, including Early Mortality Syndrome, White Spot Disease, White Feces Syndrome, and Yellow Head Disease, have significantly raised production costs and reduced productivity.

Adding further pressure, recent changes in the US trade policy have also altered global shrimp trade dynamics. The United States recently revised tariff arrangements for Indian shrimp imports. Although India subsequently secured lower tariff rates through bilateral negotiations, the period of uncertainty encouraged Indian exporters to diversify more aggressively into alternative markets, including China and other Asian economies. This has intensified competition in Thailand's key export markets, particularly China and Japan.

As a result, Thailand is increasingly finding itself squeezed between weakening demand and intensifying competition.

ESG is Becoming a New Competitive Battlefield

Price is not the only factor shaping competitiveness in global seafood trade. Environmental standards and supply chain transparency are becoming increasingly important for international buyers.

Importers in Japan and Europe are demanding stricter supply chain traceability and sustainability standards. Compliance with internationally recognized certifications such as the Aquaculture Stewardship Council (ASC) is becoming increasingly important for securing export orders.

However, less than 1% of Thailand's shrimp farms are currently estimated to hold ASC certification.

This represents a major challenge for Thai exporters as sustainability increasingly influences purchasing decisions. Competitiveness is no longer determined solely by price and quality, but also by environmental credentials and transparency throughout the production process.

New Trade Disruptions are Emerging

The industry's challenges intensified further in June 2026 when Malaysia temporarily suspended imports of five shrimp species from Thailand under reciprocal trade measures.

The dispute originated after Thailand tightened inspections on Malaysian seabass imports following the discovery of chemical residues, antibiotic contamination, and shortcomings in product traceability. In response, Malaysia imposed a temporary suspension on imports of five Thai shrimp species beginning on 1 June 2026.

Malaysia imports around 70,000 tonnes of Thai shrimp annually and is one of Thailand's four largest shrimp export markets, with much of the supply coming from southern Thailand.

The suspension risks creating domestic oversupply and downward pressure on shrimp prices if alternative markets cannot absorb the excess supply. The impact could be particularly significant for farmers in southern provinces, where Malaysia has long served as a key export destination for fresh shrimp because of its proximity and strong appetite for Thai shrimp.

Reinvention may be the Industry's Best Path Forward

Despite these challenges, Thailand still retains important strengths.

The country remains one of Asia's leading seafood processing hubs, with strong capabilities in food safety, cold-chain logistics, and value-added products, while Chinese demand for premium Thai shrimp remains relatively resilient.

Going forward, Thailand will find it difficult to compete directly with Ecuador or India on cost and scale. Instead, future competitiveness will increasingly depend on premium products, sustainability certifications, product innovation, and market diversification.

Trade agreements could also provide new opportunities. Thailand's shrimp exports to the European Union have fallen sharply from around 60,000 tonnes annually to only about 200 tonnes following the loss of Generalized System of Preferences (GSP) benefits. The Thai Shrimp Association believes that a successful Thailand-EU Free Trade Agreement could help restore exports to between 30,000 and 40,000 tonnes, while agreements with Canada and South Korea could open additional high-potential markets.

Ultimately, the industry's next move may involve shifting from a volume-driven exporter toward a more premium, sustainable, and technology-driven seafood industry. The future of Thailand's shrimp industry will depend on its ability to create greater value through premium products, sustainability, innovation, and market diversification in an increasingly competitive global market.

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