

On behalf of the Managing Committee of the Seafood Exporters Association of India, it gives me immense pleasure and privilege in presenting the 36th Annual Report of the Association for the year 2005-06 with the Audited Balance sheet and Income and Expenditure Statement for the period ended 31st March 2006.

A. YEAR UNDER REPORT

1. Membership

Membership of the Association stands today as follows

Name of the Region	No. of Members
Andhra Pradesh	52
Gujarat	45
Karnataka/ Goa	15
Kerala	69
Maharashtra	29
Orissa	23
Tamilnadu	39
West Bengal	24
Total	296

2 Regional setup

The regional Offices as listed above, are headed by the following:

Regional Presidents	Regions
Mr. U.K.V. Raju	Andhra Pradesh
Mr. Kenny Thomas	Gujarat
Mr. George K. Ninan	Karnataka/ Goa
Mr. Anwar Hashim	Kerala
Mr. Roozbeh Daruwalla	Maharashtra
Mr. Ramesh Mohapatra	Orissa
Mr. Ashok Nanjappa	Tamilnadu
Mr. R. Bhattacharya	West Bengal

3 Managing Committee meetings

During the year under report 2005-2006, The National Mg. Committee met 5 times. It has faced and effectively dealt with several issues that have cropped up during the year. Some of them have been very critical like the anti-dumping, the income-tax on DEPB with retrospective effect and the exit policy for the sick units. Others have also been

important. But all of them have been discussed in detail in the managing committee meetings, and decisions taken, after the MC members had taken the views of the respective regional general bodies. The decisions are implemented through an executive and administrative set-up, making SEAI into a real professional body, which is well recognized in various ministries and forums. For achieving this, I should thank the Vice Presidents, Mr.O.N.Sharma and Mr.T.Raghunath Reddy, Treasurer Mr.S.Ramalingam for rendering their effective support and participation, and all the MC members.

The appointment of Mr.Elias Sait as Secretary General has been of immense value to the Association. Mr.Sait with his considerable knowledge and experience of the seafood trade, has played a major role in obtaining substantial benefits for the Industry from the Government and other agencies. Mr.Sait will continue to play a major role in guiding the affairs of our Association.

4 Export Performance during 2005-2006

4.1 Export performance

Export of marine products from India during 2005-06 set an all-time record, both in terms of quantity of 512164 tonnes, and of value of Rs.7245.30 crores, equivalent to US Dollar 1644.21 million. Compared to the previous year, the export had shown a growth of 11.02% in quantity, 9.0% in rupee value and 11.21% in US\$ realization. The unit value also increased from 3.20 US\$ to 3.21 US\$ per kg. This is the 2nd consecutive year when the exports have shown an upward growth in volume and value.

The European Union continued to be our largest market during the year 2005-06, with a share of 29% in export realization, closely followed by USA at 23%, Japan 16%, China 12%, South East Asia 8%, Middle East 4% and other countries 8%. While exports to EU grew by 17%, the export growth to USA was only 5%. Exports to China and Middle East also grew by 23% and 26% respectively.

Frozen Shrimp was the single largest item of export, accounting for 59% of the total export value. But when considered in terms of quantity, frozen fish was the main item of export, with a share of 36% , as against 28% of shrimp in value terms. In 2005-06, we achieved a record growth in the export for frozen fish to the tune of 33.93% in US\$ realization. Cephalopods, consisting of cuttlefish/squid/octopus was the next largest group, accounting for over 16%.

Over 80% of the Frozen Shrimp was exported to the three major markets, viz., USA (32%), EU (28%) AND Japan (20%). Fish was mainly exported to China and Cephalopods to EU.

Export of marine products took place through 18 seaports/airports during the year 2005-06. Ahmedabad and Agartala were the new ports to effect exports during the year. Chennai kept its position as the largest port in terms of value with a share of 19.17%. The largest port in terms of volume was JNP with a share of 23.53% and in value wise it held third place with a share of 16.19%. Kochi continued to be the 2nd largest port in terms of value and third largest port in terms of quantity. Exports from ports like Kochi, JNP, Vizag, Pipavav, Mundra, Mangalore/ICD, Goa, Trivandrum, Calicut etc registered a positive growth whereas Chennai, Tutucorin, Mumbai, Kandle, Haldia, Porbandar, etc showed a negative growth.

4.2 Contribution of Aquaculture:

The contribution of Aquaculture to the seafood exports of the country continued to grow during the year 2005-06, registering a significant rise in the shrimp/scampi production as compared to the previous year. This growth was achieved, despite the natural calamities experienced, such as heavy monsoon followed by continuous floods in some of the maritime states, occurrence of disease in some pockets, fall in prices for farmed shrimp on the International market, anti dumping duties imposed on the shrimps by USA, recurring antibiotic issues etc. Awareness on the importance of maintaining quality and food safety in farmed shrimp by adopting good management practices has helped to sustain the aquaculture sector in the country.

4.3 Status of aquaculture production:

The production details received indicated an overall increase in Aquaculture production both for shrimp and scampi when compared to the previous year figures.

4.3.1 Shrimp:

During the year 2005-06, 143170 MT of shrimps were produced from an area of 140682 ha recording an increase of about 14% over the production of 125670 MT from an area of 136390 ha utilized during the same period in 2004-05.

4.3.2 Scampi

Scampi culture made further progress in Andhra Pradesh, a pioneer state. It also expanded in the country by progressing in other states such as Tamil Nadu, Orissa and Maharashtra where there is good potential.

The consolidated production details indicates that about 42820 MT of scampi valued at Rs.855 crore were produced during the current year which is Rs.88 crore more than the previous year production of 38720 MT valued at Rs.767 crore respectively.

4.6 Total Aquaculture production:

Though it is anticipated that all the shrimp/scampi produced in aqua farms will go for export market only, it has been observed that some quantity moves in the domestic

marketing as well. The overall total estimated production achieved during the year 2005-06 was 185990 MT valued at Rs.4050 crore calculated at an average farm gate-selling price of Rs.225/kg. This shows an increase of 21600 MT by quantity and Rs.274 crore in value(13.13% and 7.25% respectively) over the previous year production of 164390 MT valued at Rs.3776 crores as per the production figures.

B. TRADE ISSUES

1. Exports to Japan

The export of Frozen Black tiger shrimp to Japan has been affected by the alleged prevalence of muddy-moldy smell on account of the shrimp being cultured in freshwater, in the state of Andhra Pradesh, which contributes to nearly 70% of black tiger shrimp production in India. No other importing nation has mentioned about this problem, though they import much larger quantities. All other states continue exporting to Japan, and the product is in good demand.

The MPEDA in consultation with the SEAI has been taking steps to understand properly and deal with the muddy-moldy problem pointed out by the importers of black tiger shrimp in Japan, through various measures like education of farmers, Good Aquaculture Practices (GAP), training of technicians in detection of muddy-moldy smell and traceability with a view to retrieving exports to the Japanese market.

In pursuance of the decision of the Authority at its meeting held on 26/2/2005, the following instructions have been issued for compliance by every exporter exporting cultured Black Tiger shrimp sourced from the Ponds of Andhra Pradesh with effect from 10/4/2005.

- (i) The processing plants/exporters should put in place a satisfactory traceability system to meet the adequate requirement of Japanese importers.
- (ii) Attach to the shipping bills covering the export of Black Tiger shrimp to Japan a certificate that the Black Tiger shrimp was not caught from low-salinity water/freshwater.

All exporters are observing the aforesaid instructions meticulously. Customs Authorities are being advised not to accept shipping bills covering frozen culture Black Tiger Shrimp destined for Japan without the certificate from a recognised lab approved by EIC.

In the event of any complaint being received from any Japanese Importer on account of muddy-moldy smell, the complaint will be referred to the arbitration

panel comprising members from SEAI and MPEDA and the exporter should abide by the decision of the Panel. If the exporter fails to comply with the decision of the Arbitration Panel, the registration will be cancelled.

2. Antibiotic issue.

A high level meeting was held at Hyderabad with all the stakeholders under the Chairmanship of Additional Secretary, MOCI. The meeting was attended by farmers, exporters, hatchery owners, officials from MPEDA, EIC, SEAI, Secretaries/Directors in charge of Fisheries of coastal states, representatives of Drug Controller General of India, and Secretary Aquaculture Authority of India, wherein it was decided to take immediate steps to ensure that antibiotics especially Nitrofurantoin and its various metabolites and Chloramphenicol are not used in aquaculture. The Secretary, MOA was requested to take action to ban the use of antibiotics like Chloramphenicol and Nitrofurantoin as Veterinary drugs.

3. Income tax on DEPB

The latest amendment to the Income Tax Act has the following provisions on treatment of income from sale/transfer of DEPB credits:

1. DEPB scheme which was announced in 1997 April, has not been classified as export income, unlike Exim scrips, Cash incentive and duty drawback, which has been described as export income under Section 28 of I.T.Act. This position has been clarified in the current amendment to the extent that:
 - (i) DEPB earned on export turnover upto 10crores is treated as export income, and is therefore eligible for 80HHC deduction.
 - (ii) DEPB earned on export turnover above 10 crores cannot be treated as export income, and hence not eligible for 80HHC deduction.
 - (iii) If a particular export product is eligible for a higher drawback rate as compared to the DEPB entitlement, and an exporter has opted for the DEPB, in such cases the DEPB income will qualify as export income, and is therefore eligible for 80HHC deduction.
 - (iv) This will be applicable from the date the DEPB scheme came into effect.
 - (v) Tax assessed on reassessment can be paid in annual installments over a period of 5 years.
 - (vi) There will be no interest or penalty applicable.
2. 80 HHC deduction is allowed even in cases where the operating profit before the application of deductions is negative.

Impact on Marine Product export Sector:

1. Duty Drawback was not applicable to the marine product sector. Therefore, there was no chance for our sector to select between the drawback route and the DEPB route. Therefore, we may have a good chance legally to contest the absurdity of this clause when applied to products for which duty drawback was not applicable.
2. On other relief of 10 crores turnover exemption, very few will be helped. This is virtually nil.
3. The negative profit relief will be a major relief, if we are able to get over the taxability of DEPB, due to non-applicability of drawback rate.
4. The impact could be in the following range:
Turnover of marine products from 1997-98 to 2003-04 would be roughly in the range of 30000 crores. At an average DEPB rate of 5%, DEPB availed would work out to 1500 crores. At an average tax rate of 35%, tax impact could work out to around 500 crores. Assuming that about 20% of exporters may get relief, still 400 crores will be the impact.

Writs have been filed by exporters, in almost all high courts in India, against the recent amendment. The Hon'ble High Courts of Calcutta, Orissa and Tamil Nadu have granted a stay, against the operation of the recent amendment to The Income tax Act on DEPB income. We are also expecting a favourable stay order from the High Court of Mumbai.

4. Cap on EIA Fee

The issue related to Export Inspection Council Fixing a cap on EIA FEE for an individual exporter and the resultant increase in the financial burden for the exporters has been discussed in many meetings and forums in the past.

We had been given promises on various stages that this will be looked into and justifiable rate in line with the service rendered by EIA would be introduced. It is now more than 3 years since the ceiling on individual exporter fee has been removed but the revision still remain in the primitive form.

EIC has now asked SEAI for an alternate proposal. We had made intensive discussions in the Managing Committee and the General Body of Seafood Exporters Association of India.

We have finally arrived at the following proposal pattern of EIA FEE .

1. We suggested the fee to be charged on the basis of quantity and not on the FOB value.

2. Fixation of uniform rate for all the products irrespective of their value, we suggested that differential rate on the basis of quantity to be charged for frozen product and non-frozen product. Again, in frozen product differential rate for shrimp and non-shrimp product.
3. All upper ceiling of EIA FEE to be reintroduced.

5. **Anti dumping issue:**

At the time of final determination on 6th January 2005, ITC (Import Trade Control, USA) noted that the tsunami might have caused damage to Indian and Thailand shrimp industry. In the light of this, ITC decided to reconsider continuation of levy on India and Thailand. As a first step, ITC had called for public comment whether it should initiate a Changed Circumstances Review (CCR) for possible revocation of duty against these two countries. It set a deadline of 25th March 2005 for submission of comments by interested parties.

The Seafood Exporters Association of India (SEAI) representing nearly the entire seafood exporters had retained Willkie Farr & Gallagher (WFG) a reputed law firm in the U.S. for representing its interests in this proceeding, WFG submitted the comments on behalf of SEAI which describe the magnitude of Tsunami, humanitarian and infrastructure loss it caused; damages to India's fishing crafts, gears, shrimp farms and hatcheries; its impact on marine ecosystems; brood stock availability; and other relevant information and data to substantiate that while physical damage would cause setback to Indian shrimp industry in short and medium term, there would be long-term impact on weakening India's shrimp production and export capabilities to the US and rest of the world.

All the relevant data concerned with Tsunami damage were collected from the various State Governments. USITC team visited India from August 19th to 26th, 2005 to ascertain the damage caused by Tsunami.

Two Fishery experts have visited USITC to witness the hearing on CCR during September 2005.

The USITC, expressing concern about the possible impact of the Tsunami on the shrimp industries of Thailand and India invited public comments on whether Tsunami's impact on the affected countries' industries warranted the Commission self-initiating a CCR. In order to submit our documentary evidences in this regard to the USITC, SEAI on behalf of seafood exporters from India appointed an eminent legal firm. In the meanwhile, a scientific committee was constituted by the Department of Ocean Development under the Chairmanship of Dr. Radhakrishnan. The committee submitted its report and the

extracts of which have been extensively used for defending our case in the CCR. The USITC collected data through questionnaires on damages caused and rehabilitation carried out in sectors relating to fishing, farming, processing and hatchery. A team of senior officials of USITC visited the Tsunami affected parts of India for on site verification during 20-26 August 2005. Various stake holders of the industry and the administrative heads of the affected states made presentations on this aspect. As per schedule, the USITC also conducted personal hearing on September 14, 2005. Chairman, -MPEDA, Dr.V.Sampath, Director -NIOT, Dr.Y.S.Yadava, Secretary to AAI, Shri.A.J.Tharakan, President, SEAI, Shri.K.Shivkumar, Consultant, SEAI, Shri Sudarsan Swamy of Hatchery Operators Association and Shri.Ramachandran of M/s.Waterbase India Ltd. Were present for the hearing.

At this critical point of time, the two hurricanes which hit USA, resulted in a tremendous amount of sympathy being generated for the shrimp producers in USA, both from the public and government at large. Added to this, India was cumulated with Thailand for a joint decision. India banked on the two countries being treated separately due to the entirely different circumstances the shrimp industry was placed in each of these countries. India had a very strong case, in comparison to Thailand.

Consequently, US ITC on 2/11/2005 determined that the existing AD duty of 10.17% would continue, and the circumstances resulting from tsunami, did not warrant any change for India and Thailand. Thus the existing duty remained in place.

6. Anti dumping Administrative Review

The U.S Department of Commerce has initiated the first Administrative Review of antidumping duty on shrimp in February 2006. The review covers the period from 4th August 2004 to 31st January 2006.

About 21 Indian shrimp exporters to the U.S requested for review. The petitioners had requested DOC for review 347 Indian seafood companies, including the aforesaid 21 companies. In April 2006, DOC initiated review for all companies, published a Quantity and Value Questionnaire on its website and gave time till 28th April for all companies to respond. The questionnaire called for quantity and value of shrimp shipped to U.S during the period of review, and quantity of total shrimp production for same period.

About 110 Indian seafood companies responded to DOC by deadline through law firms, of which about 70 reported data and remaining companies reported that they did not have exports to U.S during the period of review.

By about 15th May DOC has sent letters to remaining companies that did not respond to its questionnaire, giving another opportunity to respond by 5th June. DOC has given detailed instructions for filing and once again pointed out that non-response by a company would be inferred as its unwillingness to cooperate which will attract penal rate of duty for that company.

On July 12, 2006 DOC selected following 3 exporters, largest in volume, as mandatory respondents for the first administrative review.

1. M/s.Liberty group
2. M/s.Falcon Marine
3. M/s.Hindustan Lever Ltd.

7. Customs Bond

US Customs and Border Protection (CBP) issued an amended bond directive under which Port Directors of US Customs were instructed to take in addition to cash deposit, continuous bonds from importers of designated agriculture and aquaculture products subject to antidumping duty. Since many Indian shrimp exporters registered with CBP as importers on record (IOR) due to business exigency, they were directed to provide the bond failing which their shipments were denied entry into US CBP requires that the bond should be enhanced from time to time so as to ensure that the security constitutes an amount equal to the antidumping duty cash deposits made.

The duty assessment system of the DOC is such that Indian Exporters are ultimately required to provide continuous bond for 3 years in a row. This is adding heavily to their costs and has the effect of almost doubling the anti dumping duty. Many exporters, especially the small ones are finding it impossible to carry on trade with the USA. As a result, the number of exporters exporting to the USA has declined to 119 in 2005 compared to 164 in 2003.

As the margins of exporters have shrunk the prices offered to the farmers by the exporters have also been reduced resulting in the closure of many of the farms. This is causing major social and livelihood problems for thousands of farmers and farm workers particularly in the Andhra Pradesh Region. Accordingly the antidumping duty imposed and subsequent bond requirement by the US have brought a major set back for our Indian Seafood Export Industry.

Aggrieved by the imposition of the enhanced continuous bond requirement SEAI have filed a complaint before the US CIT challenging the amended bond directive. The US Customs has asked the US CIT to dismiss the complaints filed by SEAI and other importers. They have filed further pleadings and the complaints are still pending before the US CIT.

The Ministry of Commerce sent a delegation to Geneva for initiating the process of WTO consultation at Geneva. The Indian delegation was headed by Mr. Dasgupta, Joint Secretary, Ministry of Commerce and Industry and comprised of : Mr. Krishnan Venugopal from New Delhi, Counsel for India; Mr. Mohan Kumar, Chairman-MPEDA, Mr. Sudhakar Dalela, Director, MOCI; Mr. Elias Sait and K. Shivakumar representing SEAI; and two officials from Indian mission in Geneva.

C. ACHIEVEMENTS

1. Amendment of Cess Law

MPEDA cess of 0.3% has been dropped with effect from 1st June 2006 by virtue of "The Cess Laws (Repealing and Amending) Act 2006".

2. New Executive Instructions for Fish & Fishery Products meant for export to EU and Non-EU Countries.

New Executive Instructions for Fish & Fishery Products meant for export to EU and Non-EU Countries (Document No .EIC/F&FP /Ex.Inst. /June /2005 /Issue 3) as in force now..

The salient features of these instructions are as under:-

1. These instructions would be applicable for both EU and Non-EU establishments.
2. The major changes made are in the approval systems and also in the monitoring of the establishments.
3. With regard to the approval, the role of SAT has been discontinued.
4. The method of fixation of production capacity has been modified and the same would now be based on the Operational Freezing Capacity.
5. The aspect of water and ice would be checked through HACCP.
6. For fresh approvals the IDP shall assess the unit in two stages i.e., first to assess the infrastructural facilities and then for HACCP auditing which is based on the new EC regulation.

7. The frequency of monitoring has been reduced to once in a month; however checking on HACCP implementation has been made more stringent.
8. In addition, the responsibilities of the establishments have been highlighted and the penal actions in case of violations have been specified.

3. Revival of the seafood industry:

The MOCI vide its order No.11/20/2004-EP (MP) dated 20.4.05 constituted a Committee under the Chairmanship of Chairman, MPEDA to deliberate on the implementations of a rehabilitation package for sick Seafood units. The Committee consisted of representatives from RBI, Ministry of Finance (Banking Division), ECGC, IBA, SBI, Bank of India, Bank of Baroda, ICICI Bank and State Bank of Travancore. The Committee had 5 sittings during the year under report and the final report of the Committee for finding an acceptable exit route for non-viable seafood export units had been submitted to the Commerce ministry.

The Ministries of Commerce and Finance (Banking), has accepted and agreed with the findings and recommendations of this report. In a meeting held in June, 2006, called for by the Joint Secretary, Banking, in Delhi, where the leading banks, IBA, Rbl, ECGC, MPEDA and SEAI were represented, it was decided that the banking sector will be advised to arrive at an OTS programme for the marine sector, considering the recommendations made by this committee. SBI has already implemtned this through a board decision. Other banks and institutions are expected to follow suit, implementing the recommendations made by the committee.

4 Sanitary Import Permit { SIP }

SEAI took constant efforts with the Ministry of Commerce, Ministry of Agriculture and MPEDA to simplify the procedure for SIP. We made lot of representations with them regarding difficulties faced by the Indian Exporters for importing raw materials for production of value added products and for job works because of the Sanitary Import Permits and other policy issues relating to imports. These issues were discussed at the highest level and the following decisions have been taken.

1. To set up testing facilities at Petropole in West Bengal in respect of Import of Hilsa fish from Bangladesh.
2. A single sanitary import permit to cover multiple consignments have been agreed to.
3. CIFT Cochin has been authorized to check consignments and carry out tests if required of fish to be imported through Kochi & Vizag.

Secretary, Department of Animal Husbandry, Dairying & Fisheries has assured that if any further difficulties faced by the Industry in these issue of SIP, the same would definitely be looked into by them.

5. Foreign Trade Policy:

a) The DEPB rate for our sector, for frozen products, was dropped to 3 %, in May 2005. With all the details quickly submitted by SEAI, and the required follow-up, the DEPB rate was reverted back to 5%, in June 2005, with application from the date of the previous change. The marine sector was the only sector, where the DEPB rate was not reduced.

b) Product Focus Scheme

The FTP announced on 8th April, 2006, announced a 'Product focus incentive' replacing the Target Plus scheme of the earlier policy. Only two sectors were identified for an extension of this benefit for their value-added products. Marine Sector was the first sector to be mentioned by the Minister of Commerce, in his speech, followed by the leather sector.

A list of value added products that qualify for the benefit under focus Products scheme in terms of Para 3.10 of the Foreign Trade Policy was announced by the Director General of Foreign Trade.

The commerce ministry is continuing to treat our sector as one of the key thrust sectors for growth. As mentioned earlier, this is one more indication of SEAI being recognized as a professional body, effective in its presentations and follow-up.

c) List of Chemicals and consumables expanded vide Customs notification No.42/2006 dated 5.5.2006.

The list of Chemicals and consumables included in the Customs Notification No.47/2005, dated 17.5.2005, has been enlarged vide circular no. 42/2006 dated 05.05.2006 for duty free entitlement for import. The list given by SEAI is fully approved by the Ministry.

6. Sealab

The referral Lab set up by SEAI Kerala Region to cater the needs of the Seafood Exporting sector is appreciated by various international Agencies visited in India. "Sealab" one of the most advanced lab operating in Seafood industry got a recognition from the Government of India and Govt. Of India is pleased to

sanction an amount of Rs.2.25 crores as grant from the Special Aside funds for upgradation.

7. Fishing Harbour at Vishapatnam

The active participation and persuasion of SEAI AP region, with the AP state government and commerce ministry, has resulted in the fishing harbour at Vizag, being brought up to international standards, as prescribed by EEC. SEAI,AP is involved in the management of this fishing harbour.

D. Events

1. Visit of Technical Delegation from Saudi Arabia:

A four member high-level technical delegation from the Kingdom of Saudi Arabia visited Mumbai and Cochin during November 2005. The visit of the delegation was more relevant in the context of the ban on import of Indian marine products imposed by Saudi Arabia as India is listed by WHO as a cholera infected country. The purpose of the delegation's visit was to see by themselves the standards of Indian seafood processing plants and the quality of the products handled there. The delegation visited 3 plants each in Mumbai and Kochi.

2. Visit of US FDA Team:

US FDA Investigator, CDR Ana Pilar Cintron, visited India from 3rd to 22nd February 2006 to verify the HACCP compliance in selected seafood processing units. She visited one unit in Kolkata, 2 units in Tuticorin and 4 units in Kochi. Ms.Ana Cintron in the final wrap up meeting explained her findings/observations on various aspects she noticed on the implementation of HACCP in the processing units she had visited. An interactive meeting with the US FDA Investigator was convened at MPEDA for the benefit of Processing Technologists working in various seafood-processing units in and around Cochin/Alleppy.

3. Visit of Japanese Delegation on Pre-certification system.

A four member Pre-certification Team from Japan visited India from 18th to 30th March 2006. The team comprising two members visited two units in Mumbai region.

4. Visit of two FVO Missions to India during 2006.

The Food and Veterinary Officials of the European Commission has proposed two missions to India during this year (2006). The first visit will be from 13th to 22nd September 2006. The objectives of the mission will be to evaluate the

national measures put in place, and their operation aimed at the control of residues and contaminants in live animals and animal products, including the controls on the distribution and use of veterinary medicinal products (VMPs) and feed additives and the measures taken in response to the outcome of the previous FVO mission conducted in October 2003 during which the above control systems were evaluated/reviewed.

The second Mission will be from 13th to 24th November 2006 as a follow up to their mission of January 2005, to reassess whether the Fishery products processing units and Competent Authority control system deliver the guarantee prescribed by the Commission and the production conditions in Aquaculture products intended for export to EU against their Directives, etc.

5. Visit of Trade delegation to 66th International Fishing Equipment/Seafood & related services Exhibition at Ancona, Italy.

An 8 Member team visited the 66th the International Fishing Equipment /Seafood and Related services Exhibition - Ancona at Italy from 26th to 28th May 2006 on invitation from the Italian Trade Commission.

About 20 countries have participated in the fair. The stalls set up in the fair mainly exhibited various services and equipments such as Boat Building, Processing Equipments, Mariculture and Aquaculture equipments and fish and fishery products.

The basic objective of the fair was to make the delegates aware of and to understand the various facilities available in Italy and also to appraise their interest to have joint ventures with other countries.

The discussions carried out with the Officials of Trade Commission indicated their interest to have joint ventures with Indian Seafood Companies in both equity and technology transfer. They were also interested in Tuna fishing in Indian waters and processing.

E. Important Meetings:

1. ECGC Insurance covers for rejection risk in respect of shrimp exports.

Japanese health authorities are testing the shrimp exported from India for banned antibiotics and such rejections are leading to great financial loss to the Indian exporters. At present both EU & Japan are screening the consignments for banned antibiotics. It is likely that USFDA also will step very soon. While every effort is being made to eliminate the use of banned antibiotics in shrimp culture, we advised exporters to insurance all seafood consignments (mainly

shrimp) which are at risk of rejection owing to presence of banned antibiotics, bacterial inhibitors etc. As an export promotion measure, a combined meeting of MPEDA, ECGC &SEAI were conducted at MPEDA HQ on 28.12.2005.

2. Delegation to Norway and Iceland:

The purpose of the delegation was to meet, consult and discuss with the Government, private sector and others concerned, and to seek assistance in the areas like resources specific fishing in the deep sea, Joint ventures with the Indian companies in fish processing, use of Indian processing facilities by Norwegian processors for further export and possible acquisition of some sick seafood processing plants of India which could be used for processing by Norwegian/Icelandic companies and technical co-operation for popularization of cage culture in Indian waters.

The delegation which visited the two countries from 4th to 11th September 2005, was lead by Shri.G.Mohan Kumar, Chairman, MPEDA, and the members included Shri.Sidharth, Advisor(A&MP), Indian Embassy, Brussels, J.C.Pant, First Secretary, Eol, Oslo, Norway, B.Vishnu Bhat, Joint Director (Aquaculture), MPEDA, J.Ramesh, Resident Director, MPEDA, TPO, Tokyo, Japan, K.S.Narayanan, M/s.Hindustan Lever, Barcelona, Spain and Jacob Taliat, Managing Director, M/s.Seafresh, Cochin (only to Iceland). The delegation visited Oslo and Bergen in Norway and Reykjavik and Akureyri in Iceland. During the visit the delegation met and interacted with a cross section of key officials from Government, private and public sector besides visiting processing plants, cage culture units, fish hatcheries, fish markets, landing centres etc. The delegation also had the opportunity to visit the Icelandic Fisheries Conference and Exhibition. The strengths of Norway and Iceland in Fisheries and aquaculture could be taken for India's advantage by suitable co-operation and making as an opportunity for seafood production and export by which India can become a leading seafood exporting country in the world. Several areas were identified for co-operation and follow up during the visit.

3. Visit of Prime Minister of Faroe Islands to MPEDA.

Mr.Joannes Eidesgaard, Hon'ble Prime Minister of Faroe Islands, along with a high-level business delegation visited Cochin on 2nd March 2006. The Hon'ble Prime Minister in his speech said that he was fascinated by the development and growth made by India in the fisheries sector. Hon,ble Prime Minister visited "Sealab", Seafood Park and one processing Plant at Cochin. The facilities at Seafood Park and Sealab are appreciated by the visiting delegates.

4. Organization of the Indian International Seafood Show:

The 15th India International Seafood Show jointly organized by MPEDA and the SEAI was held at Kolkata during 3rd to 5th February, 2006. The Fair was inaugurated by Shri.Kiranmoy Nanda, Hon'ble Minister of State for Fisheries, Govt. of West Bengal in a colourful function at Hotel Oberoi Grand.

Export Awards for the year 2004-2005 were distributed by Kiranmoy Nanda. Mr.Bill Mooney from M/s.Ruskim Foods Corporation, UK; Mr.Hiroshi Okazaki of M/s.Maruha Corporation,Japan and Mr.Neil Rosser of M/s.Amende Schultz, USA were honoured at the function as Friend of India.

In connection with IISS, 87 exhibitors had participated in the exhibition highlighting the growth of Indian Seafood industry. Business Session on Quality Control/Marketing and Aquaculture were also arranged at Hotel Oberoi.

We take this opportunity to thank Mr.R.Bhattacharya, Regional President ,SEAI West Bengal Region and his colleagues for exceeding the expectations of the trade and making 15th India International Seafood show a grand success.

5. UNCTAD Project:

SEAI and MPEDA are Tier I partners for the UNCTAD project on "Strategies and Preparedness for Trade and Globalization in India", we conducted 4 inception workshops for stake holders one each at Kochi, Goa, Vizag and Chennai. 2 more workshops on "Post Hong Kong Consultation on the pricing mechanism of Agricultural Products" and "Indo ASEAN FTA Negotiations" at Kochi in association with MPEDA

F. FUTURE OUT LOOK

1. Infrastructure Projects

SEAI is on the lookout for setting up of common infrastructure facilities such as cold storages, labs, common effluent treatment plants,etc. all along the Indian coastline. SEAI Kerala Region has already initiated action for setting up of a common effluent treatment plant and electricity distribution system. 4 acres of land has been acquired and an SPV has been formed.

2. Accreditation to SEAI

Even though SEAI is recognized by Government of India and various departments connected with the Industry as the sole representative body of the Seafood Exporters from India, we are yet to get a status like FIEO. Any matter related to Seafood Export Industry, SEAI's views were always considered and recognised. Efforts are under way for getting a legal status for SEAI.

3. Necessity for a shrimp producers and exporting country's community

85% world demand for shrimp is met by countries like India, Thailand, Vietnam, Indonesia, Bangladesh, Iran, Malaysia, Pakistan, Sri Lanka, Brazil & Ecuador. Our recent Meeting with Thai Frozen Foods Association emphasized the need to have a Shrimp producers and exporting countries community. SEAI has been pursuing for the last few years its efforts to create an organization to bring all major shrimp producing countries under one umbrella, to address jointly common problems faced by the shrimp producers and exporting countries. The recent discussion with Thai Frozen Food Association by the SEAI MC, has resulted in an understanding entered into with The Thai Frozen Food Association for setting up such an organization.

4. Organizing Seafood Festivals

MPEDA and SEAI has decided to jointly organize Seafood Festivals with the objective to generate demand by popularizing India seafood. This will familiarize the consumers in respective markets with the taste, variety and freshness of Indian seafood. This may help us in increasing our share in these vast potential markets like Japan, EU and USA. Certain arrangements like selection of venue date and time, seafood samples and its dispatch, publicity, selection of exporters, presence of importers etc has to be finalised.

5. Fixing Floor Price for shrimp Exported from India

At the meeting of the MPEDA SEAI Task force which was held in Chennai on 28/7/2005 it was decided that efforts would be made to enforce floor prices for shrimp exported from India. Mg. Committee made a detailed deliberation on this subject. Meeting was of unanimous opinion that a floor price should be fixed for Black Tiger,(grade wise) salad shrimp and surumi.

Management Committee Members' statements in Terms of Section 217(2AA) of the Companies Act 1956

The Managing Committee Members hereby confirm:

1. that in the preparation of Annual Accounts, the applicable accounting standards have been followed.
2. that the Managing Committee members have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year.
3. that the Managing Committee members have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the

provisions of the Companies Act 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities:

4. that the Managing Committee Members have prepared the annual accounts on a "going concern basis"

ACKNOWLEDGEMENT

In conclusion, on behalf of the Seafood Exporters Association of India, we wish to take this opportunity to express our deep appreciation to Shri Kamalnath, the Hon'ble Minister of Commerce & Industry, Shri.Jairam Ramesh, Hon'ble Minister of State for Commerce and Industry, Mr. S.N. Menon, Secreatry-MOC, G.K.Pillai, Special Secretary-MOC, Additional Secretary and Chairman EIC Mr. Christy Fernandez, Joint Secretary Mr.M.V.P.C.Sastry and the entire team of Directors and other officers, who have dealt effectively with the issues of our sector.

Mr. K.P.Chacko, Director General of Foreign Trade, and his entire team, deserve a special mention of gratitude, by the industry, for having extended their full support to the Industry. The entire team of officials in the Ministry of Commerce, Agriculture, Food Processing, Revenue, Banking and Finance and all other ministries, have always been helpful to the seafood industry. We record our sincere thanks to these Officials.

We would also like to thank Mr.G. Mohan Kumar IAS, Chairman MPEDA, Mr. Kuruvilla Thomas IFS and Dr. J. Bojan Directors of MPEDA and the entire team of MPEDA officials for their wholehearted support extended to the trade.

We would like to thank the Director, Export Inspection Council of India, Ms. Shashi Sareen and her entire team for their support and assistance rendered to the industry. We also thank all the Export Inspection Agency officials throughout the country.

We also would like to place on record our thanks for the assistance received from Port Trusts, Customs Departments, Shipping Companies, Financial Institutions and the various Central and State Authorities, Research Institutions like CIFT,CMFRI, CIFNET, FSI, IFP and the State Fisheries Departments.

We are particularly obliged to the Press and the various media for their service and support and we look forward for their continued patronage to our Association.

We also like to express our deep gratitude to all the individuals and institutions that have either directly or indirectly contributed to the welfare of the Association. We also wish to thank all members for their wholehearted support and contribution.

36th Annual Report

We thank all the Regional Presidents and all the office bearers of the regions for their effective participation and support in the activities of the Association.

Finally, we would like to thank the Secretariat and Staff of the Association for their sincere commitments and hard work in discharging their duties.

Last, but not the least, the effort of every one of us should be to have an Association which is not only democratic in its approach, but also offers scope for an effective leadership towards guiding this industry to new heights.. This ultimately would offer continuous growth to this industry with a solid foundation, resulting in the much-needed contribution to the nation's effort of increasing its income and resultant prosperity.

On behalf of the Mg. Committee

**A.J.Tharakan
President**

**Dated 19th August 2006
Cochin**