

From ocean to the table: why seafood export to China will become even more important?

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Since 2022, the slowdown in export growth coupled with a surge in imports has led to a trade deficit in China's aquatic product sector. This trend has persisted into the first half of 2024, indicating a continuing trajectory of trade imbalance.

Why seafood import to China has kept a high growth rate?

This can be explained by the limited growth of domestic production, increased supply from other countries, and the change of consumer preference.

1. Limited growth of domestic production

Domestic production has suffered from pressure on marine fisheries resources, capped catch from distant-water fisheries, limited space to expand marine aquaculture, and restrictions to increase freshwater aquaculture due to restricted water and land resources, and concerns of environmental protection. All these factors have limited the growth of domestic production.

Pressure on marine fisheries resources. China's marine fishery resources have been under tremendous fishing pressure, leading to resource depletion. Since most of marine fisheries resources are within the exclusive economic zones (EEZs), the size of EEZs is important in measuring the fisheries resources. In this regard, while China's EEZs rank 13th globally in terms of area, its marine catch consistently ranks first. This disparity results in much higher fishing intensity along China's coasts compared to other major fishing nations. Despite the implementation of fishing ban and protected areas, the marine fisheries resources are still in decline. The intensive fishing activities have resulted in two serious problems: (1) the high-value economic fish species, such as wild large yellow croaker, small yellow croaker, silver pomfret, and squid, are becoming increasingly scarce; (2) the proportion of juvenile fish and non-target fish is high in total catch, and the by-catch control is not so effective.

Supply from Distant-Water Fisheries is capped. Global restriction on high seas fishing have led to difficulties for the growth of China's distant-water fisheries catch. Resources like squid are gradually depleting, and the effectiveness of autonomous fishing moratoriums is yet to be fully evaluated.

Little space to expand onshore and near shore aquaculture. Traditionally, marine aquaculture are mainly onshore or near shore along the coastal area, cages are the main form of the aquaculture. However, issues such as industrial pollution and eutrophication are making waters less suitable for farming. While there is a shift towards offshore and even open-ocean aquaculture, this requires significant investment and large-scale facilities, which limit the production growth in short-term.

Challenges on Freshwater Aquaculture. Freshwater aquaculture faces limitations due to restricted water and land resources. Integrated rice and fish system cannot guarantee high production, and much land for rice cultivation cannot be used for aquaculture. Intensive farming is also impacted by concerns of environmental protection. As a result, the expansion of aquaculture is not easy for inland area, and expansion in certain areas shall mainly rely on increased market demand for certain species.

2. Increased Supply from Other Countries

Some factors have pushed up the production in certain countries, which may result in more supply at a global level. If China's demand is high, and the price is fair, it is expected a continued growth in importation.

Increased capture as a consequence of fish recovery policies. Many countries that implemented fishing bans in the 1990s are now seeing positive results. For instance, the fisheries in Newfoundland and Nova Scotia, Canada, have recovered and reopened for commercial fishing.

Development of New Fishing Ground. Global warming has opened up new fishing grounds in regions such as the Barents Sea, Chukchi Sea, and areas near Antarctica. The development and utilization of these new resources are facilitated by advancements in fishing technology and vessels.

Growth of Marine and Brackish Water Aquaculture. Marine and brackish water aquaculture are developed rapidly in many countries. Countries like Ecuador, India, and Indonesia have seen significant growth in shrimp farming, while Vietnam has expanded its catfish farming. Countries like Norway, Chile, Australia, and Canada have advanced in farming Atlantic salmon. These high-quality aquaculture products have increasingly entered the Chinese market, becoming the mainstay of seafood imports.

Improved Efficiency in Fisheries Resource Utilization. Technological advancements and enhanced regulatory measures have increased fishing and processing efficiency. Bycatch and illegal fishing are decreasing, and on-board processing of live fish, shrimp, and crabs for cold storage and transportation has become mainstream.

3. The consumers have changed preference and favored some imported products

Species from other countries are welcome. As a culinary powerhouse with a rich history, China has long embraced a wide range of foreign ingredients, including some major grains, oil crops, fruits, and vegetables, reflecting its inclusive culture. In recent years, China has also introduced and extensively farmed numerous aquatic products like turbot and tilapia. Additionally, imported seafood such as salmon and king crab has become increasingly popular in the Chinese market.

Curiosity for New Flavors. Despite China's abundant natural resources, the nation's deep-rooted interest in foreign cuisine highlights its open and inclusive culture. Foreign aquatic products quickly transition from novelty to integration in Chinese cuisine, with imported seafood now easily found even in restaurants in remote towns.

Development of the Aquaculture Industry. The success of imported seafood in China is not only due to the country's openness but also some superior aquaculture industries of the exporting countries. Nations like Ecuador, Norway, and Canada lead globally in aquaculture, fishing, and processing, producing high-quality, competitive products.

Effective Global Marketing. China is a key global market for seafood imports, and exporting governments and associations have long recognized this, establishing marketing efforts in China. For example, the Norwegian Seafood Council and the Canadian Northern Shrimp Producers Association have been dedicated to promoting their products in China for many years, ensuring the successful entry of high-quality seafood into the Chinese market. ■