Role and impact of China on world fisheries and aquaculture

Trade analysis section

Study for the European Parliament

PECH Committee

Presentation to the Market Advisory Council

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Summarised findings

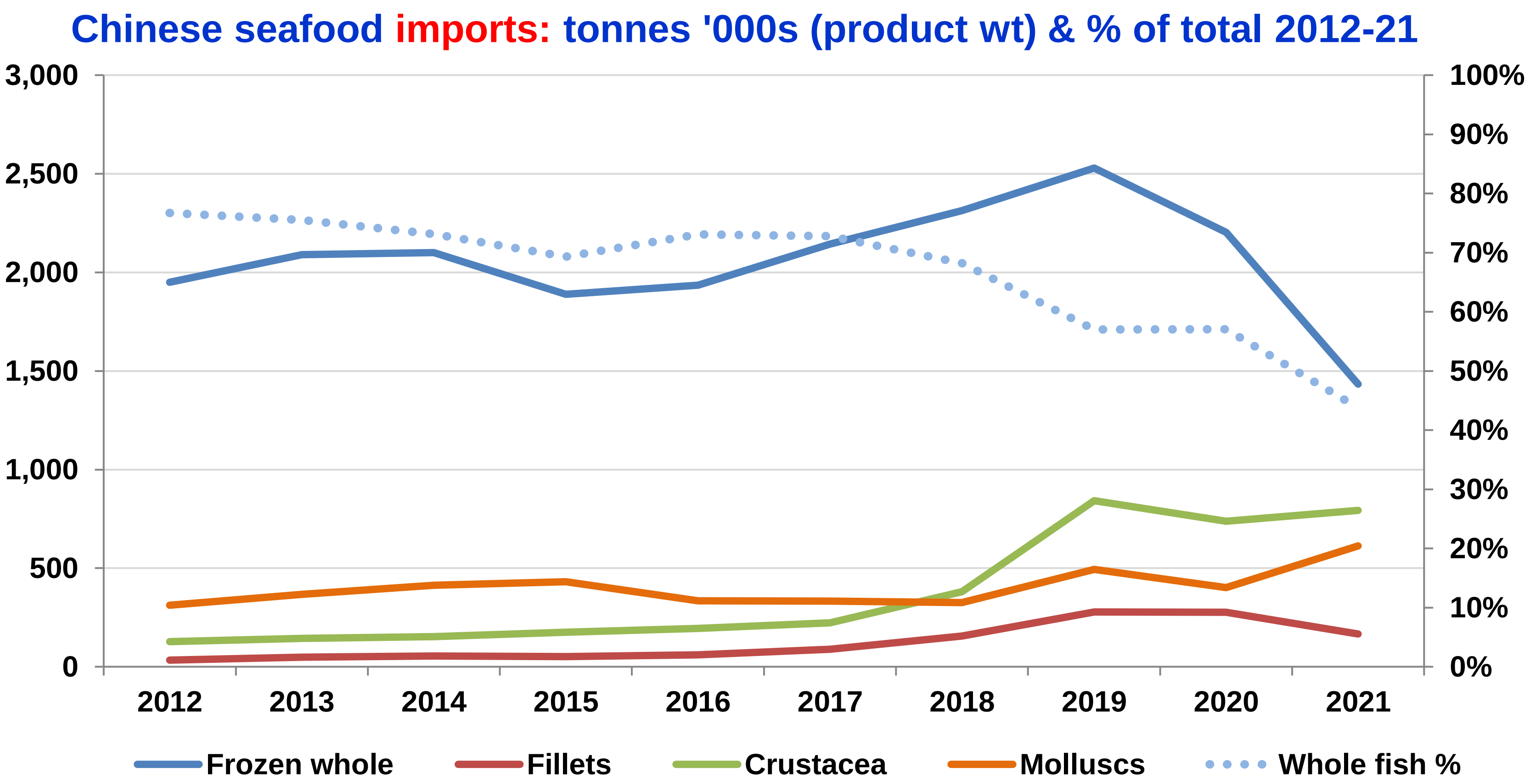
- Growing imports of prime whole fresh fish (Atlantic salmon)
- Reducing imports of raw whole frozen fish (northern gadoid white fish)
- Increased imports of prime shellfish (shrimp, squid, scallops)
- Reduced exports of primary fillet products
- But offset by largely matching increased exports of secondary value-added products
- But non-food import of fishmeal is the most important import from a resource impact viewpoint - by a large measure

The marketing element of the study

- Aimed to use trade data to establish underlying events in China's impact upon the global aquatic bio-resource
- Based upon ITC data (ability to back check, common approach to the data)
- Standardised through WFE whole fish equivalent – so like can be compared with like - all products are converted to the original whole raw fish weight
- Data is always questionable – esp. for 2021 which was "provisional" when the study was done

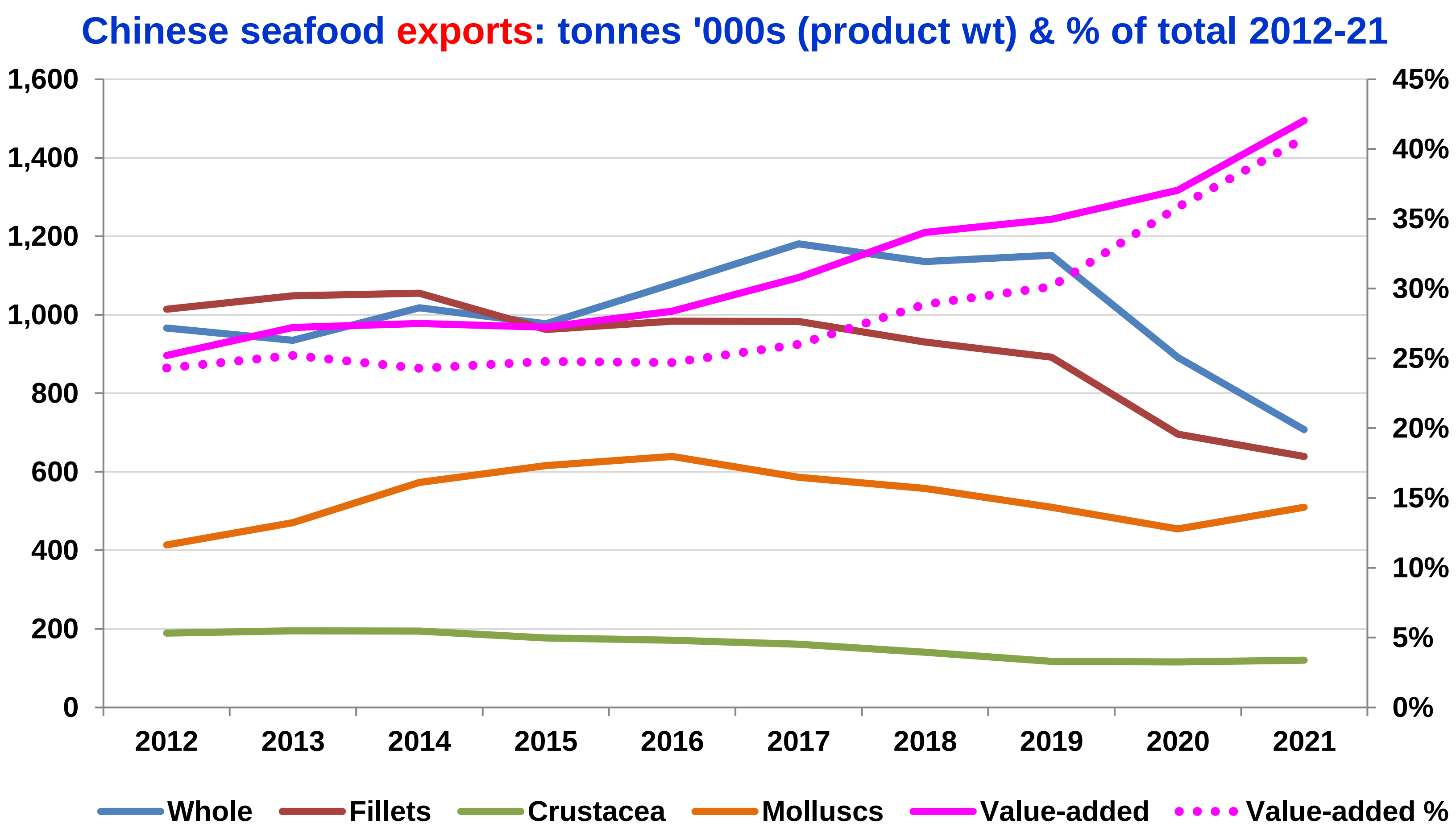
Chinese seafood imports – change is underway

- Frozen whole fish imports decline as do their contribution to supply
- Shellfish imports increase: shrimp, squid, scallops.
- Fillet imports were rising but growth may have stalled
- The conclusion? China is trading up, opting for prime products



Chinese seafood exports – change also underway

- Exports of whole fish & fillets declined rapidly after 2018 - 19
- As do those of primary processed products (ie fillet - fresh & frozen)
- Shell fish exports also decline, but less rapidly
- But those of value added seafood soar, as does their % of total



Import origins – some broadening of the supply base but not a coherent trend

- Mostly top 3 suppliers account for 50%+ of total
- Eg for whole frozen fish- Russia, Norway & USA supply 60-70%
- And Vietnam now supplies 80%+ of fillet (pangasius)
- Confirming Vietnam's role as a leading processor
- But there has been some change and more diverse shellfish sourcing

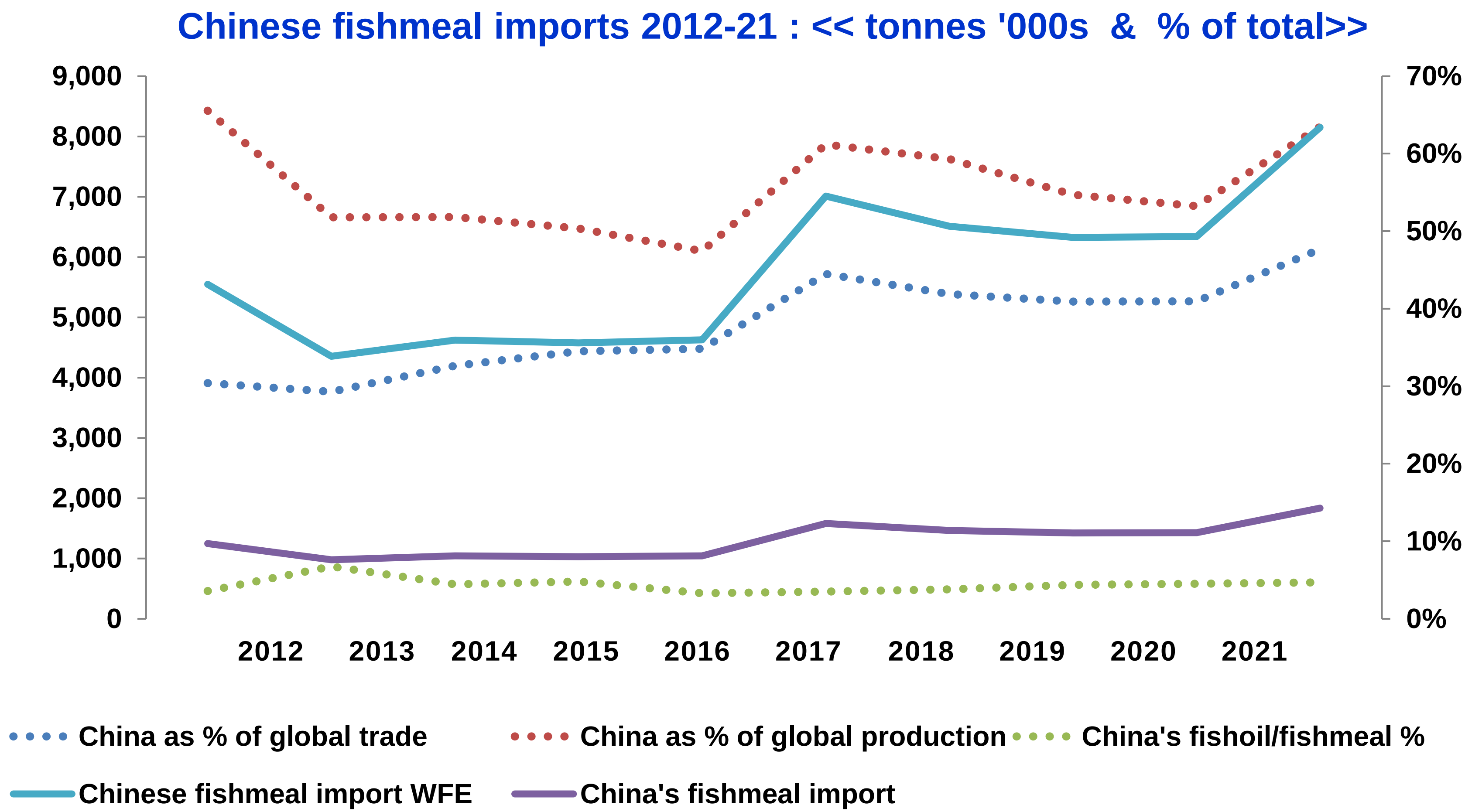
Category % share of total	2012	2021
Whole frozen	Russia 46%	Russia 36%
Fillet (fresh & frozen)	Vietnam 46%	Vietnam 82%
Crustacea (shrimp)	Canada 28%	Ecuador 48%
Molluscs (squid, scallops)	Peru 8%	Japan 16%

Export destinations – less concentration with much wider range of target markets

- Exports less concentrated than sourcing, with wealthy Asia a major destination
- Fillet mostly goes to the West - EU still a major client with 31% -35% esp. Germany
- But value-added fish traded more widely with the EU only taking 4%
- Shellfish exports mostly go to wealthier Asian & some western markets

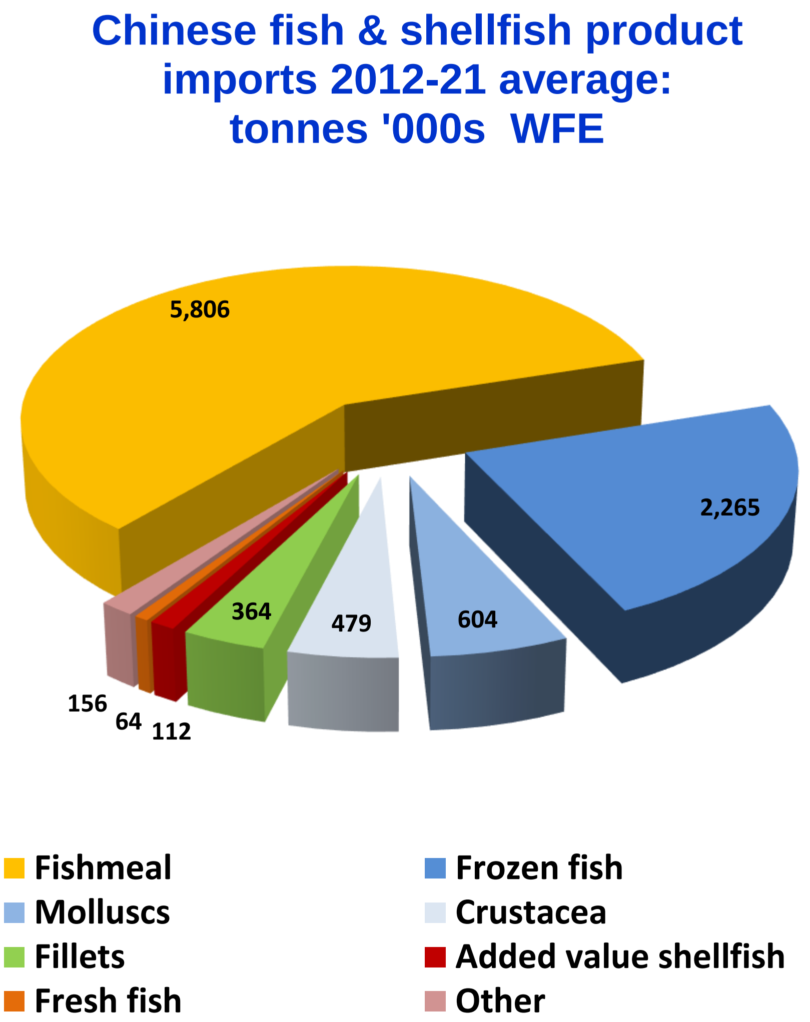
Category % share	2012	2021
Whole frozen	S Korea 15%	S Korea 16%
Fillet (fresh & frozen)	USA 27%	Japan 19%
Crustacea (shrimp)	S Korea 20%	S Korea 29%
Molluscs (squid, bivalves)	S Korea 31%	S Korea 20%
Value added	Japan 26%	USA 17%

It is when non food bio-marine imports are re calculated as WFE that that China's global impact becomes clearer



1 China's dominance of fishmeal

- China's largest trade-related impact upon global marine bio-resources is fishmeal
- 50% of global fishmeal import
- 60% of global consumption incl. domestic production
- EU relevance – dominance of a critical agriculture & aquaculture raw material



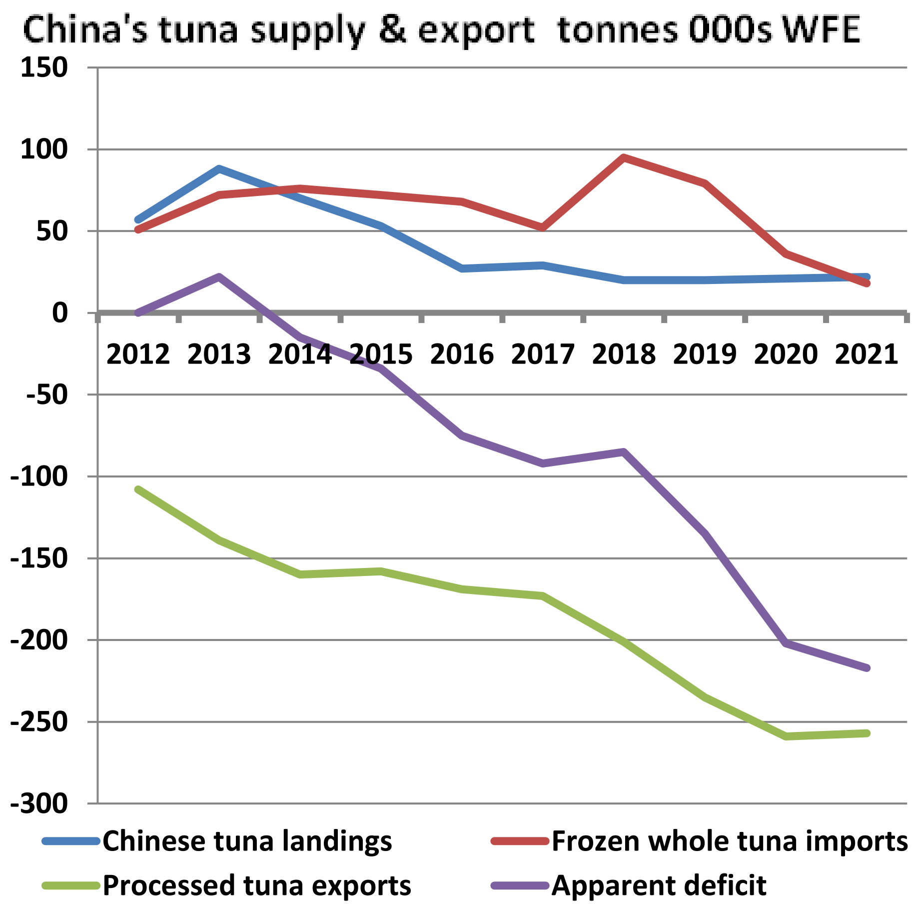
2 China is no longer as important a fish re-processor

- Imports of whole frozen fish are declining
- Matched by the decline of frozen fillet exports
- This means China's former role as fish processor to the world is reducing
- Particularly of primary products like fillets
- EU relevance – EU fish processors may need to look elsewhere for re-processing
- China is also exporting less tilapia – impacting ACP states

Tonnes '000s	2017	2018	2019	2020	2021
Chinese whole frozen fish imports WFE					
Alaskan pollock	764	654	789	698	440
Cod	238	219	201	177	165
Flatfish	168	181	171	186	126
Haddock	56	55	48	53	55
Total	1,227	1,109	1,208	1,115	786
Chinese frozen fish fillet exports					
Pollock fillets	667	668	738	533	486
Cod fillets	416	379	381	314	296
Flatfish fillets	207	208	188	164	146
Haddock fillets	85	80	74	70	71
Total	1,376	1,336	1,382	1,081	998
Tilapia fillets	376	310	212	80	72

3 China is becoming a significant player in the tuna sector, but questions arise

- China's imports of raw tuna are declining
- As is the tuna landing according to FAO data
- But China's fast expanding canned tuna exports imply a 250,000 tonne raw supply
- So where is the 200,000 tonnes deficit coming from?
- And what about supplying the domestic trade?
- EU Relevance: resource & market competition



4 Chinese trade data can be difficult to interpret

Units: Tonnes '000s product wt	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Ecuador production & export										
Total Ecuador production	281	304	340	403	422	460	560	680	685*	754*
Total Ecuador export	*209*	*223*	*297*	*342*	*371*	*442*	*512*	*645*	*689*	*848*
Ecuador exports to Vietnam	17	38	73	118	166	226	204	61	6	6
Ecuador exports to China	7	8	15	28	11	16	99	352	361	391
Chinese crustacean imports										
Total Chinese import	*128*	*144*	*153*	*175*	*195*	*223*	*381*	*842*	*739*	*794*
Chinese imports from Vietnam	2	2	2	1	3	3	13	39	44	27
Chinese imports from Ecuador	6	7	17	27	14	15	77	323	319	379

- A curious trade pattern in SE Asian shrimp confused experts
- Large Ecuador exports to Vietnam made no sense
- Because Vietnam is a major producer and exporter of shrimp
- So they were assumed to be en-route to China "informally"
- Post 2015 almost 800,000 tonnes of shrimp apparently vanished
- Looks like they could have arrived in China (perhaps tax-free)

In short, trade data tells us China's impact...

...is of course huge

...is changing significantly

...has substantial implications for EU interests

...but is hard to determine definitively given anomalies in the data

But China is evidently

- **Transitioning from primary to secondary processing**
- **Its rising wealth is moving domestic demand up-market**
- **Its dominance of the fishmeal sector is v large & rising**