

China's role in world seafood trade shifting

Creating its world seafood trade map, Rabobank has predicted China will become a key destination for high-value seafood imports, even as Chinese firms focus more on domestic demand.

Aquaculture, a large reprocessing industry, and increasingly affluent domestic consumers, are the key reasons why China is by far the biggest player on the world seafood stage now. China remains the leading exporter in the industry, and is also a key importer of several products, such as fishmeal to feed its large fish farming industry.

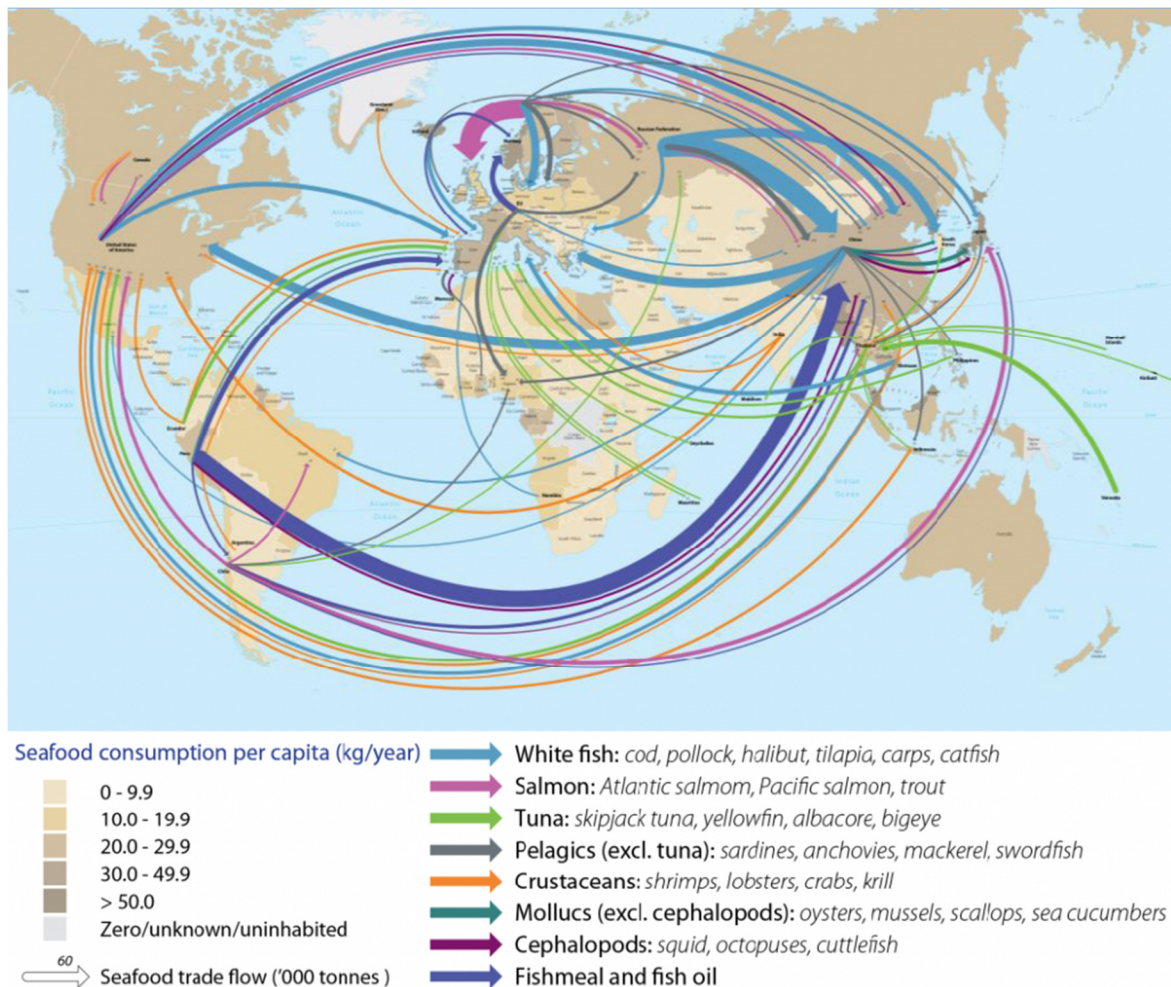
“We expect China to increasingly import high-end seafood products in the future, while its seafood production industry will focus more on domestic demand, gradually stabilizing its enormous positive net trade position,” Rabobank concluded its latest report.

In the next few years China should remain a leading exporter, though as the population becomes increasingly affluent the import/ export balance will shift, said the bank.

It described China as the lead character in the seafood story, with the volumes of fishmeal originating from Peruvian small pelagic fisheries for use in Chinese aquaculture one of the largest seafood trade routes in the world.

The other largest tend to involve the trade of whitefish to and from China, Rabobank's trade map shows. Chinese exports reached nearly \$20 billion in 2013, twice as high as Norway in second place.

In volume terms today, China has surpassed all import regions other than the EU, although its imports are at least in part made up of relatively low-value commodities destined for processing and re-export.



“Rabobank expects that it is only a matter of time before the Chinese net export position begins to reverse,” noted authors Gorjan Nikloik and Lian Heinhuis.

“The drivers are all in place: a growing middle class—demanding higher value seafood from distant regions (e.g. salmon from Norway)—and rising labour and land costs that erode the competitiveness of exports.”

“In addition, Chinese producers are increasingly aware that the domestic market for products such as shrimp and tilapia offers better prices than the foreign market. In spite of this, between 2000 and 2013 Chinese exports have grown by an impressive CAGR of 15% in value terms.”

“In the same period, imports have expanded slower than exports, and consequently, China’s net trade position has expanded. However, we do not expect this dynamic to continue in the future,” it said.

In November 2014, at the China Fisheries and Seafood Expo, Dalian Rich Enterprise Group told *Undercurrent News* it had already seen the shifting in trade patterns; 2014 marked the first time that domestic sales surpassed export sales.

Domestic sales of RMB 200m accounted for 55% of the company's total RMB 360m in sales, while around 45% went to the export market, said Tommy Sun, sales manager in the group's import and export department. Domestic market sales are growing around 20% per year, he said.

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