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China, Peoples Republic of

Fishery Products

U.S. Seafood Exports to China are Re-Exported to Third Countries

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Report Highlights:

China, the world's largest aquaculture producer, is widely known as a major seafood processor, importing input material from countries all over the world and re-exporting it back to them. Is the seafood that China imports from the United States and elsewhere staying in China for local consumption? Evidence has left post to believe that perhaps less than 10 percent of total U.S. seafood exports to China actually stay in country for domestic consumption.

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Table of Contents

Executive Summary	3
Introduction	3
Figure 1. Fish and Seafood Products Exported to China from the U.S.	4
Figure 2. Fish and Seafood Products Imported by U.S. from China	5
Processing of Seafood	5
Re-exporting of Seafood	6
Data Difficulties	7
Figure 3. China Imports from U.S.: (Pollock) Coalfish, Frozen, Excluding Heading 03.04, Livers and Roes.....	8
Figure 4. China Imports from U.S.: Cod, Fresh or Chilled, Excluding Heading, Livers, and Roes	8
Table 1. U.S. Imports from China and China Exports to the U.S. Comparisons	9
Title/Ownership Changes	10
Delayed Statistical Reporting	10
Illegal Fishing Activities and Black Market Sales	10
Mislabeling of Seafood Imports and Exports	10
Skewed Recovery Rates, Skimming, and Rejected Product	10
Food Safety and Environmental Concerns	11
U.S. Seafood is not staying in China	12
Issues that may Impact Chinese Seafood Re-exports in the Future	12
Conclusions	13
SWOT Analysis for U.S. Seafood Gaining Entry into the Chinese Market	13
Recommendations for Introducing U.S. Seafood into Chinese Market	14

Executive Summary

Processing trade accounts for over 40 percent of China's aquatic production export value as a result of successful value-added processing of U.S. and other foreign seafood in China due to its abundance of cheap labor and higher recovery rates. U.S. origin seafood is for the large part being re-exported back to the United States for domestic consumption. Most Chinese consumers prefer live or fresh fish over processed frozen fish. Furthermore, most Chinese cannot afford the approximate 10 percent of American seafood that does stay in China consisting of varieties served at high-end restaurants and hotels. U.S. seafood companies and exporters can learn about the potential market opportunities for U.S. seafood in China by evaluating some of the points mentioned in this report. At first glance, overall trade figures for U.S. seafood exports to China, suggest that there is a strong consumer demand for U.S. seafood products in the Chinese domestic market. However, after examining the Chinese seafood market in greater depth, it becomes apparent that U.S. seafood is currently relegated to reprocessing factories in North China for re-export or local clientele with high incomes. U.S. seafood is not consumed at the rates which initial figures suggest.

Introduction

China is the world's largest aquaculture producer. China's dominance in this sector is largely attributed to the country's rapid economic growth, rising disposable incomes, and strong exporting industry supported by increasing global consumption of aquatic products. China's aquaculture industry is expected to reach \$5 billion in profits by 2009 due in part to its extensive processing and export-oriented segments. Although domestic consumption of aquatic products is growing, the processing sector is mainly export driven, as domestic consumers generally prefer to consume unprocessed, fresh or live fishery and seafood products.

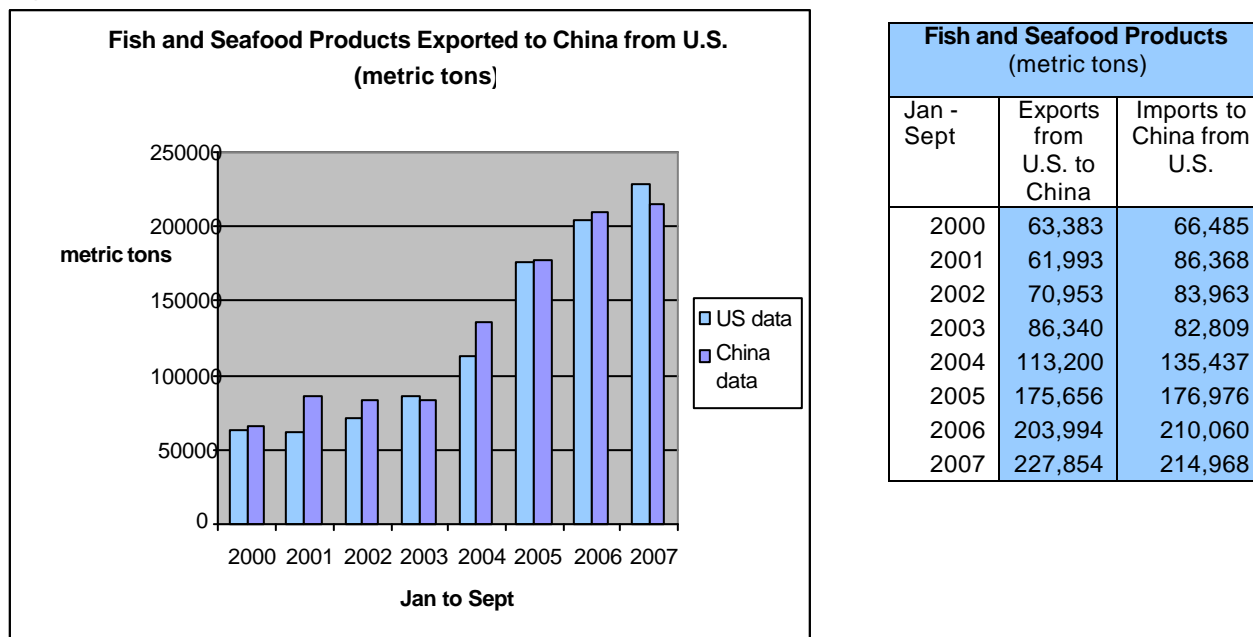
Seafood processing and re-exporting is a growing industry in China. In 2006, the United States internationally imported \$13.4 million worth of edible fishery products and \$14.4 million of non-edible fishery products for a total increase of \$2.6 billion in both the edible and non-edible categories over 2005 figures. This is part of the continuing trend of rising Chinese exports entering the U.S. market. China's agricultural, fish, and forestry exports to the U.S. accounted for 28 percent of U.S.'s total imports in 2006.

The 2004 National Oceanic and Atmospheric Administration (NOAA) annual report, *Fisheries of the United States*, states that Americans eat about 4.7 billion pounds of seafood per year. Current per capita of seafood consumption in the United States is greater than 16 pounds per year and is expected to continue rising as more people discover the health benefits of low-fat, protein-rich seafood. Given that China is the largest importer of U.S. seafood, and that the United States imports most of its seafood from China, there have been growing concerns regarding exactly how much U.S. seafood is being exported to China for processing and then being re-exported back into the United States. Despite the complexity inherent in gathering data on seafood re-exporting, the evidence supports that seafood re-exporting is on the rise.

Figure 1 provides evidence of the growing trend of seafood going to China from the United States. The U.S. exported a total of 227,854 tons of fish and seafood products to China in 2007 between January and September, 12 percent increase over the previous year. Comparatively, China reported receiving only 214,968 tons of fish and seafood from the United States over the same period. The United States ranked as the second largest exporter of fish and seafood products to China, behind Russia. Regardless of the discrepancies between the exact reported figures, it is undeniable that U.S. exports of seafood to China are

on the rise. Both China and the United States reported increased imports and exports respectively in production and product categories.

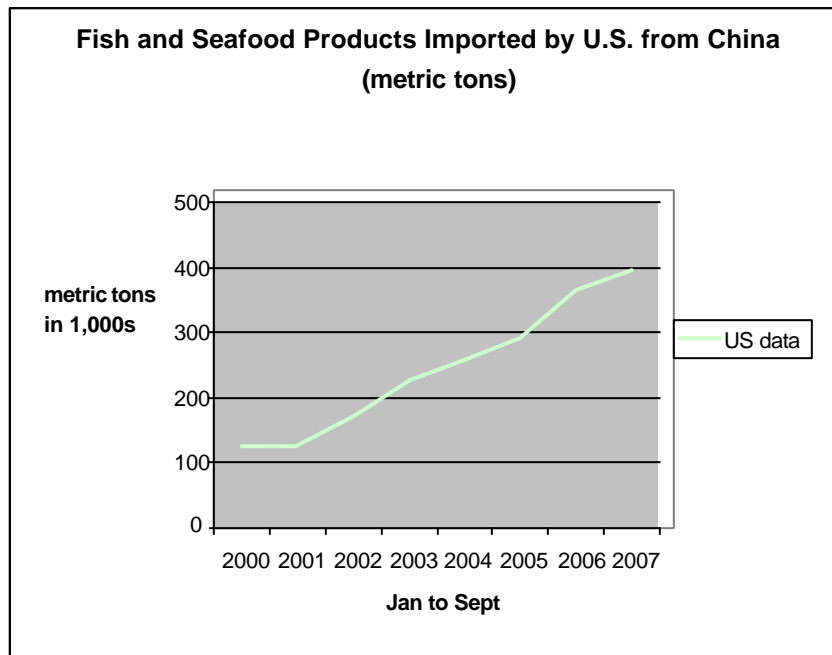
Figure 1. Fish and Seafood Products Exported to China from the U.S.



Source: Global Trade Atlas

The U.S. is the third highest recipient of China’s fish and seafood product exports behind Hong Kong and South Korea respectively. China exported a total of 3.4 million (number) fish and seafood items to the U.S. between January and September 2007 which was an increase of 73 percent over 2006. The U.S. reported importing a total of 395,980 tons of fish and seafood products from China in 2007 during the same period, at a rate of increase of only 9 percent over the prior year.

U.S. fish and seafood imports from China have been increasing steadily over the last six years. Figure 2, using U.S. data, reveals an upward trend of fish and seafood imports from China over the last six years. Chinese data was not included in this figure as export statistics were only reported on a total fish and seafood products basis, not in metric tons. Therefore, no accurate comparison can be made as a result of the incompatibility of these two units of measurement.

Figure 2. Fish and Seafood Products Imported by U.S. from China

Fish and Seafood Products (metric tons)		
Jan - Sept	Imports to U.S. from China	Exports from China to U.S.
2000	124,527	n/a
2001	126,399	n/a
2002	170,714	n/a
2003	225,850	n/a
2004	257,241	n/a
2005	291,882	n/a
2006	364,489	n/a
2007	395,380	n/a

Source: Global Trade Atlas

U.S. companies reported to post that they export seafood to China for processing, reprocessing, and packaging revealing that China's export processing system is not completely vertically integrated. Processors in China custom process and package seafood to meet their customers' specifications before re-exporting it back to where it was originally exported from or to different countries. This system of international seafood processing allows for increased profits for many seafood companies in the United States and elsewhere, because it allows them to focus on their core business as fishers and suppliers and utilize China's low-cost labor. Simply put, these companies are outsourcing processing (including cleaning, filleting, and packaging) to China to reduce labor input cost.

Processing of Seafood

The Chinese seafood processing industry is growing rapidly especially in port cities along China's eastern coast, including in Qingdao, Dalian, and Chengdu. There are a total of 9,128 fish and seafood processing facilities throughout China. Due to the high-demand for processed seafood in the export market, Chinese processors import raw products not only from the United States but also from other sources around the world. According to Chinese processors, other major exporters of raw seafood to China include Russia, Europe, Japan, Korea, and Chile. Most of the processed seafood is then re-exported to markets outside of China. Popular export destinations include the U.S., Japan, Korea, and Europe. Frozen filleted and smoked seafood products are especially popular in these countries, and processors generally focus on these types of products when producing for the export market.

According to industry sources, there are a variety of reasons why seafood processing is a growing industry in China. Among them are low production costs, high recovery rates, and the high quality of finished products. Low labor costs contribute to low production costs since labor is relatively cheap and abundant in China, especially when compared to industrialized countries like the United States. Most of the seafood processing in China is done by hand which results in not only high recovery rates relative to machine processed seafood but also

a higher quality finished product. The result is an inexpensive, quality product which sells well in the export market.

In addition to these specific competitive advantages enjoyed by Chinese processors over many of their foreign counterparts, the Chinese government has provided additional incentives for processors in the form of a variety of special economic zones (SEZs). These SEZs, which include a range of different names and provide a variety of preferential policies, are designed to encourage industry growth. SEZs are considered to be outside of the Customs territory. The bonded and duty-free features of SEZs provide processors, importers, and exporters with opportunities to apply innovative solutions to the challenges associated with doing business in China.

Re-exporting of Seafood

Seafood imports make up approximately 75 percent of the processing sector since only 15 percent of domestic seafood is processed. Post contacts have suggested that a large portion of raw seafood being imported from the U.S. to China is specifically earmarked for processing. Processors and several U.S. seafood companies who have seafood processed in China confirm that 90 percent of U.S. seafood is re-exported back to the U.S. after being processed in China or exported to other countries. Processors specified that little U.S. seafood is kept in China for local consumption. Approximately 10 percent of the seafood that stays in China of the total amount processed is considered to be waste, not suitable for export, and is mostly only suitable for feed. This waste is considered fish trash which can adversely impact the environment of other Chinese origin fish (farm raised) as a result of veterinary drugs in some fish processed as fishmeal that is fed at Chinese fish farms. Furthermore, feed mills could also become contaminated and affect livestock feed processed at the same mills if proper sanitation measures are not performed.

To account for loss and differences in importing and exporting of fish and seafood products from China to the United States and vice versa, one must account for the loss of weight in fish parts. The range of loss processors reported ranges from 1.5 to 20 percent depending on the type of seafood being processed. One processor noted that they guarantee that 100 percent of the final product is re-exported because all the processing business is bonded. Although processors may report that 100 percent of the final U.S. seafood products return to the United States, it is very difficult to verify the accuracy as a result of China receiving imports of the same fish types from many different countries. Additionally, the processors re-export not only U.S. seafood but also seafood from a wide range of other countries, including those like Russia who are experiencing a glut in raw seafood materials and have limited processing capacity at this time.

Looking specifically at why re-exporting U.S. seafood has been successful for China, a last point is that American consumers are price driven. Unlike many of their counterparts in other industrial countries, American consumers are generally more concerned with price than with quality. However, secondary concerns such as nutritional value, health benefits, environmental concerns, and quality do help shape American seafood preferences. Recent media reports have contributed to American consumers' growing fear of the "Made in China" label which impacts their decisions for purchasing fish and other foods as well.

Determining the actual size of the seafood re-exporting industry, much less the percentage which is attributable to U.S. seafood re-exports, is difficult due to a variety of reasons. However, according to some industry estimates, 70 to 90 percent U.S. seafood imports are processed in China and then re-exported to the U.S. and other foreign markets. Processed seafood re-exported from China is generally purchased by foreign wholesalers, distributors, supermarkets, retail sellers, brokers in the foreign and domestic markets, and restaurants.

Data Difficulties

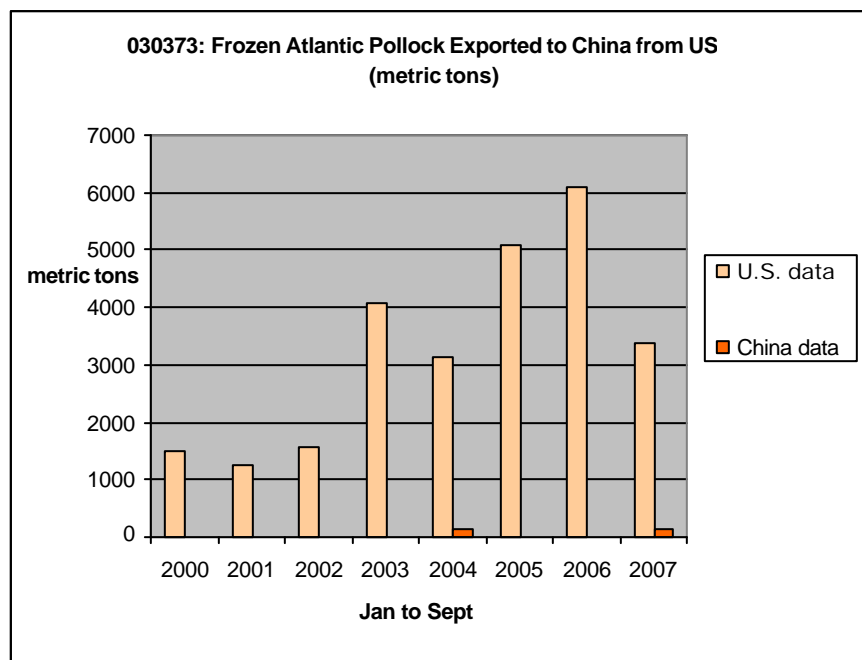
After examining the data for seafood exports and imports collected by the United States and Chinese governments, it is clear that there are discrepancies between most figures. Data collected for pollock and cod reveal that the numbers do not match in terms of the amount of seafood the U.S. claims to have exported to China and how much seafood China claims to have imported from the United States.

Processors reported that varying amounts of fish wastes remained in country depending on the type of fish being processed. This waste, such as eyes, bones, and skin/scales, may be seen as simply "trash," however, the Chinese are able to use some of this for fishmeal. If 10 percent of total U.S. processing stays in China for local consumption as suggested by processors, nothing is left to make up fish waste since 90 percent was reported as re-exported from China. Post believes that the 10 percent of imported fish that China claims that stays in country for local consumption is made up of both waste and the fish available for consumption. Little high-end, U.S. seafood is desired or affordable to the average Chinese consumer. Moreover, one may question whether the Chinese are reporting waste in total exporting numbers or is waste processed for fishmeal. Inaccurate reporting may result if black marketing or illegal fish are smuggled into China for processing from other countries and is mixed with U.S. seafood.

Figures 3 and 4 have been provided to highlight the differences in the numbers reported by the United States and Chinese official government trade data.

Figure 3 displays the increase in pollock exports to China from the U.S. between 2000 and 2006. Figure 4 shows a decrease of cod exported to China from the U.S. in 2005 and 2006, although there has been a marked recovery in 2007 according to U.S. figures. The lack of agreement between the data reported by China and the U.S. makes the overall picture unclear. The United States, however, is reasonably more accurate in keeping records of seafood catches as well as processing, importing, and exporting data. China does not maintain as stringent country-wide seafood records of catches nor do they track what happens to U.S. seafood imports after they enter its borders. Therefore, we cannot calculate with precision what portion of U.S. seafood imports are processed and re-exported and to what countries. This information is mostly company specific. Once the seafood is re-exported out of China (after being processed), the origination title of the seafood is changed to China and no longer claimed as originated from the United States unless it is specifically required in order for it to be returned to U.S. companies. (This is simply a marketing strategy and not mandated by customs.)

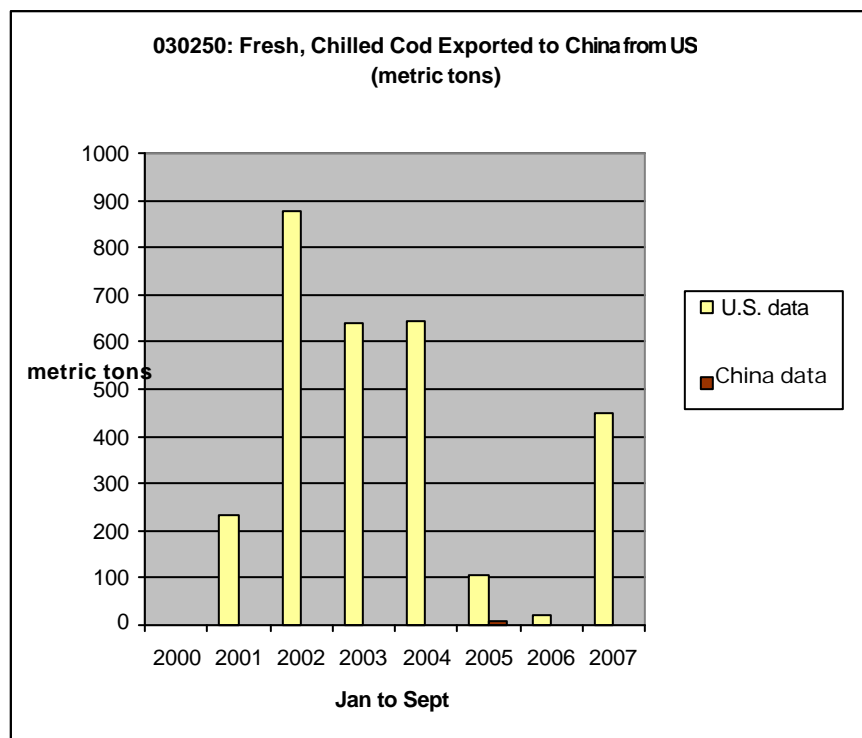
Figure 3. China Imports from U.S.: (Pollock) Coalfish, Frozen, Excluding Heading 03.04, Livers and Roes



030373: Frozen Atlantic Pollock Except Fillet, Liver & Roe (metric tons)		
Jan - Sept	Exports from U.S. to China	Imports to China from U.S.
2000	1487	0
2001	1255	0
2002	1561	0
2003	4070	0
2004	3129	146
2005	5078	0
2006	6089	6
2007	3389	133

Source: Global Trade Atlas

Figure 4. China Imports from U.S.: Cod, Fresh or Chilled, Excluding Heading, Livers, and Roes



030250: Fresh, Chilled Cod Except Fillet, Liver & Roe Exported to China from US (metric tons)		
Jan - Sept	Exported to China from U.S.	Imported by China from U.S.
2000	0	0
2001	231	0
2002	877	0
2003	639	0
2004	642	0
2005	107	7
2006	21	0
2007	451	0

Source: GTA

Data discrepancies may be noticed in Table 1 between U.S. seafood imports recorded by China customs and exports to the U.S. that China reported. The numbers do not coincide but China imports seafood from all over the world, processes it, and then re-export it to many countries.

Table 1. U.S. Imports from China and China Exports to the U.S. Comparisons

Commodity: Agricultural, Fish & Forestry, Group 1 (2007)									
Year To Date: January - September									
Commodity	Unit	Description	Quantity			% Share			% Change 2007/2006
			2005	2006	2007	2005	2006	2007	
160510 U.S. Imports	T	Crab, Prepared Or Preserved	4,286	4,949	5,007	n/a	n/a	n/a	1.18
China Exports	T		5,004	5,922	6,032	100	100	100	1.86
030614 U.S. Imports	T	Crabs, Including In Shell, Frozen	1,772	3,020	2,627	n/a	n/a	n/a	-13.01
China Exports	T		1,399	3,494	5,300	100	100	100	51.7
030373 U.S. Imports	T	Atlantic Pollock Except Fillet, Liver & Roe Frozen	0	0	28	n/a	n/a	n/a	n/a
China Exports	T		0	0	0	0	0	0	0
030551 U.S. Imports	T	Cod, Dried, Whether Or Not Salted But Not Smoked	30	1	27	n/a	n/a	n/a	1796.94
China Exports	T		185	393	496	100	100	100	25.93
030624 U.S. Imports	T	Crabs, Raw (Live Etc), Cooked (Stm Etc) Not Frozen	17	3	19	n/a	n/a	n/a	518.7
China Exports	T		7	1	0	100	100	100	-91.73
030562 U.S. Imports	T	Cod, Salted Or In Brine, Not Dried Or Smoked	35	15	2	n/a	n/a	n/a	-86.26
China Exports	T		1,251	1,003	90	100	100	100	-91.08
030250 U.S. Imports.	T	Cod Except Fillets, Livers & Roes, Fresh, Chilled	0	1	0	n/a	n/a	n/a	-100
China Exports	T		0	0	0	0	0	0	0
030360 U.S. Imports	T	Cod Except Fillets, Livers And Roes, Frozen	123	393	0	n/a	n/a	n/a	-100
China Exports	T		820	699	0	100	100	100	-100

Source: GTA

Industry contacts were unable to offer suggestions or recommendations about where it would be possible to attain or measure re-exporting data on seafood products in China. Independent consultants, market analysts, and government officials concur that there is a general dearth of information in this particular area. Even if the Chinese government did collect re-exporting data, there are a variety of factors that would affect the accuracy of the reported figures such as: title changes of country of origin, delayed statistical reporting,

illegal fishing activities and black market sales, mislabeling of seafood imports and exports, and skewed recovery rates, skimming, and rejected product discrepancies.

Title/Ownership Changes

The change of ownership of seafood occurs once a seafood product reaches its destination and is altered in some manner, including processing or packaging. Post contacts noted that seafood in storage retains its original country title of ownership until it is modified. In the case of foreign-origin seafood processed in China, once the raw material has been processed, it officially becomes "Chinese" seafood for reporting purposes. However, if importers specifically request that origination certificates are provided with the seafood, processors will label the seafood as coming from the product's original country of origin, otherwise it is labeled as being of Chinese origin.

Delayed Statistical Reporting

Seafood shipments may potentially lose some mass after shipment, yet the trade rates reported by China in comparison to the U.S. seem to be significantly different. Although imperfect reporting of total exports and imports exists, the increase of seafood exported from the United States to China is evident. The numbers reported by China may include re-exported U.S. seafood that China is returning to the United States, but no clear differentiation is made at this time. Statistics may also not match up perfectly as a result of the transition time of importing and exporting. It generally takes two weeks for seafood to travel from the United States to China. Once the shipment arrives in Chinese ports, the contents may be registered into a different month or year than when it was originally shipped.

Illegal Fishing Activities and Black Market Sales

Among the many challenges facing those who wish to collect information on the Chinese seafood re-exporting industry is the presence of the black market. By definition, black market activities are outside the scope of legal, traceable activities and are impossible to accurately measure. Illegal fishing and sales of seafood are serious problems in the worldwide seafood industry, and for some the temptation to earn extra profit through avoiding import quotas, tariffs, and other types of taxes is too strong to resist. In addition to the environmental and economic harm these activities may potentially cause, black market and illegal activities make it difficult to accurately determine how much foreign seafood is entering China and how much Chinese processed (of either domestic or foreign-origin) seafood is leaving.

Mislabeling of Seafood Imports and Exports

Another obstacle for gathering accurate data on Chinese re-exports of U.S. seafood is the practice of deliberately mislabeling of imports and exports. Driven by a number of reasons, importers and exporters may deliberately mislabel their seafood products, resulting in inaccurate trade statistics. These reasons include wishing to avoid quotas, taxes, and import and export restrictions or bans.

Skewed Recovery Rates, Skimming, and Rejected Product

There is a certain amount of unusable product resulting from the process of seafood production. The finished product is considered *recovered* and it is only this recovered material that is exported or sold in the domestic market. Some processors skew their *recovery rates* to either inflate or deflate their finished product figures. By decreasing their

reported recovery rates, processors are able to skim product and sell it in the market for extra profit. Increasing recovery rates is a slightly more complicated process which requires the manipulation of the seafood in some manner to maximize the final weight of a product. This may be accomplished by soaking seafood in chemicals, such as phosphates, normally used to preserve taste and freshness. By soaking the seafood in chemicals overnight or for an extended period of time, the weight of the final product is increased resulting in artificially high recovery rates. Some Chinese processors using this method claim recovery rates as high as 80 to 100 percent.

One processor reported that his company imports approximately 15,000 tons of raw seafood material from the United States and exports 10,000 tons of finished products to the U.S. annually, claiming that they lose about 33 percent of their raw material through waste. Another post contact reported that no U.S. seafood is staying in China for local consumption, though there is still question as to whether this is completely true for all seafood types being processed in China.

In addition to the deliberate misreporting of recovery rates, second and third grade seafood products rejected by importers in foreign markets find their way into the domestic market. Since these seafood products are not necessarily labeled with their country of origin, it creates another problem for those trying to track foreign-origin seafood after it enters China.

These obstacles, combined with the fact that the United States only tracks re-exporting some seafood and that the Chinese government does not track seafood re-exports, make it impractical to expect to find reliable data on the subject.

Food Safety and Environmental Concerns

A variety of concerns related to the growth of the Chinese seafood processing and re-exporting industry have been raised by those in the U.S. seafood industry and government and are shared by posts in various foreign countries. These concerns are related to a range of issues from food safety concerns to the destruction of natural fisheries.

Many countries are concerned with the potential reduction of the overall competitiveness of their national seafood processing industries and are troubled by the shift of value-added activities to overseas locations such as China. The lack of traceability of seafood being processed in China, and in other developing countries, is a concern for those in the industry, especially U.S. importers who are concerned with the lack of guarantee regarding the quality of seafood imports from China. With the lack of traceability comes a concern about food safety. With the recent media coverage of tainted products produced in China, from toothpaste to toys, many U.S. consumers are becoming more conscious of food safety related issues.

However, a Chinese processor contact stated that China Inspection and Quarantine (CIQ) inspects seafood imported into China from other countries and carries out Hazard Analysis and Critical Control Points (HACCP), International Standards Organization (ISO), and British Retail Consortium (BRC) rules to control food safety. Some processors have labs that inspect raw materials, the processing water, and finished products. Chinese workers also receive training to improve food safety and ensure that the appropriate rules and regulations are followed.

One seafood processor claimed that all lots are inspected by CIQ for exports before every loading to assure that food safety is controlled from China during exports. Another processor stated that suppliers must meet stringent requirements in order to receive Health Certificates and Origin Certificates issued by the local authority and CIQ and that processing plants have

strict inspection procedures according to HACCP and other national seafood laws against the receipt of raw material. A third Chinese processor also assured post that they have a HACCP certificate, EU number, Marine Stewardship Council (MSC) certificate, and BRC certificate.

Some environmental concerns related to the Chinese seafood processing and re-exporting industry include the deterioration of sustainability and natural fisheries. It is a lucrative business to export raw seafood to China to help meet the growing demand of Chinese processors and is increasingly tempting for unscrupulous fishermen to engage in illegal fishing activities. These activities include illegal harvesting of protected seafood, harvesting out of season, and black market trading (usually engaged in to avoid quotas and taxes). These types of activities are greatly unsettling for governments, and some, such as Russia, have imposed serious punishments for those who engage in illegal fishing and trading activities.

U.S. Seafood is not staying in China

There are two main reasons why there is low demand for U.S. seafood in China, high-prices and consumer preferences for fresh or live fish and seafood products. These two factors serve as major constraints for U.S. seafood in the Chinese market and deter many Chinese consumers from purchasing U.S. seafood. U.S. seafood in China enjoys a strong reputation as a high quality product. This is especially true for Alaskan seafood products which are reputed to have a better taste and texture than domestic Chinese seafood. As a result of this premium branding, U.S. seafood is often too expensive for the average Chinese consumer. Most U.S. seafood consumed in China is purchased by wealthy, high-end consumers who enjoy eating it in upscale, expensive restaurants and hotels. Much of the U.S. seafood staying in China is from Alaska, and Chinese processors estimate that about 30 percent of Alaskan seafood sent to China is actually consumed by the Chinese domestic market.

Some U.S. seafood is also purchased by Chinese consumers when marketed as a novelty food item. Kentucky Fried Chicken (KFC), a fast-food chain popular with young Chinese consumers, has tapped into this opportunity by offering special seasonal promotions of wild Alaskan salmon sold in nugget form, akin to the American classic chicken nuggets, or in fajita-style wraps. Seen as a trendy, modern food, these promotional items have sold well over the past few years primarily in China's large urban centers.

Other than price constraints, U.S. seafood has a low market share in the Chinese seafood market due to consumer purchasing preferences. Most of China's domestic consumption of fish products is made up of freshwater fish either farmed or caught in the wild. Most Chinese consumers prefer to purchase their seafood fresh or live versus frozen or processed otherwise. This preference has persisted even with the gradual eradication of the traditional wet market retail format in many of the urban areas in China. Large hypermarkets and supermarkets (including foreign-owned retailers such as Carrefour, Wal-mart, and Tesco) offer wide selections of live seafood to cater to Chinese consumer preferences.

Issues that may Impact Chinese Seafood Re-exports in the Future

There are a variety of issues that may impact the future of the Chinese seafood re-exporting industry that would be wise to monitor. Among these is a growing awareness of consumers regarding the environmental sustainability of food. More consumers are increasingly conscious of their carbon footprint (i.e. the amount of CO₂ their lifestyle choices generate) and air and water pollution related to their consumption activities. Additionally, consumers are concerned about food safety, and there is a growing trend towards increasing the traceability of food to ensure that the products originate from safe and legal sources. These

trends may lead American consumers to develop more localized purchasing habits which could reduce opportunities of Chinese re-exported seafood.

U.S. companies are becoming increasingly cautious about U.S. seafood being returned to the United States after processing and more stringent regulations may be imposed in the future. Buyers, wholesalers, and retailers may also wish to know the origin of seafood items in the future if food safety issues persist. These are two points that processors, especially foreign processors such as those in China, should be aware of since it may require them to begin tracking where seafood originated from before and after it is processed and packaged. This would be a quality assurance check point and also allow for traceability should it be needed.

Conclusions

It is evident that there is a distinct disparity between Chinese and U.S. figures regarding seafood exports and imports. However, despite the differences in numbers, the overall figures and trends indicate that bilateral trade in seafood between these two countries is on the rise. China and processing companies are important stakeholders in the international seafood industry and developments in the U.S. fishery and seafood sector impact them and vice versa.

The Chinese consumers' preference for live fish largely accounts for the lack of U.S. seafood staying in China. Most consumers in China purchase domestic freshwater fish, and only a small fraction of foreign-origin seafood stays in China. The seafood that does stay is served almost exclusively at high-end restaurants and hotels. China also has the capability to process seafood at a lower cost and with higher recovery rates than in the United States.

This implies that the United States needs Chinese processors for maximum profits, just as Chinese processors need U.S. suppliers, especially since processing trade accounts for over 40 percent of China's aquatic production export value. U.S. buyers, wholesalers, and retailers must have close relationships with processors in order to know the food safety standards and protocols of individual processors that are followed. Some U.S. seafood suppliers claim that they have staff on-site to assure food safety protocols are followed in Chinese plants while their fish is being processed on-site.

SWOT Analysis for U.S. Seafood Gaining Entry into the Chinese Market

<p>Strengths</p>	<ul style="list-style-type: none"> - enjoys good reputation as premium quality seafood (especially Alaskan seafood) - is a popular choice for wealthy consumers when eating out in restaurants and high-end venues 	<p>Opportunities</p>	<ul style="list-style-type: none"> - continue to build a niche for premium U.S. seafood; market to high-end venues, particularly in HRI sector and through trendy food items - cater to local and regional preferences
<p>Weaknesses</p>	<ul style="list-style-type: none"> - too expensive for the average Chinese consumer - Chinese consumers prefer to purchase fresh or live seafood for at home consumption and most U.S. seafood is sold in processed forms 	<p>Threats</p>	<ul style="list-style-type: none"> - domestic fresh seafood - other foreign-origin seafood - second and third grade U.S. seafood leaking into the Chinese market

Recommendations for Introducing U.S. Seafood into Chinese Market

For U.S. seafood producers and exporters wishing to enter into the Chinese consumer market, there are three areas that can be developed to help increase demand for their products. First, Chinese consumers are brand conscious and many of the newly wealthy consumers seek brands associated with luxury and quality. Since U.S. seafood has already built up a reputation for being of good quality and for being a premium product, the key to the success of U.S. seafood growing in the Chinese market is to maintain this status as a special, luxury good and continue to develop sells and connections with high-end restaurants and hotels.

Secondly, China's increasing income levels, growing high-end consumer class, and awareness of U.S. seafood products bode well for the industry. Since the Chinese are brand conscious and are beginning to seek healthier food, U.S. seafood should be marketed in ways that attract more Chinese consumers. By building demand among wealthy Chinese, the overall growth of U.S. seafood demand is likely to remain at a sustainable level. Working towards the creation of a high-end niche for U.S. seafood is vital for staying in the Chinese market since average consumers seek out live or fresh fish. Lastly, there are many health benefits to be gained by eating seafood, especially wild caught seafood. Much of the seafood produced domestically in China is farmed which has less nutritional value than its wild counterparts. As a result, with more health awareness and concerns, Chinese may begin looking at wild caught seafood for better nutrition. Most of the high-end U.S. seafood staying in China for domestic consumption is wild caught seafood. Promoting this seafood on the basis of its health benefits could attract increasingly health conscious Chinese consumers.