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Report Highlights:
China continues to be the world largest seafood producer with overall seafood production estimated at 66.5 million tons in 2015, up 3.1 percent from the 64.5 million tons in 2014. Growth in aquaculture and a slight recovery of wild caught production, contributed to a 4.5 percent growth in 2014. This trend is expected to continue and further add to total seafood production in 2015. Driven by a strong seafood processing capacity, primarily aimed at exporting value-added seafood products, China's seafood imports continued to grow in 2014. Seafood imports for domestic consumption remained unchanged in volume but rose in value as a result of higher input costs (water, labor) in 2014. U.S. seafood exports to China increased by 11 percent to $1.17 billion in 2014. Seafood exports for China's domestic consumption are still constrained by a high import duty and a value added tax. Still, best prospects include frozen fish (salmon, plaice, and cod), as well as high-value live seafood.

Executive Summary:

China continues to be the world largest seafood producer with overall seafood production estimated at 66.5 million tons in 2015, up 3.1 percent from the 64.5 million tons in 2014. Growth in aquaculture and moderate recovery of wild caught production, contributed to a 4.5 percent growth in 2014. These growth trends are expected to continue and further add to total seafood production in 2015. China remains the world largest aquaculture producer accounting for an estimated 70 percent of world cultured aquatic production. Cultured production through area expansion (both freshwater and ocean water resources) and yield gains are expected to raise overall production in 2015. However, the recent rapid exploitation of water resources, coastal development and environmental concerns constrain further expansion opportunities.

Driven by a strong seafood processing capacity, mainly aimed at exporting value-added processed seafood products, seafood imports are expected to continue to grow in 2015. That said, weak overseas economic conditions and rising input costs are challenging growth in exports of processed seafood products. Conversely, China's growing affluence is increasing domestic demand for alternative sources of protein, including seafood products. Thus, seafood imports for domestic consumption are expected to grow in 2015 also driven by China's middle-class increased preference for wild caught products.

Total seafood trade value reached $26.7 billion in 2014, up from $24.7 billion in the previous year, and generated a $13.2 billion trade surplus. China's seafood imports from the United States increased 11 percent to $1.17 billion, while China's exports to the United States totaled $3.27 billion. Seafood exports for China's domestic consumption are constrained by high import duties and value added tax. Nonetheless, best prospects include frozen fish (salmon, plaice, cod), as well as high value live seafood.

Note: This report uses Chinese terminology to maintain consistency between Chinese statistics and product categories. Total seafood trade statistics in this report DO NOT include fishmeal.

Definition of terms used in this report:
-Seafood products: includes both wild caught and cultured products from marine and freshwater sources, including oceans, rivers, lakes and ponds.

-Seafood catch production: total volume of wild caught seafood products from freshwater and marine sources inclusive.

-Seafood cultured production: total volume of cultured seafood products from freshwater and marine sources inclusive.

Total Seafood Production

China's total seafood production is expected to continue growing in 2015, surpassing last year's production by 3.1 percent, and reaching 66.5 million tons. This upward trend is mainly driven by growth in cultured aquatic production and a moderate recovery in wild caught production. China's National Statistics Bureau (NSB) reported that total seafood production totaled 64.5 million in 2014, up 4.5 percent over the previous year. Cultured production stood at 47.62 million tons, up 4.9 percent over the previous year. Similarly, wild caught production grew 3.5 percent and reached 16.88 million tons. Preliminary estimates of total seafood production in the first quarter of 2015 increased by 3.6 percent to 11.98 million tons compared to the same period in 2014.

Wild caught (non-cultured) seafood production

The 2015 wild caught (non-cultured) production is estimated at 17 million tons, up 0.7 percent over the previous year. Preliminary data show total wild caught production was 2.83 million tons in the first quarter of 2015, up 1 percent over the previous year. The wild caught production in 2014 recovered to 16.88 million tons from the 16.3 million tons in 2013. This recovery is mainly attributable to an increased catch from other territorial seas in 2014. Industry sources reported that China added more than 300 fishing vessels at the beginning of 2014 and increased marine fishing in other territorial seas. The 2015 wild catch production growth is estimated to level off with less than 1 percent growth. In the long term, however, wild catch production growth from other territorial seas is difficult to sustain due to factors such as declining fish resources and policy changes of the relevant countries (for instance, the Indonesia government restricted marine fishing cooperation with foreign countries in 2015).

Domestic ocean catch continues to be restricted by a "Zero Growth" threshold policy which was instituted back in 1999 which continues to limit China's annual catch. The two-to-three month summer fishing moratorium in China's seawater continued in 2014. These efforts are aimed at facilitating the recovery of marine resources. Thus, any significant increase in catch production from domestic seas remains unrealistic in the near future.

Regarding freshwater catch, during 2015 China's Ministry of Agriculture (MOA) will maintain a three-month spring fishing ban in the Yangtze River for the 14th consecutive year, and a two-month fishing ban in the Pearl River region for the fifth year. In an effort to protect and restore ecological balance, the state and provincial fishery departments conduct frequent releases of seafood fingerlings in national waters to increase wild stock.

Cultured seafood production

China remains the world largest cultured seafood producer with China's total cultured seafood production accounting for more than 60 percent of the world's total. The estimated 47.6 million tons of cultured seafood production accounted for over 73 percent of China's total seafood production in 2014. Driven by both ocean and freshwater seafood production, total cultured seafood production in 2015 is expected to hit 49.5 million tons, up 3.9 percent over the previous year. Preliminary statistics indicate cultured production grew steadily, up 4.4 percent in the first quarter of 2015 compared to last year. Between 2009 and 2013, China's marine cultured seafood production increased by 17 percent, while the freshwater cultured production grew 19 percent. In 2014, total cultured seafood production grew by 4.9 percent to a record 47.62 million tons. This

trend is expected to continue in 2015 mainly driven by a growing domestic demand for seafood products.

Table 1. China's Seafood production (Unit: 1000 tons)

Category/Year	2011	2012	2013	2014	2015
Total Seafood Production	56,032	59,077	61,720	64,500**	66,500***
-Ocean Seafood Production	29,080	30,333	31,388	32,962*	
--- Wild Catch	13,566	13,895	13,996	14,836*	
--- Culture	15,513	16,438	17,392	18,126*	
-Freshwater Seafood Production	26,951	28,743	30,332	31,652*	
--- Wild Catch	2,232	2,298	2,307	2,295*	
--- Culture	24,719	26,445	28,024	29,357*	

Source: 2013 China Agricultural Statistics Report;* Preliminary MOA data are slightly higher than NSB data;** NSB total production at 64.5 million tons with wild catch production at 16.88 million tons and cultured production at 47.62 million tons. ***FAS/Beijing estimate

Major Cultured Seafood Products

Fish

Fish remained the largest category in all cultured aquatic production at 27.2 million tons, estimated at 57.2 percent of all cultured production in 2014. Driven by growing domestic demand, the 2015 cultured fish production is expected to reach 28 million tons, up from the previous year.

--Carp
Carp remains the most popular cultured freshwater fish with an estimated production of 18.7 million tons in 2014, up from the 17.55 million tons in 2013. The net increase of almost 1.2 million tons of carp is consumed domestically to meet growing demand due to its affordable price and freshness. Carp production is expected to grow in 2015.

--Tilapia
China remains the world largest tilapia producer with forecast production at 1.75 million tons in 2015, up from the estimated 1.7 million tons in 2014 and 1.66 million tons in 2013. Although domestic consumption of tilapia is rising, the world demand for Chinese tilapia products continues to be the leading force driving the industry. China's tilapia industry continues to show comparative advantage in terms of labor cost and production efficiency supported by technical advancements such as new varieties showing higher yields. Weather uncertainties, price fluctuation, and disease remain the main challenges for this sector. Industry reported that better disease control facilitated production growth in 2014, and production for 2015 is expected grow steadily.

Guangdong, Guangxi, Fujian and Hainan provinces continue to be the top four tilapia producers with a combined production of 1.47 million tons in 2013, representing 88.5 percent of total tilapia production. Yunnan province increased its tilapia production by 24 percent in 2013 to 123,000 tons driven by the strong local demand.

--Catfish
In response to domestic consumption demand, cultured catfish production is expected to reach 700,000 tons in 2015, up from the estimated 690,000 tons in 2014. Production maintained steady growth with production totaled 681,000 tons in 2013. Cultured catfish for export remains soft due to strong domestic demand and

competition from other countries. Sichuan, Jiangxi, Hubei, Guangdong and Hunan provinces together accounted for 62.5 percent of total production in 2013.

Shellfish

Cultured shellfish production, primarily marine based, is expected to hit 13.6 million tons in 2015 from the estimated 13.4 million tons in 2014. Production rose to 12.98 million tons in 2013, up from 12.3 million tons in the previous year (See tables 2 and 3). Shandong, Fujian, Guangdong, and Liaoning provinces dominated the cultured shellfish production accounting for 78 percent of total volume in 2013.

Crustaceans

China continued to be the largest cultured white shrimp producer in the world in 2014 (accounting for more than 40 percent generally). In responding to rising domestic demand, preliminary MOA data show cultured crustacean production in 2014 was 3.98 million tons, up from the 3.76 million tons in the previous year. Out of which, cultured white shrimp (*penaeus vannamei*) production stood at 1.58 million tons in 2014, up from the 1.43 million tons in 2013. Industry sources believe strong domestic demand drove production high in 2014 and is expected to continue supporting rising production of white shrimp in 2015, while better aquaculture practice and weather conditions reduced outbreaks of diseases also contributed to high production in 2014.

Cultured freshwater and seawater shrimp and prawn are produced primarily in Guangdong, Jiangsu, Hubei, Zhejiang and Guangxi provinces. In 2013, Guangdong led shrimp production with total cultured production of 661,000 tons, compared to 651,000 tons in 2012. Of this amount, white shrimp production was 449,000 tons, down 16.7 percent from the previous year as a result of a combination of diseases.

Table 2. China's ocean and freshwater seafood production by category (Unit: 1,000 tons)

Category/Year	2011	2012	2013	2014	2015
Cultured products	40232	42,883	45,416	47,620**	49,500***
--Fish	22,818	24,369	25,940	27,218*	28,000***
--Shrimp, Prawn, and Crab	3,291	3,593	3,670	3,990*	
--Shellfish	11,796	12,343	12,984	13,400*	13,600***
--Algae	1,609	1,773	1,865		
--Other	718	806	857		
Catch products	15,798	16,193	16,303	16,880**	17,000***
--Fish	10,222	10,349	10,379	10,480*	
--Shrimp, Prawn, and Crab	2,415	2,551	2,626	2,700*	
--Shellfish	871	844	820		
--Mollusks	695	699	664		
--Algae	27	26	28		
--Other	421	455	434		

Source: 2013 China Agricultural Statistics Report; *MOA preliminary data; **NSB data;** *** FAS estimates

Aquaculture Production Areas

In 2013, Shandong, Guangdong, Fujian and Zhejiang provinces were the largest seafood production areas due to favorable coastal locations and abundant freshwater resources/facilities. In terms of freshwater cultured production, Hubei, Guangdong, and Jiangsu provinces were the largest producers. These rankings are expected to remain unchanged in general in 2014 and 2015.

Table 2 China's Top 8 Seafood Producing Provinces in 2013 (Unit: 1,000 tons)

Province	Total production	Cultured production	Wild caught production
Total	61,720	45,417	16,303
Shandong	8,632	6,061	2,570
Guangdong	8,161	6,477	1,683
Fujian	6,585	4,332	2,253
Zhejiang	5,508	1,852	3,656
Jiangsu	5,094	4,192	902
Liaoning	5,050	3,712	1,338
Hubei	4,104	3,891	213
Guangxi	3,193	2,408	785
Other	15,393	12,492	2,903

Source: 2013 China Agricultural Statistics Report

China's aquaculture area expansion is expected to continue at a low rate in 2015. Aquaculture area rose 0.8 percent in 2014, compared to the 2.9 percent in 2013, reflecting that the rising demand for both freshwater and seawater productions, however, expansion is increasingly constrained by environmental concerns including near shore water pollution by industrialization and urbanization. In 2014, the marine aquaculture area declined for the first time. This decline is mainly the result of fast industrialization and urbanization along coastal region. In addition, farmers are facing higher rental rates to use water resources (including ponds and ocean waters) which are chipping away their profits and limiting their ability to expand.

Table 3 China's Aquaculture Area Resources (Unit: Hectares)

Year	Total	Marine	Freshwater	Freshwater-Pond	Freshwater-Reservoir	Freshwater-Lake	Freshwater-Other
2014	**8,386,400**	**2,305,500**	**6,080,900**				
2013	8,321,699	2,315.569	6,006,130				
2012	8,088,403	2,180,927	5,907,476				
2011	7,834,950	2,106,382	5,728,568	2,449,911	1,851,877	1,023,009	
2010	7,645,223	2,080,880	5,564,343	2,377,001	1,795,579	1,007,103	1,692,773
2009	7,283,138	1,859,313	5,423,825	2,331,900	1,726,407	998,232	1,707,000
14/13 Change	**0.8%**	**-0.4%**	**1.2%**				
13/12 Change	**2.9%**	**6.2%**	**1.6%**				
12/11 Change	3.2%	3.5%	3.1%				
11/10 Change	2.5%	1.2%	3%				
10/09 Change	5%	12%	3%				

Source: 2013 China Agricultural Statistics Report

Aquaculture Production Challenges

In general, aquaculture production continues to face an increasing damage from natural disasters such as typhoons and floods. Additionally, the streptococcus disease continues to impact tilapia production. Similarly, in 2013 and 2014, EMS (Early Mortality Syndrome) and other disease outbreaks also caused losses for white shrimp to farmers. Older aquaculture facilities (both freshwater and ocean water) suffered lower productivity due to natural disasters, water pollution, and higher disease rates which reduced fish growth and yield.

In response, China's industry continues to minimize the impact of these diseases by expanding technical advancements, and promoting better aquaculture practices. Many farms reduced fish culture density to maintain water quality and lower infection risks. Producers further tightened quality control of feed and fingerling inputs. In addition, a vaccine for streptococcus disease is in trial stage and hopefully will be adopted in the near future. The Chinese government and the industry have enhanced research on new species which are more tolerant to stress and disease, and have developed specialized tilapia feed applicable to the various growing stages and environments.

Towards the end of 2014, the MOA-supported "Healthy Aquaculture Demonstration Program" had established more than 5,000 aquaculture farms nationwide. These farms are requested to meet the MOA standards and subject to audit to ensure the growth of the industry in a healthy and sustainable manner. MOA plans to add 500 more farms to this program in 2015. In addition, the U.S. industry has been working with China's aquaculture producers to improve aquatic feed and intensive culture pond management in order to secure a favorable environment essential to increasing fish yields.

Seafood Product Processing

MOA's preliminary data show the 2014 total seafood processing facilities were 9,663, down from the 9,774 in 2013. However, total processing capacity increased to 28.5 million tons from the 27.4 million, reflecting a restructuring and consolidation of the sector. Both the Chinese industry and official representatives claim that China is becoming the world's processing center for mackerel, salmon, cod, and herring.

Seafood processing bases are located in or near major seafood production regions. Of the total 9,774 processing facilities, 6,471 (or 66 percent) are concentrated in coastal Zhejiang, Shandong, Fujian, and Guangdong provinces. Shandong has the largest processing capacity at 8.77 million tons per year followed by Fujian at 4.26 million tons. These provinces are not only major seafood producers but are also equipped with port and cold storage facilities. Many foreign enterprises have processing facilities in these provinces.

In 2014, the industry processed 21.92 million tons of seafood, up from the 21.69 million tons in 2013. Total processed seafood product volume stood at 20.53 million tons, of which the majority (13.2 million tons) was frozen or only primarily processed. This trend is expected to remain in 2015 as more frozen and frozen processed goods are shipped to interior provinces, and domestic demand for frozen processed seafood products continues to rise.

Imported seafood products that are processed and re-exported are exempt from tariffs and value-added taxes (VAT). Imported seafood products which are processed and sold in China are subject to a tariff generally ranging from 10 to 17 percent (a tentative special rate from 2-5 percent enforced for 4 species in recent years-

see Policy section below) and a VAT of 13 percent. China's financial incentives toward re-export are reportedly related to the processing industry's role in generating new employment and producing rendered feed ingredients to satisfy the feed industry's growing demand.

To ensure the quality of seafood products for export, MOA and the General Administration for Quality Supervision, Inspection and Quarantine of China (AQSIQ) enforce a strict licensing regime for all export-oriented farms and processing establishments. MOA and AQSIQ conduct frequent field audits and seafood products for export are subject to mandatory inspection and must be accompanied by AQSIQ inspection certificates.

Consumption

Driven by higher disposable incomes along with GDP growth, Chinese seafood consumption is expected to continue growing in 2015. Increasing food safety incidents related to livestock and poultry products have driven consumer's spending on seafood products. According to NSB, in 2012 the per capita consumption of seafood products was 15.19 Kg in urban areas and 5.36 Kg in the rural sector.

Table 5 Per Capita Consumption Trends of Seafood and Animal Products (Kg)

Per Capita Consumption Trends for Aquatic Products						
	2008	2009	2010	2011	2012	2013*
Urban	14.3	14.8	15.21	14.62	15.19	10.4
Rural	5.25	5.27	5.15	5.36	5.36	10.4
Per Capita Consumption Trends for Pork, Beef, Poultry and Mutton						
Urban	30.7	34.67	34.72	35.17	35.71	32.7
Rural	18.3	19.58	20	20.86	20.85	32.7
Note: Urban Population of 731.11 million (53.73%). Rural Population of 629.61 million (46.27%).						

Source: 2013 China Statistical Yearbook Table 11-8 and 11-27;
*Note: 2014 China Statistical Yearbook changed the consumption to a nation average without differentiation for rural and urban.

The per capita consumption of seafood products is the highest in China's coastal regions (where seafood products have been a traditional source of protein) and locations with relatively high disposable income. Table 6 indicates the per capita cash consumption expenditure on seafood products by urban residents for 2012. The relevant data for 2013 has not been released by NSB, but the 2012 trend is likely to continue in 2013.

Table 6 Per Capita Cash Consumption Expenditure on Seafood Products by Urban Resident (by Province in 2012)

Region	Seafood Product Expenditure RMB Value	Disposable Income Rank	Disposable Income Value (RMB)
Fujian	1,220	7	28,055
Shanghai	1,011	1	40,188
Hainan	963	12	20,918
Zhejiang	949	3	34,550
Guangdong	792	4	30,227

Tianjin	565	5	29,626
Jiangsu	543	6	29,677
Liaoning	474	9	23,223
Shandong	384	14	25,755
Guangxi	378	8	21,243
Hubei	334	18	36,469
Nationwide Average	409	NA	24,567
Source: 2013 China Statistics Yearbook/Table 11-15; Exchange rate $1=RMB6.1			

Most Chinese consumers prefer live/fresh seafood goods to processed products. Thus, domestic consumption of processed seafood products is small compared to the overall domestic seafood consumption. However, along with improvement of China's processing and distribution systems and consumers rising affluence increases their interest in a more diversified and nutritious diet, processed seafood consumption is expected to increase steadily, both in the rural and urban areas.

Prices

According to MOA, sales of seafood products remained strong in 2014 characterized by adequate supply at stable prices. Total sales volume increased 1.4 percent over the previous year. Based on a survey of 80 major seafood product wholesale markets, the average wholesale price (based on 49 seafood species) was RMB21.7/Kg (or $3.5/Kg), up 3.5 percent over the previous year. The wholesale price for marine water products stood at $6.35/Kg, continuing to be significantly higher than the $2.14/Kg for fresh water products. Seafood product consumption continues to be driven by improvement in consumers' living standards.

Trade

Seafood trade is expected to continue growing in 2015. According to Global Trade Atlas (GTA) statistics, seafood exports increased 9.8 percent in volume and 8.3 in value in the first quarter of 2015, although imports of seafood fell slightly. Total seafood trade value in 2014 hit $26.74 billion, up 8.3 percent over 2013, with imports up 10.9 percent and exports up 7.5 percent. Seafood trade surplus continued to grow to $13.2 billion, up from the $12.5 billion in 2013 reflecting China's advantages in seafood processing with imported materials or domestic cultured resources. A well-developed large scale processing capacity, advanced equipment, and skilled labor are expected to maintain a stable development of the sector in the coming years.

U.S. seafood product exports to China reached $1.18 billion in 2014, up 11 percent over the previous year. However, China's seafood exports to the United States stood at $3.28 billion, resulting in a U.S. seafood trade deficit exceeding $2.1 billion in 2014. Recovering U.S. consumer demand for China's processed seafood products is expected to continue increasing this trade deficit in 2015.

<u>Exports</u>

Based on GTA statistics, total seafood exports in 2014 reached 3,923,200 tons by volume and $20 billion in value, up 5 percent and 7.5 percent, respectively, over the previous year. Chinese industry insiders suggest

that a moderate recovery of global economies supported more volume of seafood exports in 2014 and higher prices supported an increase in export value. China's seafood export trade destinations (with export values over $100 million) rose from 17 countries/regions in 2009 to 27 in 2014. Japan continues to be the largest export destination, followed by the United States and Hong Kong.

China's industry leaders remain confident that total seafood export value will continue to grow and stabilize in the future as China's aquaculture sector continues to grow both in scale and productivity.

--Exports product mix changed slightly in 2014

China's seafood export product mix adjusts according to changes in the demand/preference of the importing countries. In 2014, exports of prepared and packaged fish products (HS Code 1604) slipped; exports of prepared and packaged crustaceans and mollusks (HS Code 1605) declined in volume but increased in value (up by 9.7 percent). Frozen fish (HS Code 0303) and Fish fillet (HS Code 0304) rose (up by 8.5 percent) and remained the largest export category with an export value of $7.29 billion, accounting for 36 percent of total seafood exports in 2014. Export value of crustacean (HS Code 0306) grew rapidly by16.9 percent over the previous year to $2 billion. Similarly, exports of mollusks and other (HS Code 0307) grew 26.7 percent to $3.2 billion.

Driven by an average 5 percent increase in price (to $3,763/ton), exports of all tilapia products rose 5 percent in value to $1.51 billion although total volume remained unchanged from the previous year. The United States remained the largest destination for China's tilapia products with a volume of 178,100 tons, accounting for 44 percent of China's total tilapia exports in 2014. Out of the total tilapia exports to the United States, tilapia fillet was the largest category with a volume of 97,900 tons or 55 percent.

Exports of processed products (with imported materials) slowed down in 2014

According to MOA, exports of seafood product using imported materials slowed down; however, exports were still up 1.4 percent in volume and 1.9 percent in value compared to the previous year. Its share in total seafood export value, however, declined by 1.2 percentage points from 2013. A weak demand recovery in some major overseas markets, and the re-location of seafood processing facilities to other countries--where input costs are lower--tempered further expansion of this sector. Meanwhile, exports with cultured seafood continue to gain share in value. In general, exports (with imported materials) in 2015 are estimated to hold at similar levels as 2014.

Imports

Although data shows imports of seafood down slightly in the first quarter of 2015, total 2015 seafood imports are forecast to grow moderately. A recent report on government's intensified crackdown on illegal seafood imports may impact imports in 2015. In 2014, China's total seafood import volume grew 4.4 percent to 2.87 million tons from the previous year, and increased in value by 10.9 percent to $6.75 billion.

The GTA data shows 2.1 million tons of fish/frozen (HS Code 0303) imports in 2014, up 0.6 percent from last year. Imports of frozen fish and processing for re-export remained stable in 2014.

During 2014, Russia remained China's largest seafood product supplier followed by the United States and Japan. Qingdao and Dalian continued to be the two largest arrival ports for seafood products.

--- China's imports of seafood for domestic consumption slipped but rose in value

China's imports of seafood for domestic consumption slipped in volume but rose in value in 2014. MOA data indicates that the volume of imported seafood products (including live seafood) for domestic consumption was 825,700 tons, down 10.6 percent from the previous year. Conversely, the value of imports went up by 11.1 percent to $3.1 billion. Higher global seafood prices could be the main factor contributing to China's lower demand. For instance, U.S. salmon exports to China remained stable at 84,236 tons in 2014 and are not expected to grow significantly in 2015. Salmon export prices averaged $3,926 per ton in 2014, up 41 percent from the previous year. In the long term, however, salmon exports to China for domestic consumption continue to be promising as consumers opt for high-value seafood. It is worth noting that China's imports of high-priced live seafood are increasing steadily. In addition to salmon, imported seafood species favored by Chinese consumers include cod, halibut and many live species, such as geoducks, lobster and crab.

--Fishmeal imports are estimated to exceed 1 million tons in 2015

The 2014 fishmeal imports recovered moderately to 1.04 million tons from the 876,000 tons in 2013 in response to a decline in price to $1,500/ton from the $1,713/ton in 2013. China feed industry demand for fishmeal could expand as long as the price for fish meal does not dramatically deviate from its nutritional value, particularly when the supply of other protein meals remains adequate. Given the size of China's aquaculture and the current fish meal price, China's 2015 fishmeal import volume is expected to exceed 1 million tons.

Peru remains China's largest fishmeal supplier. In 2014, China's imports of fishmeal from Peru were 11 percent higher than last year at 510,000 tons. Lower prices for Peruvian fishmeal reduced U.S. fishmeal's share in the Chinese market. China's imports from the United States were 96,800 tons in 2014, down 11 percent over the previous year.

Policy

--Registration of overseas seafood suppliers

In accordance with regulations of AQSIQ, all overseas seafood suppliers are requested to be registered with AQSIQ. Currently, the United States government maintains close communication with AQSIQ on this issue and registration of U.S. seafood suppliers are regularly updated by AQSIQ to ensure exports to China continue smoothly.

--Live seafood exports to China

In April 2015, AQSIQ issued draft measures expanding the registration requirement to include overseas suppliers of live seafood. However, the details on the actual timing and implementation remain unclear. The Department for Supervision of Inspection and Quarantine of Animal and Plant of AQSIQ is the agency regulating live seafood trade. In mid-2014, the U.S. government agencies and AQSIQ successfully resolved issues related to U.S. geoduck exports to China. Given the increasing exports of U.S. live seafood to China, AQSIQ has expressed interest in learning more about the U.S. regulatory system and industry practices regarding exports of live seafood. Currently, the U.S. government agencies continue to engage with AQSIQ to increase cooperation in this area. An AQSIQ team is scheduled to visit U.S. live seafood facilities in 2015.

--Sustainable development dialogue

During the Global Sustainable Development of Seafood Forum held in November 2014 in Qingdao, China's officials and industry leaders held extensive talks with representatives from international organizations and major fishery producing countries. The topic of the talks focused on global sustainable development for the seafood industry with a special focus on combating Illegal, Unregulated and Unreported (IUU) fishing, and the certification of products for international trade. China also enhanced cooperation with Russia, the largest seafood supplier to China, on issues related to transparent and traceable seafood trade between two countries.

--China's policy favors growth for seafood production and exports

China's seafood development policy remains generally unchanged. MOA plans to continue promoting major priorities such as more sustainable development model with resource utilization, environmental protection, food safety, and farmer income. Similarly, China's State Council promotes enhanced rational resource utilization, protection of ecological environment, and transfer of development model and technical innovation. Previously, a production target for marine seafood production was set at about 30 million tons for 2015 based on a marine culture area of 2.2 million hectares. During 2014, MOA continued to push toward the implementation of this target. In an effort to improve the sustainability of China's seafood industry, MOA continued to build "healthy aquaculture demonstration farms" with standardized aquaculture practices nationwide. Another 1,924 such farms were built in 2014, making the total demonstration farms to 5,354.

--Imports for domestic consumption

Imported seafood products which are processed and sold in China are subject to a tariff generally ranging from 10 to 17 percent and 13 percent VAT. On the other hand, imports of seafood for domestic consumption are more expensive, facing an import duty and a higher VAT approaching 25 percent. Some industry experts are calling for reductions in import duties and VAT for seafood species that are not produced in China to encourage more imports for domestic consumption. As previously reported, import duties on four categories of seafood were reduced (see table below) and these lower tariffs will remain effective in 2015. This will further facilitate their import and sale in the Chinese market.

HS Code	Description	Duty %	Effective duty %	VAT %
03033110	Greenland halibut	10	5	13
03033200	Plaice (pleuronectes platessa)	12	2	13
03035100	Herrings (clupea harengus, clupea pallassi)	10	2	13
03036300	Cod (gadus morhua,gadus ogac,gdus macrocephalus)	10	2	13

Source: China Import/Export Tariff Guidebook 2015

Marketing (ATO/Beijing)

As a result of continued market development efforts, Chinese consumers' awareness for healthier foods and therefore China's domestic demand for imported seafood is increasing. U.S. seafood is not only perceived to be a safe and a healthier alternative to domestic products but also to have clear traceability. These are qualities increasingly valued and sought after by Chinese middle-income consumers. Domestic consumption of seafood products at the retail level are also increasing, not only through the traditional retail outlets such as super markets, but also through the new booming E-commerce platforms. At the retail level, product education to consumers through major retailers and distributors is critical to build brand recognition and loyalty among consumers. Original branding, logo and country of origin are other important aspects that attract Chinese consumers' interest.

In 2014, U.S. cooperators continued to promote American seafood products through e-commerce. This year, at a promotion with TMall, a Chinese e-commerce platform, U.S. cooperators successfully sold around 70 tons of seafood, valued at about $1.2 million. More companies participated in the promotion and the product range increased to about 20sku including Alaska king crab, snow crab, Pollock roe, prepared Alaska seafood products, black cod, Pacific cod, sockeye/chum salmon, yellow fin sole, halibut, prawn and perch.
In the foodservice sector, popular U.S. seafood products are generally high-value products such as lobster, Alaska King Crabs, snow crabs, salmon, scallops, and black cod. Live seafood products including Dungeness crabs, lobsters, geoducks and oysters are also all in high demand. Those products are no longer just served in 4-5 star hotels, but are increasingly available in local Chinese restaurants prepared at affordable prices. Major festivals and Chinese holidays are important occasions for consumption and are also ideal opportunities to introduce these high-value seafood products through applications in Chinese cuisine.

Seafood distributions to 2nd and 3rd tier cities are usually done through importers in Beijing, Shanghai and Guangzhou. High-value or live U.S. seafood products are easy to sell to both inland and coastal cities. An underdeveloped cold chain remains a major obstacle in 2nd and 3rd tier cities. In addition, inconsistent availability and counterfeit products also present challenges.

Trade shows in China help to promote new products and increase sales. At the recent China Fisheries & Seafood Expo in Qingdao, many U.S. exporters expressed satisfaction with the result of the show and confirmed it is a must attend show in China and in Asia.

Trade Tables

Trade of Certain Seafood Products (Volume: Tons; Value: $ million)

Imports by Category

HS Code		Jan-Dec 2011		Jan-Dec 2012		Jan-Dec 2013		Jan–Dec 2014	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
	Total	2,720,371	5,737	2,527,857	5,599	2,750,946	6,090	2,870,801	6,753
0302	Fish, Fresh	12,056	94	21,762	153	20,905	165	38,792	280
0303	Fish, Frozen	2,166,123	3,823	1,953,498	3,353	2,093,543	3,385	2,106,741	3,607
0304	Fish, Fillet	24,334	66	34,118	89	48,098	116	54,181	135
0305	Fish, Dried, Salted, Brined	3,183	15	3,702	16	3,583	17	3,165	14
0306	Crustaceans	117,306	823	127,507	1,127	143,526	1,426	152,921	1,666
0307	Mollusks & Other	336,326	743	311,990	688	367,941	791	423,387	806
1604	Prepared and Packaged Fish and Caviar	5,199	23	6,193	30	11,365	52	12,829	55
1605	Prepared and Packaged Crustaceans and Mollusks	55,775	150	69,087	143	61,984	137	78,786	189

Source: Global Trade Atlas

Exports by Category

HS Code		Jan-Dec 2011		Jan-Dec 2012		Jan-Dec 2013		Jan–Dec 2014	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
	Total	3,687,984	16,480	3,593,865	17,478	3,735,977	18,592	3,923,214	19,987
0302	Fish, Fresh	35,354	159	34,588	180	37,982	196	27,880	137
0303	Fish, Frozen	964,198	2,122	966,377	2,276	935,129	2,405	1,017,489	2,612
0304	Fish, Fillet	1,084,648	4,398	1,014,722	4,220	1,049,048	4,316	1,055,447	4,681
0305	Fish, Dried, Salted, Brined	74,602	395	78,419	452	80,473	472	77,206	496
0306	Crustaceans	215,503	1,380	189,500	1,466	195,136	1,751	194,426	2,047
0307	Mollusks and Other	424,772	2,038	413,954	2,083	470,492	2,543	612,043	3,222
1604	Prepared or Packaged Fish and Caviar	510,783	2,634	504,084	3,023	567,945	3,056	547,533	3,011
1605	Prepared or Packaged Crustaceans and Molluscs	338,872	2,362	392,221	3,778	399,775	3,446	365,738	3,781

Source: Global Trade Atlas

Seafood Products Trade by Country of Origin (Value: $ million)

Imports by Country of Origin

Country/Year	Jan-Dec 2012	Jan-Dec 2013	Jan-Dec 2014
Russia	1,346	1,362	1,271
United States	1,112	1,060	1,177
Norway	396	425	530
Canada	343	398	460
New Zealand	255	324	360
Japan	161	207	242
Indonesia	145	189	200
Thailand	168	197	199
Peru	160	146	196
Chile	91	104	180
Taiwan	96	132	162
Ecuador	43	59	146
Korea North	100	117	143
Korea South	150	165	123
India	130	147	110
United Kingdom	42	53	108
Other	862	1,006	1,144
World	5,600	6,090	6,753
Russia	1,346	1,362	1,271
United States	1,112	1,060	1,177

Source: Global Trade Atlas

Exports by Country of Destination (Value: $ million)

Country/Year	Jan-Dec 2012	Jan-Dec 2013	Jan-Dec 2014
Japan	3,827	3,529	3,448
United States	2,834	3,062	3,275
Hong Kong	1,558	1,858	2,038
Korea South	1,323	1,214	1,445
Taiwan	972	1,127	1,419
Thailand	471	612	833
Malaysia	699	720	776
Russia	568	641	647
Germany	518	496	505
Philippines	302	350	412
Canada	349	363	396
Mexico	274	411	378
Spain	316	341	358
United Kingdom	288	327	344
Australia	236	288	311
Singapore	140	246	275
Brazil	212	239	257
France	180	187	186
Netherlands	150	141	178
Indonesia	189	168	167
Italy	126	154	146
Portugal	92	113	113
Poland	116	126	111
Belgium	143	122	110
Sweden	86	85	108
Other	1,509	1,672	1,750
World	17,479	18,592	19,987

Source: Global Trade Atlas

Imports of Fish, Frozen by Country of Origin (Volume: Tons)

Country/Year	Jan-Dec 2012	Jan-Dec 2013	Jan-Dec 2014
Russia	899,743	942,005	819,853
United States	342,692	356,486	390,765
Norway	153,318	174,785	202,546
Taiwan	48,326	77,132	95,160
Japan	64,297	89,824	86,589
Netherlands	41,375	30,832	60,387
New Zealand	50,966	57,741	54,615
Canada	25,675	34,887	40,651
Thailand	33,597	32,917	35,035
Marshall Islands	11,587	40,689	34,729
Others	281,922	256,245	286,411
World	1,953,498	2,093,543	2,106,741
$/T	1,765	1,716	1,712

Source: Global Trade Atlas

Imports of Flatfish by Country of Origin (Volume: Tons)

Country/Year	Jan-Dec 2012	Jan-Dec 2013	Jan-Dec 2014
United States	131,964	135,531	140,436
Russia	16,672	18,512	13,976
Canada	7,395	7,717	10,411
Greenland	6,286	12,785	7,512
Norway	2,544	3,861	3,185
Iceland	2,581	2,951	2,087
India	1,213	1,961	2,061
Germany	3,065	1,922	1,800
Other	11,772	14,098	10,072
Total	183,492	199,338	191,540
$/Ton	1,995	1,785	1,790

Source: Global Trade Atlas

Imports of Salmon by Country of Origin (Volume: Tons)

Country/Year	Jan-Dec 2012	Jan-Dec 2013	Jan-Dec 2014
United States	58,052	85,148	84,236
Japan	9,968	19,427	29,322
Russia	43,070	68,721	28,979
Chile	7,375	11,114	18,868
Faroe Islands	6,259	7,966	11,537
Norway	14,253	5,747	10,712
United Kingdom	2,117	3,672	7,955
Other	5,554	7,301	5,628
World	146,648	209,096	197,237
$/Ton	3,334	2,788	3,926

Source: Global Trade Atlas

Imports of Herrings by Country of Origin (Volume: Tons)

Country/Year	Jan-Dec 2012	Jan-Dec 2013	Jan-Dec 2014
Russia	158,250	179,257	132,416
United States	9,658	10,027	13,007
Netherlands	4,984	3,101	9,187
Germany	1,313	3,653	4,011
United Kingdom	606	292	3,982
Other	2,652	2,532	5,871
World	177,463	198,862	168,474
$/Ton	613	588	533

Source: Global Trade Atlas

Imports of Crustaceans by Country of Origin (Volume: Tons)

Country/Year	Jan-Dec 2012	Jan-Dec 2013	Jan-Dec 2014
Canada	35,117	39,772	39,202
Ecuador	6,375	7,350	16,777
United States	15,150	15,146	13,892
Indonesia	8,384	7,692	9,647
Thailand	11,440	9,632	8,052
Bangladesh	5,459	6,499	6,731
Argentina	2,696	5,902	6,459
India	4,525	7,332	5,973
Greenland	6,004	7,843	5,543
China	22	3,779	5,065
Myanmar	5,830	5,531	5,047
Russia	3,353	3,412	3,204
Other	23,152	23,636	27,329
Total	127,507	143,526	152,921
$/Ton	8,842	9,939	10,895

Source: Global Trade Atlas

Imports of Mollusks and Other by Country of Origin (Volume: Tons)

Country/Year	Jan-Dec 2012	Jan-Dec 2013	Jan-Dec 2014
United States	66,387	76,442	74,222
Korea North	56,554	55,458	69,926
Taiwan	5,595	11,912	44,414
China	19,302	7,739	35,672
Korea South	19,906	44,753	32,609
Japan	22,729	26,692	31,162
Indonesia	17,083	31,831	29,050
Argentina	10,565	24,600	23,968
Peru	34,397	29,277	20,420
Other	59,472	59,237	61,944

World	311,990	367,941	423,387
$/Ton	2,204	2,150	1,904

Source: Global Trade Atlas

Imports of Fishmeal by Country of Origin (Volume: Tons)

Country/Year	Jan-Dec 2012	Jan-Dec 2013	Jan-Dec 2014
Peru	708,704	459,600	510,595
United States	172,097	108,815	96,862
Chile	125,193	115,936	94,233
Vietnam	50,095	66,882	72,461
Thailand	20,820	32,125	68,761
Russia	47,763	49,158	47,149
Mexico	37,903	30,305	29,193
Pakistan	13,526	13,712	22,424
Ecuador	20,002	41,777	22,233
South Africa	17,504	1,210	14,760
Other	32,283	56,435	59,845
World	1,245,890	975,955	1,038,516
Price ($/MT)	1,357	1,713	1,501

Source: Global Trade Atlas

Exports of Fish Fillet by Destination (Value: $ million)

Country/Year	Jan-Dec 2012	Jan-Dec 2013	Jan-Dec 2014
United States	272,746	273,718	270,565
Japan	164,378	152,797	157,660
Germany	132,462	132,167	129,618
Brazil	58,749	67,997	57,833
United Kingdom	42,261	51,753	55,260
France	36,674	39,701	40,808
Poland	34,372	41,715	32,322
Canada	25,704	27,342	29,315
Spain	23,411	22,992	26,874
Russia	33,271	32,976	25,292
Korea South	22,368	25,754	25,161
Mexico	22,128	26,332	24,595
Netherlands	19,432	18,810	20,000
Hong Kong	11,993	12,420	17,338
Belgium	15,658	17,202	14,550
Others	99,115	105,372	128,256

Total	1,014,722	1,049,048	1,055,447
$/Ton	4,159	4,115	4,435

Source: Global Trade Atlas

Exports of Prepared and Preserved Crustacean and Mollusks by Destination (Value: $ million)

Country/Year	Jan-Dec 2012	Jan-Dec 2013	Jan-Dec 2014
Japan	107,424	110,449	106,098
United States	84,034	86,739	81,544
Korea South	37,308	33,440	32,863
Hong Kong	29,440	31,510	20,892
Taiwan	17,286	15,273	19,663
Russia	11,646	14,700	16,759
Australia	11,451	12,275	11,570
Thailand	7,603	10,466	9,569
Canada	10,360	10,456	9,065
Malaysia	22,220	18,015	7,932
Mexico	8,343	11,486	7,742
Others	45,106	44,966	42,041
Total	392,221	399,775	365,738
$/Ton	9,633	9,636	10,338

Source: Global Trade Atlas

Exports of Shrimps and Prawns by Destination (Volume: Tons)

Country/Year	Jan-Dec 2012	Jan-Dec 2013	Jan-Dec 2014
United States	37,621	34,893	33,622
Japan	40,889	37,235	32,659
Malaysia	34,827	29,007	29,222
Hong Kong	20,470	23,801	22,365
Spain	16,538	17,988	16,869
Korea South	31,039	21,504	14,171
Taiwan	13,072	13,269	12,728
Australia	10,970	13,348	12,446
Russia	11,927	14,901	10,770
Others	56,283	63,977	48,378
Total	273,636	269,923	233,230

$/Ton	8,233	9,404	10,954

Source: Global Trade Atlas

Exports of All Tilapia Products by Destination (Volume: Tons)

Country/Year	Jan-Dec 2012	Jan-Dec 2013	Jan-Dec 2014
United States	171,785	176,855	178,110
Mexico	39,402	53,578	51,565
Cote d Ivoire	16,875	19,352	22,291
Zambia	3,835	11,523	15,013
Israel	10,988	9,063	12,258
Cameroon	6,653	8,362	10,611
Iran	1,751	3,420	9,424
Angola	7,967	6,377	9,401
Congo Dem. Rep.	5,367	5,947	8,111
Others	97,400	109,158	86,184
World	362,023	403,635	402,968
$/Ton	3,214	3,591	3,763

Source: Global Trade Atlas

Exports of Tilapia Fillet Frozen by Destination (Volume: Tons)

Country	Jan-Dec 2012	Jan-Oct 2013	Jan-Dec 2014
United States	108,825	102,463	97,971
Mexico	20,874	25,061	23,151
Israel	4,924	3,319	9,415
Iran	1,739	3,420	9,286
Russia	18,036	18,662	6,878
Spain	3,726	4,679	3,669
Poland	3,914	5,757	2,994
Peru	827	1,460	2,161
Other	16,769	17,319	14,845
World	179,634	182,140	170,370
$/Ton	3,918	4,355	4,570

Source: Global Trade Atlas