

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT POLICY

Voluntary - Public

Date: 12/21/2010

GAIN Report Number: CH10605

China - Peoples Republic of

Post: Guangzhou

South China Imported Seafood Market

Report Categories:

Market Development Reports

Approved By:

Jorge, Sanchez

Prepared By:

Vivian Xian

Report Highlights:

The U.S. is ranked the second largest seafood supplier to China while Russia is taking the lead. China imported \$548.68 million worth of U.S. seafood products in 2009. Different than the processed and then re-exported pattern in the north, South China remains as the end consumer of high value imported seafood products.

General Information: South China Imported Seafood Market

Industry overview

Shandong and Liaoning provinces are the main seafood processing bases in China; thus, the cities of Qingdao and Dalian remain the top destinations for imported seafood to China. Guangdong, one of the wealthiest regions in the country, remains the leading consumer of imported seafood.

The majority of imported seafood is shipped into China frozen while some higher value products can be sourced chilled or even live.

Seafood imports are separated into two main categories:

- Higher value seafood for domestic consumption such as live lobster, oysters, and dried or frozen abalone
- Seafood to be processed for re-exports, such as hoki, roughy, dory, squid, and low-priced salmon (pink or chum)

Distribution/Cold Chain Development

Major wholesale markets for imported seafood products:

- Shenzhen Yantian Seafood Market (live and frozen imported seafood)
- Guangzhou Huangsha Seafood Wholesale Market (live and frozen imported seafood)
- Guangzhou Huanqiu Seafood Wholesale Market (live and frozen imported seafood)
- Guangzhou Fangcun Haihe Seafood Wholesale Market (frozen imported seafood)

Most live seafood imports to China arrive in Shenzhen due to its convenient location just north of Hong Kong. According to industry sources, more than half of the live seafood entering Shenzhen is sent to Guangzhou, and from there distributed to all of China.

Due to readily available freight services, means of land transport, better infrastructure, and no tariffs on imported seafood products, Hong Kong remains a major hub for re-exports of live and higher value seafood products to South China. Some industry sources estimate that at least 50 percent of high value seafood products are transshipped to Guangdong.

Freshness is one of the key factors of Chinese consumption preferences for seafood products as the flavor of Cantonese dishes depend largely on the freshness of food ingredients.

South China, especially the Pearl River Delta, is one of the most competitive fish and seafood markets in the world because of a traditional love for seafood and the presence of a large number of seafood importers and traders. Though the market is fairly mature in South China, it is highly fragmented with a complicated but efficient channel of distribution.

It is worth noting that the increasing demand for safer food through improved cold chain management at all levels of trade, including the retail and food services, is reshaping the industry. Those intermediaries who are not able or cannot afford to equip themselves to preserve the integrity of their food products will be forced

out of the market. It is important for U.S. seafood exporters to partner with those companies who have the right logistics.

Competition

U.S. seafood suppliers should realize that they are constantly competing with suppliers from around the world in the South China market. Product displacement is common and buyer loyalty has to be established through business communications and regular personal contact. It is essential to provide sufficient marketing support to South China importers to win market share.

The main seafood exports from competitors include: high value dried seafood products from Japan such as dried abalone and scallop; high value live seafood including crayfish, abalone, rock lobster, crab, oyster and coral fish from Australia; high value live seafood including rock lobster, abalone and frozen mussel from New Zealand; Chilled salmon from Norway; frozen plaice, Pacific salmon, cod, herring, and halibut from Russia; Boston lobster, surf clams, geoduck, and sea cucumber from Canada. Domestic production is largely comprised of lower value freshwater fish and seafood products.

Recommendations

Quality awareness of several U.S. fish and seafood items still requires improvement. Chefs, buyers, and consumers are not fully aware of the characteristics of U.S. salmon, halibut, Boston lobster, scallop, and conch meat. Intensive education campaigns will have to be conducted to promote our product differentiation and value for money concept.

U.S. food products are generally recognized by South China consumers as safe and wholesome, and therefore have a competitive advantage over other products of Asian origin. However, the premium that consumers are willing to pay for a quality product is marginal. U.S. seafood suppliers should therefore adopt aggressive pricing strategies if they are aiming at the mass market.

Extended Information and Resources

Alaska Seafood Marketing Institute (ASMI):

<http://www.alaskaseafood.org/>

Food Export USA – Northeast:

<http://www.foodexportusa.org/>

ATO Guangzhou Marketing Specialists:

http://www.usdachina.org/contact_us_details.asp?functionID=110703