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I. Glance on China seafood



1. Production:

In 2014:

- Seafood production : **64.5 million MT, up 4.5%** y-o-y
- Farmed seafood: **47.62 million MT**, (equals to 73.83% of total seafood produced), up 4.9%
- Captured seafood: **16,88 million MT**, up 3.5%
- Seafood production growth: 4.5%, higher than poultry and pork
- Seafood price rises more speedy than volume

2. Exports:

- **Volume (2014): > 4 million MT (up 5%)**
- **Value (2014): > US\$ 20.8 billion US\$ (up 7%)**
- **Fish frozen fillet** (pollock, tilapia, cod, salmon, flounder, tuna, catfish...) 22% of seafood exports
Volume: 1 million MT ; Value: US\$ 4.6 billion
- **Tilapia frozen fillet exports:**
Volume: 170 thousand MT (down 6%)
Value: US\$ 778.5 million , (down 2%)
Average price: US\$ 4.57/kg (up 5%)
- **Shrimp exports** - to Malaysia, Hong Kong, US, Japan, Taiwan
Volume: 233 thousand MT (down 14%)
Value: US\$ 2.55 million (up 16%)
Average price : US\$ 10.95/kg (up 16%)

Exports:

Seafood exports from China, January - April 2015						
Products	Value (US\$ thousand)			Volume (MT)		
	Jan - Apr 2014	Jan - Apr 2015	Variation %	Jan - Apr 2014	Jan - Apr 2015	Variation %
Total	5,903	5,961	1.0	1,138,780	1,183,939	4.0
Other marine fish	1,594	1,596	0.2	452,031	465,434	3.0
Cephalopod	833	967	16.1	137,969	158,465	14.9
Shrimp	681	548	-19.5	62,753	51,561	-17.8
Bivalve	437	471	7.7	77,001	81,320	5.6
Crab	342	347	1.6	24,983	23,986	-4.0
Tuna	195	282	44.7	38,335	58,703	53.1
Salmon	209	188	-10.1	36,360	30,108	-17.2
Tilapia	88	74	-15.4	38,768	34,011	-12.3
Pangasius	18	19	4.4	4,058	3,954	-2.6
Other	1,507	1,468	-2.5	266,522	276,397	3.7

3. Import:

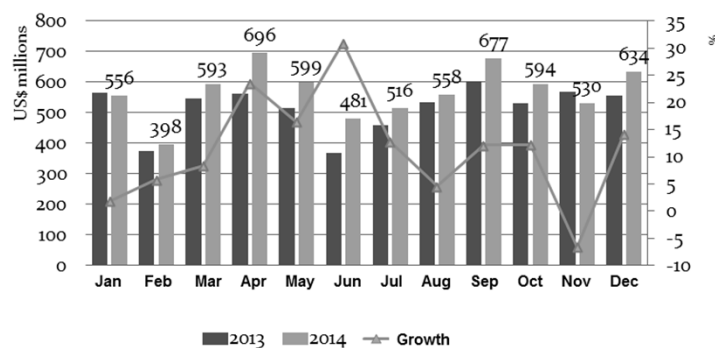
-Volume (2014): **2.879 million MT** (up 4%)

-**Value (2014): US\$ 6.8 billion** (up 11%)

-Sources: 115 countries

-Top 5 sources: Russia (18.5%), the US (17.3%), Norway (7.8%), Canada (6.8%) and New Zealand (5.3%)

China seafood imports 2013 - 2014



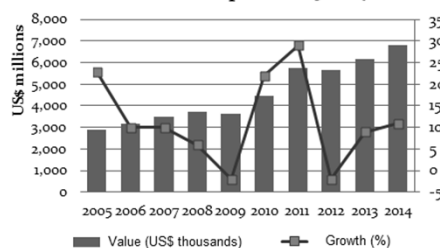
Imports

China Seafood imports, Jan- Apr 2015

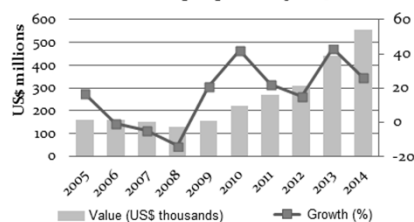
Product	Value (thousand US\$)			Volume (MT)		
	Jan – Apr 2014	Jan – Apr 2015	Variation %	Jan – Apr 2014	Jan – Apr 2015	Variation %
Total	2,242,723	2,145,408	-4.3	984,999	966,769	-1.9
Other marine fish	1,148,923	1,022,086	-11.0	736,859	687,809	-6.7
Salmon	204,890	172,924	-15.6	48,696	33,397	-31.4
Shrimp	159,708	172,458	8.0	20,382	21,050	3.3
Crab	183,734	162,374	-11.6	18,901	15,846	-16.2
Cephalopod	130,830	134,538	2.8	73,470	85,066	15.8
Bivalve mollusk	62,045	111,857	80.3	16,792	35,122	109.2
Tuna	44,431	44,515	0.2	31,666	35,461	12.0
Pangasius	4,644	7,535	62.3	2,004,594	3,242	61.7
Others	303,518	317,121	4.5	36,227	49,776	37.4

Imports

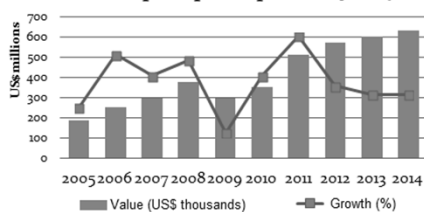
China seafood imports 2005-2014



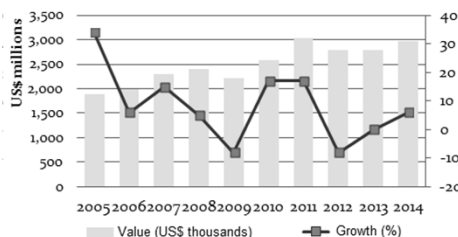
China shrimp imports 2005-2014



China cephalopod imports 2005-2014



China other marine fish imports 2005-2014



4. Forecast on consumption trends

- **Domestic demand** has been the focus of processing plants and seafood farmers in China
- **Chinese middle class** becomes new customers high value species (salmon, scallops and lobster) for providers in Western and Asian countries
- **Fresh seafood consumption increases** by 4.6%/year (2008 - 2013) ; volume: 36.6 million MT (2013); forecast to grow by 5.9% to 48.8 million MT in 2018; eco seafood sales accounts 0.5%
- **Consumption per capita expected to grow:** 33.1 kg (in 2010) to 35.9 kg in 2020
- **Middle class and the growing young population** will purchase more imported seafood for quality and safety
- **Higher income** promotes demand for local high-quality seafood and imported goods.

Forecast on consumption trends

- Consumption in homes of carp, brackish water shrimp will be better
- Consumers in northern China prefer marine products such as yellow croaker, largehead hairtail
- Cod, squid, halibut and mackerel are popular products consumed
- Shrimp, crab and fillet tilapia are increasingly popular with busy lifestyles
- High priced imported seafood such as lobster, snout, salmon and crab are usually consumed in restaurants.

Forecast on consumption trends

Fresh seafood consumption in China (thousand MT)							
Species	2013	2014	2015	2016	2017	2018	Average growth 2013-2018
Fish	22,993	24,326	25,786	27,384	29,000	30,653	5.9%
Molluscs	9,609	10,080	10,584	11,135	11,669	12,206	4.9%
Crustacean	4,011	4,332	4,687	5,076	5,482	5,899	8.0%
Total	36,613	38,738	41,057	43,595	46,151	48,758	5.9%

II. Vietnam seafood exports to China

-China is Vietnam's **4th** biggest seafood importing markets, representing 8% of total exports of Vietnam in 2014.

-Share of shrimp in seafood exports from Vietnam to China increased:

13% (in 2003)

=> **64%** (in 2011)

=> **60%** (in 2012)

=> **66.6%** (in 2013)

=> **70%** (in 2014)

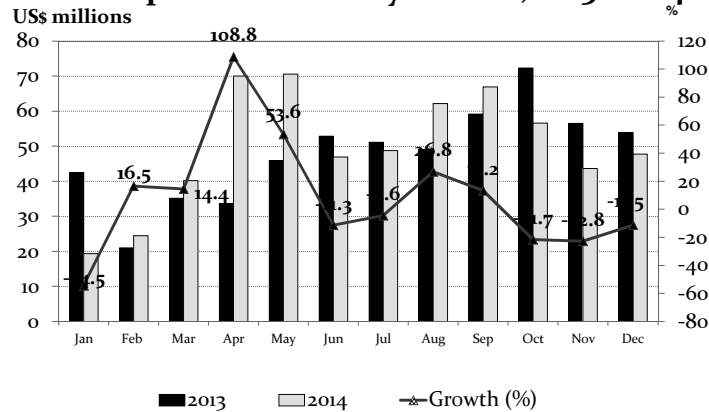
Vietnam seafood exports to China, 2004 - 2014		
Year	Value (million US\$)	Growth (%)
2005	134.401	2.4
2006	145.573	8.3
2007	152.710	4.9
2008	157.139	2.9
2009	201.723	28.4
2010	247.252	22.6
2011	347.905	40.7
2012	419.177	20.5
2013	572.717	36.6
2014	597.136	4.3

(From Report on Vietnam seafood exports 2014)

1. Seafood exports

In 2014, seafood exports to China reached **US\$ 597 million**, up 4.3%, slower than 2012 – 2013

Seafood exports to China by month, 2013 - 2014



(From Report on Vietnam seafood exports 2014)

1. Seafood exports

- Shrimp exports account over **70%**
- Frozen raw shrimp accounts **95%**, processed shrimp 5%.

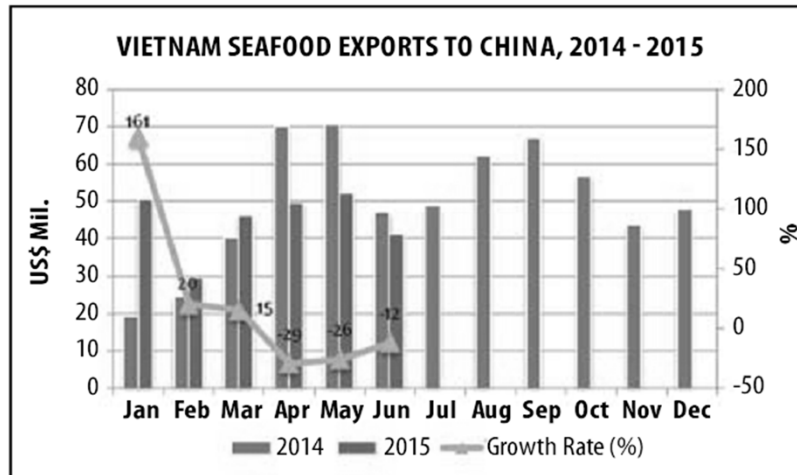
- Exports of shrimp, tuna, pangasius climb
- Exports of cephalopod, crab decline

Seafood products exported to China 2014			
Product		Value (US\$)	Compared to 2013 (%)
Pangasius	Total	113,152,154	+24.2
	HS16	935,418	+97.9
	HS03	112,216,736	+23.8
Shrimp	Total	414,065,174	+8.6
	HS16	19,501,028	+37.6
	HS03	394,564,146	+7.5
Tuna	Total	15,626,144	+26.4
	HS16	2,840,541	-10.6
	HS03	12,785,603	+39.1
Molluscs		24,084,281	-1.9
Crab		3,888,462	-49.6
Marine fish		59,239,393	+6.2

(From Report on Vietnam seafood exports 2014)

Seafood exports 2015

In H1/2015: Export to China reached **US\$ 269 million**, down 0.8 % because shrimp exports down 28%



Seafood exports 2015

Seafood products exported to China & Hong Kong (US\$)				
Product		Jan-Jun 2015	Variation (%)	Proportion (%)
Pangasius	Total	70,199,136	+50.7	26.1
	HS16	243,660	-56.9	
	HS03	69,955,476	+52.1	
Shrimp	Total	153,369,586	-28.0	57.0
	HS16	7,334,408	-20.6	
	HS03	146,035,177	-28.3	
Tuna	Total	5,887,280	-27.3	2.2
	HS16	1,277,813	-30.8	
	HS03	4,609,468	-26.3	
Mollucs		12,089,259	+13.8	4.5
Crab		2,717,541	+34.9	1.0
Marine fish		24,781,548	+3.1	9.2

(From Report on Vietnam seafood exports- QII/2015)

2. Shrimp exports

Shrimp exports from Vietnam to China				
Year	Production (MT)	Production growth (%)	Export value (million US\$)	Value growth (%)
2000	3,918	3.5	25.573	-15.6
2001	3,153	-19.5	25.063	-2.0
2002	4,284	35.9	37.205	+48.4
2003	2,881	-32.7	19.683	-47.1
2004	2,817	-2.2	19.933	+1.3
2005	3,967	40.8	28.998	+45.5
2006	4,275	7.8	34.496	+19.0
2007	4,584	7.2	36.790	+6.7
2008	6,049	32.0	48.919	+33.0
2009	12,985	114.7	99.541	+103.5
2010	19,187	47.8	144.423	+45.1
2011	27,565	43.7	223.664	+54.9
2012	30,235	9.7	255.431	+14.2
2013	-	-	381.171	+49.1
2014			414.065	+8.6

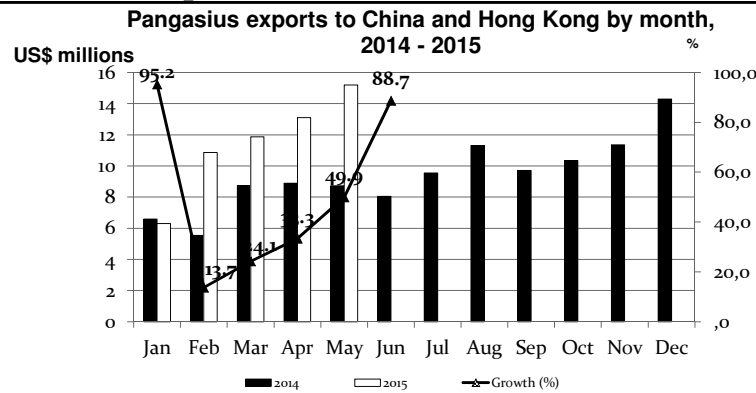
3. Pangasius exports

Pangasius exports to China has grown significantly in the last 5 years (21-31%).

Pangasius exports to China				
Year	Volume (MT)	Value (million US\$)	Value growth (%)	Average price (US\$ /kg)
2005	16,353	32,379		1.98
2006	17,678	37,377	15.4	2.11
2007	18,214	38,803	3.8	2.13
2008	18,519	35,975	-7.3	1.94
2009	19,481	35,338	-1.8	1.81
2010	23,752	42,941	21.5	1.81
2011		55,488	29.2	
2012		72,967	31.5	
2013		91,114	24.9	
2014		113,152	24.2	

A potential but not sustainable market?

In H1/2015, pangasius exports to China reached US\$ 70.15 million , up 50.7%



(From Report on Vietnam seafood exports- QII/2015)

A potential but not sustainable market?

3 REASONS FOR GROWTH IN EXPORT TO CHINA IN 2015

1.

- As demand in major importing market such as the US, EU, ASEAN, Mexico and Brazil reduce, market diversity is a must and China is a new and potential one

2.

- Beside the purpose of consumption, China also imported pangasius to process and export to the US

3.

- To sustainably develop domestic seafood industry, Chinese government offered a new credit package of 20 billion Yuan beside other policies to encourage imports

A potential but not sustainable market?

- Despite being a potential market for pangasius from Vietnam, most trading activities are cross-border
 - Just over 10% of the imported products were for restaurants, mostly for other domestic consumption and processing for exports. Quality is not highly required, which is not good for reputation of exported pangasius and other seafood
- => Potential risks of price, payment, quality requirements = not a stable market
- But still, it is a potential alternative market while demand major markets decline

III. ADVANTAGES AND CHALLENGES IN EXPORTING SEAFOOD TO CHINA

1. Advantages

The market:

- a huge market, full of potentials for seafood exports from Vietnam
- high economic growth
- demand for seafood increases

Geographical advantage:

- neighbor country, short transport by road and sea- saving time
- long history of trade relation, understanding needs of Chinese

Requirements: requirements on quality and technical standards are not as high as other major markets

2. Challenges

- China has regulations on protecting fisheries resources, but legal system for foreign trade of seafood is not complete
- Bargaining is the biggest obstacle.
- Strict foreign currency policy => limiting payment in USD or by L/C
- B/L gives higher risks and tariff on imported seafood products is generally higher comparing to the US, Japan and other Asian countries.

Challenges

- Since 2012, China requires seafood from other countries to **register with Chinese authorities**. Vietnamese seafood businesses has to register with Certification and Accreditation Administration of China (CNCA).
- **Unstable market** in volume and price
- **Customs procedures in border gates**: Vietnamese side is less flexible while China just cares about benefits.
- Vietnamese companies **lack of information** on trends of the market

Challenges

- **Most export products are raw, low value**
- **Middlemen collect raw seafood**, especially shrimp and octopus to China with very high price => increasing exports of raw materials=> Vietnamese enterprises lack of raw material => imbalance in export structure, affect the strategic development and investment efficiency
- **Quality problems**, especially antibiotics and contaminants in shrimp, affecting reputation

IV. FORECAST ON SEAFOOD EXPORTS TO CHINA

- Shrimp **export** to China will continue to decline as Chinese stock market crash impacts on the middle class, driving demand for high priced products to decrease.
- Opportunities to exports of frozen **pangasius and other marine fish** are still open
- In 2015, seafood exports to China will be **US\$ 580 million, down nearly 3%**.
- **Outlook:** seafood exports to China will be pushed up when demand in this market gets higher

V. Some notes on trading with China

- *General regulations of China, see on website:*
<http://vasep.com.vn/doc/Mot-so-dieu-can-biet-khi-kinh-doanh-voi-Trung-Quoc.pdf>



References



Report on Vietnam seafood exports

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VASEP portal

vasep.com.vn



Websites of VIETRADE, International Trade Centre (ITC) and other websites

Thank you !

