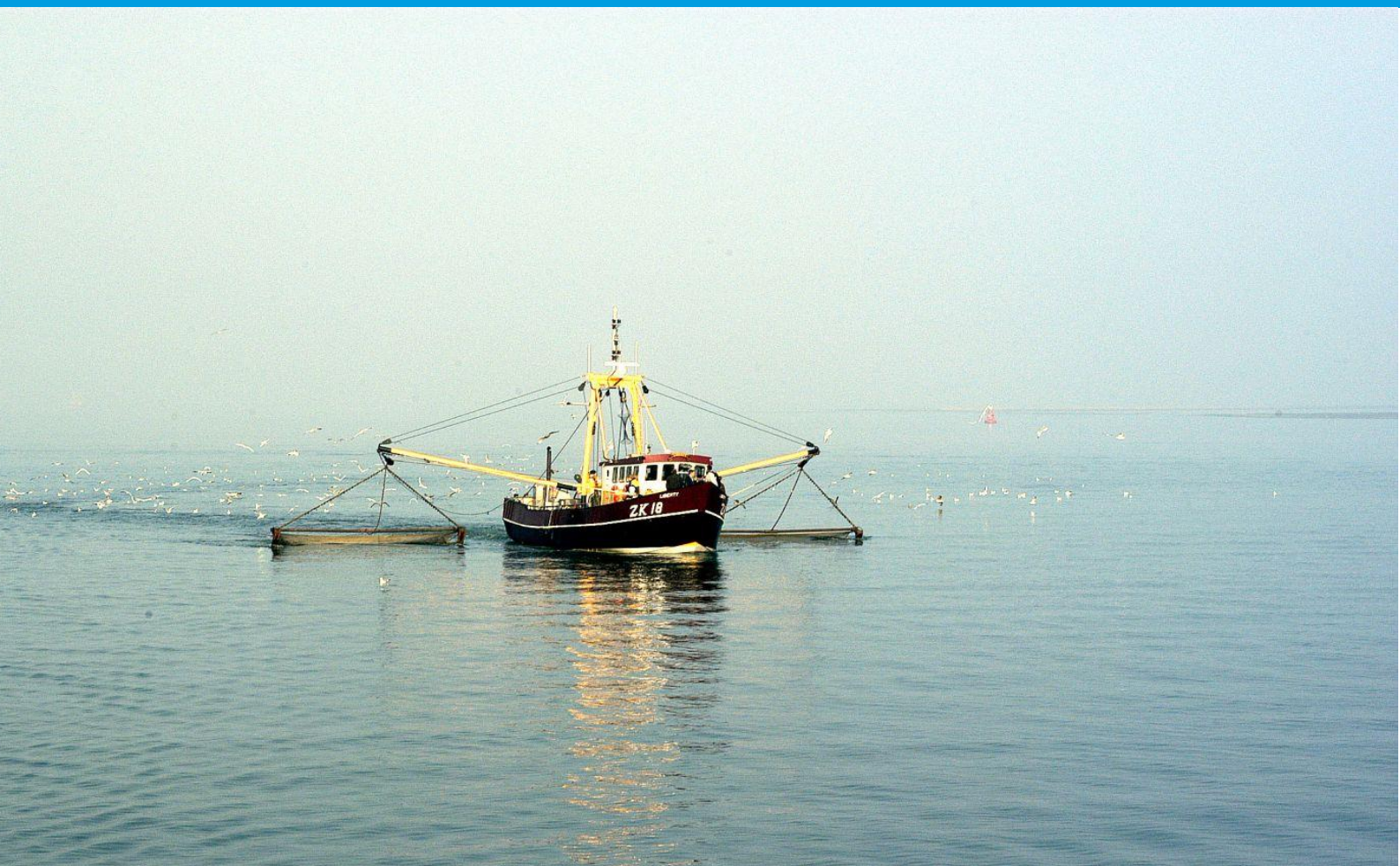
Rijksdienst voor Ondernemend Nederland

Sector Fishery
NBSO Qingdao

>> Duurzaam, Agrarisch, Innovatief en Internationaal ondernemen



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1. Fishery industry in China

As the largest producer of fish, China is also the world's largest exporter of fish and fishery products, with Japan, the United States, the EU and South Korea as main markets. The China seas contain about 3,000 marine species, of which more than 150 species are fished commercially. Some major marine fishing species in recent times are hairtail, chub mackerel, black scraper, anchovy and some species of shrimps, crabs and smaller fishes.

China is not only the biggest fishery producer, but also the largest fish processor. Around half million people, many young women, are estimated to work in China's fish-processing sector, which is concentrated around Qingdao in Shandong Province, around Dalian in Liaoning Province and in Fujian Province.

As it is with many other commodities, China is a major trading nation in fishery products. The main import is whole frozen fish, around 2 million tons per year, accounting for over two thirds of its total fishery imports, which supplies national consumption as well as processing of whitefish fillets for re-exports. The main species include both mid-range ones, of which the domestic supply cannot satisfy the increasing demand, like hairtail, yellow croaker, pomfret, squid, etc., and high-end ones, which cannot be provided locally in large amount due to the production technology and geographical limitations, like Norway salmon, turbot and abalone. Frozen crustacean and molluscs are also important and account for around 10% respectively of imports. The main suppliers are Russia and USA, accounting for one third of the total imports, followed by Peru, ASEAN, Chile, Norway, EU and Japan.

Sales of Fish and Seafood by Category: Total Volume 2009-2014

'000 tonnes	2009	2010	2011	2012	2013	2014
Crustaceans	3,128.2	3,278.7	3,446.8	3,717.2	4,010.9	4,331.7
Fish	18,912.4	19,799.4	20,648.8	21,773.3	22,992.6	24,326.1
Molluscs and Cephalopods	8,230.4	8,497.1	8,762.2	9,169.1	9,609.3	10,080.1
Fish and Seafood	30,271.0	31,575.2	32,857.7	34,659.6	36,612.7	38,738.0

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Food security concern is a big drive for the future development of fishery industry in China. To cover the gap in its grain demand and supply and to satisfy the diversified Chinese diet, China expects that the fishery trade will continue to expand. There is higher demand of foreign fishery products, considering the food safety issues in China and higher incomes.

In addition, strengthening fishing cooperation with regional countries is considered as a key aspect in building the 21st Century Maritime Silk Road, part of the "One Belt One Road" strategy, and the fishery industry development has been actively advocated by major fishing provinces, such as Shandong, Zhejiang, Fujian and Guangxi.

2. Fishery industry in Shandong

Shandong Province (hereinafter Shandong) lies on the east coast of China; it covers a land area of 157,000 km^2 and has a coastline of 3,000 km, 1/6 of China's total. Shandong is the second most populous province in China with a total population of 97 million (2014).

From a business perspective, Shandong has been the third economic power in China in terms of GDP, after Guangdong and Jiangsu. Shandong is known as a leading province in agriculture; with its output of aquatic products, especially seawater aquatic products, ranking first in China.

In 2014, the output of aquatic products in Shandong amounted to 9,037,000 tons, a year on year increase of 4.7%, including seawater aquatic products of 7,461,000 tons. The gross output value and added value of fishery industry in Shandong totaled to 148.175 billion RMB and 90.881 billion RMB, accounting for 16.1% and 18.2% of the agriculture industry.

Aquatic Products Shandong	Amount (10,000 tons)	Year on year
Total 2014	903.7	4.7% up
Seawater artificially cultured	479.9	5.1% up
inshore fishing (captured)	229.7	0.8% down
Distant water fishing (captured)	36.5	222.9% up
Freshwater artificially cultured	146.4	2.1% down
Freshwater fishing (captured)	11.2	21.3% down

Source: Shandong Ocean and Fishery Department

3. Development trends and promising aspects

The fishing industry in China has witnessed two structural changes. One is the remarkable shift of the fishery production structure from catch dominance to aquaculture, and the other is the outward expansion of China's marine fishery sector, which is evident on two fronts: the shift from inshore fishing to offshore fishing, and the expansion of the county's distant-water fishing fleet.

Fishery industry in Shandong tops among the Chinese provinces for many years, and in recent years, it shows the following features and development trends,

- Repair fishery resources
  Since 2005, Shandong government has started the fishery resources repair action by launching fries of different aquatic animals inshore, totaled to 35 billion pieces, with input-output ratio of 1:15, which has also improved the wellbeing of fishermen.

- Build modern fishery parks

In recent years, Shandong has established over 200 provincial-level modern fishery parks, with higher level of standards and efficient and environment-friendly production. The largest fishery park, located in Dongying, covers an area of 20,000 hectares.

- Promote fishery brands
  Since 2008, Shandong government started to promote the top 10 Shandong fishery brands, the output of which accounts nearly 20% of the total aquatic products in Shandong and over 45% of its fishery output value.

- Develop leisure fishing industry
  The development of leisure fishing is driven by the emerging marine tourism and modern fishery industries. By 2016, 15 provincial-level leisure fishing demonstration parks will be built in Qingdao, Yantai, Weihai and Rizhao, with annual capacity of 200,000 visitors and to host fishing competitions at both national and provincial levels.

- Improve water quality by raising special fish species
  Some fish species, like silver carp and bighead carp, feeding on zooplankter and phytoplankton, can improve water quality by transforming the nitrogen and phosphorus in the water. Since 2005, Shandong government has launched several batches of fishes into the water source areas and urban water systems, to maintain and improve the water quality.

- Accelerate distant water fishery
  In 2014, the yield of Shandong distant water fishery amounted to 370,000 tons, worth 3.3 billion RMB, a year on year increase of 215% in output and 113% in output value.

4. Restrictions and opportunities for Dutch companies

China's marine fishery sector is expected to contribute to China's food security by achieving self-sufficiency in fishery products. Facing the rising demand and declining catch production, particularly in its inshore water, the fishery industry still has some challenges to overcome, where opportunities are seen for the Dutch business.

First, aquaculture has been largely expanded in last two decades, which results in a surge in demand for low-value trash fish and fishmeal, as important sources of feeds for aquaculture. The domestic production of fishmeal cannot meet the rapidly rising demand and China is currently the largest importer of fishmeal in the world.

Second, Chinese consumers are increasingly concerned about food quality and safety, and given the higher incomes and widespread food safety scandals in China, there is higher demand for better quality foreign fishery products.

Third, as demand for processed seafood rises, China has been developed into the largest fishery processer; however, the utilization rate and efficiency are not high enough. The production, processing and export of fishery products also require high-level cold chain logistics and aseptic packaging, while the current facility and capacity in China are still limited.

Fourth, despite China now having the largest distant-water fleet in the world, its fleet struggles with a number of problems, such as inadequate equipment and lack of technology. China plans to expand its distant-water fishing industry and modernize its fleets through state subsidies, to improve the quality of fishing operations.

To guide the fishery industry development during the 13th Five Year Plan (2016-2020), on December 31st, 2014, Shandong government issued an official document regarding the

construction of "Blue Granary", to ensure the food safety and to upgrade the fishery industry. Despite its advantages in this sector, some restrictions do exist and limit the implementation of the plan,

- Due to overfishing, pollution and land reclamation, the traditional fishery resources in Shandong are decaying, with obvious decrease in species diversity, requesting the upgrade of industry structure.

- Fishery infrastructure and public service systems are still to be improved, including the old fishing ports and vessels, aquaculture facilities, lower processing efficiency and the level of mechanization, as well as incomplete fishery products tracing systems, disease prevention and control systems.

- There are 1,561 fishery cooperatives in Shandong, including 16 at a national level, which involve only 15.2% of its total fishermen, indicating that the production scale and standardization are to be promoted.

- Fishery industry in Shandong has not been covered by policy-based insurance, and some related commercial insurances are just launched in pilot areas.

5. Basic legislation and export procedures

The Bureau of Fisheries, falling under the Ministry of Agriculture, is the main administrative body governing the fisheries and aquaculture sector, through the support of several bodies at national level, as well as local fisheries authorities. There are also fisheries law enforcement agencies or fisheries management commissions, as well as environment monitoring stations in major ports and inland water areas of the country.

The Fisheries Law (1986, as amended in 2000) seeks to enhance the production, increase, development and reasonable utilization of the nation's fishery resources. It requires the state to adopt a policy that calls for simultaneous development of aquaculture, fishing and processing, with special emphasis on aquaculture. The Law is implemented by the Regulation for the Implementation of the Fisheries Law (1987).

To export fishery products to China, the first step is to make sure which species are allowed to export to China from the Netherlands[1]. As the list will be updated sometimes by The Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) without separate notification, it is important to double check with a Chinese importer before shipment. It is compulsory for the oversea manufacturers, exporters or agents to register in the AQSIQ system, and with the registration number, the Chinese importer can apply import permits and customs clearance.

For Dutch companies that want to export fish and fishery products to China it is also required that they are approved and registered by CNCA (registration department AQSIQ). Applications for this purpose may be submitted to the Netherlands Food and Consumer Product Safety Authority (De Nederlandse Voedsel- en Warenautoriteit (NVWA)), which are then passed, through the Embassy, to the Chinese authorities; after approval follows publication on the list.

A health certificate on imported food is also requested for every shipment. Health certficates are issued by Visfederatie or NVWA, where the exporter can also check if the species are allowed to be exported to China. A specific certificate is requested for fish and fish products[2].

[1] For the full list, please send email to nbsoqingdao@nbsoqingdao.com

[2] For details, please refer to the website of NVWA

Considering the large market area and procedures in China, it will be much easier and more efficient to cooperate with a reliable local partner.

6. Relevant resources

- Leading fishery companies(import & export) in Shandong

1. Pacific Andes Food Company Ltd. (in Qingdao)
www.pacificandes.com

2. Qingdao Donggang Foodstuffs Group Co., Ltd (in Qingdao)
http://www.chinadonggang.cn/

3. Qingdao Yilufa Group (in Qingdao)
http://en.yilufa.cn/

4. Shandong Meijia Group (in Rizhao)
http://www.rzmeijia.com/English/

5. Rizhao Smart Foods Co., Ltd (in Rizhao)
http://www.smartfoods.com.cn/Enindex.asp

6. Shandong Rongsense Co., Ltd (in Rizhao)
http://www.rongsense.com/index.asp

7. Shandong Zhonglu Oceanic Fisheries Co., Ltd (in Yantai)
http://www.zofco.cn/

8. Shandong Tonghe Aquatic Products Co., Ltd (in Dongying)
http://www.sdthsc.net/

- Useful websites

Chinese Academy of Fishery Sciences
http://www.cafs.ac.cn/english/

China Fishery Administration Bureau
http://www.yyj.moa.gov.cn/

China Fisheries Association
http://www.china-cfa.org/

Shandong Ocean and Fishery Department
http://www.hssd.gov.cn/

Food and Agriculture Organization of United Nations
http://www.fao.org/fishery/countrysector/naso_china/en

- Key fair

China Fisheries & Seafood Expo, Nov.2-4, 2016
http://chinaseafoodexpo.com/
It is the largest seafood and fishery exhibition in Asia, and it will be an opportunity for Dutch exporters to meet with potential clients. Holland Pavilions were organized in both 2014 and 2015 at the Expo[3].

[3] For more information about the expo and Holland Pavilion, please send email to nbsoqingdao@nbsoqingdao.com

7. Preference

[1]. China Statistical Yearbook 2014, National Bureau of Statistics of China
[2]. China's12th Five-Year Plan on Fishery Development
[3]. China's Fishing Industry: Current Status, Government Policies, and Future Prospects
[4]. National Aquaculture Sector Overview, China. Food and Agriculture Organization of United Nations, 2014
[5]. National Aquaculture Legislation Overview, China. FAO, 2013
[6]. Opinions of the Shandong Government on Promoting the Construction of Blue Granary. Shandong Ocean and Fishery Department, 2015.
[7]. Several Opinions of the State Council on Promoting the Sustainable and Healthy Development of Ocean Fishing Industry. State Council, 2013
[8]. The Role of China In World Fisheries. European Parliament, 2012

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