MARKETING NEWS

MPEDA participates in China Fisheries & Seafood Expo-2014

China as a seafood trader

China is the world's largest producer, consumer, importer and exporter of fishery products - handling more than 35% of global production. Imports of seafood products to meet growing country consumption are projected to increase. Seafood consumption in China increased rapidly from 11.5 Kg per person in 1990 to 25.4 Kg in 2004, and is predicted to increase to 35.9 Kg per year in 2020. In 2005 China's middle class accounted for 90 million people; this is expected to increase to 650 Million by 2015.

According to the Rabobank’s China report, the country has the potential to become a US$ 20 billion seafood import market by the end of the current decade, with rising income and increasing domestic demand for seafood, particularly premium species.

According to Global Trade Atlas data, total fishery import in to China during 2012 were valued at more than US$ 5.50 billion. Russia was the leading supplier with a total market share of 24%, followed by Norway (7%), Canada (6%) and New Zealand (5%). The bulk of

Chinese seafood market - Snap shot

- China has 3 economic mega regions
  (i) Beijing
  (ii) Shanghai
  (iii) Guangzhou
- Rapid growth in per capita income (14.7% increases in 2009 compared to 2000).
- Seafood consumption to increase from $750 billion in 2009 to over $4 trillion in 2020, exceeding USA.
- Annual protein consumption from seafood is 11.7 Kg/year.
- Domestic seafood consumption increased maximum in shellfish and fish sections.
- Seasonal seafood consumption timing.
  (i) Chinese lunar new year - 1st lunar week of 1st lunar month
  (ii) Global calendar New Year - January 1
  (iii) Chinese Lunar Day - May 1
  (iv) Dragon boat Day - 5th Day of 5th lunar month
  (v) Autumn festival - 15th Day of 8th lunar month
  (vi) National Day - October 1 but a week-long event
  (vii) Denotes week long holiday and celebration
- Top provinces for seafood consumption
  (I) Fujian
  (II) Shanghai
  (III) Zhejiang
  (IV) Hainan
  (V) Guangdong
- Three major fishing restriction seasons
  (i) South China Sea - closed June - July.
  (ii) East China Sea - closed June, July & August.
  (iii) Bohai Sea - Closed June, July & August.
- Restaurants prefer fresh & live in general.
- Consumption of imported frozen seafoods is on upscale trend.
  (i) Macro trends of demographic growth (Rise of the consumer in China)
  (ii) Increase in disposable income; they can afford it
  (iii) Health insurance cost rising: focus on healthy diet
  (iv) Chinese culture views seafood as healthy
  (v) Chinese natural Seafood resources depleting.
  (vi) Pollution of local environment is a concern
fishery import into China was rationally been destined for processing and re-exports. Qingdao and Dalian are the two largest arrival ports for aquatic consumption. Imports of seafood products for domestic consumption are gaining ground.

The per capita consumption of aquatic products was 14.62 Kg per urban dweller and 5.36 Kg per rural inhabitant. China received 47% of its GDP from consumption, compared to 88% in the US and 79% in Japan, which suggests room for more middle class supermarket sales.

China's fish imports for human consumption are projected to hit 4.4 million tons by 2022, growing by an average 2.1% annually. While the share for imports for domestic fish consumption will rise from 7 to 8%, exports out of China will rise to 10 million tons by 2022. Rising Chinese incomes linked to a complex interaction between factors like urbanization and higher living standards are key drivers of growth in consumption of fish and other meat products.

Chinese holidays such as spring festival and mid-autumn festival are effective in the HRI food service sector for sales promotion.

While Chinese consumers still prefer live and fresh seafood products, consumer interest in frozen and processed seafood products is growing as refrigeration capabilities expand. There are few differences between live and frozen seafood channels. There may be more sub distributors in the frozen seafood supply chain due to extended product life and expanded geographic sophistication, of retailers in China. There is increasing opportunities to promote branded items to the young and affluent, who increasingly prefer to shop at supermarkets.

Indian seafood exports to China

India's total marine products exports to China was US$ 293.12 with a quantity of 75783 MT in 2013-2014. The exports to China, though had a decline in quantity compared to 2012-2013 in 2013-2014 but had a positive sight of 8.78% and 22.28% increase with respect to US$ and INR respectively. The growth among the products were highest for frozen squid with 247.19% shrimps with 65.21% increase in terms of US$ in 2013-2014 as compared to 2012-2013. The major items exported are ribbon fish, dried fish maws, vannamei shrimps, live mud crab, croaker etc.

China is a complex market, with species specific imports. With the Government planning to make the Renminbi (Yuan) fully convertible and with the slowing of growth of seafood raw material, China is definitely a huge potential to be explored and tapped. The westernization of the diet with Shrimps, Tilapia and White fish in fast food joints will further boost up the market for Indian seafood. Quality is also becoming an important concept, as consumers note the Country of Origin before purchase.

The show

China Fisheries and Seafood Expo, 2014 is the Asia's largest seafood trade event. The 19th annual China Fisheries & Seafood Expo hosted at the Convention and Exhibition centre, Qingdao, was participated by around 1200 companies from over 40 countries occupying more than 60,000 square meters of exhibit space. An estimated 25,000 trade professionals from more than 90 countries attended the event.

Co-exhibitors of India Pavilion
2. M/s. SAN Marine Exports
5. M/s. Ram Assorted Cold Storage Ltd
6. M/s. Seven Seas India (P) Ltd.
7. M/s. Keshodwala Foods

Apart from the above co-exhibitors in India Pavilion, there were two more exhibitors, who independently participated in the show viz., M/s. Star Fish Exports, Kochi and M/s. Ulka Seafoods, Mumbai.

India Pavilion

India pavilion was organized by MPEDA at C301, Hall no. 3 covering 108 sq. m. and had seven seafood exporters as co-exhibitors. The pavilion displayed frozen seafood samples such as shrimps, fishes, cephalopods, and clams. Apart from these, freeze dried shrimps, shrimp powder, canned crab meat and tuna, Ready to eat shrimp curry in retort pouches and various
pickle items were also displayed in the pavilion. Different publicity materials were displayed and distributed to buyers and interested trade professionals from the pavilion. The participation of MPEDA was organized by Mr. N Ramesh, Director (Marketing) and Mr. Archiman Lahiri, Assistant Director.

During the participation, the Indian delegation met H E Mr. Ashok K Kantha, Ambassador of India to the People’s Republic of China in Hotel Shangri-La, in Qingdao. He was in Qingdao for conducting the event on "Make in India" campaign. He was accompanied by Mrs. Namgya C Khampa, Counsellor (Trade & Commerce) in Embassy of India, Beijing. The participation of MPEDA in China Fisheries & Seafood Expo was briefed. The arrangements with co-exhibitors pavilion, India’s exports to China and issues facing seafood exports to China were briefly informed.

In the afternoon the delegation had a meeting with the Counselor (Trade & Commerce) in the lobby of Hotel Shangri-La. Mr. Madhav Sharma, Chief Representative of Confederation of Indian Industry in Shanghai, China was also available during the meeting. The drop in seafood exports to China during April - September 2014 was explained to the Counselor. It was mentioned that a crackdown on Haiphong, Vietnam based shipments by the Chinese authorities have put in strain on the imports from India. Also, it was mentioned that the duty structure in China is not easily comprehensible for the Indian exporters. The mode of payment and the buyer are mainly either from Hong Kong or Vietnam and not the destined buyer.

The Counselor stressed on the need to have branded seafood products from India, as the Chinese buyers are getting more and more brand conscious. It can be seen that all the global brands are available in China and are being the preferred ones. To facilitate and promote Indian brand, Counselor suggested to have an India Product show with the help of the leading seafood processors as well as other agricultural producers under a common forum. She offered help to organize the same from the Embassy of India and also
mentioned that the Embassy would be contacting the Govt. of China and seek their help in better participation of buyers. However, she cautioned about bringing in serious and committed players who produce quality products as any mistake at this stage may prove difficult for Indian products to be sold in the Chinese market.

**Chinese supermarkets and restaurants**

The delegation had been to 2 supermarkets viz., Aeon supermarket and Wallmart store in Qingdao. It was observed that there is a huge space allocated for food products both in raw and prepared segments. Fish and fishery products had been given a considerable space. The main items on display were shrimp, fish chunks/fillets, crab and cephalopods. They were available in bulk as well as in small retail packs. It was observed that a variety of dried products were available particularly huge stock of non penaeid small sized shrimp in retail packs in dried form. The dried fish/cuttlefish also was available in a neat and attractive package. Very few products carried the country of origin / labeling in English. Hence any product from India in these supermarkets could not be ascertained.

During the visit following observations were made very minutely;

- Of the total sea food offered for sale almost 50% were in dried form. Rest 20% was in chilled and fresh and other 30% was in frozen form.
- Dried forms includes;
  - (i) Dried Crabs
  - (ii) Dried Fishes
  - (iii) Dried Crustaceans
- Various form of dried items were observed like, wafers, ready to cook and raw dried.
- Frozen items observed were mainly for fish varieties of Croakers, Ribbon fishes and Tuna in various forms and packs.
- In chilled and fresh section the main items were Cephalopods and Molluscs.
- The overall display for shrimp items was very less in all forms.

On visit to one of the Chinese restaurants, following were observed;

- All the sea food section on the menu offered was persevered in fresh live and chilled condition.
- The customers generally picks up the variety from the aquariums in live condition and the same is cooked for serving the dishes.
- The varieties observed were; Octopus, Baigai, Cray fishes, Oyster, Eel, other fishes, fish roe, shrimps and crabs.

The main interest of the visit was to understand the customer’s preferences for the sea food varieties. It was a well established fact that the Chinese preference is mostly towards the live and chilled items rather that frozen. The frozen products accepted was mainly for the varieties, which are not available on live and chilled forms.

*Products for display at Chinese supermarket*