



THE UPDATE

Captain's Blog



The China export game - how NZ's largest market held up in 2020

New Zealand Trade & Enterprise (NZTE) has just released analysis of New Zealand's seafood exports into China during the upheaval of COVID-19 and it has concluded that 2 separate waves of the outbreak hit seafood – but New Zealand was mostly impacted by the earliest.

The first wave affected fresh, live and chilled product and with 99 percent of New Zealand rock lobster going exclusively into the China market had the largest impact. From January to October 2020, food service consumption also dropped 21 percent, compared to 2019. And expenditure by the Chinese on premium seafood took a hit as well.

Interestingly, China increased its imports of seafood from Southeast Asia and Ecuador during COVID while countries seen as offering premium product from “clean” waters such as Norway, Canada and New Zealand all decreased. However, with the food service sector recovering, the market in premium product is expected to increase as high-income consumers seek high quality dining experiences again.

China imports only 6 percent of its seafood, with the other 94 percent being domestically produced and New Zealand's share of that 6 percent is just 1.6 percent in volume but 2.7 percent by value.

Some 35 percent of New Zealand's seafood is exported to China, making it New Zealand's largest market and it is not just rock lobster.

Some 18 percent of our mussels land in China, as does 50 percent of our squid, 24 percent of our mackerel, 19 percent of our hoki, and five percent of our salmon.

By September this year, exports of New Zealand rock lobster into China had declined 17 percent by volume and 31 percent by value. However, while the price of a New Zealand rock lobster in China declined 17 percent, the US\$67/kg the lobster was fetching was still the highest price China was paying for imported lobster.

Mussels fared better during COVID, with only a slight decline during the first quarter of 2020 and a fast recovery in the second and third quarters. Squid, mostly consumed in Chinese restaurants took a hit, with a 33 percent decline.

Paua, while a small exporter to China, decreased 28 percent to reach US\$4.1 million but was totally eclipsed by Australian imports of abalone into China of US\$43 million.

Fish continues to be impacted, with fresh more so than frozen but salmon bore the brunt. It has been the most impacted and least recovered. New Zealand fish in general dropped seven percent in volume and 11 percent in value but salmon dropped 35 percent in volume and value. Having said that, once again the quality of New Zealand seafood protected it from some of the impacts, with salmon, like rock lobster retaining a premium at US\$15.8/kg, the highest of all salmon imports into China.

China has increased level of inspection on goods entering the country and NZTE's report suggests both the percentage of goods sampled and tested across multiple entry points in China have resulted in increased delays in clearing goods.

The report says that before the pandemic, an average of eight items were sampled per container and that has now increased to as much as 30 percent being sampled.

But, despite the challenges of 2020, the outlook for seafood into China remains positive.

The report concludes that, due to the production constraints caused by a greater focus on sustainability in China's domestic aquaculture regulations, it is unlikely China can live without imported seafood through 2029.

And that is good news for New Zealand seafood exports.

New opening on the MSC Board of Trustees

Eric Barratt's term on the MSC Board of Trustees will end in July 2021 and as such, MSC are seeking an appointee for the seafood industry seat he fills.

Expressions of interest will be accepted from individuals with substantial current or recent experience at a senior level in wild-capture seafood harvesting, including direct experience and knowledge of seafood sustainability, and ideally, the application of the MSC's Fisheries Standard.

Individuals from industry bodies representing seafood harvesters will also be considered for this seat. It is expected that the successful candidate will have a wide-ranging interest in and knowledge of the challenges facing national fisheries as well as fisheries in areas beyond national jurisdictions.

Experience of species such as tuna and large scale small pelagics, and geographies such as Asia, Africa and Latin America, are also currently not well represented on the Board.

Visit MSC's website for [more information](#), or view the [full candidate brief here](#).

To apply, please send a CV and a covering letter outlining how your skills, experience and knowledge would enable you to contribute to the MSC Board of Trustees to:

MSCBoardrecruitment@msc.org.

Applications close on Monday 14 December 2020, with interviews taking place from February 2021.

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