



Your trial expires on Wed, 26 Apr 2023.

UPGRADE NOW

China's shrimp imports to top 1m metric tons in 2023, says Rabobank analyst

China will import 1m metric tons of shrimp worth as much as \$7 billion in 2023, according to Rabobank's chief seafood analyst, Gorjan Nikolik

By [Louis Harkell](#) | April 17, 2023 10:37 BST

China will import more than 1 million metric tons of shrimp worth as much as \$7 billion in 2023, according to Rabobank's chief seafood analyst.

Rabobank's Gorjan Nikolik told *Undercurrent News* China's shrimp imports would hit the milestone after record-breaking imports of 955,000t in 2022, according to Chinese customs data.

 read also



China's seafood imports surge to \$19bn in 2022 despite COVID lockdowns

"I've had a few calls with people in Ecuador and they are really bullish," said Nikolik, who presented [an analysis of China's import and export trade](#) at the recent North Atlantic Seafood Forum.

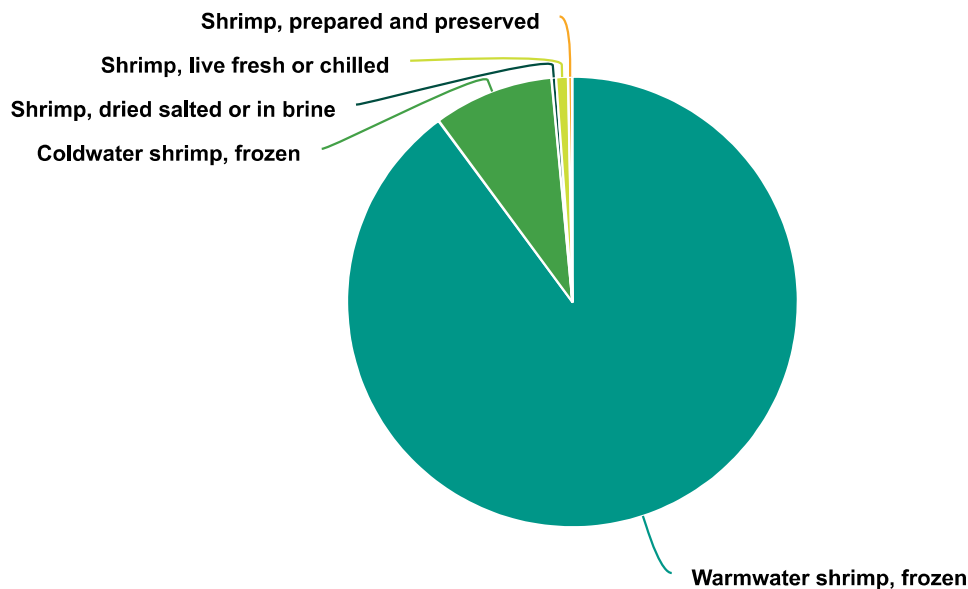
"China's growth is perfect for crustaceans now with shrimp prices relatively low; the shrimp sector [needs a really strong China by the end of the year](#)," he said.

China imported an additional 290,000t of shrimp in 2022, mainly farmed, up 44% compared with 2021, according to Chinese customs data analyzed by *Undercurrent*. This was equivalent to the annual shrimp exports of Thailand, based on *Undercurrent's* analysis of Thai export data for 2022.

The value of China's shrimp imports increased by 55% to \$6.29bn (see below).

China's shrimp imports by category, 2022

Total: \$6.29bn



Source: ITC
© Undercurrent News

Shrimp imports surged on the back of total seafood import growth of 35% to \$19.1bn in 2022 and total volume growth of 21% to 4.19m metric tons.



China's Cui He, president of the China Aquatic Products Processing and Marketing Alliance, China's largest seafood industry association, told *Undercurrent* he agreed with Nikolik's forecast.

 read also



Rabobank: Global salmon, shrimp trade could overtake pork, poultry by 2030

"When average Chinese incomes grow by 4% or 5%, import demand for crustaceans and marine fish goes up by 10% or 12%, so double or two-and-a-half times growth; in other words, there's high income elasticity of demand for imported seafood," explained Nikolik. "China's economy is forecast to grow 5% this year. So 1m metric tons is definitely achievable."

He said growth would be bigger in 2024 when Chinese consumers fully embrace post-COVID-19 living. "From what I understand from colleagues in China, there's still some fear of COVID. But watch out for 2024", when consumption could surge again.

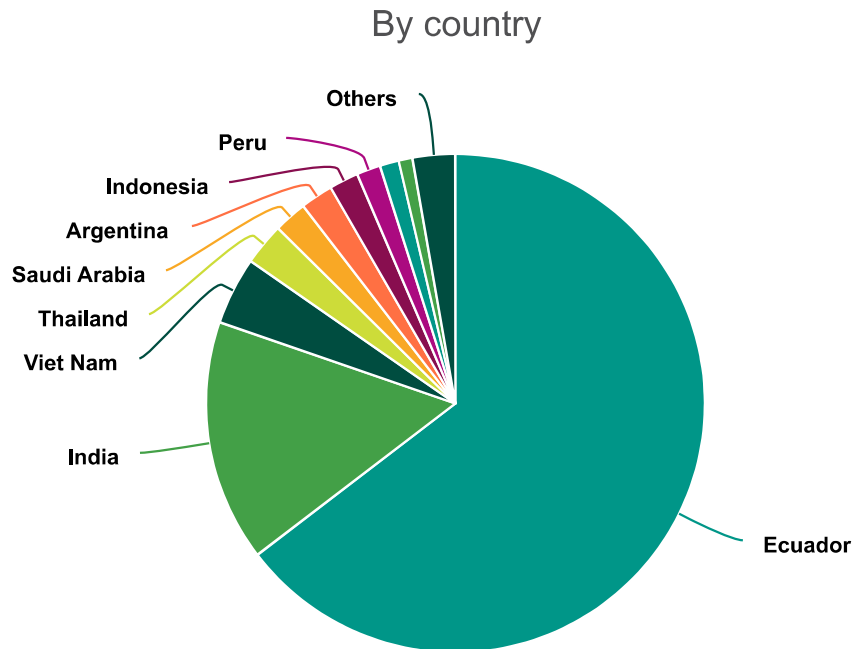
Last year's additional shrimp volumes largely came from Ecuador, the world's biggest shrimp exporter, where producers have long hitched their farms to the Chinese import market.

Last year, Ecuador supplied 565,000t of China's imported shrimp, an increase of 49% compared with 2021. India followed Ecuador in a distant second with 137,000t, up 17% y-o-y. By value, China's imports from the two countries increased 63% and 28% to \$3.54bn and \$924m, respectively.



Other large suppliers were Vietnam, with \$251m worth of imports, and Thailand, ranked fourth, with \$241m. Argentina and Saudi Arabia supplied shrimp worth \$145.6m and \$109.4m (see China's import breakdown by volume below).

China's frozen warmwater shrimp imports, 2022



Source: ITC (HS code 030617).
© Undercurrent News

Nikolik said shrimp-producing countries would benefit most from China's seafood import growth.

"China has or has had, let's say, a policy of food self-sufficiency. And perhaps, maybe 10 years ago, they were enforcing that. But it seems to me that for some time now, at least for seafood, that has been largely abandoned," said Nikolik.

Product innovation

Fan Xubing, head of Seabridge Marketing, told *Undercurrent* that shrimp demand is supported by product innovation in China.



He cited shrimp paste, or *xiahua* -- a product made from low-cost, locally farmed small-sized shrimp used for hotpot -- as one of many shrimp products increasingly popular among Chinese consumers (see below).



📷 Shrimp paste, or xiahua, is a popular accompaniment to hotpot. Credit: Freshasia Foods

"The *xiahua* shrimp product has been very popular in recent years. Some companies are even waiting to be listed on the stock market, like Xianmeilai," he told *Undercurrent*.

"So *xiahua*, shrimp paste, and shrimp cake, all these by-products from low value, small-sized warmwater shrimp, are doing very well. These are convenience products that can be used in many different dishes."

Breaded shrimp is also gaining in popularity. Fujian province-based Fuqing Longhua Aquatic told *Undercurrent* it produces breaded shrimp for Europe and the US, but recently started selling in China.





📷 Fuqing Longhua Aquatic's 'lychee' breaded shrimp balls for the Chinese market.
Source: Company website

Its latest product is breaded shrimp that resembles lychee. Last year, it sold 60 containers of breaded shrimp products in China, a volume Maggie Wang, a sales executive, told *Undercurrent* was "very promising."

"After the US imposed tariffs of 25% that hit our exports, we are now strongly focussing on the domestic market," she said.

"There's not just demand for frozen, head-on, shell-on shrimp," agreed Fan, referring to the bulk of Ecuador's shrimp exports to China. "It's also shrimp meat, shrimp peel and shrimp paste."

He added that shrimp's versatility means it can be adapted to new cuisine trends. "Shrimp is easy to prepare for all different types of Chinese, traditional Chinese, Japanese, and Chinese-Western cuisine. It is easy to cook because it's not like a whole fish, which you need to prepare. Everybody knows how to cook and eat shrimp," he said.

"It's also seen as a healthy animal protein. During the pandemic, people in China became much more concerned about their health and their family's health," he added.

Future potential

Nikolik reckons that given shrimp's popularity in China, the global sector has better prospects for growth than for other species, particularly wild-caught crabs and lobsters.

Supply of king crabs, American lobsters, rock lobsters and coldwater shrimp is limited due to the finite nature of wild-caught fisheries, a bottleneck not present in farmed shrimp (see below table of top-10 Chinese seafood imports by origin and production method).




China's top-10 seafood imports 2022

	Value (\$m)	Volume (metric tons)	Top supplier to China	Production type
Frozen warmwater shrimp	5,650	873,789	Ecuador	Farmed
Crabs, live fresh or chilled	1,300	74,597	Russia	Wild-caught
Frozen fish, whole, n.e.s.	968	467,203	NA	NA
Rock lobster, live fresh or chilled	892	16,932	Australia/New Zealand	Wild-caught
Frozen squid and cuttlefish	892	302,107	Indonesia	Wild-caught
Frozen Alaska pollock, whole	805	598,180	Russia	Wild-caught
Atlantic salmon, whole, fresh or chilled	737	49,018	Norway	Farmed
Frozen cod, whole	732	152,118	Russia	Wild-caught
Lobster homarus, live fresh or chilled	614	23,341	Canada	Wild-caught
Frozen coldwater shrimp	543	72,075	Canada	Wild-caught

Source: ITC, Undercurrent News

"With wild-caught crustaceans, demand [in China] is there but the supply is not," said the analyst. "So it's not surprising that Australians can sell rock lobster for \$100 per kilogram to Chinese. That is the situation where demand continuously increases and there is simply no supply growth.

"So of all the species that Chinese consumers really love, farmed shrimp is the one that has the greatest potential to grow. And it has already grown and grown and it will continue to grow," 

said.

Meanwhile, pollock and other wild-caught whitefish species -- large-volume fisheries that could meet demand -- have yet to take off in China. "We looked at KFC's success with breaded chicken in China and thought, why can't breaded pollock be as successful? But it's not happened the same way."

 read also



Trade insights: Ecuador shrimp exports up 22% in first two months of 2023

Based on past precedence, farmed shrimp will, therefore, comprise the bulk of China's seafood import growth, perhaps alongside farmed pangasius, a whitefish species produced in Vietnam. "This is good for companies in countries in Latin America like Ecuador, where they are well-suited to producing farmed shrimp."

He added that as China's economy grows, the country's resource scarcity will necessitate even greater imports of farmed seafood.

"China has a fraction of resources of any kind; a fraction of arable land, fraction of coastline, fraction of clean air, clean water, you name the resource that the West doesn't have much more of, then divide that by its population, you see how incredibly resource-poor per capita China is compared with the West."



"And yet they have this insatiable appetite for seafood, which they have managed to satisfy just about until now," he said.

As China's economy modernizes further, scarce labor and capital will be allocated to services or to where China has comparative advantages, such as manufacturing electronics, electric cars or other goods; not agriculture and fisheries, he said.

"China's population has now peaked and the workforce that is left is going to move further away from agriculture and aquaculture," he said.

He added that last year China -- the world's largest seafood exporter -- likely became a net importer of seafood, based on Rabobank's analysis, putting China further up the path of imports.

"If you look at Europe, we import something like \$35bn worth of seafood, and we export \$7bn. So our net imports are \$28bn. You look at the US, they import \$29bn and export \$5bn, so they're maybe \$24bn."

"So the Chinese just went across the zero line. How long will it take them to get to a net import of plus \$20bn?"

Domestic shrimp prices high

In Zhanjiang, south China, farmers produce shrimp in the same ponds they used to raise the crustacean in 15 years ago. At that time, China was the world's largest shrimp producer and a major global exporter.

 read also





Large Chinese processing hub grows reliance on Indian farmed shrimp

Nowadays, after an increase in local prices and shortage of supply, local factories in Zhanjiang import raw material from abroad. Those remaining local shrimp farmers are left to target China's live and fresh shrimp market, where they can fetch a premium. "The farmers that manage to grow shrimp to large sizes will sell the shrimp live on local markets. That shrimp is relatively expensive," said Fan.

As a result, in Guangdong produce, large shrimp -- 60-count per kilogram and below -- typically fetch CNY 40 per kilogram (\$5.82/kg) at the farm gate, even during seasonal peaks in production, according to [Undercurrent's price dashboard](#). This is more than double farmgate prices for similar-sized shrimp in Ecuador (see below).

ucn

VIEW GRAPH [↗](#)

China vannamei, Guangdong, 60 pcs/kg

China vannamei, Guangdong, 60 pcs/kg

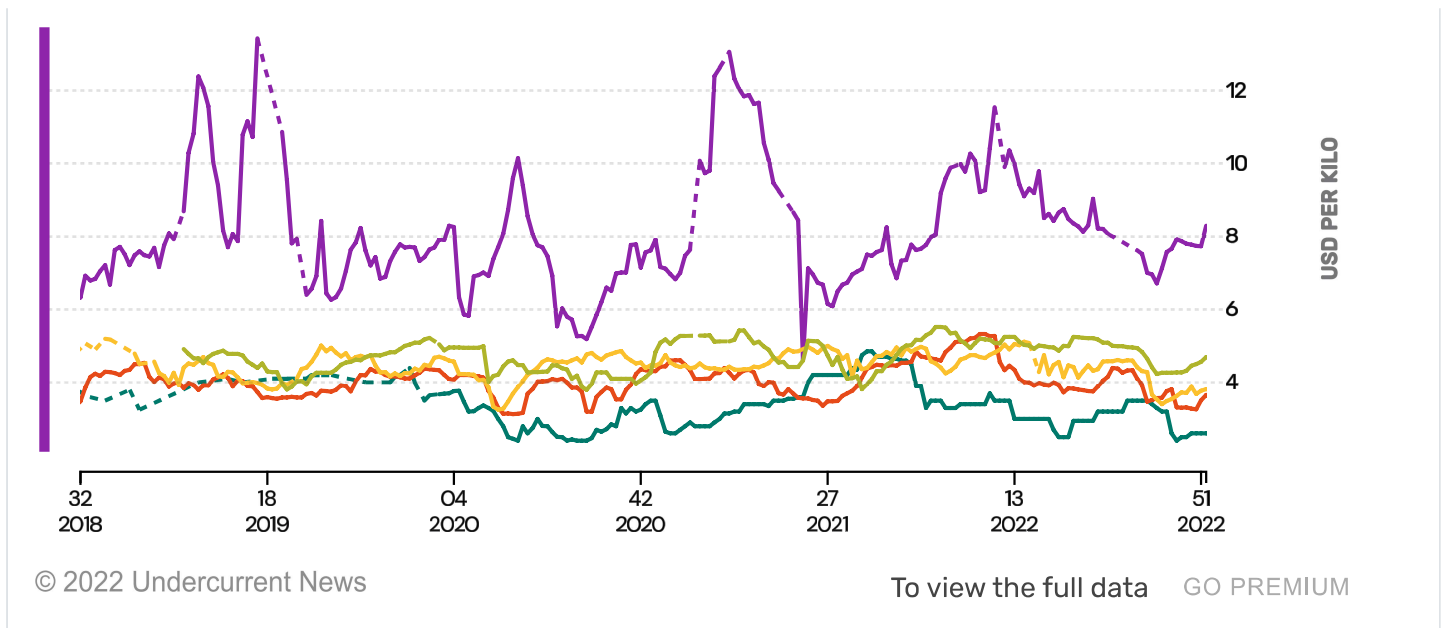
Vannamei shrimp ex-farm Ecuador, 60-70 pcs/kg

Vannamei shrimp ex-farm Andhra Pradesh, HOSO, Aquaconnect, 60pcs/kg

Vannamei shrimp ex-farm Indonesia 60 pcs/kg

Vannamei shrimp farm gate Vietnam, 60 pcs/kg, SEABINA GROUP





Fan said chronic shrimp diseases could accelerate China's declining shrimp production. Outbreaks of vibrio, acute hepatopancreatic necrosis disease, and white spot -- to name but a few diseases -- cause many farmers in Zhanjiang to harvest early at small sizes. The shrimp is then sold at much lower prices to local processors, who turn the shrimp into products like *xiahua*, he said.

"Nowadays, there are fewer and fewer farmers producing shrimp. That is a benefit to importers," said Fan.

Contact the author louis.harkell@undercurrentnews.com

Comments (0)

Logged in as [lavanya.hero](#). [Log out?](#)

