

# Norwegian Pelagic in China

Pelagic Arena

Victoria Braathen – NSC China

# Agenda

- Norway-China seafood trade and relations
- Market potential: Norwegian mackerel, herring and capelin
- Consumer perspectives and market activities

SEAF  
FROM  
NORWAY  
D

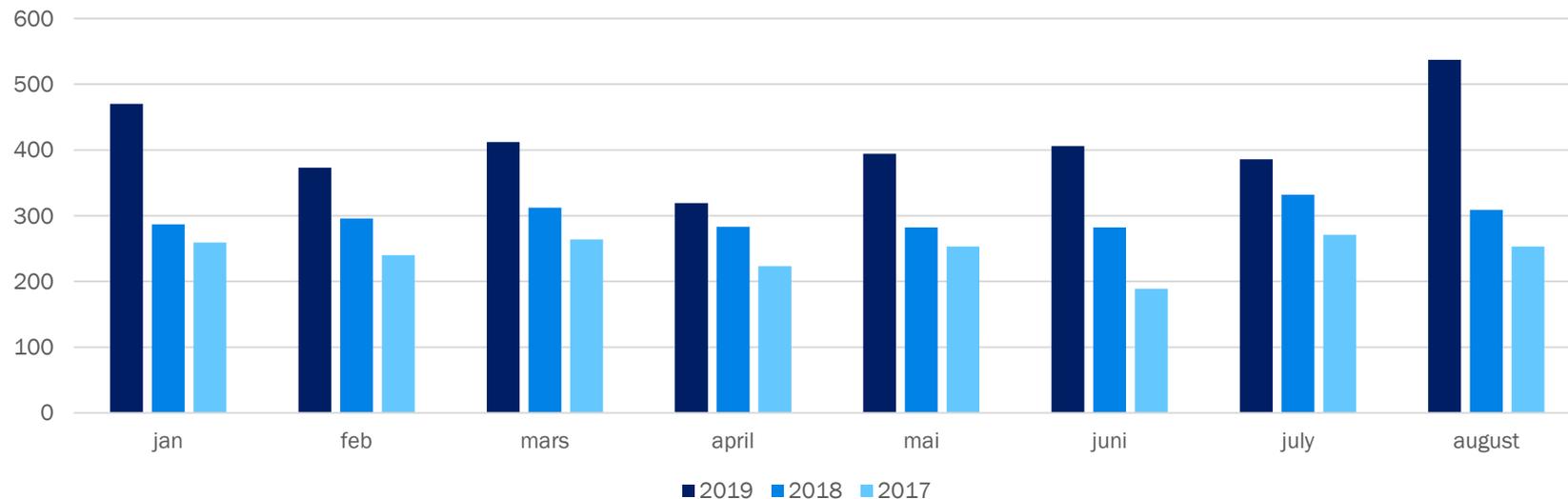
20 YEARS  
IN CHINA  
在华20年



# Norwegian seafood export to China YTD

Export value growth of 38 percent (MNOK)

Top five species: Salmon, cod, haddock, mackerel and Greenland halibut



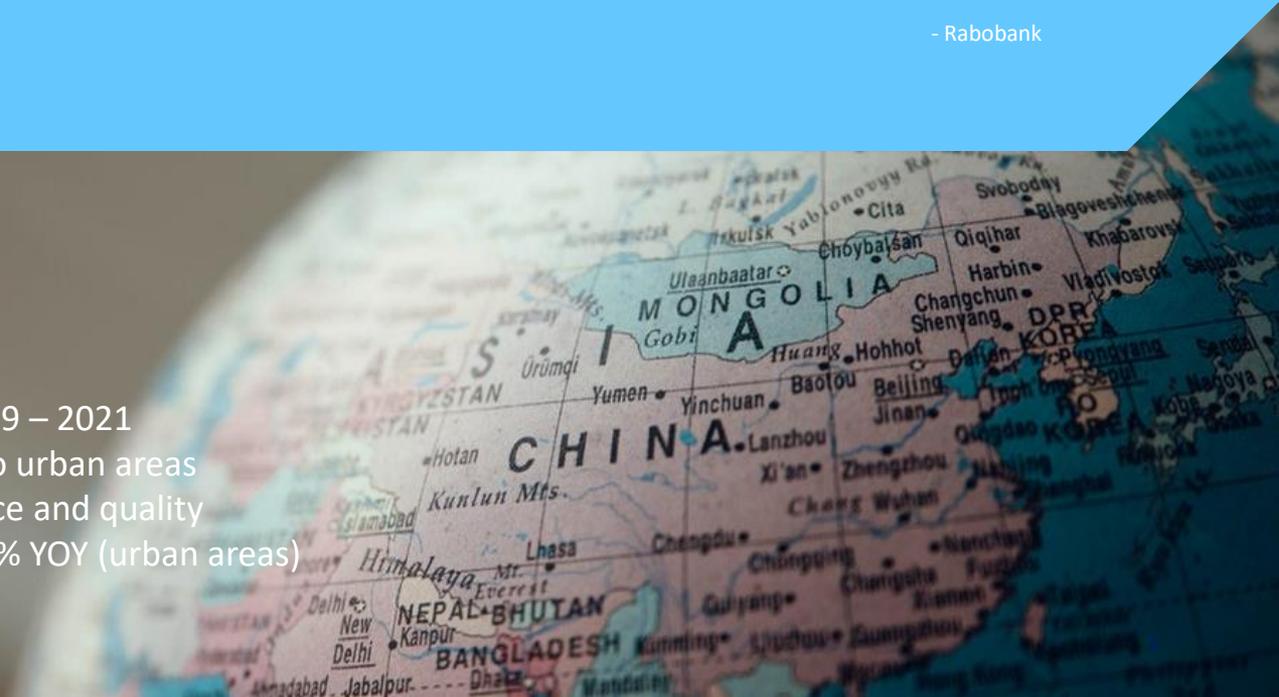
Source: NSC Market Insight

*“China to drive more than half of global seafood consumption growth over next decade...”*

- Rabobank

### Demand side:

- Economic growth (+ 6 % YOY)
- Population growth (7 million)
- New jobs: 50 million new jobs 2019 – 2021
- Migration: 100 million expected to urban areas
- Food: Focus on health, convenience and quality
- Income: On average increasing 10% YOY (urban areas)





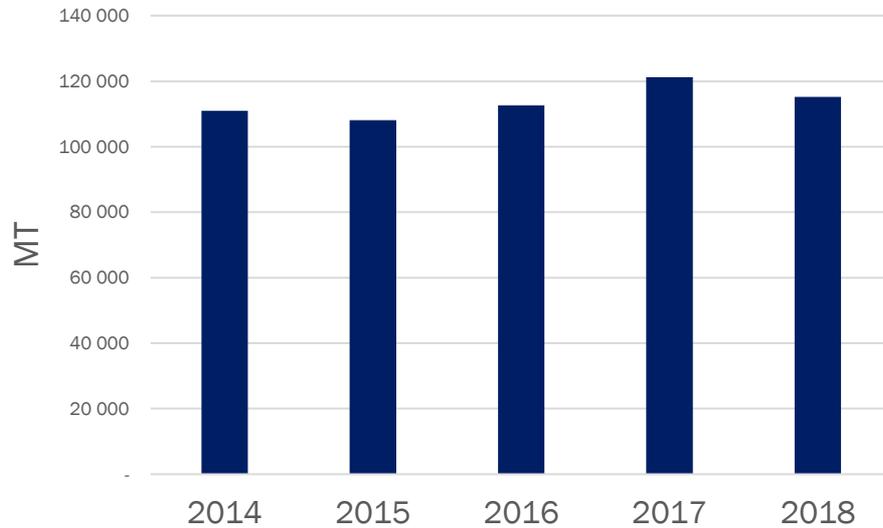
## Atlantic mackerel in China

# Mackerel Consumption

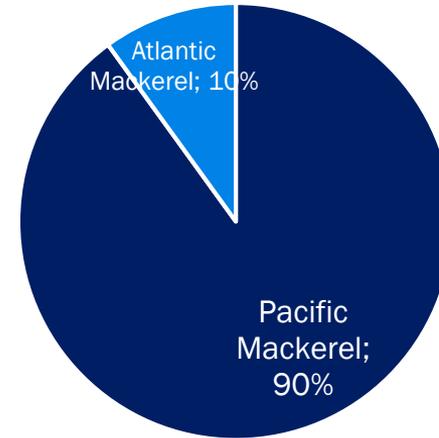
*Dominated by Pacific Mackerel*

- Total mackerel consumption in China was estimated to be 115,000 MT in 2018.
- For the total mackerel consumption, Chinese mackerel account for the largest share (approx. 80%).

China's Mackerel Consumption



Consumption by Mackerel Type



Est. Consumption (2018): 115,000 MT

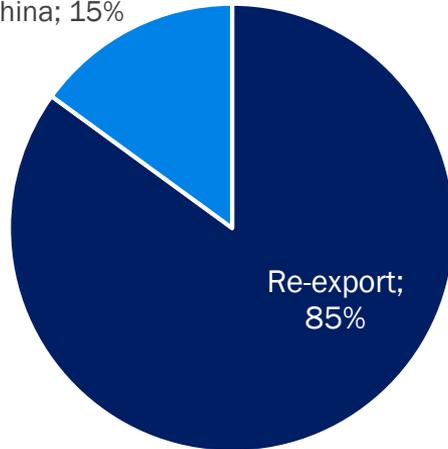
# Atlantic mackerel import

*Mostly processed into fillets and re-exported*

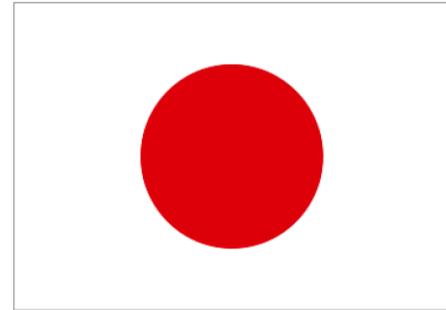
- Norwegian mackerel and other countries' Atlantic mackerel are processed and re-exported.
- Atlantic mackerel imported for re-export are not taxed.

China's Atlantic Mackerel Import (2018)

Consumption  
in China; 15%



99%



Re-export

>1%



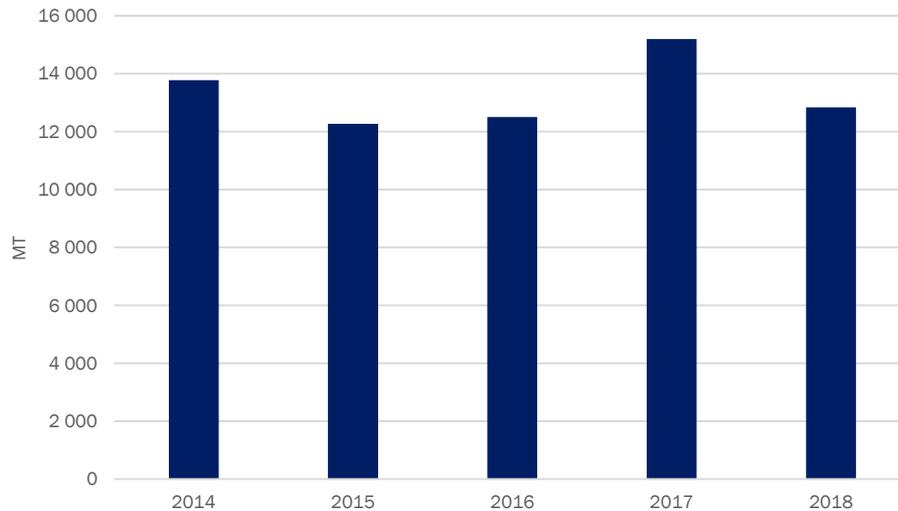
Import Volume (2018): 85,000 MT

# Atlantic mackerel domestic consumption

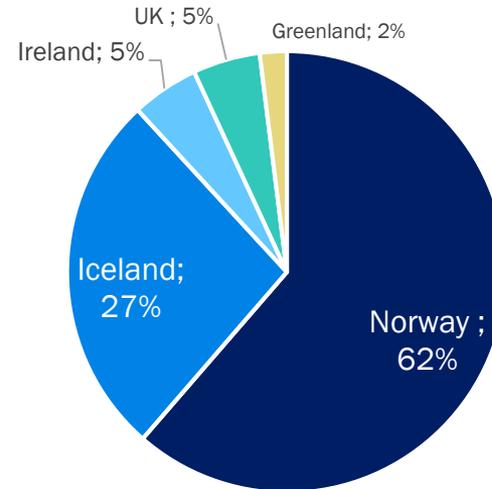
## *Fairly flat consumption*

- Total consumption of Atlantic mackerel was estimated to be 13,000 MT in 2018.
- Sales were stable in Japanese restaurants, but in other channels, sales are limited.
- Approx. 8,000 MT of Norwegian mackerel were consumed in China in 2018.

Atlantic Mackerel Consumption in China



Atlantic Mackerel by Country

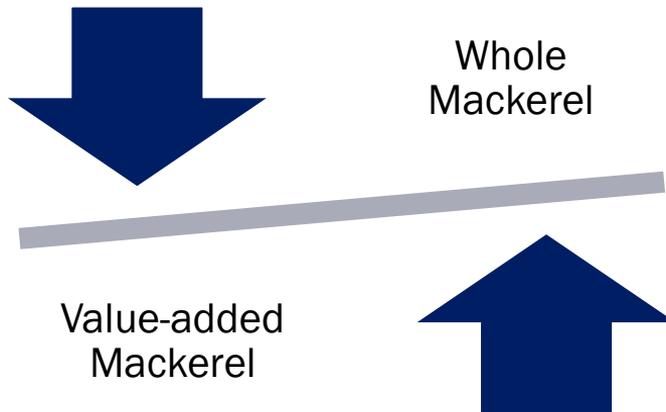


Atl. Mackerel Consumption (2018): 13,000 MT

# Growing Trend

*Since 2018*

1. Importers and wholesalers who had not purchased Atlantic mackerel have started to purchase in late 2018.
2. The profit for whole mackerel (raw ingredients) is low, and mainly players are pushing the sales for value added products.



## Potential

1. Atlantic mackerel is affordable for most families
2. Mackerel has high nutrition value
3. Chinese consumers are keen on purchasing healthy products
3. Value-added products have more potential in the future (consumers want convenience)
4. Most industry players know that Norwegian mackerel has the best quality

## Challenges

Most Chinese consumers do not know how to cook Atlantic mackerel and therefore, they do not purchase it for home usage.

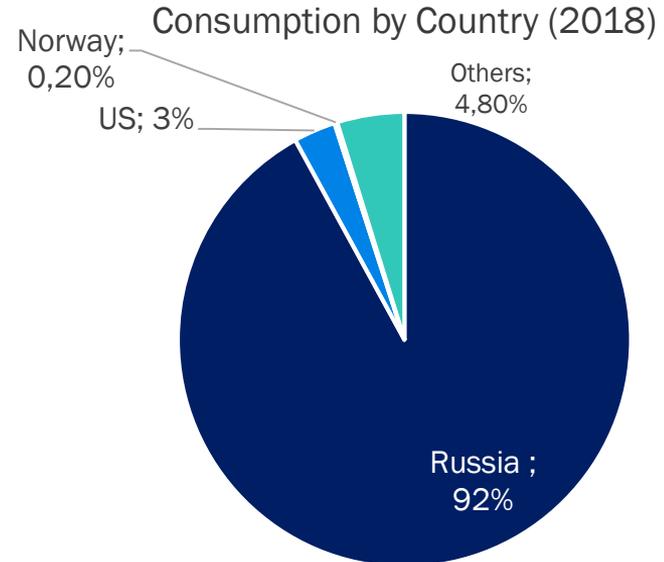
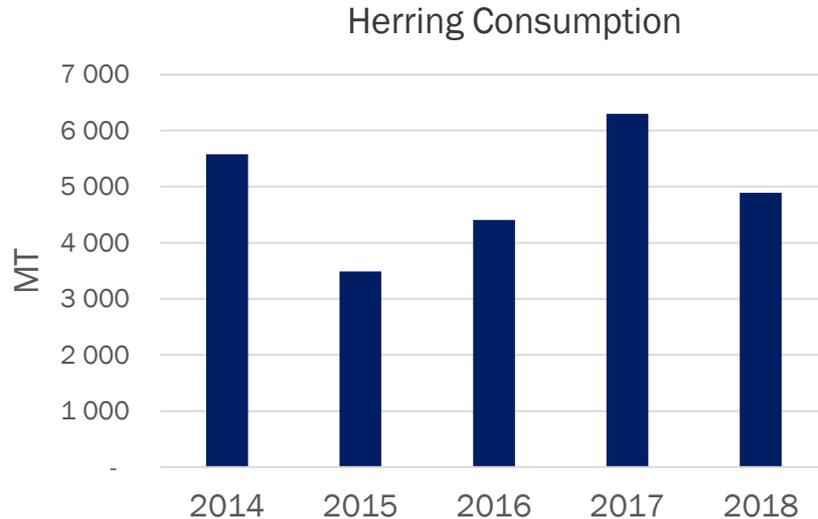


# Atlantic herring in China

# Herring Consumption

*Consistently flat over the last years*

- Herring consumption was estimated to be 4,900 MT in 2018. The consumption is greatly influenced by the import volume.
- Pacific herring accounted for 99% of the herring consumed in China.
- Norway has less than 1% of the market.



Import Volumes (2018): 4,900 MT

# Herring End-Channels

*Available in both HORECA and Retail but are Mostly Sold in Northeast*

## Chinese Restaurants



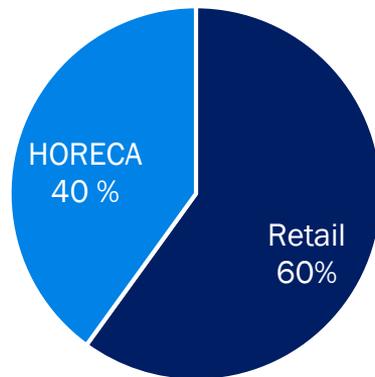
Herring are served in northeast China or restaurants that label themselves as northeast style.

## Japanese Restaurants



Herring roes could be used in sushi in Japanese restaurants.

## Herring in End Channels



Consumption (2018) : 4,900 MT

## Wet Markets



In the retail sector, herring are mostly sold in wet market. whole herring are typically sold for 8-10 CNY/kg (10-12 NOK).

## Potentials

- The nutritional value of herring is a strong selling point.
- In northeast China, consumers are already consuming herring at home.
- Atlantic herring have higher fat content over Pacific herring.

## Challenges

- Russian herring have many advantages over Norwegian herring:
  - They could be delivered within 7 days, while Norwegian products require over 60 days.
  - Herring prices fluctuate from day-to-day and longer delivery time discourages importers from purchasing.
  - Russian herring are significantly cheaper than Norwegian herring (1/2 to 1/3 of Norway's price).



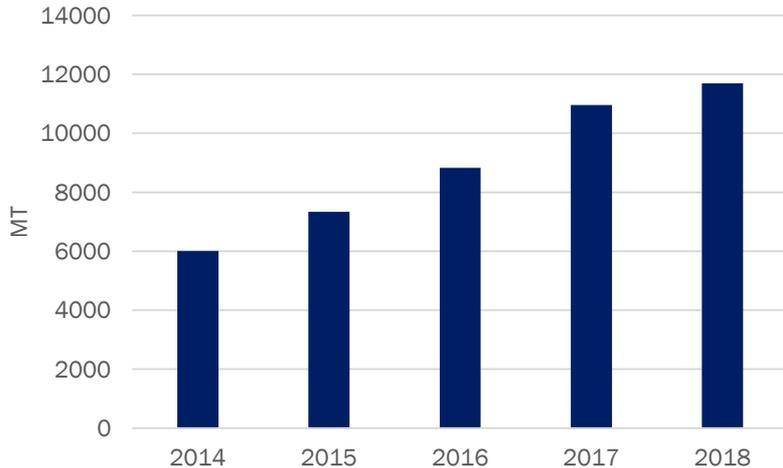
# Capelin in the China market

# Capelin

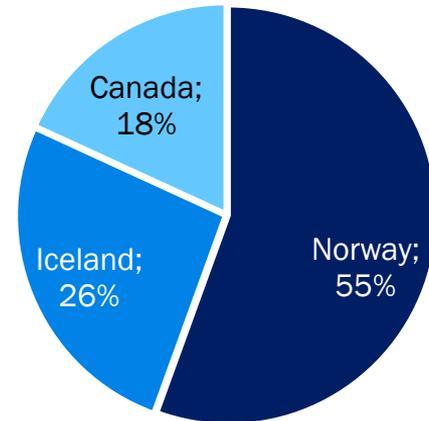
## Consumption in China

- ◆ In 2018, capelin consumption was approximately 12,000 MT.
- ◆ Capelin consumption has increased at an annual rate of approx. 20% from 2014 to 2018.
- ◆ Norway accounted for 55% of the supply, the largest share for Norway in the past five years.

Capelin Consumption in China



Consumption by Country



Consumption Volume (2018): 12,000 MT

## Capelin Re-export

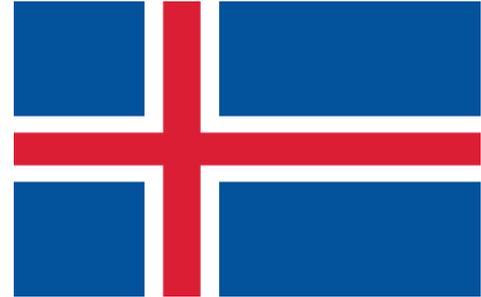
- Of capelin imported in 2018, Canada has the lowest volume. However, in terms of domestic consumption vs. re-export ratio, it has the highest percentage.



Re-export: 9,600 MT  
In China: 6,400 MT  
40% consumed in China



Re-export: 3,000 MT  
In China: 3,000 MT  
50% consumed in China



Re-export: 5,000 MT  
In China: 2,100 MT  
30% consumed in China

# Capelin Consumption

## End Channels

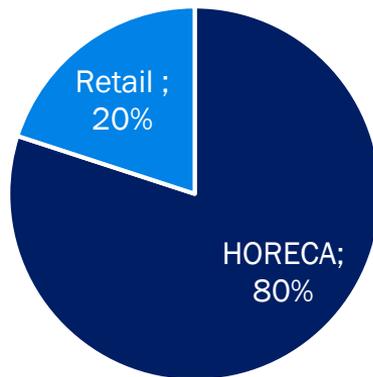
- ◆ HORECA accounted for 80% of the capelin consumption in China. Chefs in China are familiar with this fish and understand how to cook them well.
- ◆ Retail accounts for 20% of the consumption. Capelin is a well-recognized fish among consumers. However, for home cooking, large number of consumers still prepare live or fresh fish.

Retail Package



Retail packages are large

Capelin in End Channels



Consumption Volume (2018): 12,000 MT

Japanese Restaurants



Grill Houses



Chinese Restaurants



## Potential

- ◆ Capelin consumption will continue to grow.
- ◆ Norwegian capelin has the best freshness according to traders.
- ◆ Capelin are known to be easily prepared. This is in line with the current trend; consumers demand products that require little time for preparation at home.
- ◆ While traders prefer Canadian capelin due to the high rate of fish with roes, consumers do not have a good understanding of the capelin from different countries.

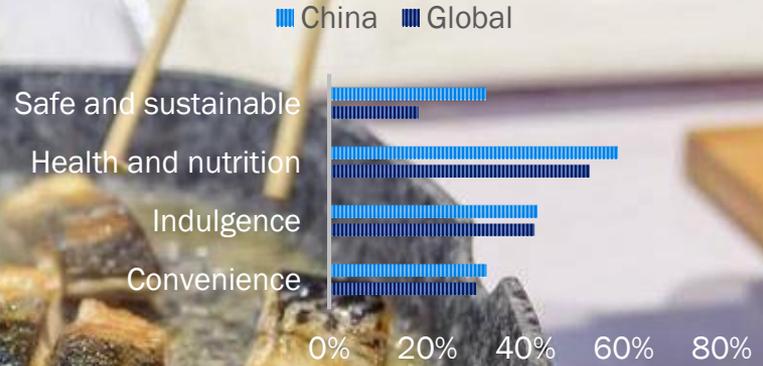
## Challenges

- ◆ Consumers recognize capelin but have yet to use it on a regular basis in home cooking.
- ◆ In the past few years, traders have favored Canadian products due to their consistent supply and high rate of fish with roes.
- ◆ Norway and Iceland do not have the allowable catch in 2019, Canada is the only supplier this year.

# Consumer perspectives



# REASONS FOR CHOOSING SEAFOOD



# New Retail

## Combination of Retail, Food Service, E-Commerce

Based on purchasing data, new retail can target consumers and divert online buyers to physical store, or vice versa.

- Although new retail still only accounts for a small percentage of the seafood sales in retail, it is a trendy sector that attracts customers who are open to new products or new methods of cooking.
- In-store demo and cooking service allow customers to learn more about products that they have limited knowledge of so far.



Tasting and demonstration at the store



Cooking service at the store



Purchase through phone app

# On the agenda for Norwegian pelagic in China

**Nutritional media seminar – Norwegian pelagic**  
Mid October (Shanghai)

**Norway-China Seafood Summit**  
29 October (Qingdao)

## Market Insight:

- Report on Norwegian Mackerel in China
- Report on Norwegian Capelin in China
- Report on Norwegian Herring in China

**China Fisheries & Seafood Expo**  
30 October – 1 November (Qingdao)

**Retail Pilot – Demonstrating Qualities**  
Nov - Dec (Shanghai)

# Key points China market

## **Demand growth**

China seafood demand is expected to grow significantly coming years

## **Customer focus**

Developments in the market are reinforcing the position of consumers

## **Quality is key**

Norwegian pelagic meets modern foods trends in China



# NORWEGIAN SEAFOOD COUNCIL

