

## CHINA PROFILE

### Main seafood products

China is now the world's largest producer, consumer, importer and exporter of seafood products, accounting for some 35% of all global production. According to FAO, it has been the world's top exporter of aquatic products by volume since 1989, and by value since 2002. In 2014, China's overall seafood exports amounted to 4.16 million metric tons, valued at US\$ 21.69 billion (some 5.16% more than the previous year). According to the Organisation for Economic Co-operation and Development (OECD) in 2013, leading export items included prawn, shellfish, tilapia, eel and large yellow croaker. According to a Canadian source, in 2013 China exported US\$ 19.7 billion worth of fish and seafood, an increase of almost 7% from the previous year. Leading exports were frozen cuttlefish and squid (US\$ 1.6 billion), frozen shrimp and prawns (US\$ 1.2 billion), frozen fish (US\$ 1 billion), frozen Alaskan Pollock fillets (US\$ 899 million), and prepared or preserved fish (US\$ 895 million). The main export markets were Japan with a share of almost 20%, followed by the U.S. and Hong Kong<sup>1</sup>.

In the EU, the main markets for Chinese products are Germany, Spain, the Netherlands and the UK. China has contributed over a half of all Alaska Pollack to these markets, and a quarter of the whitefish fillets, which are used extensively by EU secondary processors. On average in recent years, fish fillets have accounted for some 64% of imports to EU countries, and crustaceans and molluscs a further 20%.

China has seen a rapid development of its fish processing sector. Revenue for the frozen seafood processing industry is expected to amount to US\$ 58.3 billion for 2015, steadily increasing by more than 8% per year over the past five years. According to EU sources, in 2011 there were 718 processing establishments, freezer vessels and factory vessels approved by the Competent Authority for export to the EU. These included 542 processing factories, of which 294 were authorised for processing of capture products only. Over 90% of these factories are located in just five coastal provinces, of which Shandong province with its main city of Qing Dao, and Liaoning province with its main city of Dalian, account for more than half of all processing plants.

China also exports significant quantities of canned and otherwise preserved fisheries products, supplying almost every country in the world.

China's fish production is expected to grow by over 30%, accounting for 36.9% of the world's fish production by 2030.

### Seafood exports to UK

In 2014, China was the largest exporter by weight to the UK market. Seafood exports to the UK were just over 58 million kilos, valued at over UK£ 151 million. The species with the largest value was cod (over UK£ 61 million), followed by pollack (over UK£ 33 million), haddock (over UK£ 18 million) and salmon (over UK£ 13 million).

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<sup>1</sup> Figures taken from *Inside China: the Fish and Seafood Trade*, Agriculture and Agri-Food Canada, November 2014. <http://www.agr.gc.ca/eng/industry-markets-and-trade/statistics-and-market-information/by-region/asia-pacific/inside-china-the-fish-and-seafood-trade/?id=1416320117904>

Prepared and preserved shrimps and prawns, and warm water shrimps and prawns, each accounted for over UK£ 10 million. There were over UK£ 2.7 million of *Nephrops*. There were smaller amounts of other seafood products, including tuna, coley, mackerel, crabs, and cold water shrimps and prawns.

Figures provided by the Department for Environment, Food & Rural Affairs (Defra) provide a further breakdown of seafood imported by the UK from China, disaggregated both by species and type of product. The vast majority is frozen fillets - cod (over 24,000 tonnes), Alaska Pollack (over 19,000 tonnes), haddock (just under 5,000 tonnes) and Pacific salmon (over 4,600 tonnes), followed by frozen tilapia, frozen squid, and other smoked fish including fillets.

### **Employment in fisheries and seafood**

The Food and Agriculture Organisation (FAO) citing 2004 statistics shows that the fisheries sector employed around 13 million people, 8 million of these full-time, of whom 7.1 million were engaged in the primary sector. Most of the workers in the primary sector were related to aquaculture (4.5 million), followed by capture fisheries (1.8 million).

China's fishery processing sector has developed into a major industry, generating significant employment, over the past two decades. Around 400,000 people, many of them young females, are estimated to work in the fish processing industry concentrated around Qing Dao in Shandong province, Dalian in Liaoning province, and Fujian province<sup>2</sup>. However, the China Aquatic Products Processing and Marketing Alliance (CAPPMA) observes that some of the smaller processing plants have closed, as the cost of fish and labour costs have increased, but the selling price of processed fish has remained the same. Recent data suggests that China is losing its competitiveness as a processing hub, as production and especially labour costs continue to increase.

Likely future trends in fisheries and seafood employment are not altogether clear. One expert has observed for example that the expansion of China's distant water fishing (DWF) industry (see below) is driven in large part by employment concerns, and that China has sought to relieve unemployment pressures through the development of both its aquaculture and its DWF industries. However, sources within the Chinese government suggested that, with the tightening labour market situation and improving economic prospects, Chinese nationals are increasingly reluctant to accept the arduous conditions associated with DWF. There are indications that, as with the other Asian countries experiencing rapid economic development, there is a new tendency to resort to migrant workers from the poor Asian countries for crewing DWF vessels.

### **Human trafficking and forced labour indicators and rankings**

China is ranked as Tier Two Watch List in the 2015 U.S. Trafficking in Persons<sup>3</sup> (TIP) Report (see footnote 1 at end of report). It is a source, destination and transit country

<sup>2</sup> *Chinese processing industry to develop domestic market*, World Fishing & Aquaculture, 10 March 2015. <http://www.worldfishing.net/news101/regional-focus/chinese-processing-industry-to-develop-domestic-market>

<sup>3</sup> United States Trafficking in Persons Report 2015 <http://www.state.gov/j/tip/rls/tiprpt/>

for men, women and children subjected to forced labour and sex trafficking. Instances of trafficking are pronounced among China's internal migrant population. While the report lists certain sectors in which forced labour and trafficking have been detected (such as brick kilns, coal mines and factories), there is no mention of fishing or the seafood industry.

In 2014, the Australia-based Walk Free Foundation ranked China No. 109 in its *Global Slavery Index*<sup>4</sup>, giving an estimate of over 3.2 million (or 0.239% of the total population) in modern slavery. In the country analysis, there is no mention of fisheries or seafood.

There have been both media reports and more documented research, concerning abusive practices against migrant crews on Chinese or Chinese-flagged vessels in Distant Water Fishing.

In May 2014, AFP (Agence France Presse) reported that a group of 28 African migrants had been held in slavery on a Chinese-flagged vessel off the coast of Uruguay. Local news reports said the men had signed on as contract labour to work on the ship, but the captain confiscated their passports and the crew held them captive. Reportedly, the crew had received no payment since boarding the vessel seven months previously<sup>5</sup>.

In 2014 a detailed report was published on the exploitation of Cambodian fishers in African waters<sup>6</sup>. Significantly, this report refers to the extensive involvement of Chinese (as well as Taiwanese) labour brokers and vessels in this cycle of exploitation. Most were initially contacted by labour brokers in their own villages, were often told they would work in fishing but misinformed about the destination. On arrival in South Africa the Cambodian migrants were generally met by persons from mainland China or Taiwan, as well as other countries, who represented the fishing companies in the port. All men worked on long-haul fishing vessels, spending months or even years at sea, and often travelling long distances. In cases where the migrants could remember the flag of the vessels on which they worked, these were identified as from China, Japan, South Africa and Taiwan. Most captains were from mainland China or Taiwan. The crew on the fishing vessels were usually of mixed nationalities (Cambodia, China, Indonesia, Malaysia, Myanmar, the Philippines, Taiwan and Vietnam). All but two of the 31 Cambodians experienced physical abuse and violence, and little or no payment was received for months or years of fishing off the South African coast.

## **Ratification of international human rights and labour instruments**

### United Nations treaties and procedures

Since its admission to the United Nations in 1971, China has become increasingly active in the UN system, and has ratified a number of the major international human rights instruments. These include (the date signifies ratification by China):

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<sup>4</sup> Global Slavery Index 2014 [http://d3mj66ag90b5fy.cloudfront.net/wp-content/uploads/2014/11/Global\\_Slavery\\_Index\\_2014\\_final\\_lowres.pdf](http://d3mj66ag90b5fy.cloudfront.net/wp-content/uploads/2014/11/Global_Slavery_Index_2014_final_lowres.pdf)

<sup>5</sup> African slaves on Chinese vessel in Uruguay, AFP, 22 May 2014.

<http://www.news24.com/World/News/Africans-slaves-on-Chinese-vessel-in-Uruguay-20140521>

<sup>6</sup> *In African Waters: the Trafficking of Cambodian fishers in South Africa*, Rebecca Surtees, IOM/Nexus Institute, 2014. [http://publications.iom.int/bookstore/free/Nexus\\_AfricanWaters\\_web.pdf](http://publications.iom.int/bookstore/free/Nexus_AfricanWaters_web.pdf)

- Convention on the Elimination of All forms of Discrimination against Women| (1980)
- International Convention on the Elimination of All Forms of Racial Discrimination (1981)
- Convention on the Rights of the Child (1992)
- International Covenant on Economic, Social and Cultural Rights (2001)

China signed in 1998, but has not yet ratified, the important International Covenant on Civil and Political Rights. However, it has now become a party to six of the nine core human rights treaties of the UN system, and is also a member of the UN Human Rights Council. Like other members, it is required to undergo periodic reviews of its human rights record by the Council through the UN's Universal Periodic Review mechanism. At the last such review in 2013, China accepted 204 of the 252 recommendations made.

#### International Labour Organization (ILO) Conventions<sup>7</sup>

Though China has technically been a member of the ILO since its inception in 1919, following the revolution it only began to participate in the ILO after 1983. China has now ratified 25 of the ILO's Conventions, but only four of the eight labour standards considered by the ILO as its fundamental human rights Conventions. It has ratified the two Conventions relating to child labour and its worst forms, and to equal remuneration and non-discrimination in employment and occupation, but *not* the instruments relating to the abolition of forced labour, or to freedom of association and collective bargaining.

#### **Legal and institutional framework: key aspects**

Chinese fisheries are largely regulated by the Fisheries Law, first adopted in 1986, and amended in 2000 and 2004. This provides the overall legal framework for the aquaculture and fishing industries, and for the enhancement and conservation of fisheries resources. Many other rules and regulations, specific laws, international treaties and administrative acts address particular aspects of fisheries management. For example, in 2006 rules were adopted to govern the packaging and labelling of agricultural products, including seafood. Regulations for Fishing Access (first adopted in 2002, and amended in 2007), deal with the ways in which individuals and organisations obtain fishing licences, and how government manages this process. As in other areas of the economy and society, the seafood industry operates in the context of a hierarchical system of government at different levels, at national, provincial, autonomous regional and municipal levels.

As explained by OECD, the Bureau of Fisheries within the Ministry of Agriculture is the main administrative body governing fisheries. It is responsible for a strategic vision for the sector, and formulates policies and programmes for its development. Other agencies also play a role in fisheries governance. The Fisheries Law Enforcement Command of China coordinates law enforcement. The Fisheries Management Bureau for each regional sea (Yellow Sea and Bohai Sea, East China Sea, South China Sea) is responsible for regional fisheries law enforcement (by late 2010 there were almost 2,900 different fisheries law enforcement agencies

<sup>7</sup> The International Labour Organization's Fundamental Conventions  
[http://www.ilo.org/wcmsp5/groups/public/---ed\\_norm/---declaration/documents/publication/wcms\\_095895.pdf](http://www.ilo.org/wcmsp5/groups/public/---ed_norm/---declaration/documents/publication/wcms_095895.pdf)

throughout the country). The Bureau of Fishing Vessel Inspection is responsible for the legal and technical inspection of vessels. Fisheries administrations at the provincial and lower levels monitor and enforce national regulations in their regions, and can establish their own regulations provided that they do not contravene those adopted at the central level.

Registration of fishing vessels is handled by regional offices responsible for fisheries management, such as the Port Supervisory Authority under the Bureau of Fisheries. The system is decentralized, in that the harbour master of the vessel's home port is responsible for registration. The European Parliament reported in 2012 that existing data on vessel registration and authorisation to fish appear to be relatively complete in China, when considering international requirements on vessel lists. However, the information is not readily available, is fragmented and not entirely consistent<sup>8</sup>.

Broad policy in the fisheries sector is guided by the 12<sup>th</sup> Five Year Plan (2011-2015) for fishery development. This places much emphasis on aquaculture, in view of its huge importance in China's fishery production. It also contains a commitment to support and expand distant water fisheries.

### **Distant Water Fishing (DWF)**

China's DWF industry can be dated to the mid 1980s, and has expanded dramatically since then. It now has the biggest DWF fleet in the world, the industry employing some 50,000 people. It has evolved over time from being entirely state-owned to being some 70% privately owned. However, about a third of the industry is composed of the state-owned China National Fisheries Corporation (CNFC) and its subsidiaries. The rest of the industry consists of middle-sized companies and small coastal companies. As one expert observes, owing to the gradual change in ownership structure the Government of China has less control over the activities of its fishing enterprises<sup>9</sup>.

Such companies as CNFC now have a significant presence in catch areas outside China also investing in processing facilities. As one scholar reports, CNFC focuses on octopus, yellow croakers, sole, cuttlefish and shrimp in the Atlantic, and was the first Chinese company to expand into West Africa in the mid 1980s. It now has eight overseas branches in West Africa, including processing facilities in Mauritania, Senegal and Las Palmas that export to the EU and the US<sup>10</sup>.

Though statistics are often questioned, it is clear that China's DWF is now a formidable presence on different oceans, catching different species, and that a substantial proportion of the DWF catch is exported. According to the 2011 *China Fisheries Statistical Yearbook*, 54% of the catch was transported back to China and the rest was sold abroad. Squid accounted for 32.9% of the total catch, and tuna for

<sup>8</sup> *The Role of China in World Fisheries*, European Parliament, Directorate-General for Internal Policies, 2012. [http://www.europarl.europa.eu/meetdocs/2009\\_2014/documents/pech/dv/chi/china.pdf](http://www.europarl.europa.eu/meetdocs/2009_2014/documents/pech/dv/chi/china.pdf)

<sup>9</sup> Tabitha Grace Mallory, *China's distant water fishing industry: Evolving policies and implications*, Marine Policy 38 (2013), pages 99-108. [http://www.academia.edu/3531560/Chinas\\_Distant\\_Water\\_Fishing\\_Industry\\_Evolving\\_Policies\\_and\\_Implications](http://www.academia.edu/3531560/Chinas_Distant_Water_Fishing_Industry_Evolving_Policies_and_Implications)

<sup>10</sup> Katie Lebling, *Fishing for Answers: Understanding Drivers and Environmental Impacts of China's Distant Water Fishing Fleet*, Woodrow Wilson Center, Washington DC, 2013. <http://www.wilsoncenter.org/publication/fishing-for-answers>

14.6%. China has extensive squid operations, for example, in both the North and Southeast Pacific, and in the Southwest Atlantic including Argentina's waters.

### **Traceability and IUU fishing**

There have been serious concerns about traceability in Chinese fisheries, and about the linkages between DWF expansion and IUU fishing.

In the processing sector, the fundamental concern is that fish exported to China can be re-exported as a Chinese product, regardless of its original source. One study, funded by the UK Government and published in 2009, focuses in particular on traceability in connection with the processing and re-export of seafood<sup>11</sup>. The study seeks to document weaknesses in current systems of fish traceability in China, which allow infiltration of illegally sourced fish. Complicating factors include a potential mis-declaration of imported raw materials; a lack of species-specific customs commodity codes for exported fish fillets; and large amounts of unspecified frozen fish imports. This research suggests there have been considerable advances in China's traceability system in recent years, though implementation will vary between large and small, and urban and rural, enterprises. In many cases, traceability of fish provenance once fish is exported from China is obscured under China's current rules of origin (which classify all products that have changed their four-digit tariff classification as products of China). The research indicates *inter alia* that Chinese import and export commodity codes should be reformed, to conform to the specificity implemented by its main trading partners including the EU, and in accordance with the importance of China's fish imports and exports to the global fish trade.

A further concern has been the perceived shortcomings in Chinese statistics. It has been widely argued that China significantly under-reports its DWF catch around the world. The most widely cited source is the research by Daniel Pauly and others, estimating that between 2000-2011 China's DWF caught some 4.6 million tonnes per year, compared with an average of some 368,000 tonnes per year reported to FAO. The largest proportion of this catch was in Africa (3.1 million tonnes per year), followed by Asia, Oceania, Central and South America, and Antarctica<sup>12</sup>.

Lobby groups have also documented the links between Chinese DWF and IUU, particularly in Africa. Greenpeace issued an extensive report in May 2015, criticizing the business model of Chinese DWF expansion in West Africa. Appendices cover: Chinese DWF vessel numbers and catch over time between 1985-2013; global distribution of Chinese DFF operations; and documented IUU cases of Chinese DWF companies in West Africa. Specific recommendations are addressed to Chinese DWF companies and the Government of China<sup>13</sup>.

<sup>11</sup> Shelley Clarke, *Understanding China's Fish Trade and Traceability Systems*, Traffic East Asia, Hong Kong, 2009 (published with the support of DFID and Defra). [www.traffic.org/fisheries-reports/traffic\\_pub\\_fisheries9.pdf](http://www.traffic.org/fisheries-reports/traffic_pub_fisheries9.pdf)

<sup>12</sup> Daniel Pauly et al., *China's distant water fisheries in the 21<sup>st</sup> century*, *Fish and Fisheries* 2014, 15, pp. 474-488. <http://onlinelibrary.wiley.com/doi/10.1111/faf.12032/abstract>

<sup>13</sup> *Africa's Fisheries' Paradise at a Crossroads: Investigating Chinese Companies' Illegal Fishing Practices in West Africa*, Greenpeace, May 2015. <http://www.greenpeace.org/africa/en/Press-Centre-Hub/Publications/Africas-fisheries-paradise-at-a-crossroads/>

## **Overall risk assessment**

Overall risk assessment has to take into account the different aspects of Chinese seafood production, on land and at sea.

On land, as regards the very large processing and re-processing industry, the risks are now medium to low, and would appear to be declining. Most UK importers, which either conduct their own audits of processing plants or use Chinese auditors, stress that working conditions have been improving in recent years. There may still be arduous conditions and long hours of work, but wages appear to have increased. This is part of a national trend of rising labour costs, arguably affecting the competitiveness of China's previous low cost industries.

By contrast, the risks at sea are extremely high. Though media reports are sporadic, and other reports are largely anecdotal, there appears to be a pattern of abuse aboard Chinese and Chinese-flagged vessels in DWF, in a variety of oceans. There are indications that, as the labour market and economic prospects improve for Chinese nationals, they will be increasingly reluctant to work on DWF vessels. If China continues with its policies of DWF expansion, it is likely that Chinese companies will follow the trend of neighbouring Asian countries with DWF fleets, and seek to recruit migrant fishers from the poorer Asian countries.

As to the extent to which wild-caught fish captured through Chinese DWF may be entering the UK seafood supply chain, the data is not really available to assess this. The complexity of the Chinese seafood trade, and the uncertainty over statistics, mean that it will be extremely difficult to trace the origins and capture methods of wild-caught fish that may end up in Chinese processing factories. China's own fisheries statistics suggest that a significant proportion of the DWF catch is sold abroad, rather than transported back to China. Difficult though it may be to secure reliable information concerning recruitment and employment practices on the Chinese DWF fleet, this may well be a candidate for a high profile media exposé in the foreseeable future. UK seafood companies with significant exposure to China need to be on alert.

### **For further information**

- **United States Trafficking in Persons Report 2015**

<http://www.state.gov/j/tip/rls/tiprpt/>

The Department places each country in this Report onto one of four tiers, as mandated by the Trafficking Victims Prevention Act (TVPA). This placement is based more on the extent of government action to combat trafficking than on the size of the country's problem. The analyses are based on the extent of governments' efforts to reach compliance with the TVPA's minimum standards. Tier one is the best ranking and Tier 3 the worst.

- **Global Slavery Index 2014**

[http://d3mj66ag90b5fy.cloudfront.net/wp-content/uploads/2014/11/Global\\_Slavery\\_Index\\_2014\\_final\\_lowres.pdf](http://d3mj66ag90b5fy.cloudfront.net/wp-content/uploads/2014/11/Global_Slavery_Index_2014_final_lowres.pdf)

The Global Slavery Index estimates the prevalence of modern slavery country by country, the absolute number by population, how governments are tackling modern slavery, and what factors explain or predict the prevalence of modern slavery. Rankings range from 1 to 167 - with 1 the worst and 167 the best, in terms of the prevalence of the population in modern slavery. This is based on three factors: estimated prevalence of modern slavery by population, levels of

child marriage and levels of human trafficking into and out of the country. This gives a ‘weighted measure’.

- **The International Labour Organization’s Fundamental Conventions**

[http://www.ilo.org/wcmsp5/groups/public/---ed\\_norm/---declaration/documents/publication/wcms\\_095895.pdf](http://www.ilo.org/wcmsp5/groups/public/---ed_norm/---declaration/documents/publication/wcms_095895.pdf)

Ratifications of fundamental Conventions and Protocols by country

[http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:10011:0::NO::P10011\\_DISPLAY\\_BY,P10011\\_CONVENTION\\_TYPE\\_CODE:1,F](http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:10011:0::NO::P10011_DISPLAY_BY,P10011_CONVENTION_TYPE_CODE:1,F)

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