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Opportunities for U.S. Crawfish Exporters as China is Expected to Become an Importer

Report Categories:

Promotion Opportunities

Fishery Products

Approved By:

Christopher Bielecki

Prepared By:

LES Staff

Report Highlights:

Since 2014, domestic crawfish consumption has increased 68 percent to 1.1 million tons. Post estimates that in 2017, China became a net importer of crawfish as domestic production is unable to keep pace with rising consumption. Chinese consumers have a renewed interest in the “little lobster,” which was voted in several food media outlets as the country’s most favorite dish in 2017. Industry sources report that due to rising consumption and stagnant production, China could potentially need to import up to 300,000 tons of crawfish this season or into 2019. U.S. producers are well positioned to export crawfish to China that is estimated to be worth at least \$1.8 billion based on current wholesale prices.

Background

From 2014 to 2017, crawfish consumption increased over 68 percent (Table 1). Domestic production increased 220 percent from 2006-2016, however Chinese suppliers are now unable to sufficiently supply the market. The shortage is especially serious for the larger, higher quality crawfish, that are most frequently used in restaurants. Given the U.S. wholesale harvest price for crawfish is approximately \$2 per kilogram, Post estimates this growing market could be worth at least \$1.8 billion to U.S. exporters.

Table 1: China's Crawfish Production and Consumption (tons)

| | 2014 | 2015 | 2016 | 2017 | Change 2016/2017 |
|-------------|---------|---------|---------|-----------|---------------------|
| Production | 689,661 | 765,507 | 899,058 | 1,129,839 | 26% |
| Consumption | 663,814 | 748,787 | 879,331 | 1,114,506 | 27% |

Data from Seafood Guide (Published as part of the Fishery Front Magazine, a Chinese professional seafood trade publication).

In the past, China exported crawfish to the United States, European Union, and other countries. More recently, China’s exports have decreased 35 percent from 2014 to 2017 due to increasing demand and higher wholesale domestic prices. From 2014 to 2017, consumption almost doubled. Egypt accounts for 80 percent of imports, and Taiwan accounts for nearly the remaining volume at 19 percent. U.S. imports to China account for less than one percent. Multiple industry contacts report domestic production will be unable to keep pace with demand, and that consumption that could potentially reach 1.4 million tons in 2018 or 2019.

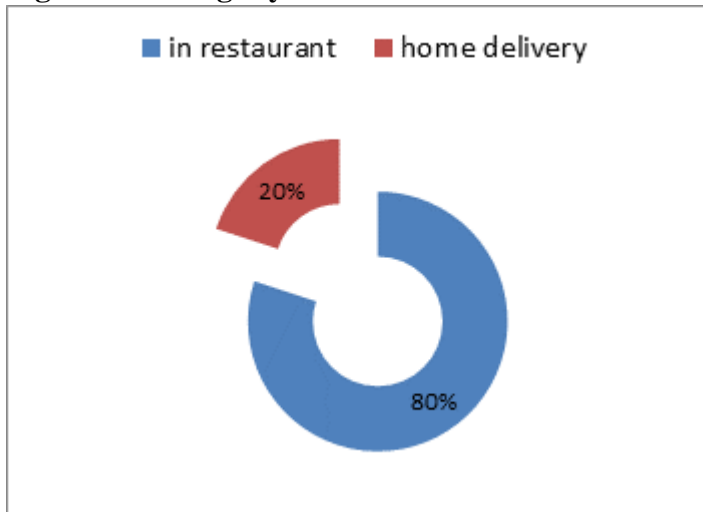
Market Conditions and Consumer Trends

There are several reasons why crawfish are increasingly sought after by Chinese consumers. Called “little lobsters” in Mandarin, crawfish are an affordable substitute to their larger cousins. The deep red color of cooked crawfish appeals to many Chinese. Healthy eating is becoming more important for consumers, and crawfish are considered a lean protein choice. Since many Chinese eat meals in communal fashion, crawfish are small, and individuals can easily choose to eat different portion sizes. Consumers enjoy the process of peeling the shells, and so it is also ideal for those who want to spend time in a restaurant with friends or family. Interestingly, Crawfish has also become a popular midnight snack , especially among younger consumers who participate in “crayfish night outs.” Crawfish can be used in diverse cuisines and are suitable to consume while dining alone while watching sports, with family members at home, or in restaurant with friends.

For the hotel, restaurant, and institutional (HRI) sector, cooked crawfish preserves easily, and is also ideal for online ordering and home delivery. Crawfish can be used with all of China’s major regional cuisines. The north and west frequently prepare crawfish in a spicy stir fry, while the south and east prefer it steamed with mild flavoring. Industry contacts report that younger people, aged 20-39 are driving renewed interest in crawfish. This age groups also prefers to order crawfish online for home delivery. Online home delivery of fresh and precooked seafood is increasingly popular as consumers seek convenience, and delivery logistics technology become more efficient (Figure 1). Leading chain restaurants have created dishes to meet the consumer demand, for example Pizza Hut created crawfish

pizza and Kentucky Fried Chicken offers a crawfish Panini.

Figure 1: Dining Styles in 2017



Data from Seafood Guide

Export Opportunities for U.S. Crawfish

Based on unofficial estimates provided by the *Seafood Guide*, China could potentially need to import up to 300,000 tons of crawfish this season or into 2019 to keep pace with demand. In 2017, several media outlets reported crawfish to be the country's favorite dish. The crawfish production season in China is from April to September, and May to August are peak months. Contacts report that imports are most critical when China is not harvesting crawfish after September. Frozen products that are already flavored or precooked are good alternatives to fresh or live crawfish. U.S. seafood is positively viewed by Chinese consumers as being more sustainable and natural compared to similar Chinese products. Contacts report that the ideal size is each at weight 40 grams or more. The current domestic crawfish price during the 2018 harvesting season has increased to over \$12 per kilogram wholesale for crawfish weighing at or over 40 grams. Contacts report that prices typically increase when the harvesting season ends in late September.

Crawfish is becoming more popular as China's HRI sector competes to give consumers new and exciting tastes. Post met with one large domestic chain restaurant headquartered in Beijing that prominently features crawfish on their menu. In 2017, the restaurant chain reported importing 2,300 tons of crawfish. The chain has been unable to find crawfish in sufficient quantity and quality. In order to maintain a consistent supply, they established overseas crawfish farms, and transport live crawfish daily via a chartered plane. On average, their restaurants utilize 6.3 tons of crawfish each day. The China Aquatic Products, Processing, and Marketing Association (CAPPMA) is one of China's largest aquatic products trade associations. In May 2018, CAPPMA led a delegation to visit crawfish producers in Louisiana. They brought a media team to record local crawfish producing areas, crawfish consuming culture, and local crawfish festivals.

Recommendations

HRI contacts are unable to source high quality crawfish in sufficient quantities to meet demand. U.S. seafood is viewed very positively by Chinese consumers for being sustainably harvested and safe to eat.

Those U.S. producers interested in exporting, should take note that crawfish have taken center stage in China's influential dining sector and prices for producers are favorable. In late 2018 or early 2019, the U.S. Agricultural Trade Office (ATO) in Beijing is planning a buyers mission to bring Chinese crawfish buyers to visit the United States to connect with U.S. suppliers. Interested parties may contact ATO Beijing for more information. Exporters and producers are also encouraged to contact their respective state's department of agriculture and/or state regional trade group for more information about this and other seafood exporting opportunities.

On June 16, 2018, China announced their intention to increase tariffs on a variety of U.S. goods in response to the U.S. 301 Investigation. The proposal includes increasing the tariff on U.S. crawfish by an additional 25 percent. For more information about which crawfish products (by HS Code) might be affected, please see the U.S. Department of Agriculture's [Global Agricultural Information Network report](#).

For more information contact:

U.S. Department of Agriculture, Foreign Agricultural Service

Agricultural Trade Office in Beijing

U.S. Embassy, Beijing, No. 55 An Jia Lou Rd., Chaoyang District, Beijing, China, 100600

Tel: (86-10) 8531-3950

Fax: (86-10) 8531-3974

Email: ATOBeijing@fas.usda.gov