

THE BIG PICTURE

Fishy Business

China is one of the leading destinations for freshly-caught U.S. fish, which are then processed and sent back to America.

BY ELIOT CHEN — SEPTEMBER 5, 2021



Over its lifetime, an Alaskan pink salmon can swim nearly 1,000 miles. Thanks to modern fishing supply chains, it might travel some 10,000 miles more after its death.

From the hold of a fishing boat in the Gulf of Alaska to a processing facility in Dalian, China, to a refrigerated container at the Port of Norfolk, and finally, to the seafood aisle at supermarkets from Walmart to Target, the trans-Pacific journey such fish take illustrates the extraordinary, and often counter-intuitive, nature of globalized food supply chains.

This week, *The Wire* takes a look at how the fish we eat arrive in our stores — and how that may be changing following the Covid pandemic.



FISH FACTS

The U.S. imported 3 million metric tons of seafood in 2020, worth almost \$21 billion, accounting for over [90 percent](#) of the seafood Americans consume, according to the National Oceanic and Atmospheric Administration. But by one [estimate](#), approximately one-third of imported seafood was originally fished in U.S. waters.

Since the early 2000s, China has been one of the leading destinations for freshly-caught American fish, according to trade data from the National Oceanic and Atmospheric Administration.

And while much of this seafood is ultimately consumed in China, where consumers put a premium on high quality imported seafood, a significant portion is also sliced, filleted, packaged, and sent back to the United States. The U.S. exported 240,000 metric tons of seafood to China worth \$700 million in 2020 and imported 400,000 metric tons, worth \$1.6

billion.

Caught in the U.S.A., Filleted for You in Dalian

Using real supply chain data, *The Wire* traced one trans-Pacific path taken by a wild Alaskan pink salmon from sea to supermarket.

1 Just off the Gulf of Alaska

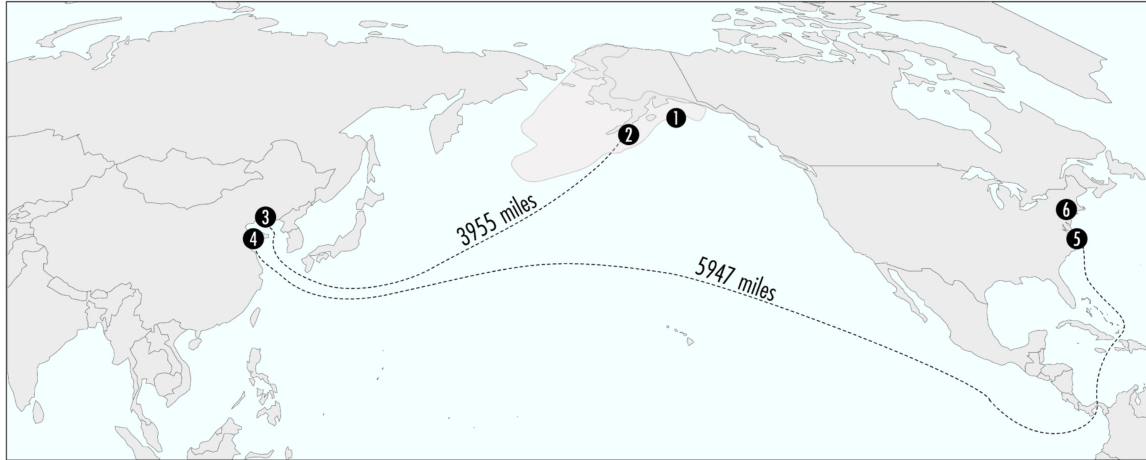
Along the Alaskan coastline, fishing boats cast nets for pink salmon, the smallest but most numerous of the Pacific salmon species.

2 Dutch Harbor, City of Unalaska

Fishing boats unload their catches at a processor, which blast freezes the fish and loads it into a container. Containers are loaded onto a ship bound for Dalian.

3 Port of Dalian, Shenyang, China

At the Port of Dalian, health officials conduct a nucleic acid Covid test on the shipment. If negative, the container goes onto the processor, in this case Dalian Rich Enterprise Group.



4 Dalian Rich Enterprise

Workers gut, scale, and fillet the salmon by hand. Seafood processing is highly labor intensive, and also dangerous—in the U.S., processing workers have the highest injury rate of all maritime workers. The mean wage of a processing worker in China is a tenth that in the U.S.

5 Port of Norfolk, Virginia

After being packaged by the processor, the salmon is frozen again and put on a ship in Qingdao, bound for the Port of Norfolk, Virginia. In this case, the consignee is High Liner Foods, the third largest seafood trader in North America.

6 From Warehouse to Retailer

From the Port of Norfolk, the salmon is delivered to distributor warehouses across the country. High Liner Foods sells retail products under labels including Fisher Boy, Mirabel, and Sea Cuisine, which feature at supermarkets including Target, Acme, and Safeway.

Data: Panjiva, Alaska Department of Fish and Game, National Geospatial Intelligence Agency

The rapid growth of companies like [Dalian Rich Enterprise Group Company](#), one of the largest salmon processing companies in China, illustrates how the supply chain has developed.

The company is based out of Dalian, a city on China's northeastern coast that is a popular destination for Alaskan exports and processes the fish for sale to Chinese and foreign customers in roughly [equal proportion](#). Dalian Rich Enterprise is a major supplier for several major U.S. seafood trading companies, including High Liner Foods, Eastern Fish Company and Trident Seafood, which sell their products in American supermarkets, including Walmart, Sam's Club, and Target.

It is often unclear where frozen fish sold in U.S. supermarkets was processed. Take the vacuum-packed sockeye salmon produced by High Liner Foods, the [third largest](#) seafood trader in North America. While this salmon is advertised as a "Product of USA" and a "Product of Alaska," it is not certified as being "Buy American" compliant on the company's website, indicating that the fish is likely processed outside the United States.

Dalian Rich Enterprise and High Liner Foods did not respond to requests for comment.



THE WAGE DIFFERENCE

How did the seafood supply chain end up this way?

As with so many industries, labor costs have been key. The median hourly wage for seafood processing workers in the U.S. is \$12.80, while average [salaries](#) stood at \$30,000 in 2020, according to the Bureau of Labor Statistics. The average Chinese fishery worker's wage in 2019 was [one-tenth](#) of that.

This wage differential, combined with improvements in freezer technology in the freight industry, have made it much cheaper to ship freshly caught seafood to countries such as China and Indonesia for processing.

Coastal development has also displaced many former fishing communities. "In places outside Alaska, there is significant real estate development pressure in areas where processing plants once stood," says [Paul Greenberg](#), author of *American Catch: The Fight for Our Local Seafood*.

"As a fishmonger in Gloucester, Massachusetts, once put it to me, 'You see fish houses closing and getting converted into hotels and condos all the time. You never see a hotel getting converted into a fish house.'"

Together, these factors have decimated the U.S. seafood processing industry. In [1990](#), 4,000 processing plants handled the commercial products of America's quarter million fishermen. In [2017](#), just 20 percent of those plants remained.

THE PANDEMIC EFFECT

There are signs of change to this fishy tale — thanks initially to the U.S.-China trade war, and more recently to the pandemic.

U.S. seafood imports from China peaked in 2015 before sharply declining beginning in 2018, the year the Trump administration imposed a 25 percent tariff on such shipments. Beijing slapped a 35 percent retaliatory tariff on U.S. seafood imports in 2019, further damaging the bilateral trade. From 2018 to 2020, U.S. seafood exports to China fell by 20 percent a year on average. The Trump administration later rolled back tariffs on imports of most fish species in 2020.

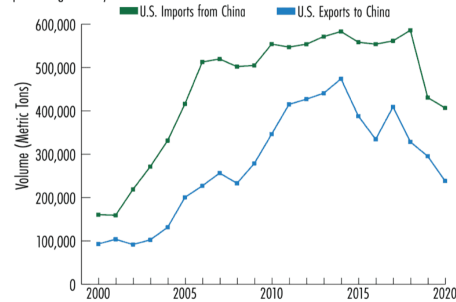
The protracted effects of the pandemic may lead to more lasting change. [Dan Lesh](#), a seafood industry analyst with McKinley Research Group, an Alaskan consultancy, says container shortages have caused the cost of shipping to as much as triple compared to the pre-pandemic era, while holdups at key ports such as Dalian have resulted in ships waiting at sea for up to seven months.

Part of the holdup stems from Chinese concerns that frozen seafood might transmit Covid, a disputed theory that's nevertheless [shared](#) by some senior Chinese officials. Imported food shipments are tested for Covid, and a positive result can result in a full port shutdown. The draconian testing regime has [irked](#) many of China's trading partners.

Heightened fear about seafood hygiene has benefitted a niche sector of the U.S. fishing industry: [Small businesses that fish and process](#) their seafood in-house, sending their products directly to consumers' doorsteps, have seen sales soar during the pandemic. According to Christopher Nicolson, co-founder of [Iliamna Fishing Company](#), a family-owned cooperative that catches, processes, and distributes premium wild sockeye salmon, the company's annual growth rate doubled in 2020.

Crossing the Pacific — By Boat

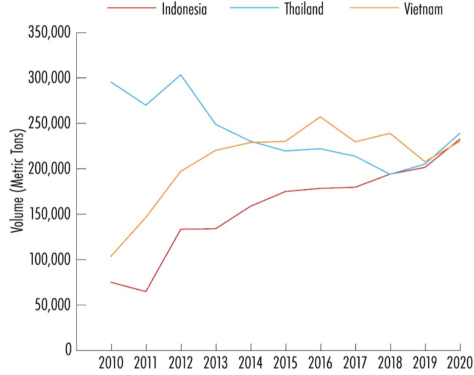
Beginning in the early 2000s, the U.S.-China trade in seafood grew significantly, fuelled by growing Chinese demand for seafood and the outsourcing of the U.S. processing industry.



Data: [National Oceanic and Atmospheric Administration](#)

Farther Still

While U.S. seafood imports from China have waned, the volume of imports from southeast Asia has steadily grown over the last decade, especially since 2018, when tariffs were imposed on Chinese seafood imports.



Data: [National Oceanic and Atmospheric Administration](#)

“Seafood has a funny way of freaking people out,” says Greenberg, the author of *American Catch*. “These direct-to-consumer businesses like Illiamna are able to offer a clean-looking, vacuum-sealed frozen product that feels safe. And the sense of doing business with real people rather than corporations was also appealing during these Covid-ian times.”

But Lesh, the analyst, believes that the market for direct-to-consumer fish has a limit. “There’s a natural cap on the growth of that sector. It’s not a way you’re going to move commodities-grade fish.”

The more likely trend, which has already begun, is that seafood processing will relocate to even cheaper labor markets, including Vietnam, Thailand and Indonesia. “What would really make reshoring happen is technology shifts in terms of automation capabilities and robotics,” says Lesh.

For now, the posthumous fish’s trans-Pacific journey seems fated to grow only longer.



Eliot Chen is a Toronto-based staff writer at *The Wire*. Previously, he was a researcher at the Center for Strategic and International Studies’ Human Rights Initiative and MacroPolo. [@elijotcxchen](#)

COVER STORY



Pole Position

BY EYCK FREYMANN

In public, Chinese diplomats and climate negotiators deny that they see any link between climate change and geopolitics. But there is a deeply cynical consensus within China’s academic and policy communities that climate change creates geopolitical opportunities that China can exploit — and must exploit before its rivals do. Greenland was the proof of concept for this strategy. And it caught the U.S. flat-footed.

THE BIG PICTURE



Transsion's Triumph

BY GARRETT O'BRIEN

A look at Transsion’s monumental growth, unique marketing strategies and future growth potential.

Q & A



Jörg Wuttke on China's Self-Destruction

BY ANDREW PEUPLE

The EU Chamber of Commerce in China president talks about China’s self-inflicted problems; how he gets away with being so outspoken; and why he believes in China’s comeback gene.



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