# Seafood Trade Advisory Group
# Technical Visit to China

## Participants:

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## 29 May 2017 - Shanghai

Meeting with Professor Dai and Professor Shen from Zhejiang Gongshang University

### General

Professor Dai is Dean of Institute of Seafood at Zhejiang Gongshang University. President of CAPPMA Zhejiang Province.

Professor Shen is the Assistant Director of the Institute.

Professor Dai was responsible for overseeing the University's research on the necessity for the use of sulphites in prawns, crabs and shrimp. This research was the basis the submission to NHFPC. As Vice - President of CAPPMA Zhejiang he was also the principal author of the successful application to change China Food Standards to allow the use of sulfites (SO2 residual) in Prawns and Crabs.

He specializes in prawns, squid and shrimp post-harvest processing, including canning, freezing and drying.

The institute specializes in research based around;

- seafood processing, including oils and by-products from seafood processing waste.
- functional food and nutritional properties of seafoods.
- fish meal, collagen and proteins looking for functional ingredients

Prof. Dai and Prof. Shen indicated the university would be Interested in collaborating on seafood processing research generally and have access to government funding to support this. The University had previously collaborated with Georgia University on seafood waste by-products on a project totally funded by the Chinese government.

## Prawn Application

In relation to the successful application for SO2 in prawns Prof. Dai stated that the use of in Sulphites in seafood were previously approved under the China Food Standards Code but were stopped for public health reasons. More food safety problems were reported from seafood than any other protein (it should be noted however, China eats more seafood than any other protein.) The major health concern centred around respiratory problems.

The application for approval for the use of sulphites in prawns, crabs and shrimp was a new application and not an extension to current approvals for the use in other foods as there was no existing category for the use in seafood.

Two applications were lodged. The first was rejected due to procedural matters. The second application being successful. It took two years from initial submission to approval.

Substantial research was undertaken before any submission was lodged. Much of this was gathering data to support a robust food safety risk assessment that was essential for the application.

Zhejiang is China's largest prawn producer (provincially) and there was a clear technical requirement to use Sulphites domestically and for export markets.

Major arguments around which the application was based;

- Non-market acceptance of product with black heads
- Complying with international standards

Importantly they specified that the maximum use would not be higher than other countries. A risk assessment was done for 100ppm, 125ppm, 150ppm and 200ppm. Based on the health risk assessment, China NHFPC approved a limit of 100 ppm.

Consumption figures used in the risk assessment were based on production volume, less exports and then, we presume per capita consumption figure. (The consumption figures were based on production volume. That is, after deduction of export volume, the remaining volume was considered as approximate consumption volume.) This requires further investigation

Sulphites used were not listed as the application focused on the SO2 residue and all sulphites used for food production and processing in China must be food grade

The application was based on well-established and accepted Chinese testing method GB5009.34-2003. This was the applicable standard at the time however Prof. Dai suggested that the new standard 2016 version does not differ too much from the previous standard. This needs to be checked.

Technical information to support the case for approval was supplied as an appendix to the application

They did not specify the functional use of Sulphites i.e. anti-browning or bleaching, although it appears the approval is based on antioxidant and anti-browning. This needs to be checked.

## SO2 in Abalone

Based on his research he advised us, as already known, that SO2 is not permitted in product sold domestically but processors can and do use it for export markets.

Zhejiang province did not produce any farmed Abalone and was therefore unlikely to be interested in supporting a case for the extension of the standard to cover Abalone. He stated that he was willing to introduce us to the CAPPMA President/Vice President in Fujian who may then work with us but there was no commitment

Prof. Dai suggested that there had been testing of local Chinese farmed Abalone product bound for export and found 50ppm residual - using the Chinese testing methods

He suggested we also work on alternatives to SO2 as a separate but linked project. He was keen to work collaboratively with us in this respect as alternatives would also be useful for prawns.

## Collaboration Opportunity

We agreed to collaborate on the following four things

- Introduce us to the Fujian CAPPMA representatives to discuss possible industry collaboration
- Provide guidance and assistance – including undertaking short research projects – to support the preparation of the application
- Review the application prior to submission
- Undertake a longer-term research collaboration on
    - Alternatives to using SO2 in canned/preserved abalone

- Developing new healthy, nutritious and functional products from seafood processing waste

## 30 May 2017 - Beijing

Meeting with Dr Tan from YSFRI China Academy of Fisheries Science

### General

Visited Australia in 2016 as part of the first technical exchange visit funded by the PASE program. He was hosted by the STAG and SafeFish. Attended a Molluscan shellfish workshop in Sydney

Has several project ideas for possible collaboration with Safefish and other Australian food safety researchers, which he put forward, including ideas for seafood processing research collaboration proposed by his colleague Dr Cao. Conversely, JG provided two potential projects for discussion.

Dr Tan is part of the National Centre for Quality Supervision and Test of Aquatic Products. We asked whether this would include testing of SO2 residues in Abalone. He advised that this was not part of the remit but that he could introduce us to the people who are responsible.

His group focuses on environmental contaminants and processing technology from farm to table. Yellowseas provides technical support to CFAS

### Collaboration Opportunity

We agreed to forward his project suggestions to SafeFish for consideration and to continue to communicate regarding other opportunities.

## 31 May 2017 - Beijing

### CAPPMA - China Aquatic Products Processing and Marketing Alliance

CAPPMA is an industry association founded in 1994 under the Ministry of Agriculture and currently has around1,800 companies as members.

Originally CAPPMA focused on processing and domestic sales but responsibilities now include farming and foreign trade, as part of their charter.

Their priorities are about delivering services to industry and providing a link between government and trade. This includes providing opinions on the development of national and international standards to government.

If they believe that Chinese standards are inadequate they will raise this with the government including providing reference to international standards

CAPPMA were preparing for an event in Fuzhou where 10 Abalone processing companies would be present and it was expected that they would form the Abalone committee. This Committee would take the lead on Abalone related issues.

CAPPMA, as previously stated, were instrumental in preparing and submitting the application for the approval for the use of SO2 in prawns, crabs and shrimp, accepted at 100ppm for fresh and frozen product. We noted that the approval did not cover processed products.

There was a strong indication of a desire to work with the Seafood Trade Advisory Group on projects looking at alternatives to sulphites

CAPPMA had member companies (Abalone) who had heard about the meeting with us and wanted to attend but could not because of the Abalone meeting in Fuzhou (including Zoneco – the largest Chinese Abalone farming and processing company). CAPPMA will consult with these Chinese companies to ascertain the current or potential use of SO2 in processing and to determine their appetite for working with us on any application to NHFPC seeking a change the China national standard.

We were asked how much we export in canned form as Australia is known for its live product not for cans. We explained that there would be an estimated maximum 1,000 tonnes which would not impact on Chinese market demand for abalone from local sources.

We explained that several benefits for allowing the use of sulphites would be potential improved export opportunities for Chinese produced Abalone and protection from possible prosecution if Chinese export product found its way on to the domestic market and was tested.

Advised they have member companies interested in investing in Australia and working in research areas in collaboration with Australian organizations.

Asked about the Chinese testing methods for SO2 residual, advised that there would be very minor change between the 2003 and 2016 methods and that they would do that comparison for us.

CAPPMA requested a copy of the SARDI food safety risk assessment (SO2 in preserved Abalone) as well as information on international standards (CODEX) and individual countries approval levels.

Consumption data is not readily available due to population and spread but they are prepared in collaborating on a project to get this information, if wanted. Suggested the cheapest and quickest way would be to engage provincial universities to cover their areas. They have done some research for other species but was basic.

## Collaboration Opportunity

Suggested that we develop an MOU to collaborate on technical food safety and trade matters. We agreed that once this was completed that the MOU could be expanded to cover other issues of common interest

## CIQA - China Entry-Exit Inspection and Quarantine Association

Set up by the Ministry of Civil Affairs of the People's Republic of China. CIQA possesses an independent legal personality and carries out its activities according to its Constitution.

CIQA have built a strong working relationship with other Australian industry associations but have not got one with Australian seafood industry. They are keen to form a collaboration

They Act as a bridge between government and industry on entry and exit quarantine matters (they comprise retired AQSIQ officers and come under the control of the Minister for AQSIQ)

- they are an advisory group for the Minister
- conduct exhibitions and seminars each year including meat, dairy, horticulture, and seafood. A major annual event is held in September each year in Guangzhou and often technical meetings are held in the sidelines of this event. We are invited to attend this year.
- act as a link between government and importers/exporters in relation to inspection and quarantine issues. Issues can be referred to other agencies
- promote the professional field of quarantine and inspection. They have the China Academy of Quarantine Inspection

CIQA referred to the importance of traceability and product information to be readily available through mobile technology.

Such technology is important in reducing counterfeiting of product with the Chinese government placing great emphasis on this for both food safety and protection of consumers. This is likely to impact on labelling requirements in the future.

They advised that there are four levels of standards – national, sector, local and company. NHFPC manage the national standards for food safety. CODEX is usually the accepted Chinese standard when there is no China National Standard (it is reference point). CIQA is actively involved in CODEX Committees

## Collaboration Opportunity

Suggested that we develop an MOU to cover the following items:

- Technical exchanges
- Exhibitions
- Standards
- Traceability
- Food security

E-commerce is changing the market rapidly and is changing the cold chain effectiveness. This will mean continual changes in requirements. There are oppoprtunities to maintain communication and collaboration about this.

## China Gate Pty Ltd

The approval for the use of additives have become more difficult to obtain and to maintain. This is to protect the consumer

It is important to fully define the necessity for the use in any application, including work done and failings of alternate natural chemicals on the product

The government is still placing an emphasis on corruption and overspending, particularly on expensive seafood

Suggested for any future application we should;

- apply for the use in preserved seafood generally and not draw attention to Abalone
- provide overwhelming evidence supporting the need and function of the additive.

- provide clear colour photographs comparison of the product with and without the sulphite use
- apply for one function only – this is easier than applying for several. Once approved it is easier to add others
- risk assessment is not important as sulphite use is already approved as a safe additive for use in food processing

Advised that CODEX is just a reference point for Chinese regulation

In relation to the approval for the use of sulphites in prawns, crabs and shrimp the application documentation would normally not be available however the public comment document may still be accessible. If so they can provide a copy to us

The biggest issue is that high value Abalone is a sensitive product now. As such, there is a need to focus on both the science and the policy aspects of this issue

## 1 June 2017 - Beijing

### Australian Embassy

Adam Powell, Agriculture Councilor

### General comments

We provided an overview of the meetings with the researchers and with CAPPMA and CIQA.

Agreed that progressing MOUs and undertaking collaborative activities would be an effective way of building the relationships needed to gain support for our case.

We advised that we have greater clarity about what is needed in the application – we need to emphasize the function of the additive and justify the need for it to be used. As such we are

- seeking clarity about the testing protocols that are and will be used.
- looking to get tests done on commercially available canned abalone and potentially other canned molluscs and crustaceans to identify how much exists already in the food supply.

We have also concluded that it will take time (2 years minimum) and that the best chance we have is to work with the local industry to gain support for change. In the meantime, we will continue to work on the technical case and commission some China based research to support this case

We agreed that just lodging the application is “flying blind.” Adam suggested collaboration with Chinese organizations is well received by the Chinese Government and that it is critical to achieving our outcome. Adam also advised that in his experience that the handing over of information (excluding commercial able IP) is generally a good idea and will assist in building the trust relationship

Cross border e-commerce is changing things rapidly so it will need to be monitored closely. Again forming strategic partnerships and relationships with organisations such as CAPPMA and CIQA will help with this. Consideration should be given to organizing 2 way visits.

Traceability is becoming more important than ever before – politically it is about fraud detection and protection of consumers.

We agreed that applying for approval for SO2 in several forms of preserved seafood posed a risk

Adam suggested that we continue to try to meet with the China Imported Food Association (they were not available on this visit) as they appear to have influence and have had input into food safety legislation changes

## New regulation for getting recognition of international standards.

The Aust. Embassy will check the new regulations announced in April about China recognizing international standards where there is no national stand. Adam will brief Wayne in Canberra on Thursday 8 June 2017

## Approved list for chilled and frozen seafood

There is an extensive list that must be prioritized as we don’t want to use up AQSIQ resources unnecessarily!

Australia appears to enjoy a good relationship with AQSIQ (as evidenced by the quick response to the current issues with the approved import list). Not all countries have the same positive relationship and outcomes. Canada is dealing with it differently and is getting some success at the point of entry (using local relationships). The Central government appear to be pushing the risk for decisions about food safety and standards to the importer/exporter relationship

Products that have no official history of trade will take longer to resolve and get approval for import. It’s Important that the priority list reflects this previous trade in the first instance

however we agreed that it was also important to identify priority species that have large commercial potential, particularly as the FTA comes fully into force

There remains a question mark about how live seafood imports are treated in future. Currently live seafood imports are managed by another government agency. Chilled and frozen product is managed through AQSIQ. There are differences in how the two channels are treated. This may cause problems in the future.

## Recommendations

The following recommendations are provided for consideration by the ACA, AAA and STAG

1. Develop an MOU to establish a technical collaboration with the Institute of Seafood at Zhejiang Gongshang, based around the agreed work program from the discussion agreements;
    - testing of canned Abalone species available for domestic sale for SO2 residual and antibiotics, using the approved Chinese testing methods.
    - provide guidance and assistance – including undertaking short research projects to support the preparation of an application for the use of Sulphites in preserved Abalone
    - review the application prior to submission
2. Undertake a longer-term research collaboration on
    - Alternatives to using SO2 in canned/preserved abalone
    - Developing new healthy, nutritious and functional products from seafood processing waste
3. Establish an industry relationship with CAPPMA and develop an MOU with them on;
    - working together with their Abalone Committee on issues that benefit trade for both parties.
    - seeking alternatives to using SO2 in canned/preserved abalone
    - providing information and support in relation to submissions to government on International standards for seafood
4. Work with other Australian seafood sectors (particularly SRL and WRL) to establish an MOU with CIQA to collaborate on technical trade related issues to benefit both China and Australia
5. Undertake, in collaboration with Dr Dai and other researchers to research the use of SO2 in seafood generally and Abalone in particular – focusing on finding alternatives to SO2.

6. Pursue opportunities to establish relationships with key Chinese authorities and abalone processors in Fujian province seeking the possibilities to develop a joint Australia/China application for change to the Chinese standard
7. Work with SafeFish to continue to develop the technical information to support an application.
8. STAG to prepare a funding proposal for ATMAC to progress this work with financial support from AAA and ACA.

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