

Title: **Changing Trends in Offshore Processing: Implications for the New Zealand Seafood Industry**

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Abstract: The past twenty years has seen the offshore outsourcing of post-harvest fish processing gain unprecedented momentum. The growth in offshore processing is a further stage in an increasingly globalised fisheries value chain. Raw material is head and gutted, then frozen, and transported to processing sites in Asia (especially China). The fish is then thawed, value-added processed, and refrozen for export to the original sourcing country or third country markets primarily Europe and North America. China is the worlds largest exporter of seafood principally due to its cost-efficient re-processing trade. The growth in offshore processing has heightened concern in terms of traceability, food safety, country of origin labelling, and fraud.

The performance of New Zealands seafood processing industry is intrinsically linked to, and influenced by, market forces. New Zealand seafood companies first began to sub-contract processing to China in the early 1990s. A reduction in hoki quotas coupled with increasing processing costs as well as the disposal - and/or configuration changes - of trawlers contributed to moving value-added processing offshore. New Zealand companies have also transferred processing technology to China during the last fifteen years. In order to understand the drivers behind the move to offshore outsourcing, this paper critically examines the development of Chinas post-harvesting processing industry before exploring the changing nature of New Zealand seafood companys production practices. The paper ends with implications for the New Zealand seafood industry value chain.