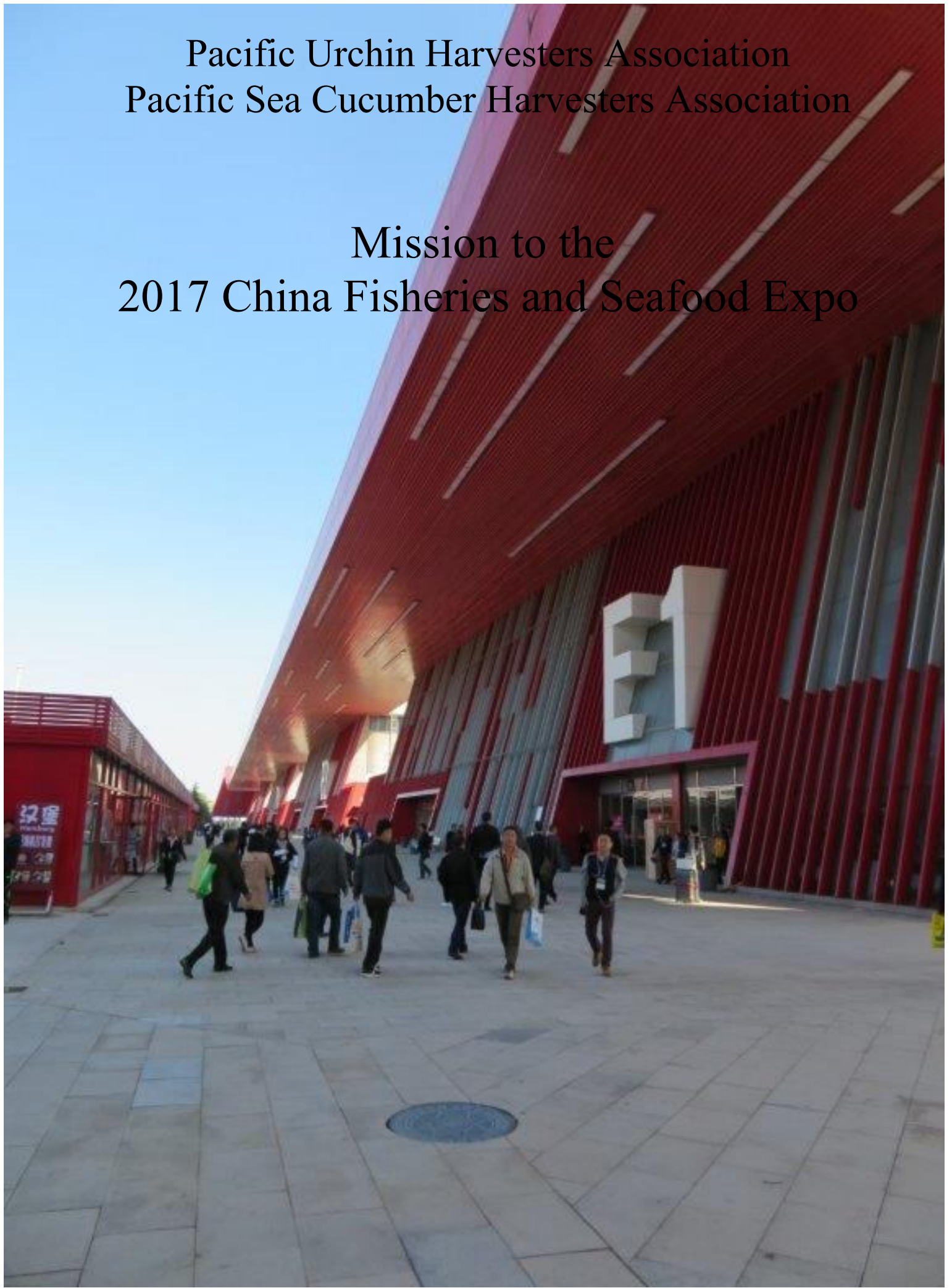


Pacific Urchin Harvesters Association
Pacific Sea Cucumber Harvesters Association

Mission to the
2017 China Fisheries and Seafood Expo



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November 1- 3, 2017

Pacific Urchin Harvesters Association
Pacific Sea Cucumber Harvesters Association

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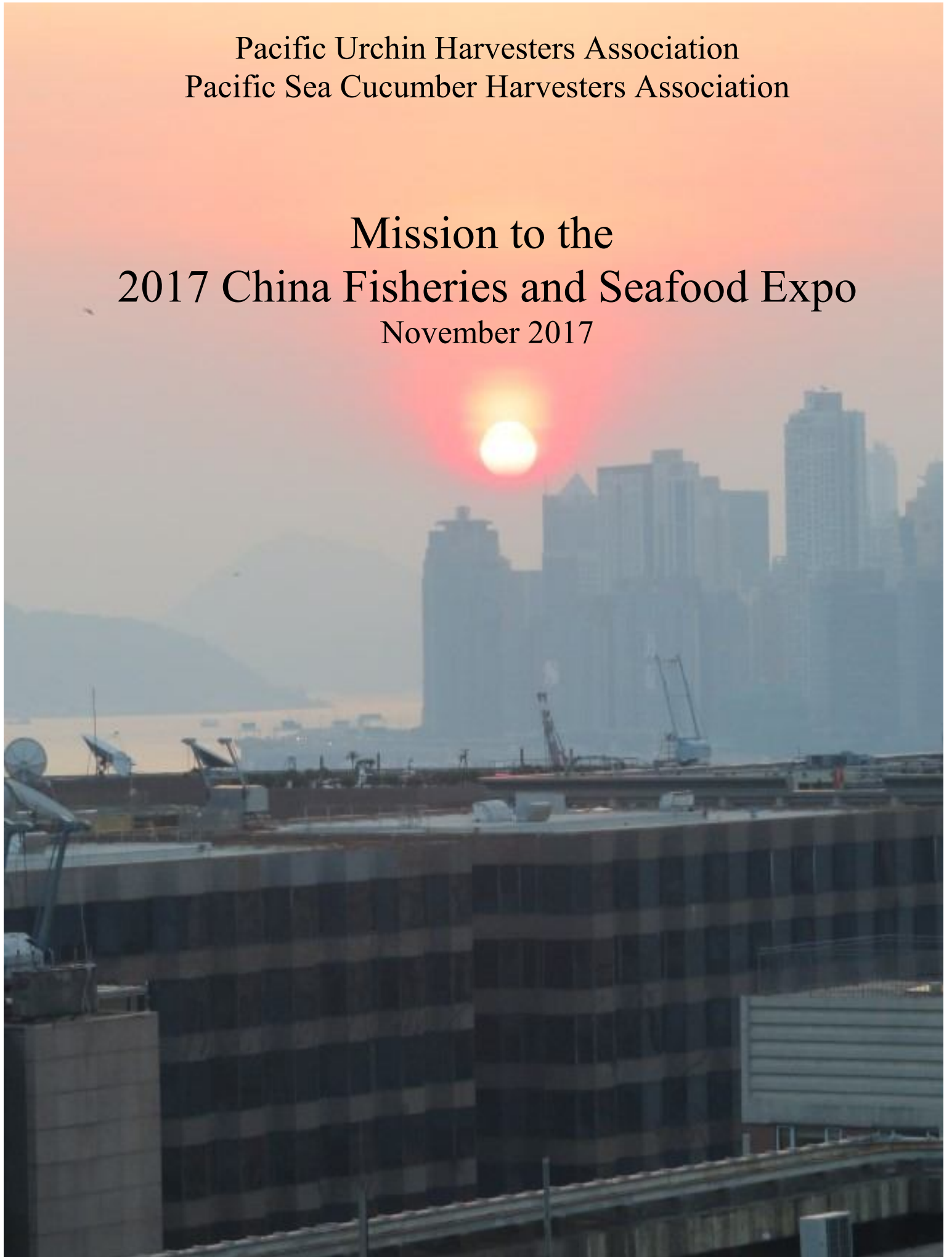
This project was funded by the Agri-Marketing Program of Agriculture and Agri-Food Canada as part of the coordinated International Marketing programs for the Pacific Urchin Harvesters Association and the Pacific Sea Cucumber Harvesters Association. We thank Mssr’s David Watters, Ben Barry and Christain Lauziere of Agriculture and Agri-Food Canada and many staff, including Trade Commissioners from Canada and various trade missions in China and other parts of Asia, for putting together a very impressive presence for Canada at this important Asian showcase. The friendly, outgoing and yet professional atmosphere around the Pavilion and the many high quality products on display and available to sample from Canada put, we believe, our country in a very good light. We thank and congratulate all the participants.

The Province of British Columbia again deserves special mention for providing an outstanding booth, for coordinating much of the activity there and for providing assistance and services they provide to delegates and companies from BC. This booth provides a central focus and meeting area for people, customers and clients interested in companies from BC. It was also great seeing Mr. Nathan Fong, a very accomplished and creative chef well known to all of us who does a wonderful job of producing a range of tasty seafood treats.

The author also extends his thanks to the Agri- Marketing Program, the Pacific Urchin Harvesters and the Pacific Sea Cucumber Harvesters Associations and their respective presidents, Mr. Mike Featherstone and Mr. Thom Liptrot, their executive teams and members for their continuing support, advice and confidence.

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Pacific Urchin Harvesters Association
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2017 Mission to the China Fisheries and Seafood Expo



Introduction

Mike Featherstone, David McRae and Geoff Krause met in Hong Kong on October 30, 2017 en route to the 2017 China Fisheries and Seafood Expo (CFSE) in Qingdao China. After spending a day in Hong Kong, they were met in China by other members of the delegation: Thom Liptrot and Shelley Buchanan from the PSCHA and by King Chong, Pat Fantillo, Lumin Qian and Paddy Wong representing their processing and exporting companies. This is the 8th time we have exhibited at this show and since we had probably the best representation from processors we have ever had this year, we are confident that we are still on the right side by making the effort to attend this global event. This is the 22nd edition of the show and it has again grown so it is now the second largest seafood show in the world. By the numbers, it now features more than 1,500 companies from over 50 nations covering more than 80,000 square metres of exhibit space, 40% of which is accounted for by overseas exhibitors. At least 30,000 visitors, the vast majority being industry professionals, from more than a 100 countries were projected to attend.

The growth of the show is a direct reflection of the growing seafood consumption in China. In cities like Beijing, Shanghai and Guangzhou, the annual per capita seafood consumption exceeds 40 kg., right up there as one of the highest in the world, and growing. The trend is the same throughout China and the UN's Fisheries and Agriculture Organization projects annual country-wide per capita consumption of 36 kg. within 3 years.

China continues to lead the world in aquaculture production and has a far ranging and some would say aggressive deep water fishing fleet but the majority of the supply growth for the increasing consumption is coming in from overseas. As a result Beijing is given another reason to pursue more open trade policies and agreements, including free trade agreements. Recent policy changes include streamlined customs clearance procedures in at least some ports of entry so that it now, for example, only takes a few minutes to clear live Dungeness crab and/or Canadian lobster through the Qingdao customs.

Seafood consumption in China is also getting a boost from e-commerce sites marketing, selling and delivering seafood to consumers' doorsteps. These outlets are expanding the variety of products they offer and growth of ancillary delivery businesses using electric bikes, vans and cars is exploding throughout the country, so much so that the leading edge that change is in Asia.

Market Update

In the 1950s and 1960s, the world economy was transformed by the emergence of the American consumer. Today, however, China is the rising power even as the rest of Asia is coming into its own so that those thinking the 21st Century will be a repeat of the 20th Century, aka the American Century, are going to be disappointed. The fact is: China is back and America is presenting as psychologically unprepared for it, giving rise to concerns that the transition may again be, lets call it turbulent. The pace and scale of China's recent advance is illustrated by the single piece of trivia that China poured more concrete from 2011 to 2013 than the US did over the whole of the 20th Century.

For now the US remains the world's pre-eminent power, both economically and militarily, but China is determined to regain its historic stature among nations. Despite the fact that President Trump has basically been "The Story" since his inauguration because of his strident rhetoric in support of a protectionist US and his "MAGA" campaign, his actual moves have been mixed. Passing on the Trans Pacific Partnership is seen by most economists as foolhardy at best, while his threats on pulling out of NAFTA and handicapping the WTO do not even make that grade. His rhetoric and policy ideas favour a growing frenzy of protectionism and social polarization but these are based on ideology and belief even more than empirical evidence and economic standing and they in fact belie his words claiming a renewed pursuit of greatness. Granted, his signature tax cut is likely to boost growth in the near term however it is likely also more than likely to exacerbate income inequality and blow US debt and deficit levels far into dangerous territory. His deregulation push also risks heavy costs to banking stability and environmental quality even as the slashing of R&D and almost militant immigration restrictions threaten long term innovation and technical capacity. The economy currently looks good for the short term but the worry is that his actions are akin to tossing a can of gas onto a comfortable fire and the medium to longer term implications are far more likely to be destabilizing and even dangerous to the US economy. There are also recent signs that momentum towards a trade war between the US and China is building, at least on the US side, which would be another distraction that will not help.

China is the workshop for many of the world's goods and as such the country is still dependent on trade and therefore the state of the global economy for its continued prosperity. Luckily that is undoubtedly looking good to very good these days, something that is projected to continue for a while anyways as basically all countries are growing together, although not all are seeing that way (see above). We are also seeing the rise of a new age consumer, the millennial generation which is, or very soon will be, in the driver's seat in China as in much of the rest of the world.

Emboldened by years of economic growth, and empowered by the rising digital economy in China, Chinese millennials see themselves as the "I can do anything", or "i-can" generation. They are more globally minded than their parents. As products of the one-child policy, they have acquired a can-do attitude which is now transforming the country's society and economy. This new generation is also more worldlier and more sophisticated, entrepreneurial, individualistic, open-minded and willing to spend. As internationally minded consumers, they are more selective about where they spend their money, shifting from products to services and from mass to premium segments. They, like the millennials we know at home here, also seek a more balanced life where health and tailored experiences take priority. This means they are likely to spend a greater share of their incomes on health care, lifestyle, entertainment, and household goods and services, rather than daily necessities.

There is no doubt that this generation is poised to become the dominant force in China's consumer market, which will power the country's economic growth. We have been using them for years as interpreters at the shows we have attended in China and they are sharp, keen and apparently entrepreneurial, all ready, able and willing to work hard to get a better life for themselves and their families. This cohort represents more than 400 million people, or almost a third of China's population and more than the working populations of the US and Western Europe combined. This generation's spending power is resetting China's growth model to one based on domestic consumption over the traditional foreign-investment and export-led growth. This means they will soon become a force driving global economic growth. They are expected to drive upwards of 65 % of consumption growth in China until 2020, at which point they will make up around 53 per cent of total consumption spending, up from 45 per cent in 2016.

Essentially, China's millennials leapt from the pre-web era straight to the mobile internet, skipping the personal computer altogether. On the way, their e-commerce activity has created one of the world's largest digital economies and is spawning a new generation of Chinese IT companies that are making their presence felt on the global stage. This change in consumption patterns has encouraged innovation and growth in the private sector to meet the rising consumer demand. This is particularly evident in the information technology industry, which has seen Chinese companies such as Alibaba and JD.com in e-commerce, Tencent in social media, and search giant Baidu, all become leading global businesses. Consider this: in 2016, the Chinese spent US\$5.5 trillion through mobile payment platforms – about 50 times the amount in the US. Users of Tencent's WeChat sent around 46 billion digital red envelopes over the Lunar New Year period this year, while PayPal completed 6.1 billion payment transactions in the whole of 2016. Alibaba's payments affiliate, Ant Financial's Yu'e Bao became one of the largest online funds, managing US\$165 billion for more than 325 million clients, comprising 99.72 per cent individual investors and 0.28 per cent institutional investors by the end of 2016.

These players are not just providing a single mobile platform, they are integrating everything into mobile-centric solutions. Alibaba, owner of the South China Morning Post which - by the by - is a good read and free to access on the web (www.scmp.com), and Tencent are integrating different parts of life, including payments for utilities, transport and hotels, into their mobile platform. You can do almost anything, anywhere – just by swiping your smartphone and now customers can run a tally of their daily expenses through an accounting function on Alipay or Tenpay, which automatically records every transaction and analyses the flow of money. Consumers also have access to lending, bartering and wealth management solutions, such as trading of funds and stocks.

President Xi says nations can build a community with shared interests for humanity driving global growth and prosperity. However, for that to happen there needs to be a new model whereby common ground is found through shelving differences and respecting and learning from one another. Western democracies may dismiss this as a bit rich coming from the leader of a one party state but at least he is talking about it. The fact remains that the isolation and retreat in evidence from powers like the US and the UK, will not alleviate poverty or inequality and will in all likely hood worsen the likelihood for conflict. Beijing's Belt and Road initiative is looking to extend joint benefits to all participating countries and is an offshoot of President Xi's "more constructive" approach. It is for sure an idealistic vision, but it is also one that is possible.

On the other side we have a couple of sayings that are hard to not bring up with all these fine words: “talk is cheap” and “talking the talk is not the same as walking the walk”. So it is worth asking and discussing where they really are. There is in fact a renewed push within China for comprehensive “ideological conformity” which is something that marks a return to old habits, habits which underlay the eruption of tragedies like “The Great Leap Forward” and “The Cultural Revolution”. Censors have been more actively and coercively controlling the messages media outlets are permitted and ideals such as a free press and human rights are now considered insidious intrusions by the West, most especially by the President himself. Controls over social media are being beefed up with new restrictions and serious penalties for nebulous and ill-defined acts, including such felonies as spreading rumours on line. “Security incidents” are defined as needed and even on-line anonymity can draw criminal sanction including serious jail time. Something else along this line to keep in mind is that there are currently an estimated 170 million video surveillance cameras active in China now with another 400 million to be installed in the next 3 years. Police are also now sporting sunglasses equipped with Augmented Reality capacity linked to the government databases in the cloud so they can now near- instantaneously identify people in crowds and if warranted, apprehend them.

Another change that reflects discordance between that stated aspiration and the reality the government is constructing in China’s can be seen in the tightening restrictions on information flows. Censorship is pervasive, internet connections to the outside world are seriously throttled back and there are number of popular internet services, like Google, which are simply not available in the country. The Great Firewall of China has until recently been quite porous, allowing an easy flow of information from the outside world using relatively simple technological tools to digitally tunnel through it. Now however the government is preparing to harden the barrier by stamping out the Virtual Private Networks (VPN’s) used to access foreign content. VPN software masks an Internet connection in a way that allows a user to browse websites as if their computer or smart phone is situated overseas. Preliminary steps including registry of all VPN providers and removal of access to some of them and new bans on using any method to evade the Great Firewall have been taken.

They are moving on this despite the government knowing eliminating the use of VPN’s effectively means they are cutting China off from the global internet. In today’s world that will have immense intended and unintended consequences. Further slowdowns in access to foreign web sites translates into lost international competitive and collaborative capacity for Chinese interests and a possible exodus and/or reduced recruitment of geeks, scientists and engineers etc. for whom quick access is not negotiable. If they go too far with it, they also risk provoking international reprisals and growing internal and international push back. Already international students from China are reluctant to return because they do not want to live in a 1984-like society which, unsurprisingly enough, is something that domestically educated students have never even heard of.

China is also no angel when it comes to international trade. It too uses rules and legal manoeuvres to it’s own advantage. In the food trade, for instance, China maintains an interest in food self-sufficiency and levies tariffs in the range of 10- 30% plus a 17% value-added import tax. This latter VAT is refunded for products that are re-exported after they have been processed. It too is a tariff in all but name and they seem to be rather adept at using legal ambiguities like this to sidestep obligations they have otherwise agreed to.

There is also an increased emphasis on protecting the Communist Party of China and its reputation for infallibility. Avoiding unintended consequences of dishonest evaluations on even the realization of the personal potential of many people throughout the country. For example, there have been any number of even senior Party members caught up in the anti-corruption campaign, some for simply criticizing the government in public.

It is true that people in China have somewhat unrealistic expectations that the government can do anything and that media only reports what the government wants it to. As it stands, for every problem that they hear about or see for themselves, the government wears it and, no matter what the media says about it, they assume the truth is worse. This is a recipe for cynicism, which is also something President Xi, and therefore the government, is aware of. His rhetoric recognises that “the people are demanding democracy, rule of law, fairness and justice and a better environment” and the government claims that the fulfilment of these demands is going to be what drives policy in the next phase of China’s development. They also claim that success will be measured more by peoples’ satisfaction with that sort of progress more than by economic growth alone.

The government has its own expectations on the role of media which is not given any choice but to be an ally in the government’s quest for public trust. The perhaps unfortunate reality though is that censorship and cover-up are known to work against improvements in this regard. The lessons of covering up the truth and its subsequent effect on the growth of rumours and conspiracy theories are well known even in China, so the government’s actions over the next couple of years should be quite telling.

As I have suggested before though, the people are not the government. In fact, the government rules at the pleasure of the people, and it knows it, which is why social stability is so important to them. As far as where all the action is in the country, it is interesting to consider that 4 Tier one cities: Shanghai, Beijing, Shenzhen and Guangzhou, between them comprise 5% of the Chinese population and yet they generated an eighth (12.5%) of China’s national output last year (2017). Per capita GDP in the four cities was more than double the national average, close to the level of Portugal, while per cap disposable incomes are far higher than the national average. For example in Shanghai it came in at RMB 58,988 vs the national average of RMB 25,974.

Going forward, there is an ongoing debate on the proper way to promote growth and development in the country with some arguing for more stringent government limits and regulation, some for continuing growth of large centres based on accommodating more migrants and improvements to services by government fiat and/or market forces. The latter is more likely to lead to more congestion with attendant problems with traffic, shrinking living spaces and increased crime etc. so there may be some experimentation included. Beijing has set a population cap of 23 million people for 2020 from 21.5 million today, while Shanghai has set a 25 million cap by 2035 from 24.15 today. Beijing’s program to limit population growth will include a ramp up of the campaign to drive out migrant workers from low-end businesses and exile heavy industries to surrounding cities while there is no mention of Shanghai, Shenzhen or Guangzhou pursuing the same.

Financial markets in China, especially with reference to the growth of credit, have been a cause of late for concern among economists around the world. A regulatory storm by the Chinese government to clean up the financial system because of such worries about its financial stability

is underway. The aim is to get a better estimate on current liabilities and on limiting the growth in debt, something which has increased from 160% to about 260% of GDP over the past decade. Interest rates are on the rise and new controls are coming to financial markets, including to many wealth management products used by investors to circumvent the puny interest rates mandated by government-controlled deposits for regular savings accounts. Real estate markets and the online lenders operating in the shadows and charging exorbitant rates to otherwise unqualified borrowers are also in the cross hairs. This campaign is in its early days and has not yet had an impact on economic growth, which incidentally was pegged overall at 6.9% for 2017 (above the target of 6.5%). There are already signs of push back that suggest it is not going to be a cake walk for them.

Economists are also arguing about the effects of rising interest rates in the rest of the world. Despite what many are saying though, it is interesting to note that recent declines of interest rates are not a return to more typical state of affairs when looked at through a more representative lens based on long term analyses. It is in fact the higher rates of the 1980's which were the anomaly. These suggests that bankers and businesses hoping to “normalize” interest rates at those higher levels are in for a rude surprise.

As a bit of a sidebar perhaps, this has some interesting implications for some of the major theories underlying our current understanding of how markets work. Karl Marx, for example, based a lot of his theoretical work on the reasoning that investments suffer diminishing returns as they are accumulated by capitalists and that this will eventually provoke hostilities between industrial nations. Long run data suggests that this is not the case: returns on housing and equities (i.e. capital) remain high even though the stock of assets as a share of GDP has doubled since 1970. In fact, these elevated long- run returns appear to reflect new productive uses for capital. However they also reflect declining status for workers, thereby providing support for the grand theory of inequality set out by Thomas Piketty in 2013. This theory posits that the stock of wealth will grow over time relative to GDP and that, since wealth is less evenly distributed than income, this will push the economy towards ever higher levels of inequality. This appears to be what is happening as evidenced by the interesting note that fully 80% of the wealth generated in 2017 accrued to the most wealthy 1% of the population globally.

On a more optimistic note, Nelson Mandela launched a group he called the Elders in 2007 to facilitate and “support courage where there is fear, foster agreement where there is conflict and inspire hope where there is despair” with the stated belief that “in the end it is kindness and generous accommodation that are catalysts for real change”. In these days in particular it seems that our world needs innovative, creative and even audacious ideas to tackle the challenges of the future and counter an apparently prevailing and still spreading pessimism which is affecting so much distrust, hostility and conflict, even as new horizons of opportunity spread themselves before us.

And opportunities there are. Even just returning our focus back to China, Goldman Sachs expects China's on-line retail market to double between mid-2017 and early 2020 to US\$ 1.7 Tr. Consider as well that even with more than 772 million internet users, the penetration rate of 55.8% in China is among the lowest in the G20. About 73% of China's urban population is online while only about 25% is in rural areas. This may be about to change as rural China is now in play. Last year 7.93 million people from rural China signed on for the first time. The two biggest e-commerce companies in China, Alibaba and JD.com are ramping up their effort to

reach rural customers. Thousands of new service centres and ancillary capacities including tech assistance and delivery services are being established through the country. Alibaba has about 70% of the e-commerce market in China at this point but even at this it is not entirely satisfied and continues to invest to increase its reach to other Asian markets.

Consider as well that China expects to be rolling 5G networks out around the country by 2020, probably a decade before we see it here. These are expected to have data connections and transfer rates up to a hundred + times faster than 4G and LTE networks that are currently the state of the art. In fact, Chinese and Silicon Valley tech companies are increasingly on an equal footing and the tech gap has narrowed to no more than a couple of months. China leads in mobile payments and Chinese consumers now spend 50 times what Americans do on or through mobile payments. Chinese are very active in adopting new things and Chinese companies have to be on their toes to keep ahead of the changes that are happening. This imparts a sense of urgency that is part of the corporate culture for successful firms there. Private sector firms in China are, like the population in general, “hungry” and , again, more than willing and able to do what needs to be done to get ahead.

For people in China whose life revolves around the internet, and recall there are several hundred million of them, 97% see the smartphone as the primary connection device. One of the newest fads is live streaming. There are about 420 million Chinese hooked on watching live stream of complete strangers doing things online as a new form of entertainment. Online fresh food sales only comprise 2% of the current Chinese total, but the industry expects that to increase to 8% by 2022. JD.com and Alibaba are investing into high-end bricks and mortar retail supermarkets to sell fresh food in China, 7FRESH and Hema Xiansheng for each company respectively. These will be the first such premium supermarkets in China and are projected to be world-class, leading edge “experience markets”. JD.com in particular has become one of China’s biggest retailers by offering a superior customer experience online. They run highly efficient operations and continue to accumulate data on consumer preferences and consumption trends which allows them the opportunity to design and execute far beyond anything Chinese consumers have experienced before. Both chains will offer remote shopping via an app with free grocery delivery within 30 minutes, screens displaying information on products when a customer picks them up, smart shopping carts that follow customers as they browse and restaurant areas can have meals cooked for on site or at home consumption and, last but not least, cashier free purchasing.

Food safety ranks very high as a consumer concern and JD.com has committed to track every step in its supply chain. The company recently partnered with Walmart, IBM and Tsinghua University to launch the Blockchain Food Safety Alliance to enhance food tracing, traceability and safety in China by collecting data about the origin and authenticity of food. Blockchain is upending the world’s financial markets with the rise of bitcoin and the digital ledger system will start doing the same for raw materials like food and energy. Blockchain is an online ledger that records transactions using encryption to ensure security while allowing a network of users to verify them. It is a transparent tracking technology that will find wide use in product tracking, traceability, quality verification and transactional validation. In most food supply chains still depending on a more traditional paper trail, it can take weeks to figure out the trail from source to destination but with blockchain it takes mere seconds. Some of the world’s largest companies are moving into it and it looks to be a massive set of changes coming. The beauty of it all is that it all happens without a bunch of paperwork, processing or transferring, it is automatic and projected cost savings very substantial.

7FRESH offers products sourced directly from top quality supplies who have been carefully vetted by JD.com. Canada's Governor General David Johnston visited JD.com's headquarters on July 21, 2017 coincidentally with a one day promotion by JD of Canadian products, the first time the company placed a single country in its retail spotlight. 120,000 Canadian lobsters, smoked salmon, oysters, sea cucumber and blueberries were among the foods sold that day. Sales of Canadian food were up 400% in 2016 and another 742% in the first half of 2017.

In short, the opportunities here are palpable, but since it is going to take place in a highly competitive field, complacency is not likely to survive long.

Pre-show Market Survey in Hong Kong

The availability of Canadian sea urchin was checked at 3 supermarkets where we had seen it before and a couple of restaurants advertising the Canadian products. There was no Canadian product available in any of locations visited, but this was not a big surprise as a lot of the BC effort in the dive fisheries was then concentrated on sea cucumber. This fishery was largely



finished for the year by mid-November at which point more effort would be redirected back to urchins. The Great Food Hall in Pacific Place and the Fusion Supermarket on the other side of the street did not have any uni or sea cucumber to offer from anywhere. The City Super supermarket close to Hong Kong Station had some uni from Japan and California. The California product looked a bit washed out but was sold in 5-hole trays for HK\$ 268 while the Japanese product was sold on traditional 250 (-ish) and 100 gram wooden trays for HK\$ 428 and HK\$ 288 respectively. It did not have any from Canada but interestingly still appears to feature it on their marketing materials- as seen on the placard behind the seafood counter.

It is also worth noting that there are quite a few restaurants around town displaying posters highlighting what looks like RSU uni. RSU product from Canada is held in high esteem in Hong Kong (it "Rocks" according to at least one informed comment). We like to think that is at least partly due to our efforts exhibiting at the Hong Kong show and present our products and ourselves as authentically as we can. It is worth noting that consumers in developed parts of the world are moving away from supporting single brands all the time and that their choice(s) of brand are becoming more contingent on where they are, who they are with and what they are doing. It is happening with craft beers, wines, foods, personal care products, fashion etc and in many cases, people are simply just walking out on brands they have been using for decades for reasons including just being bored with them or feeling the brand is just taking them for granted. Some very prominent food companies are warning that time may running out for standardisation in food making and that the food industry

is going nowhere because short sighted companies, and politicians for that matter, see only the “transactional” part of the relationship, missing the deeper factors based on shared values. As a result people have little faith in these “brands” and are more insistently reclaiming their individual sovereignty as a way to take back more control of their own lives.

Show Report

Mike, Dave and Geoff were met and joined at the show in Qingdao by Thom Liptrot and Shelly Buchanan from the Pacific Sea Cucumber Harvesters Association and a number of processors: Pat Fantillo from RBS, Paddy Wong from Paladin, Lumin Li from Union Bay Seafood and King Chong from Evergreen Foodstuffs International.

There has been a metro system under construction for the past 3 years that will eventually connect the show venue to downtown Qingdao, but at this point it remains a work in progress. Shuttle service from downtown is currently the only option but the problem there is that it is one to two hours each way. The system looks like it will probably be complete by next year but there is a ways to go yet. For example, as can be seen in the following aerial, the station for the venue (“X”) still looks to be in the middle of a field about 300 metres away from the nearest road and maybe 600 m from the actual entrance to the show. Walkways or a plaza will be part of the final installation- the Chinese might also be said to go a bit overboard when they are putting prestigious facilities like this together. Finishing touches including golf courses, sculptured shorelines and artificial beaches and the like have similarly been part of the development of the facility, the surrounding hotel(s) and housing estates that are all no doubt part of a grand design.





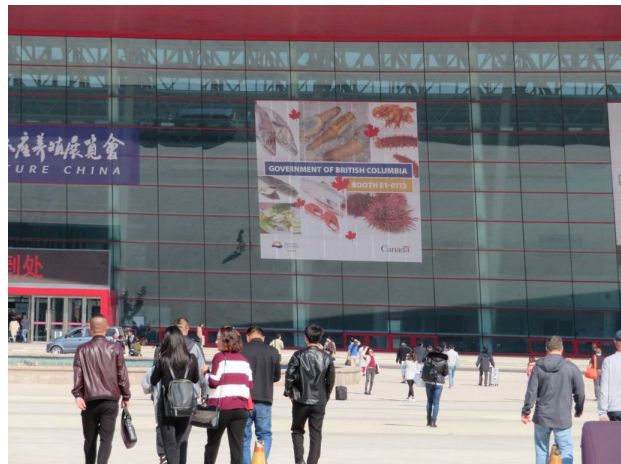
At any rate, this year we stayed at the Double Tree by Hilton hotel in a small-ish (by Chinese standards anyways) town called Jimu City. The nightlife in the area of the hotel was -well- non-existent so we were pretty much bound to the hotel when away from the show. We did make one excursion out to check out some of the local sights, a shopping mall mainly, but there was not a lot to see. As reported in previous years, this seems to be something that is common in China, having tourist attractions or facilities for free-ranging visitors does not seem to be a priority they get, possibly because they are so used to having a so much more controlled environment that guided tours with more specifically and tightly arranged agendas are the norm for “out- of- towners”.



The trip to the show was a little over a half hour but the issue of biggest concern was of course getting a taxi after the show was done each day. There was a hotel shuttle service but also, in that strangely Chinese fashion, some confusion on who could use it so we largely did not bother. China is kind of funny that way. To illustrate: I enquired at the desk the first morning about the shuttle schedule and what was needed to get passes etc. but was more or less just left stranded

and adrift because no one knew much about how it was supposed to work. I ended up grabbing a taxi to the show the first day just because it seemed easier however I was a bit late getting out after the show so did jump on the appropriate shuttle back to the hotel. The bus was a standard 60 or so seater and there were three of us on board when the transportation manager (?) approached and demanded tickets even though it was a free shuttle. After proving we were indeed guests at the hotel, he relented but maintained that we might have to get off the bus if more ticketed passengers showed up, although he did assure us that more buses were leaving every half hour or so. Only one or two more people did show and the trip was uneventful although he did try to get us to register to use the bus the next day. It had been a long day and it did not go over particularly well with any of us so we just stuck to the cabs after that.

We again shared by PUHA and the PSCHA at which the exporters could meet with new and existing customers. The BC booth was again just across the aisle from us and Nathan Fong again prepared samples using uni generously supplied by Grand Hale Marine Products Ltd. The BC Government purchased some advertising at the show this year. It was a prominent banner right at the entrance and was, at approximately 8 m x 6 m, big enough to be visible and legible from the far of the main entry plaza. The text was not in Chinese which might have been be a bit of an oversight but only a minor one as the graphics of seafood, including sea urchins and sea cucumbers dominated the



visage. The opportunity to purchase the banner apparently only came up a few days prior to the start of the show so there was not a lot of time to make extravagant preparations for it. As it came out, it looked great and can only be considered a good to great idea.

Our booth at the China show is a standard 3 x 3 m (~10 feet by 10) space which gets crowded pretty quickly. We like to keep things a bit open and welcoming so potential customers can take advantage of the opportunity to just sit and start building relationship(s) with Canadian suppliers of uni and other seafood and start a journey to build business. Experience over the past few years has led us to switch things up a bit from our typical pieces including a TV 1.5 m. long display freezer. Last year we opted for the vertical display freezer which worked great and this year we decided to go with a laptop to play the movies. The TV has always kind of grated a bit because they cost about \$500 US





to rent for the 3 day show and yet we could purchase one for about \$200 US or less and have a draw to give the thing away at the end of the show. That would of course be against the rules but the laptop seems to be a workable compromise. We have a larger booth at the Hong Kong show so the TV still offers advantages that make rental worthwhile.

The Canadian Pavilion was again located in an excellent location right at the entrance to the first hall in the International section of the show. The visitors to the show are from all over the world but the majority are, as one might expect, from China and translators are required to make any link. One of the processors, RBS provided one themselves a few years ago and it worked so well that we have gone with two for the booth since. The advantage is that we always have at least one translator in the booth helping us communicate but they can also work together to basically take over almost all of it without much input from us. The danger there of course is that they do not effectively collect the information we want or need so we have to spend more time making sure they have a better idea of just what it is we are looking for. For example the most important com link we are looking for is not a phone number but an email address. We also want to know the business type (eg. restaurant, wholesale, import, retail, trading, brokering) they are in, their expectations (what they are looking for in terms of quantity and quality and how often) and some additional information that can be used to assess their potential and assign them a qualification score.

Everybody thought the booth again worked out well and everyone was pleased with the traffic and interest shown in the products. The number of visitors was up this year to 92 from 74 last year and the “qualification score” was marginally higher as well. The data tables for the year by year summaries/comparisons, the daily totals and the giveaways follow. In short, most visitors came during the first 2 days, which were more or less equal in terms of both metrics. About 14% of the total number of visitors catalogued were from the third and final day of the show but this is hardly surprising as the traffic was down to about one third. This more or less parallels what we see at all the shows we attend: there is some variation but the first day is usually the busiest and the final the slowest. It is however important to stay on top of things throughout as there are some significant potential customers who prefer to wait for the last day to avoid the rush.

Summary comparison of visitors at the booth at the China Fisheries and Seafood Expo

	Daily Totals								Both	Urchins		Cukes	
	2010	2011	2012	2013	2014	2015	2016	2017	joint	sole	% of show	sole	% of show
Day-1	25	34	27	34	43	50	31	42	8	20	43.8%	15	46.0%
Day-2	20	21	32	48	22	38	36	39	8	19	42.2%	12	40.0%
Day-3	10	12	13	16	6	14	7	11	5	4	14.1%	2	14.0%
Total	55	67	72	98	71	102	74	92	21	43		29	
Avg Score	7.39	5.92	5.69	5.12	4.84	5.2	4.49	4.6					

Contact information collected on visitors on Day 1 of the 2017 China Fisheries and Seafood Expo (CFSE)

Product	Country	City	Business	First Name	Last Name	Company	Score	Comment(s)
SU	China	Shanghai	wholesale			Sega Frozen Contact Co. Ltd. (Dr. Google (DG))	4	looking for processed product
SU	China	Shanghai	restaurant supply	Louis	Lee	All-sea Trading Ltd.	4	website = Cndn comm diving company. Else: wants live or proc urchin
SU	Taiwan	Taoyuan City	trader	Kati		Sushi Express (Taiwan)	6	looking for frozen urchin
SU	South Africa	Pretoria	distrib - caviar	Bartek	Basiewicz	Naldolog	7	supplies hi-end "adventure" chefs. Cndn RSU freq requested, looking for supply
SU	Paris	France	manufacturer	Gregory	Allard	Madagascar Seafood	4	Logo and phone # mismatches. Else: looking for D-E grades for sauces etc
SC	China	Shenyang	distributor	Qingyun	Liu	ShenYang QingYun Aquatic products Co. Ltd	3	web address = BS, email also questionable
SC	China	Shenyang	distributor	Toney	Li	Best Seafood Industry Co. Ltd	4	no info included
SU	China		wholesale			Yantai Saint Run Sea Treasures Co. Ltd. (DG)	3	looking for processed uni
SU	China	Shanghai	trader	Fang Chun	Lin	Shanghai zicai International Trade Co. Ltd.	4	
SC	Canada	Richmond	E-comm	Stephen	Zhou	Western Coast Green Health Corp.	4	sells fruit and seafood on line. Website = national China gov't program
SC	China		trader			Jinan Huixin fishery Trading Co.	5	looking more for East coast cukes
SU	China	Shanghai	e-comm	Ryan	Hu	LAXY Business Tech. (SH) Co. Ltd.	7	looking for uni
SU	Singapore	Singapore	mrktg consult	Dawn	Lin	Bobby Tan & Associates	5	apparently looking for proc uni (fresh or froz) for a restaurant
SC	China		wholesale	Zuo Shang	Jiao	Rox zhang	4	frozen or fresh, no distinction between skin/meat so probably northern China
SC	Canada	Markham	e comm & wholesale	Jackie	Li	Melephant Inc.	4	both raw and processed. Primary business = pasta manufacture
SC	China	Shanghai	wholesale	Cherry		Shanghai HUB International Trading Co. Ltd.	6	looking for raw (fresh) sea cucumber, a co-op of self employed providers
SU	China	Nanjing	retail	Allen	Wang	Jiangsu One Stop Cloud Kitchen New Retail Ltd.	6	fast growing chain of stores- for sure can meet minimum order req'ts
SU&SC	Canada	Richmond	logistics/freight fwdr	Mirabel	Ding	Kuehne + Nagel Ltd.	5	working with RBS
SC	China	Hong Kong	importer	Henry	Yeung	Wai Fung Holdings Ltd.	6	looking for frozen meat; currently in prawns
SU&SC	Brunei	Darussalam	govt	Eva E.C.	Ng	Govt of Canada- Trade Commissioner	5	introducing Cndn seafood into Brunei- some interest tho small mrkt
SU&SC	Singapore	Singapore	importer			Allswell Marketing Pte Ltd.	6	sea cuke meat but also does live sea urchin and geoduck (Pac Rim)
SU	China	Shenzhen	distributor	Golden Army	Forrest (DG)	Extreme Delicacy Seafood	5	looking for processed uni
SU	China	Dalian	import brokers	Zhikui	Qu	Sunnytouch Supply Chain Management C. Ltd	6	looking for live sea urchin (for client?)
SU&SC	China	Shanghai	traders	Angellina	Hao	Shanghai Guangjin Food Co. Ltd.	5	
SC	Singapore	Singapore	wholesale	Regina	Yeo	BK Eating house (2017) Pte. Ltd.	5	dried sea cucumber
SU&SC	China	Jiangsu	restaurant mngt			Jiangsu Qixintian Restaurant Mngt Group Ltd. (DG)	5	
SU&SC	China	Yantai	distributor	Yingming	Ma	Yantai Meetall Foods Co. Ltd.	6	seeking frozen cuke and urchin and live urchin
SC	Canada	Victoria	processor	Kris	Jiang	Hippo Trading Corp.	5	half dries skin
SU	South Korea	Incheon	importer	Adam	Yoon	Lobster Hub	4	looking for frozen urchin
SU	China	Shanghai	distributor	Benny	Who		4	sending more info- whole live est. CIF Shanghai \$5 US/lb
SU&SC	China	Shanghai	govt	Dora	Wang	Govt of Canada Trade Commissioner	6	
SU&SC	China	Shanghai	govt	Daniela	Zheng	Govt of Canada Trade Commissioner	6	
SU	Australia	Canning Vale	producer	Nathan	Maxwell-McGinn	Kailis Bros. Pty Ltd	4	owned now by big China retailer. Tasmanian barrens, seeking dev't options
SU	US	New York	e-tailer	Jack	Yeung	Aqua Best inc.	7	looking for live SU
SU	US	New York	e-tailer	Steven	Wong	Aqua Best inc.	7	
SU	Taiwan	Taipei	wholesale	Rick	Lin	Hong Beng Enterprise Co. Ltd.	5	looking for uni
SC	China	Dalian	wholesale			Yufeng Marine	4	
SU	Japan	Tokyo	retail	Dai "Bear"	Kumazawa	Godak Marketing Corp	4	looking for frozen uni
SU	China	Dalian	distributor	Hong Hai	Li	Dalian Zhongshan Foods Co. Ltd.	4	
SC	New Zealand	Auckland	processor	Glenn	McGill	Bell Global	4	
SC	China	Dalian	wholesale			Perfect	3	dried skins
SC	Canada	Chateauguay	exporter	Haolong	Wang	Yawow	3	website is registered and for sale
SC	China	Shenzhen	storage			Shenzhen Storage Services	3	looking for fresh and dried skins

Contact information collected for visitors to the booth on Day 2 of the 21017 CFSE

Product	Country	City	Business	First Name	Last Name	Company	Score	Comment(s)
SU&SC	China	Quanzhou	distributor	Huagang	Haiwei	Huagang Seafood Company	4	no additional info recorded
SC	China	Guangzhou	distributor	Sharon	?	Guangzhou Frozen Meat Co. Ltd.	4	looks like seafood is a bit of a stretch for them- mainly Aus. beef, lamb etc
SU&SC	Japan	Tokyo	importer/distrib	Kei	Tanaka	Dolphin Co. Ltd.	5	looking for urchins and cukes but has more experience with other seafoods
SC	China	Laizhou	wholesale	Donna	Zhao	Baishengda Asia Co. Ltd.	5	looking for dired sea cucumber
SU	US	New York	wholesale	Zeng Cheng	Gao	Mei Guo Zheng Fa Wholesale	5	
SU	China	Jinan	hotel	Rongfu	Zhang	Shunhe Hotel Group	5	live urchin
SU&SC	China	Qingdao	logistics/freight fwdr	David		T.V.L Global Logistics Co. Ltd. Qingdao Branch	4	
SU&SC	China	Qingdao	agents	David	Gao	Qingdao Calypso Food	4	domain on sale at Go Daddy.com
SU	China	Tianjin	commerce	Chong	Lai		3	looking for live urchin, no card, just some barely legible transcribed info
SU	China	Chengdu	traders	Jane		Chengdu Jane International Trade Co. Ltd.	4	live and processed urchin, looks like mainly oyster
SU	China	Fuqing City	traders	Jack	Wei	Fuqing Haijia Trading Co.	3	www service unavailable-
SU&SC	China	Qingdao	QA/QC	Anthony	Liang	Intertek	4	very large and diversified serving many sectors
SC	China	Guangzhou	traders	Ming Lin	Xiao	Guangzhou Ruinian Trade Co. Ltd.	4	looking for frozen whole cucumber
SC	China	Qingdao	wholesale	Saintland			3	looking for all kinds of cucumber products
SC	China	Hing City	manufacturer	Yan Red	Wang	Juhuanu	5	dumpling manufacturer
SU	US	Seattle	manufacturer	Cody	Liu	Present Seafood	5	looking for live R/GSU to Seattle for proc'g. Currently buying but not sure who
SU	Germany	Munich	importer	Fritz	Kagerer	Kagerer Seafood and Delicatessen	5	
SU	China	Xian	wholesale	Strong	Wan	Xian Beautiful Prosperous trading co. Ltd	5	looking for processed uni
SC	China	Linyi	e-comm	Dengshi	Zhou	Melody International	3	
SU&SC	China	Shenzhen	equip supplier	Abby	Len	Herbin Ice Systems	5	sells ice machines
SU	Japan	Tokyo	repacker	Kitaro	Endo	Maruki Co. Ltd.	5	interestingly- another company with same translated name has website
SU	Japan	Tokyo	repacker	Wei	Lirong	Maruki Co. Ltd.	5	
SU	China	Dalian	processor	Zang Yong	Ge	Dalian Chengcheng Aquatic Products Co. Ltd.	5	works with Maruki processing for China market
SU&SC	Canada	Quebec City	exporter	Maxime	Smith	Groupe MDMP	4	no website- a bit strange perhaps
SU	China	Qingdao	wholesale	Yongju	Zhang	Qingdao Morey Trading Co. Ltd.	5	looking for live and processed urchin
SC	China		restaurant	Li Ming	Yong	Universal Lake Restaurant	4	whole sea cucumber
SC	China	Guangzhou	retailer			Ming Dry Food Co. Ltd	3	looking for dry whole cukes
SC	Costa Rica	Murcia	traders	Jin Qing	Li	Proa Internacional S.L.	5	
SU	China	Shanghai	traders	Mei Zeng	Qing	Fresh Canon Int'l Trading (Shanghai) Ltd.	5	looking for live urchin
SU	China	Shanghai	importer	Minwei	Zheng	Shanghai JHP Food	6	looking for live urchins
SU	Canada	Richmond	trader	Frank	Kung	Century Evergreen Trading	4	looking for proc uni for Hong Kong buyers
SU	China	Nanching	restaurant	Jun	Ma	New Bolun Restaurant	3	
SU	China	Shanghai	wholesale	Xue Jian	Liu	Rongcheng Fuze Trading Co. Ltd.	5	looking for processed uni
SU	China	Shanghai	retail	Forest	Light (DG)	Yonghui Yunchuang Technology Co. Ltd.	5	large superstores nationwide, looking for frozen trays
SC	New Zealand	Marlborough	producer	Brian	Inns	Echinoderm (NZ) Ltd.	5	
SU	China	Dalian	AqC producer	Yolong	Wang	Dalian Qianri Sea Food Co. Ltd.	5	Ocean Island producer, looking for live urchin; see also CFSE2017_1103_09
SU&SC	China	Qingdao	wholesale/trader	Zhen	Liu	Qingdao Haoda Industry Co. Ltd (DG)	4	
SC	China	Qingdao	trader	Richard (DG)	Wang	Sunshine Sunway Seafood Co. Ltd (DG)	4	dried and live sea cucumbers
SC	China	Yantai	processor			Yantai Rongrong Food Science & Techn. Co. Ltd.	4	fresh and dried cukes

Contact information collected for visitors to the booth on Day 3 of the 21017 CFSE

Product	Country	City	Business	First Name	Last Name	Company	Score	Comment(s)
SU	South Korea	Busan	distributor/logistics	Sung-Kyu	Kim	Jaeho Foods Co. Ltd.	6	
SC	South Korea	Seoul	producer/distributor	Glory	Seo	Young Heung Groceries Co. Ltd	6	looks like a value added producer of sauces etc
SU&SC	China	Qingdao	hotel	Jimmy	Ji	Wyndham Qingdao	4	
SU	China	Shenzhen	producer			Young Remember Sea Urchin(DG)	3	
SC	China	Qingdao	traders	Eric	Kohn	Qingdao International Trade Co. Ltd.	5	
SU&SC	Canada	Charlottetown	producer	Mike	Weng	Y-Chain Aquaculture and Fiosheries Inc.	5	website under construct, apparantly to offer block chain services
SU&SC	China	Qingdao	logisitics/broker	Weiqing	Lou	Qingdao Express Delivery Business Group	4	fresh and frozen storage
SU&SC	US	Boston	e-comm	Justin	Oakes	Gfresh Internet Commerce Co. Ltd.	5	
SU	China	Dalian	AqC producer	Chu	Xuejun	Dalian Qianri Sea Food Co. Ltd.	5	Ocean Island producer, looking for live urchin, see also CFSE2017_1102_36
SU	China	Shanghai	traders	Dali	Li	Shanghai Qianao Trading Co. Ltd	4	
SU&SC	China	Qingdao	spice traders	Robin		Qingdao Hong Sunshine Trade Co. Ltd	3	

Brochures and other give-aways CFSE 2017

Item	Requested	Supplied	Plus	Day1	Day2	Day3	Total Used	Returned
PUHA DVD #1 (Mandarin, Cantonese + English)	0	2	0	0	0	0	0	2
PUHA DVD #1 (Japanese + English)	0	2	0	0	0	0	0	2
PUHA DVD #2 (Mandarin)	0	1	0	0	0	0	0	1
PUHA DVD #2 (English)	0	2	0	0	0	0	0	2
PUHA Brochures: traditional*	0	0	0	0	0	0	0	0
PUHA Brochures: simplified*	175	175	0	76	36	21	133	42
PUHA Brochures: English	75	75	0	40	9	6	55	20
PUHA Brochures: Japanese	0	0	0	0	0	0	0	0
Uni samples (grams)	2,500	2,500	0	1,000	1,250	250	2,500	0
Smoked salmon (g)	0	0	0	0	0	0	0	0
PSCHA Brochures: simplified	175	175	0	97	39	29	165	10
PSCHA Brochures: English	75	75	0	32	13	7	52	23
Company Brochures		0	0	0	0	0	0	0
B'cards (500 for MF, DM, Seagate)		unknown	0	not	tracked			

2017 BC Seafood Promotion - Guangzhou

The BC Trade and Investment office for South China organized a BC Seafood promotion in Guangzhou. The event was held at the Shamian Hall in the White Swan Hotel, a recognized 5-star luxury hotel in Guangzhou. We have attended these sorts of event in the past but because of the short time interval between the CFSE and the Busan International Seafood and Fisheries Expo, we for the most part had decided to give it a pass, although we encouraged the processors who joined us in Qingdao to take advantage of the opportunity. At least one company did take part.

Guangzhou is one of the top markets for Canadian seafood and the event was designed to help BC producers/exporters connect with key seafood buyers in the South China market. About 80 local buyers, distributors and association representatives from Guangzhou, Shenzhen and other Pearl River cities were invited. BC companies displayed their products and were each given the opportunity for a 5 minute presentation prior to a dinner reception.

Busan International Seafood and Fisheries Expo

We had planned on sending a small delegation to the Busan International Seafood and Fisheries Expo in Busan South Korea, but everyone had second thoughts about because of the questionable security situation in the region. South Korea is an attractive market for us, the global organic trend that focuses on high quality products with multiple health and wellness benefits is alive and well in Korea where it has a substantial and growing following among young professionals and the older population trying to stay fit. With a population of 50 million, Korea offers a promising market and one where price is less of a problem than in other Asian countries. However, this year the US had 3 aircraft carrier battle groups off the coast of South Korea making their point(s) with North Korea even as both Russia and China were massing troops on their borders with North Korea in case something happened.