



The Pacific Urchin Harvesters Association
and
The Pacific Sea Cucumber Harvesters Association

**Mission Report for the
2011 China Fisheries and Seafood Exposition
in Qingdao, China
and a BC Seafood Showcase Event
in Guangzhou, China.**

November 2011

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The Province of British Columbia also deserves special mention for coordinating much of the activity at the BC booth and for arranging and hosting the Seafood Showcase event in Guangzhou as part of the MOU signing between British Columbia and Guangdong Province on fisheries, with special mention to Ms. Fiona MacRaid, Ms. Janet Cho and Ms. Joy Shi and their staff(s) . We would also like to thank Canada's Minister of Fisheries and Oceans, the Honourable Keith Ashfield, for taking the time to stop by and visit us and the rest of the Canadian delegation at the China Fisheries and Seafood Expo and the BC Deputy Minister of Agriculture and Lands, Mr. Wes Shoemaker, for accompanying the BC delegates throughout the trip and for his interest in our perspective(s) on the issues facing the BC fishing industry. The author also extends his thanks to the Agri- Marketing Program, the Associations and their respective association presidents, Mr. Mike Featherstone, Mr. Ken Ridgway and Mr. Michael Callow, their executive teams and members for their continuing support, advice and confidence.

Mission Report: 2011 China Fisheries and Seafood Exposition and a BC Seafood Showcase Event in Guangzhou, China.

Introduction

The effort put forth by Canadian seafood producers for the 2011 China Fisheries and Seafood Exposition held in Qingdao, China on November 1-3, was substantially greater than in previous years. Seafood consumption is either flat or declining in our other markets, including Japan, the US and Europe, while the growth in China's consumption is compelling. The Canadian Pavilion increased in size substantially this year and the BC presence was increased from (I believe) 27 m² last year to 54 m² this year or from 3 to 6 standard booths. They reported a high level of interest from BC and participation from more than 30 BC companies at the show.

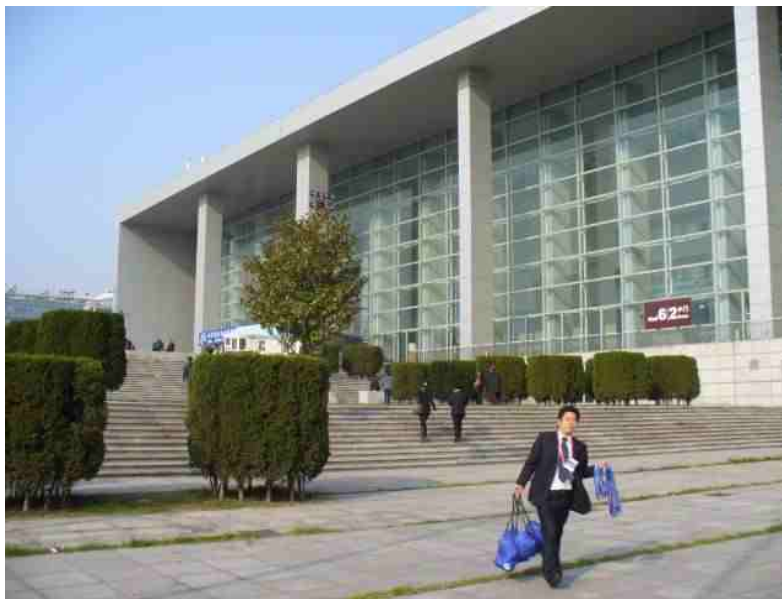
The Pacific Urchin Harvesters and the Pacific Sea Cucumber Harvesters Associations (PUHA and PSCHA respectively) again pooled resources this year to jointly present as part of BC's dive fishing industry so the buyers in China could better draw the linkages not just between the two fisheries but also the quality and sustainability of the products we bring to the market. Our booth was adjacent to the Underwaters Harvesters Association (UHA), a perennial exhibitor at this show because the Geoduck clam is so highly regarded by Chinese consumers. The BC Urchins and Cucumbers booth was also just across the aisle from the BC booth.

The delegation put together by PUHA and the PSCHA included David McRae, Pat Fantillo, LeeAnn Baird, Letisha Joys, Ken Ridgway, Mike Featherstone and Lei Zhao (pictured below) as well as Geoff Krause, Paddy Wong, Francis and Carol Cheung and Daisy Wong. Pat, LeeAnn, Letisha and Lei worked both the PUHA/PSCHA and BC booths specifically by helping represent the Canadian Sablefish Association (CSA) presence at the show.



General Observations on China

This is our fourth visit to the China Fisheries and Seafood Exposition and our fifth visit to China. As with any visits to a new culture, each recurring visit reveals new facets of the country, the culture and the people. There were a number that were revealed on this trip that are worth mentioning. One major change seen this year was the entry hall. In previous years the entry was along the north wall of the centre which you could simply drive up to. This year it was moved to the east wall with the doors set on a plaza about 3 stories up from the drop-off zone in the parking lot and accessible only by walking up three sets of steps. The views from and setting off the new entrance may be more “spectacular” and “monumental” than the old, but from the



perspective of having to pack all our stuff a considerable distance and up three long flights of stairs, it does not make a lot of sense. However this is arguably more characteristic than aberrant in China as they apparently do any number of things differently than westerners anticipate. Similarly, a lack of working escalators and/or elevators to assist on move-in day, locked fire exits throughout the building for the whole show and the single gate entrance and exit control for all visitors and exhibitors throughout the whole show would not be tolerated in other developed jurisdictions.

There have been reports of late concerning the potential for a real estate correction in China. A large proportion of the economic development in China is reflected in a major construction boom that has been ongoing since at least the early 2000's. 75 construction cranes were observed between Qingdao airport and the Shangri La, a distance of about 40 km (est.) and more at similar densities were seen on every excursion in both Qingdao and Guangzhou. The cityscapes that are emerging are very impressive, an integration of innovative modern architecture, broad public spaces and long view corridors, but it may be that these are as, or perhaps even more, concerned with form as function. China is striving very enthusiastically to establish its credentials as a thoroughly advanced society but there are indications that part of this apparent progress is somewhat illusory as the demand for much of the space is open to question. Many newly completed office towers and apartment/condominium developments reportedly stand empty and have little hope of being sold on as they are owned as speculative instruments by highly leveraged, wealthy people looking for very high rates of capital appreciation. They are also apparently unwilling to lower their prices to facilitate a sale.

The effects of a major real estate devaluation are likely to be no less dramatic than those still unfolding in the US with the added concern that this would jeopardize China's currently standing as the major identified driver for a global economic recovery. The risks of such a downturn cannot be fully discounted even in today's command economy in China as there are simply too few data available to evaluate or characterize the situation. The Chinese government tightly controls access to any information that might be useful and does not itself acknowledge much more than a hint of a problem. Still, its public complacency contrasts with independent accounts of the potential for collapse including reports of widespread office and residential vacancy rates between 50 - 100% for buildings up to 3 years + old, wealthy Chinese trying ever more desperately to move their capital out of the country, increasing numbers of loans defaulting, builders going broke and workers unpaid, etc.

On the other hand, the government of China retains full control over many more economic levers than governments in the western world and the country has only recently seen 50% of its people become urban. The demand for urban real estate is projected to continue for some decades yet sufficient demand to generate a sustainable return on these investments, is required or else it would seem that the system must eventually correct. If such does not in fact occur, one may alternatively conclude that the laws and study of economics itself deserve reconsideration. It might also be added that neither outcome can as yet be considered a foregone conclusion and that the current situation may offer an opportunity to test them as alternative hypotheses. It will be interesting to see which will predominate: the government's ability to press ahead despite dodgy econometric data or some inviolable economic laws and limits.

China is officially, at least ostensibly, declared by government as a "Communist" society but the economic system in China is unmistakably "Capitalist". Their social safety net is entirely deficient and most everyone you meet over there knows they must take care of themselves. They are therefore very adept at looking out for number one. People in general, and perhaps especially including businessmen in China, fit the definition of "native capitalists", despite exhortations from the government to the contrary. They are apparently very practised merchants well versed in the art of negotiating deals and are willing to assume completely outrageous positions for their own advantage if you do not call them on it. They are also aware of the advantages that accrue from selling the sizzle more than the steak.. Watching the locals it is apparent they approach virtually every negotiation like a full-blown argument even if the difference is only pennies, and quite likely even when the price is not an issue. Many of them seem to love the game itself and you can sense their disappointment when the negotiation folds too easily.

Their enthusiastic pursuit of maximum profit affected our plans on this trip before we even departed as we learned only on the day two styro's of frozen product were to be shipped that the cost was going to be \$1,300 per box. The CFSE show was the designated receiver and it sounds like they have an exclusive agreement with a designated shipper that allows this level of excessive charges. Some other exhibitors have had trouble with this in the past and as they explain it the shipper can apparently get the product to the site for a reasonable \$ 100 - 200 but they require any frozen product to be present on site no less than 30 days in advance of the show so they can charge a flat rate of \$50 US per day per box for storage. This then increases the cost to \$1,500 per box which is then the baseline for any shipments to the show which arrive

somewhere within the 30 day window. This verges on extortion and would, in the opinion of many we talked to, seem to warrant some response and perhaps even justify a letter of complaint to the show organizer.

This is related to another reality facing businesses going to China in that one of the main problems faced by suppliers is getting product into the country. The reality remains generally treacherous despite the stated desire of China to develop new sources of high quality seafood for their market(s) and the desire of companies themselves to establish solid importing networks which give them assurance of the product arriving as and when it should with predictable costs. In some instances a majority of product going into areas away from Beijing and Shanghai is smuggled in. This may be a bit cheaper but losing loads to interception is common and there is less assurance on the security of the product with regard to traceability, scheduled arrivals and proper health clearances.

There were a number of discussions on the issue throughout our visit to the country and most of the people I spoke to consider the official stand to be at odds with the demonstrated preference by authorities, or at least apparently many of their employees, to deal in shades of gray. In many cases, product is reportedly smuggled into and unloaded in China using vessels and unloading crews comprising the very people tasked with regulating tariffs and other 'rites' of official routes. The reason behind this is apparently that they make more money for themselves when they do not have to forward the tariffs and duties onwards to the government. This is hard, if not impossible, to corroborate but it is widely acknowledged that corruption remains a significant problem in China and that the authority of the government does not always survive the personal interests of local power centres or even its own staff when opportunity presents itself. This is a significant continuing problem for suppliers who are still often buried in paperwork, obfuscation and delays when they try to follow the rules.



To generalize this a bit, the real situation in China can, I believe, be characterized as a thin veneer of civilized form as shown by the innovative architecture, fast-developing modern infrastructure, abundant and striking public art, gardens and floral displays, the many parks etc., underlain by chaos as function. The government is authoritarian and "security" is in evidence just about everywhere you go but people also seem to display an casual disregard for rules and perhaps even authority in general despite the ubiquitous presence of video surveillance. You can see this in their driving habits just about everywhere

(near-complete disregard of traffic separation fixtures like lanes, fairly steady rush-hour like conditions, a constant press for advantage on the road, widespread parking on sidewalks, etc) and their public behaviour in many situations where they simply do not appear to notice any uniformed presence. We saw a couple of situations on this trip that appeared to warrant some sort of intervention by police, albeit in luxury and or other locations frequented by us as westerners, but even when it did materialize it was nowhere as forceful as might be expected. Things are not always this way in China. The kit glove treatment of these contrasts with the treatment given to a college educated migrant who was simply beaten to death for failing to produce a required identity document as reported by *The Economist* (May 8, 2010, p. 26).

A certain element of underlying chaos may in fact be a consequence of the authoritarian social controls. We saw on a number of occasions what happens when we fall back on the reasonable assumption of having reached agreement with staff putting our product into storage. It all goes well up to the point where you want to recover some or part of the consignment to take away when all hell generally breaks loose. This was fully evident when we had some product placed into cold storage and some into refrigeration - it all ended up in the freezer and then they could not identify the consignment because it then comprised 6 packages and not 5 and 1. It took close to an hour to sort that one out and if it had not been for our diligence in having tags for the boxes, we would probably still be trying to work it out. The next day's experience with the same intent with the remaining parts of the stored product was marginally better but it was still pretty touch and go for a bit. In summary, as long as you don't get too involved or wrapped up in it, the drill is quite entertaining, but if you're going to be on a tight timeline, it is definitely something you want to be aware of.

It is absolutely essential that receipts and tags for any consigned goods be obtained and retained for assured recovery here more than back home say where more flexibility is generally expected. This has been suggested as a consequence of authoritarian societies because the presence of informers and secret police can be expected to generally lower peoples trust levels so their interpersonal communication shifts to a more "need to know" basis. It may be understandable but it is unfortunate as it means details get lost in transition. For example, if you have to deal with someone other than the person who actually completed a task, you have to be patient as there are bound to be some unrecorded variations that complicate recovery. Similarly the rigidly designed "systems" they have in place for most processes often quickly break down when even just a modicum of flexibility is needed. We heard from some Westerners working in China that some sort of confusion when things deviate even a little from the standard is not uncommon in China and that it is in fact more the rule than the exception. The same can be expected to apply to product distribution and transfers, especially when subcontractors are involved.

According to a news release put out by Seafare Expositions Inc., the show's organizers, this year's China Fisheries and Seafood Exposition set a number of records. This year's show grew from 1,700 booths last year to just over 2,000 booths this year, an increase of about 20 percent. This year saw more than 800 companies filling all four halls of the Qingdao International Convention Center. They also claim a record 15,300 visitors attended, nearly a 50% increase from last year's show in Dalian even though the report from last year's show indicated the number of visitors was in excess of 20,000. At any rate, companies from almost 80 countries

participated and several new countries have expressed interest in exhibiting pavilions next year. However finding space is increasingly a challenge for the fast-growing show which is now the second largest in the world after the Brussels seafood show.

2011 CFSE Journal

This was the fourth time PUHA has attended, the third time it has exhibited and the second time it has shared space with the PSCHA at this show. Last year's event was held at the alternate site in Dalian, as it will again next year even though the convention centre in Qingdao is somewhat bigger. The PUHA and PSCHA delegation stayed at the official Exhibition hotel, the Shangri La Hotel in Qingdao so we could take full advantage of the networking and other planned events with the many other delegates attending.



The first of these occurred before the show got under way when the Canadian Trade Commissioners arranged for a get together in the Yum Yum Café in the Shangri La Hotel the evening before the show started of all the Canadian delegates in attendance. This provided a good opportunity to meet other delegates and Trade Commissioners and establish more of a sense of camaraderie throughout the Canadian Pavilion. There is always the natural tendency of people to stick with those they know instead of really mixing things up but it was nice to see and talk with a number of people we had met at previous shows.

The booth for the BC Urchins and Cucumbers came together nicely, despite a bit of mix up on the name up on the fascia. The show contractor admitted that it looked like a mistake on their part but they were still determined to charge \$US 150 to repair it, so we managed to make do ourselves. The sea urchin and sea cucumber harvesters associations again shared a booth and

on this occasion it appeared that the cucumbers were a bit of a hook for us in that they drew a number of buyers in after which they often enquired about the urchins. The booth was a little larger than the standard, 13.5 m² vs. 9 m², which made things a little roomier and less crowded. The booth fixtures again comprised a 2.2 metre long display freezer, substituted at no charge by the Lowe Refrigeration folks as they ran out of the 1.5 metre units, 24 hour power (13 Amps @ 220 V for ~ \$ 250 US) to run it, a TV/DVD, a couple extra comfortable seats and the standard booth accoutrements (information table, 2 plastic chairs and 8 hour power (5 Amps @ 220 V).

Our display for this show attracted some compliments. We had just made the deadline with the display freezer order and the provider, Lowe Refrigeration, supplied us at no additional cost with a 2.2 metre long model instead of the 1.5 metre model we ordered. This naturally provided additional room in the freezer and we were able insert some artistry into the display even as we had more sea urchin “uni”, sea urchin models and sea cucumber meat and skin in the display.



Many visitors were especially impressed by the life-size model of a Red Sea Urchin we had as part of our display. They do a lot of sea urchin in China, but it is a smaller urchin more like the Green urchin and the Red urchin is attractive to them simply because it is bigger. China should be a good market for large urchins and thereby provide a better outlet for “basketball -size” urchins than the Japanese market which prefers mid-sized uni.



We were also able to display some product in the BC booth along with some salmon, a sablefish and other BC seafoods (Note: The sablefish needed a bit of buffing up as it looked almost fossilized and dried out until it could be coated with a bit of oil to shine him up and so take on a more delectable look). This arrangement was mutually productive as there were a number of visitors to both booths who were initially interested in one product but who then took increasing interest

in some of the others. The BC booth also had a chef, Nathan Fong, seen below in a poorly shot photo with Janet Cho, who used BC seafood products of all sorts to produce a steady stream of tasty appetizers to offer to passers-by. We were almost ideally situated because the Underwater Harvesters Association, our immediate neighbours, similarly had a chef, Stephen Wong also of Vancouver, to the left below preparing geoduck appetizers also with a variety of other accoutrements including uni , mushrooms, other veggies and spices. There were no complaints from our booth regarding the availability of samples.



Traffic was fairly steady and followed the same general trend seen at other shows, namely traffic was heaviest on Day 1 and slowest on the last day. Visitors to the booth who left business cards are listed in the following tables for each product (sea urchins and sea cucumbers). Of note, we had some repeat visitors from the previous year, namely Henry Han from Delta Seafood, Jian Shen from Shanghai Ziwang Trading Company and Sun-Chi Chu from Whole Sun Ltd. The score column is an imputed index reflecting the potential business importance of the contact.

The last section on the Sea Urchin contacts table is a listing of companies interested in sea urchin that we met at a reception showcasing Canadian seafood hosted by the Canadian Government following the first day of the show. There was a bit of a glitch with the sea urchin at this event as the donated product was made into a soup which was not specifically identified as an uni bisque and which was located amongst a number of Chinese dishes away from other Canadian seafood dishes. One other point which might deserve mention has to do with the habit of Chinese to keep food coming at a meal until guests do not eat any more. The food at this event disappeared quite quickly, and even though it was not billed as a dinner, this in itself may colour the guests' memory of the event and the generosity of the hosts.

Table 1: Sea Urchin Contacts list from the 2011 CFSE and including the evening reception with Chinese buyers/traders.

Date	Country	City	Business	First Name	Last Name	Company	Score	Comment(s)
Nov-01	China	Dalian	fully integrated	ShengKong	Fan	Dalian Qianri Seafood Co. Ltd	8	looking for Cndn urchin because they are larger. Also: see brochure page jpe
Nov-01	China	Beijing	restaurant ass'n	Wei	Qing	Beijing Western Food Ass'n	8	also a restaurateur with 7 outlets; looking for uni trays
Nov-01	China	Shanghai	distributor (?)	Jian	Chen	Shanghai Ziwang Trading Co. Ltd	8	uni trays
Nov-01	Singapore	Singapore	distributor	Cheong Bian	Ng	Bian Bee Co. Pte. Ltd	7	distributes to hi end Japanese restaurants; imports live oysters, crab & clam
Nov-01	China	Guangzhou	importer	Zhong Ming	Liang	Guangzhou Jinxinhongxi Chilled Foodstuff	7	no additional info provided
Nov-01	China	Qingdao(?)	restaurant	Xiujuan	Ye	WLZ Dining Group	8	not much info offered but gathered multiple copies of cards/brochures
Nov-01	Chile	Santiago (?)	urchin producer	Juan	Reutter	Cisandina Chile	6	2nd largest prod. in Chile, want work with others to increase global uni mrkt
Nov-01	China					Shanxi yimin	3	no info offered
Nov-01	China	Ganyu (?)	distributor	JiCheng	Ma	China Foods Co. Ltd.	6	took brochures & cards only
Nov-01	China	Shanghai	importer	Eastman		Shanghai Ocean Food Trading Ltd.	7	looking for uni trays
Nov-01	Canada	Vaughan	distributor/importer	Eugene	Zhang	Toppits Foods Ltd.	7	wants to ship urchins to Toronto
Nov-01	Canada	Vancouver	Exporter	Henry	Han	Delta Seafood: Delta Foods Int'l Ltd.	7	currently ships other seafood to China, may be interested in urchins
Nov-01	China	Beijing	Restaurant chef	Rosalyn	Ediger	Canadian Embassy Beijing	7	does weekly blog for embassy. Seafood = very popular subject
Nov-01	China		wholesaler				4	looking for urchins, all chinese card so...

Date	Country	City	Business	First Name	Last Name	Company	Score	Comment(s)
Nov-02	China	Hong Kong	Importer/distributor	Eddy	Wong	Sky Dragon Trading (JF) Ltd.	8	will contact Francis and GHMP
Nov-02	Spain	Vigo	Restaurateur	Angela	Lago	Bluwind Best of the Sea	7	
Nov-02	Spain	Vigo	Restaurateur	Angela	Lago	Bluwind Best of the Sea	7	other side of card
Nov-02	China	Qingdao(?)	plastic containers				7	Ken took a couple of sample containers- 40 RMB for large, 20 for small
Nov-02	China	Beijing	distributor	Yang	Xu	Beijing Century Double Swallow Co. Ltd.	7	sells urchins from Dalian to hi end restaurants in Beijing, likes Cndx prod.
Nov-02	China	Qingdao	Importer				6	urchin and cuke importer/distributor from Qingdao
Nov-02	Taiwan	Taipei	exports to Japan	Jason	Chen	Mayfull Foods Corp.	6	exports to Japan and is interested in accessing more urchins
Nov-02	Japan	Shizuoka	importer	Yulin	Shi	Yamagata Food Co. Ltd.	5	
Nov-02	China		trading agent				5	agent for Japanese company (ies) which sell urchins into China

Date	Country	City	Business	First Name	Last Name	Company	Score	Comment(s)
Nov-03	China						5	no information collected/recorded
Nov-03	USA	Texas	Distributor	Sonny	Chea	All Harvest Seafood Co. Ltd.	8	distributes to Japanese restaurants in Texas- looking for uni; ran out of cards
Nov-03	Singapore	Singapore	importer	Melvin	Foo	Sineurope Pte. Ltd.	5	primarily interested in cukes but also looked at urchins
Nov-03	China	Hong Kong	Importer/distributor	Sun-Chi	Chu	Whole Sun Ltd.	8	looking for whole, live. Ships thru Blondell weekly, consolidates loads
Nov-03	China	Beijing	importer	Lake	Feng	Sunkfa International Trade (Beijing) Co Ltd.	7	imports Cndn cukes from HK and direct
Nov-03	Canada	Powell River	export/distribution	Ross	Carriere	Syncrotrade Canada Inc.	7	setting up Asian distrib net- shares profits on consolidated loads air or sea

Date	Country	City	Business	First Name	Last Name	Company	Score	Comment(s)
Nov-01	China	Qingdao	Importer/distributor	Daqing	Ma	Qingdao SKD Credit Trading Co. Ltd.	5	interested in salmon, urchins, oyster, lobster, mussel and snow crab
Nov-01	China		unkn				5	interested in snow crab, urchin, blue mussel
Nov-01	China		unkn				5	health care with seafood

Table 2: Sea Cucumber contacts from the 2011 CFSE

Date	Country	City	Business	First Name	Last Name	Company	Score	Comment(s)
Nov-01	China		Distributor		Wong	Yan tai Mingde Aquatic Food Co. Ltd	7	looking for skin and meat; feels price is a bit high.
Nov-01	USA	San Diego	manufacturer/exporter	Raul	Maio	Malee	3	manufactures (?) and exports various canned goods incl. some seafood
Nov-01	China	Dalian	importer	Shao Bo	Xu	Dalian Haokang Trading Co. Ltd.	7	looking for skins
Nov-01	China	Qingdao	importer	Mu	Ding	Qingdao Mexcanus Seafood Professional fir	5	looking for skins
Nov-01	USA	Newington, NH	broker(?)	George	Kwong	Little Bay Lobster	4	one of 2 companies, see next.
Nov-01	USA	Medley, FL	broker(?)	George	Kwong	Ocean Dragon Seafood	4	looking for product and making price enquiry
Nov-01	China	Qingdao(?)	Import			Yantai Sailing International Trade Co. Ltd	5	
Nov-01	Taiwan	Taipei	Importer/distributor	Jennifer	Tseng	International Top Marine Co. Ltd	7	currently buying from Evergreen and from Seattle
Nov-01	China	Beijing	media advisor	Jennifer	Sun	Government of Canada, Beijing Embassy	7	
Nov-01	China	Qingdao	manufacturer/exporter	Henry	Han	Delta Foods International Inc.	6	sources seafood in Canada, imports to China and value adds. MSC cert.
Nov-01	China	Longhai	cold storage operator	Zhirong	Yang	Shanghai Yanghong Seafood Business	5	General Manager of cold storage in Longhai, Fujian Prov.
Nov-01	China	Qingdao	cuke prod'n/distrib'n			Qingdao Saintland Sea Cucumber Co. Ltd.	5	Manager at Saintland
Nov-01	Malaysia	Selangor	unkn	Song Lai	Chia	Highly Sea Products Sdn. Bhd.	5	Rude
Nov-01	China	Shenzhen	wholesale	Shuang Yan	Liao	Shenzhen Mojamei Sea Cucumber Wholes	8	skin/meat; talked to Pat for 0.5 hr; was at ASE 2011 as well; requested 5 lb sample
Nov-01	China	Qingdao	manufacturer/distrib	Xinmin	Lu	Shandong L&A Intl Economic & Technical C	6	looking for whole
Nov-01	China	Rizhao	distributor	Bin	Li	Rizhao Jiarui Foodstuffs Co. Ltd.	7	
Nov-01	China	Hong Kong	distributor (?)	Christina		Long Tai An (Holding) Ltd.	6	asking for price
Nov-01	China		importer	Henry	Gao		7	note .ca on email address- implies Canada base
Nov-01	Canada	Montreal	processors/distrib.	Jingliang	Liu	Maple Leaf Canada Food Co. Ltd.	4	Card official looking, brought people by to visit but still unsure
Nov-01	China	Qingdao	import/distributor			Qingdao Kaqusha Intl Trading Co. Ltd.	7	
Date	Country	City	Business	First Name	Last Name	Company	Score	Comment(s)
Nov-02	China	Dalian	importers			Shengda Shuichan	6	sea cuke professionals, 2 cards but for same company (next below)
Nov-02	China	Dalian	importers			Shengda Shuichan	6	
Nov-02	China	Qingdao	import/export	Wei Ping	Liu	Qingdao Riyang Import and Export Co Ltd.	7	
Nov-02	China	Qingdao	sales agent	Ann	Feng	Gold Seafood	7	
Nov-02	China	Dalian	importer	James	Fu	Liaoning Times Group Inc.	7	Imports primarily Japanese foods into Dalian
Nov-02	China	Hong Kong	distributor	Rainy	Sheung	Lam Kee China Ltd.	7	looking for meats
Nov-02	China	Hong Kong	import	Philip	Ng	Ocean Harvest Frozen Food Ltd.	8	SC meat and frozen uni
Nov-02	Malaysia	Kuching	importer	Pooh Chee	Ngee	Thian Yen Enterprises Sdn. Bhd.	8	wants to set up cuke distribution (skins mainly) in Malaysia
Nov-02	China	Hong Kong	Importer/export	Flower	Tai	Tai's Seafood Import & Export Trading Ltd.	7	skins mainly
Nov-02	China	Hong Kong	Distributor	Jason	Chuk	Maxgoal Corporation Ltd.	7	skins mainly (traveling with CFSE 2011_1102_08)
Nov-02	China	Qingdao	distributor	Jiansan	Yang	Qingdao Hongfan Foodstuff Co. Ltd.	7	skins
Nov-02	China	Yantai	importer	Shuhui	Tan	Hailan Intl (Dubai) Trading Co. Ltd.	7	
Nov-02	China	Changyi	cold storage operator	Jun Xiao	Yuan	XinYuanXiang Seafood Co. Ltd.	6	is also looking for skins
Date	Country	City	Business	First Name	Last Name	Company	Score	Comment(s)
Nov-03	China	Hong Kong	import/distributors	David	Yeung	Wai Fang Holdings Ltd.	7	
Nov-03	China	Qingdao	professor- research	Yi Yi	Wang	Ocean University of China	4	looking for more information (ecological/biological) on our sea cucumbers
Nov-03	Singapore	Singapore	importer	Melvin	Foo	Sineurope Pte. Ltd.	6	also looked at urchins
Nov-03	China	Qingdao	importer	Linda	Meng	Qingdao Go-Rising Food Industry Ltd.	7	
Nov-03	China	Beijing	importer	Lake	Feng	Sunkfa International Trade (Beijing) Co Ltd.	7	imports Crdn cukes from HK and direct; also interested in urchins
Nov-03	China	Qingdao	Import/distributors	Stone		Chang International (Qingdao) Inc.	6	looking for objective info on link between quality and price

Note: listings with emails and jpegs of actual cards are available as an excel spreadsheet to members through their respective associations.

Despite this, we did meet with a number of Chinese buyers/traders interested in BC seafoods including some specifically looking for sea urchin. The business cards of Chinese buyers/traders in attendance, including those specifically interested in sea urchin, were collected and distributed by Junxia Jiang, a Canadian Trade Commissioner from Beijing.

Overall the number of visitors to the booth shared by the urchins and cukes increased from 64 in 2010 to 67 in 2011. There was however a change in the recorded mix of visitors which is the major apparent difference between the two years. The number of contacts for a category defined as “both” sea urchins and sea cucumbers declined year over year, from 21 visitors for both in 2010 to 1 visitor for both in 2011. The number of visitors for the urchins was also, probably consequently, different as well: declining from 55 for “both” plus urchins only in 2010 to 29 in 2011. Removing the “both” from the count in 2010 would still have the number declining from 34 in 2010. In contrast, the number of visitors for the sea cucumbers increased from 29 last year (including the “both” category) to 39 in 2011 although again this only included a single visitor for the “both” category.

Everyone at the booth felt we were getting a steady number of visitors but there seemed to be a shortfall in the number of cards collected and catalogued. This may largely be a consequence of the different venue from last year, Qingdao as opposed to Dalian as well as an observed and reported reluctance of some to hand out their business cards. It is, however, at least partially a consequence of an unfortunate tendency of some of our people to hang onto business cards and contact information they acquire in discussions without leaving any indication in the contacts catalogue. I observed this on a couple of occasions myself but was constrained from pursuing the cards or information because things were just too busy at the time. Granted, in some cases this is likely because they too have an established relationship and feel it is not in their interest to alert competitors which is understandable but there are other cases where this does not appear likely. Support for this comes from a number of companies which have subsequently contacted the Association(s) via email which have not had their cards incorporated into the catalogue.

As unilingual English speakers, a number of us are at significant disadvantage as many Chinese businessmen are similarly unilingual Mandarin speakers and we have no choice but to allow those who can speak the language to have the discussion(s) and fill us in later. We also had an interpreter on hand for the show but he was also often otherwise engaged with visitors but even when not busy it would likely come across as unseemly and intrusive to have him listen in on said conversations and report back to us. Generally everyone is in agreement that we are on the same team and realize the advantage(s) we gain from acting as team players but old habits (and rivalries) sometimes die hard. Apparently though we have to continue the dialogue process to improve our cataloguing performance so we can have full confidence in the completeness and accuracy of our record(s).

One other issue worth considering from the point of cost efficiency is the number of brochures to bring to the show. We are generally obliged to pack quite a bit of extra display material with us for the booth, including posters, models, business cards, brochures, DVD's, the Association roll-up and other such materials. Consequently PUHA has a large suitcase used to pack all the booth materials but overkill on the amounts included in it are expensive. International flights generally

allow one extra check-in bag either for free or at minimal cost but this changes if they weigh more than 23 kg. (50 lbs). The charges for overweight bags are however, considerable running generally at least \$150 each, a cost which is only levied at the airport when the bags are checked in. When we set out on this trip we were provided with numbers of brochures and DVD's that were far in excess of what we were projected to need. The weight of the brochures especially adds up quickly and it makes no sense to carry thousands of them when only hundreds are needed. We tracked them (Table 3) more closely this trip than on others and it seems that about 500 brochures in the language of our destination country should be more than adequate while having about 50 in English on hand should also be sufficient for the 3 day show.

Table 3: Booth materials tracking

Inventory of Brochures and other give-aways						
Item	Departure	Day1	Day2	Day3	Guangzhou	Return
PUHA DVD #1 (Mandarin + English)	25	7	5	5	4	4
PUHA DVD #1 (Japanese + English)	10	0	1	0	0	9
PUHA DVD #2 (Mandarin)	72	20	15	14	10	13
PUHA DVD #2 (English)	50	5	4	3	0	39
PUHA Brochures: Mandarin (simplified)	700	100	75	30	15	480
PUHA Brochures: English	150	20	10	20	0	100
PUHA Brochures: Japanese	65	5	5	5	0	50
PSCHA Brochures: Mandarin (simplified)	300	90	143	40	7	0
PSCHA Brochures: English	0	0	0	0	0	0
B'cards (500 for MF, DM, Seagate)	1500					1200
Pens	350	25	25	50	0	250

Significant events from the show included a visit from the Honourable Keith Ashfield, Minister of Fisheries and Oceans from Canada. He was in town for the first day of the show stopped by the Canadian Pavilion for a visit. He was of course surrounded by people wanting his attention but he did take a few minutes with Ken Ridgway, the President of the Pacific Sea Cucumber Harvesters Association and a few others on our delegation. Mike Featherstone was checking out other parts of the show at that particular time so did not get a chance to meet with him.



We also had a visit from Rosalyn Ediger, a chef from the Canadian Embassy in Beijing, who was putting together a blog on Canadian Seafood at the show on the Chinese service 'Sina Weibo' (Sina.com) and was interested to know that the Canadian RSU is becoming a signature seafood for the west coast of north America and that there are a number of top chefs from Vancouver who are strongly in support of this move. The natural taste of the product should be a big attraction to Chinese consumers who are looking for good tasting natural foods

and Canada is well known for its pristine marine growing conditions. The sustainability of the fishery itself is also a matter of increasing interest to consumers in China. The blog Rosalyn put up from the show included information on urchins from Canada and attracted what she considered a good number of responses from followers.

The use of the web is considered key for reaching Chinese consumers simply because of its explosive growth over the past few years. The Chinese government has been heavily subsidizing the rollout of broadband access and internet penetration there is approaching rich-country levels. In this regards, China is now estimated to have some 485 million internet users, 145 million of which are on-line shoppers, second only to the US number of 170 million. 40% of these folks read and post product reviews on line (The Economist Nov. 26, 2011. P. 78) supporting claims that an online presence is critical to succeeding in China. Establishing a link to the Ms. Edinger's blog through association websites may be an effective way to get realistic feedback on our product and it sounds like she may be willing to mediate a little bit to help us out. It may also be possible for them to link with the PUHA or PSCHA website although the great Chinese Firewall might also intrude in any direct communication with Chinese consumers..

One other related issue in this regard came up, although it had more to do with communications between ourselves while in China. There seemed to be some troubles with the cellular communications, particularly with texting between Telus and Rogers phones. Texting is an especially useful medium for these shows, probably for the same reason(s) that they are so popular at home, and is a more cost effective option for international travel than depending on voice calls which attract charges which can be in excess of \$2 per minute even excluding the long distance component.

One issue that came up for critical discussion is the use of branded product at these shows. The uni for this show was purchased from Grand Hale while that for other shows has come from other companies but the name or trademark of the manufacturer is not generally included. The cukes on the other hand are supplied '*au gratis*' by companies and they are sometimes so marked. This is likely to see more discussion at the Association level.

There was also some discussion of the marketing program requirements, especially for the cukes where a main priority has to be an update of the website to make it more relevant. One focus now is to include more marketing material for international customers, fishermen and other industry players. This will include the features that differentiate the Canadian product from other suppliers. The preparation of the skin is pretty much standardized amongst all producers worldwide but the meat is a somewhat unique feature of the Canadian product. In most other instances the meat is not separated from the skins before processing and they are cooked together. With the Canadian cukes this causes them to twist, as the meat and the skin contract at different rates, which then draws the quality estimation of buyers. Removing the meat prior to cooking prevents this and, because it is becoming known as a good product in and of itself, represents another revenue generator for the fishery. Some have tried to cook the two together but the economics of it just do not work. Buyers might like it because it is then a cheaper product which they still have no problem selling but the margins are not sufficient to cover off the upstream operators (fishermen) profitably.

The Province, like the Agri-Marketing Program folks, are looking for definite success stories that they can use to justify the expense of these trips, particularly in these days of austerity. The industry guys are all really happy with the efforts taken by both AMP and the Province to support them. The justification for attending this show in particular is that China is a key market for diversifying outlets for BC seafood in general and BC urchin products in particular. In the case of the urchins in particular, only about 50% of the Total Allowable Catch (TAC) is fished at this point because of market limitations in Japan, still the primary market for sea urchin worldwide. However our processors report that demand and prices are picking up nicely in China, including Hong Kong, in at least some part (we like to believe) because of our activities to promote the products in these markets. Hong Kong is a significant market itself and also remains a preferred landing port for many seafood items going into China proper because of the customs and access issues remarked on earlier in this report. Hong Kong is one of the most open ports in the world and even though it does not charge tariffs some questions remain regarding trade statistics into and out of the city because of advantages traders may see in not declaring everything. For one thing, it makes their business harder to track and that is just fine with many of the people involved.

With the sea cucumbers on the other hand the whole 1.36 million pound sea cucumber TAC is fished each and every year and the vast majority of the production is sold in China. There used to be a problem with selling the meats but efforts in recent years has largely eliminated any and all doubts about its quality and value and now the meats are selling almost as well as the skin. The skin is seen as a potent traditional medicine for digestive problems and there has never been any problem selling all of it. The goal with the cucumbers is to keep demand increasing so the price keeps trending in the preferred direction and increasing the profile of Canada and Canadians as sustainable and trusted suppliers of superior product is seen as the best way of accomplishing this.

In all cases there are a large number of jobs involved. There are the divers and vessel tenders involved directly on the harvest, packer crews to deliver to the dock, port validators making sure all the landed weights are reasonable, trucking companies transporting it to the processing plants, the processing crews at the plants and the shippers, brokers and airline staff involved. RBS Seafood Harvesters and Grand Hale Marine Products Ltd. both feel 400 direct jobs is a reasonable estimate for each of their companies. Because the sea cucumber fishery only lasts for about 2 months each year, this represents between 800 - 1,000 person-months of labour (p-m) for each company while in the sea urchin fishery it is likely closer to 2,400 - 2,800 p-m's per company because it lasts for something closer to 6 months. There is some overlap on companies involved in each fishery but it is probably safe to say there are generally between 4-5 major companies involved in each.

Grand Hale acknowledges that they will be selling to new customers in Japan that they met at this show and that they are sufficiently interested that they are going to make sure they have their own booth for next year's show.

Flying Fresh is experimenting with live finfish shipments using tubes and Mike and Ken are excited enough in the potential with urchins that they have purchased a couple of sets with the



intention of experimenting with it. Getting live shipments into Hong Kong and China remains a key research focus for the Association because of the potential market implications. The same sort of thing happened a number of years ago with the geoduck. When the product was being processed by Canadian processors, virtually all of the product was shipped to Japan and the ex-vessel price ranged between \$0.20 - 0.50 per pound with an average somewhere around \$0.33. Once live product started going to Hong Kong the value and ex-vessel prices quickly increased to above \$12.00 per lb., a minimum 36 fold increase. To have the same happen with the urchins would completely transform the industry. This is an interesting prospect from the Provincial government's perspective, and possibly some fiscal room in the Provincial budget, to support such research (Fiona MacRaid would be the appropriate contact person to track this possibility).

Brian Bonner (Senior Market Dev't Officer with AAFC, Ottawa) had a young lady (30-ish) from Vancouver enquire at the show about any companies he might know of in Vancouver who would be interested in a bilingual(English- Mandarin) employee to work on marketing in China. She is interested in the seafood industry and he feels she has shown initiative coming over from Vancouver to make the enquiry. He has her contact information on hand and will share it with any interested company.

Included below are a number of pictures of various BC delegates at the show.





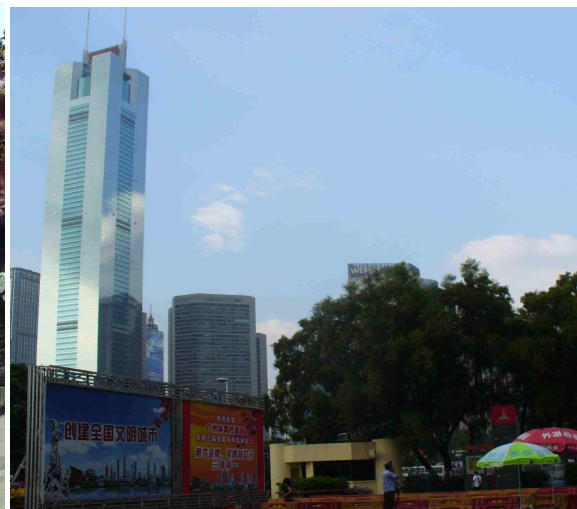
Guangzhou Seafood Showcase



We flew to Guangzhou once the show was over and checked into the Westin Guangzhou, the venue for the Provincially-sponsored Seafood Showcase scheduled for Monday morning following the signing ceremony for Memorandum of Understanding between the province of British Columbia, Canada and the Province of Guangdong, China on Fisheries Cooperation and Collaboration. This MOU had been proposed the previous year but insufficient time was allowed at that time for it to be negotiated prior to signing at that time. Premier Christy Clark was in attendance in China for the signing, the Seafood Showcase and other ceremonies in China and India involving a number of industries including fishing.

We had a couple of days before the event so took the opportunity to check out the town a bit. We managed to take in some shopping as well as get some appreciation of the different architecture in this, one of the most dynamic cities in

China. The architecture varied from the traditional to the ultra modern with buildings that seemed an integral part of the environment around them.



We were hosted to a luncheon by the Province as a way of thanking us for attending the event in Guangzhou. Our official host was Wes Shoemaker, the Deputy Minister of Agriculture and Fisheries and his very able Fisheries Development Officer, Ms. Fiona MacRaild. Our delegation, including representatives of the sea urchin, sea cucumber and sablefish associations, was all present. Dr Ralph Neilson, the President of the Vancouver Island University in Nanaimo, was present and expressed his interest in working with the BC seafood Industry to support our expansion into the China market. Also present was Paddy Wong, one the primary sea urchin and sea cucumber processors. He is also President of the Western Canada Seafood Merchants and Processors Association and was accompanied by some of his members who had made the trip to see first hand the opportunities that might be afforded by opening China as a market. There was broad agreement that the potential in China is immense and that it is important that government and industry continue working together to realize the potential.



Later that evening we attended a cultural exchange and traditional folk extravaganza at a archetypal Chinese hall. This event included dance and performance groups from around the world including a jazz band from Sweden, dancers from the Cook Islands and Kazakstan, a rock band from Spain, and many others.



The showcase featuring BC seafood took place on Monday morning in the ballroom at the Weston. The venue was just short of spectacular and the program included a meet and greet by the Premier of BC as we all displayed our marketing materials and presented ourselves to any who wished to meet, speeches by the Premier of BC, the head of the Guangdong Fisheries Administration and other dignitaries and a menu featuring BC seafood put together by Mr. Stephen Wong that was delicious. The menu included sockeye salmon, geoduck, sea urchin, sea cucumber, Dover sole and sablefish which were sequentially presented to diners and guests to introduce the foods to Chinese buyers. There were about 100 buyers and guests in attendance and they seemed to receive the food well.



Just to reiterate the point made earlier about the difficulties of navigating the customs regime in China, the product shipped to Hong Kong was delayed at the border and it was only through the official intervention of the Guangzhou Fisheries Association and the Guangdong Fisheries Administration that it even made it to Guangzhou for this officially sanctioned event. Knowing this provides more insight into the frustration felt by companies trying to supply seafood through legitimate channels to China.





There were a couple of things that came up in conversation with a table mate bears repeating. A young lady sitting next to me from Chongqing mentioned something to the effect that people in the interior of China are not used to eating seafood and have not really developed a taste for it, at least not yet. She said it is coming but reiterated that seafood is still pretty novel for them. It is also expensive - both of which suggest demand for seafood in those parts of China is likely to be limited to high end restaurants for upper echelon type folks as opposed to regular Chinese families for the foreseeable future.

One other thing that was pointed out to me was that Cantonese and Mandarin are pretty much as different as French and English. The Cantonese is a dialect of Guangdong, formerly known in colonial times as Canton, and Hong Kong while Mandarin is spoken throughout China now as the official language. The upshot of the difference between them is that speakers of the two dialects actually have a very difficult time understanding the other. This would probably mean that Stephen should have had a translator working with him as he narrated the back-stories for the products presented at the dinner. The written parts are, however, apparently similar and the difference between the traditional and simplified styles is more of a generational difference rather than a reflection of the two dialects. Elders still use, or at least prefer, the traditional style over all of China while it is the younger folks who use the simplified style. It sounds like Hong Kong might be a bit of a special case in this regard as the traditional set is usually recommended for communications in Hong Kong.

The event was considered a success and the Premier and her entourage left for an afternoon of tours and state dinners. Thankfully, we were not expected to tag along. The following morning we hopped the train to Hong Kong and on the next flew home to Vancouver.

