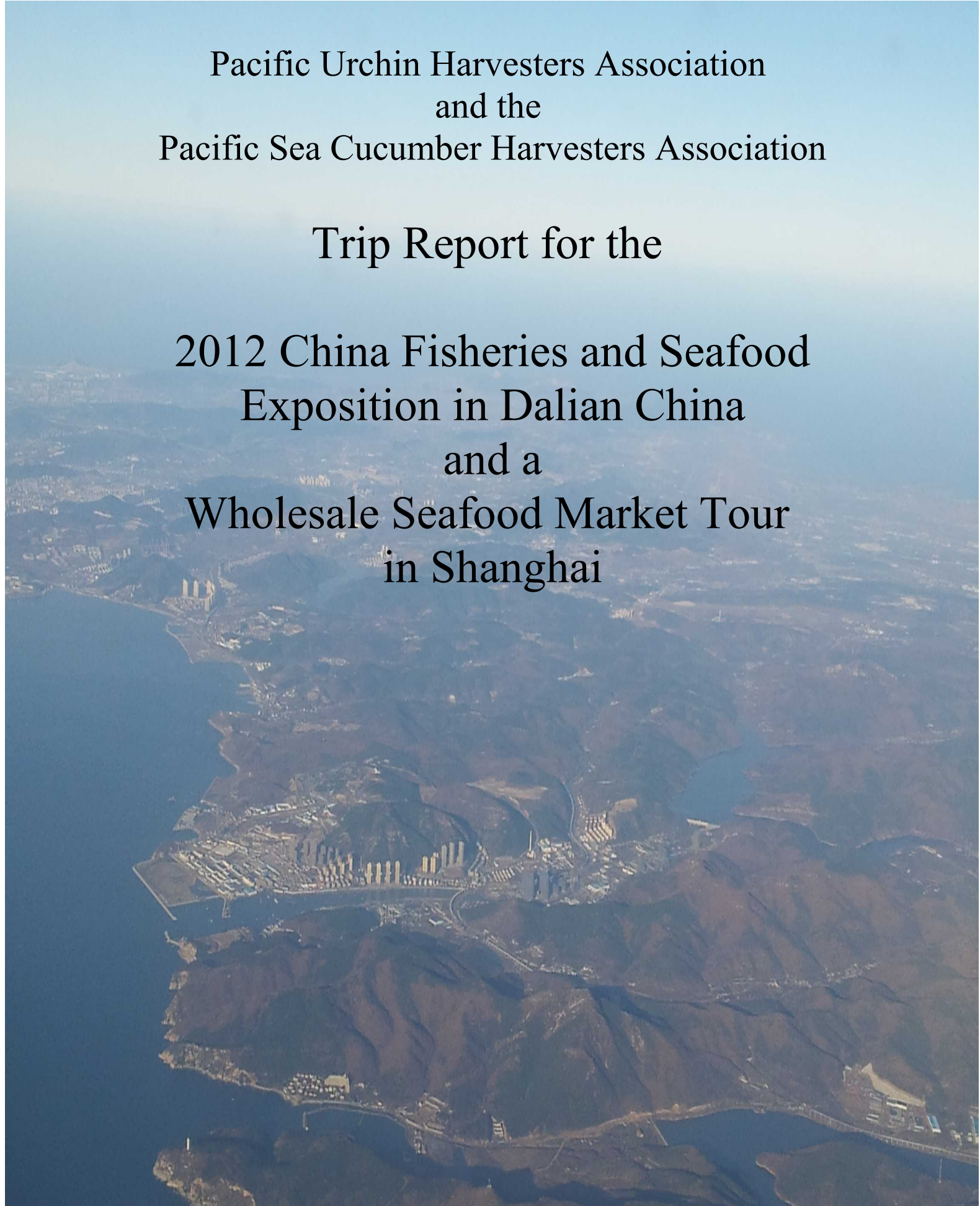
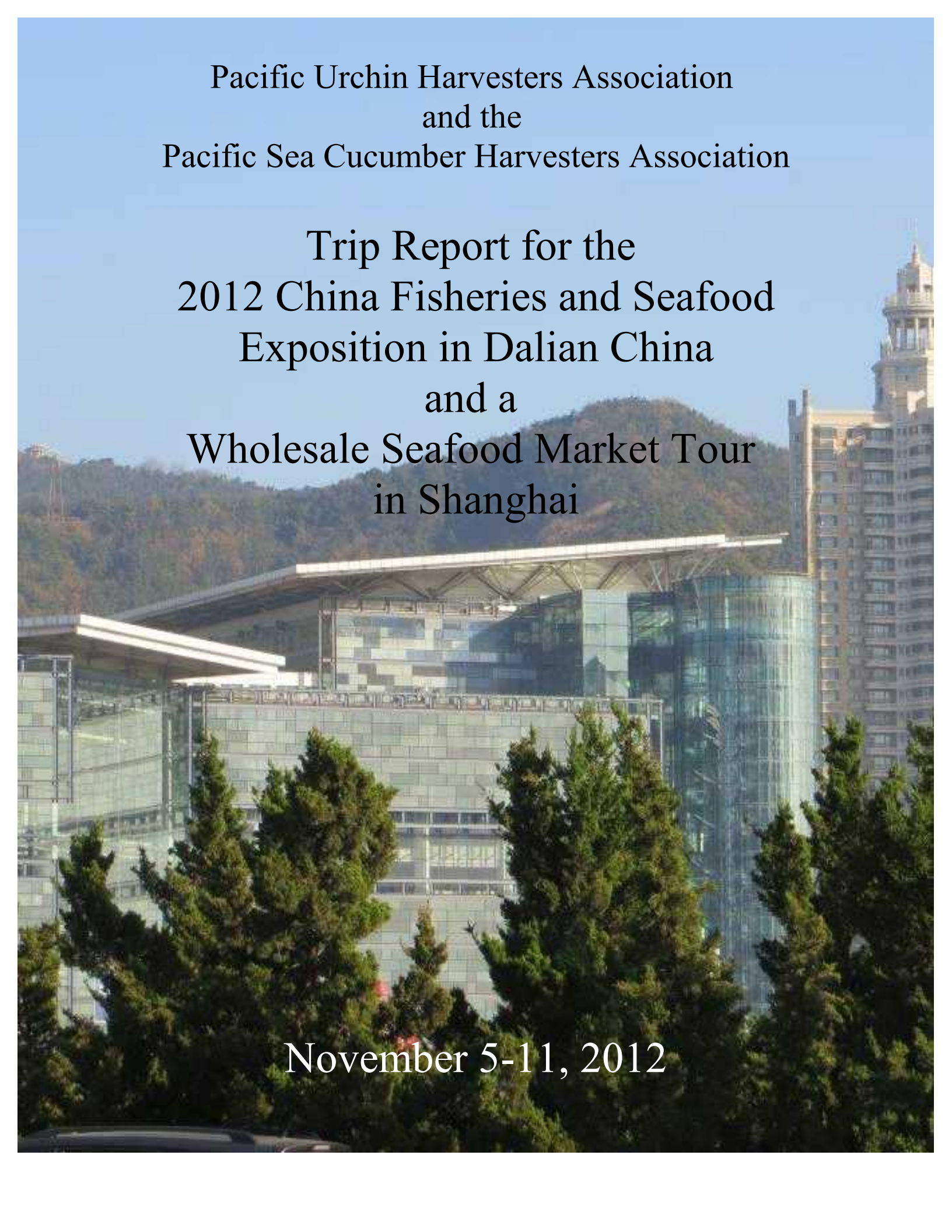


Pacific Urchin Harvesters Association
and the
Pacific Sea Cucumber Harvesters Association

Trip Report for the
2012 China Fisheries and Seafood
Exposition in Dalian China
and a
Wholesale Seafood Market Tour
in Shanghai





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November 5-11, 2012

Trip Report for the 2012 China Fisheries and Seafood Exposition in Dalian China and a Wholesale Seafood Market Tour in Shanghai

Table of Contents

Acknowledgements	iii
Executive Summary	iv
Introduction	1
Show Report	4
Summary of a prior meeting with Ocean Trading in November 2009	13
Back to the Show	14
Ocean Dragon Dinner	18
Shanghai	20

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Of course, being from BC ourselves, we feel the Province of British Columbia deserves special mention for providing an outstanding booth, for coordinating much of the activity there and for providing assistance and services. This includes simply serving as a central focus and meeting area for people, customers and clients interested in companies from BC.

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.

Executive Summary

The Pacific Urchin Harvesters Association (PUHA) and Pacific Sea Cucumber Harvesters Ass'n (PSCCHA) jointly exhibited at the 2012 China Fisheries and Seafood Exposition in early November 2012. The delegation included members from PUHA and the PSCCHA, representatives from 4 processing companies and the project consultant. This was the fourth such appearance at the show as part of the Canadian Pavilion.

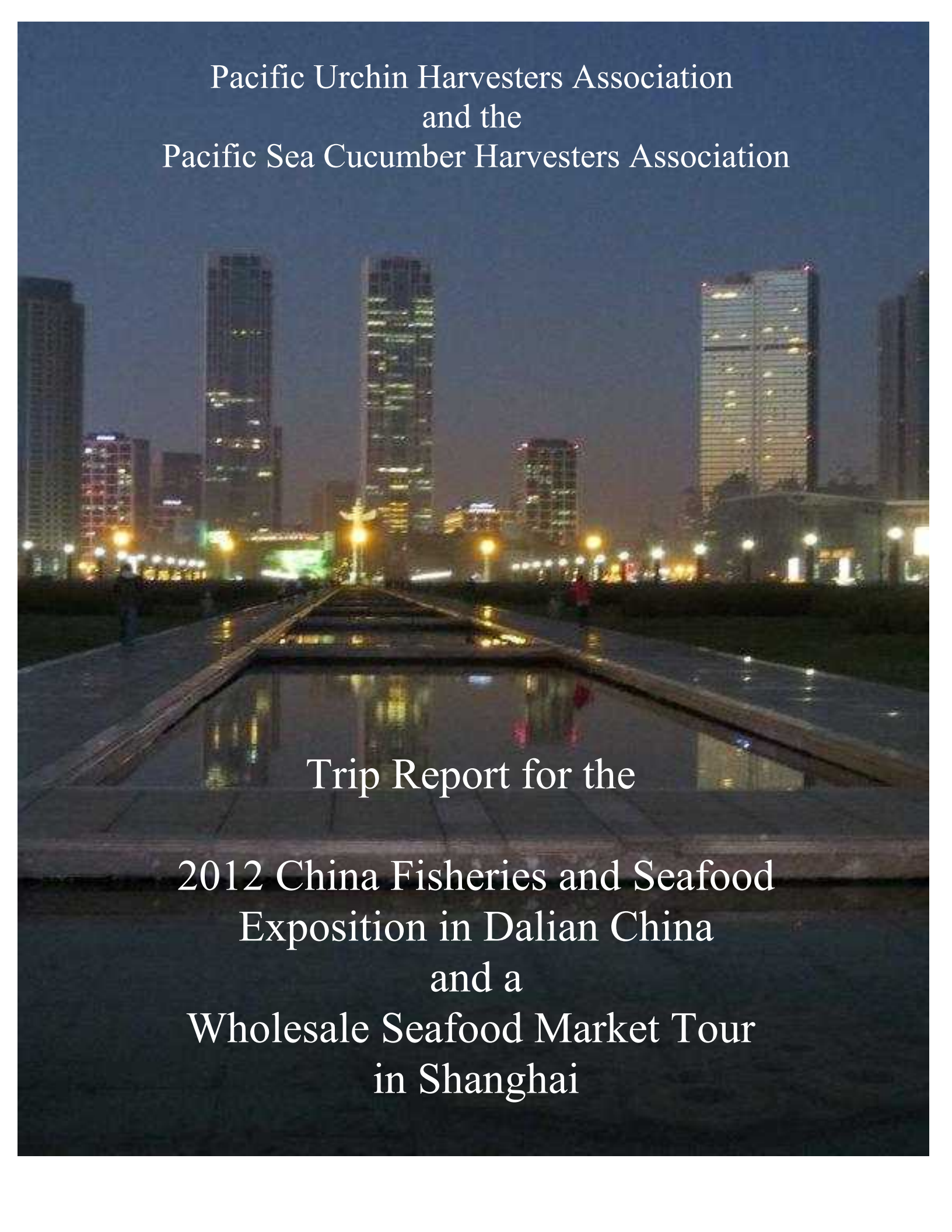
China remains one of the most exciting and fastest growing seafood markets in the world. It is already the primary market for Canadian sea cucumber products and is of growing importance for sea urchin producers. 27, 32 and 13 contact records were collected on Days one through three of the show respectively. These represented the majority of the contacts made at the show but not all of them as the support provided to the processors by the association(s) was limited this year in comparison to previous years and so too (apparently) was some of the cooperative spirit.

All in all though, we encountered a lot of enthusiasm for our products and fielded many enquiries and expressions of interest. The exhibits and promotional materials we have put together, and continue to refine, are effective, informative and readily taken up by visitors to the booth. The response to the sea urchin and sea cucumber samples prepared by the chef at the BC booth and offered as tasters is a strong affirmation of the growing popularity of the products as visitors to the show become more familiar with them and us, the nature of our fishery and the various operations involved. Everybody at the show from our group considered it a resounding success and all are supportive of a return next year (2013).

Following the show we joined one of the processors in Shanghai to get a better understanding of the market opportunities for live and processed sea urchin in that market. We toured a major wholesale seafood market in Shanghai which deals with live, fresh and frozen products, met with buyers dealing with live crab from Canada and discussed the possibilities with them. In short, sea urchin produced in China are about the size of small green sea urchins. They are sold live in the wholesale market but we saw only one small tote on our tour of the market so it would seem there is limited demand for them at this time. They are also very inexpensive, not real surprising as they are produced in China but the low price will still make it very hard for higher priced Canadian product to compete.

On another angle, Japanese restaurants are among the fastest growing categories of food service establishments in China, much as they are in the rest of the world, but most of these in Shanghai are apparently franchise operations for chains headquartered in Japan. As such they are most likely contractually obligated to suppliers from Japan. These may or may not source product from Canada but once the products are in their system further tracking is very difficult at best.

We concluded that the potential for sales of live or processed Red Sea Urchin from Canada in Shanghai is low at this point but that the size of the market (population ~ 17 million) suggests continued monitoring is warranted. For now, we have some assurance that Canadian seafood producers active in Shanghai will update the Association on the situation if there is a change.

A nighttime photograph of a city skyline with several illuminated skyscrapers. In the foreground, a long, narrow reflecting pool stretches towards the center, mirroring the lights of the buildings and streetlights. The sky is dark, and the overall scene is lit by the warm glow of city lights.

Pacific Urchin Harvesters Association
and the
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Trip Report for the
2012 China Fisheries and Seafood
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and a
Wholesale Seafood Market Tour
in Shanghai

Trip Report for the 2012 China Fisheries and Seafood Exposition in Dalian China and a follow-on Tour of a Wholesale Seafood Market in Shanghai

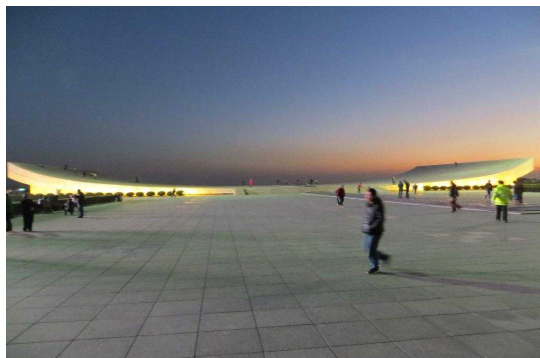
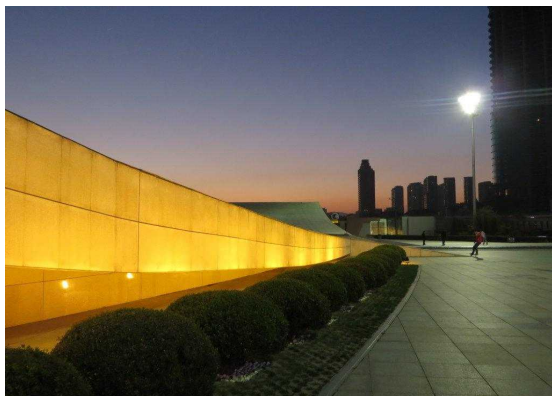
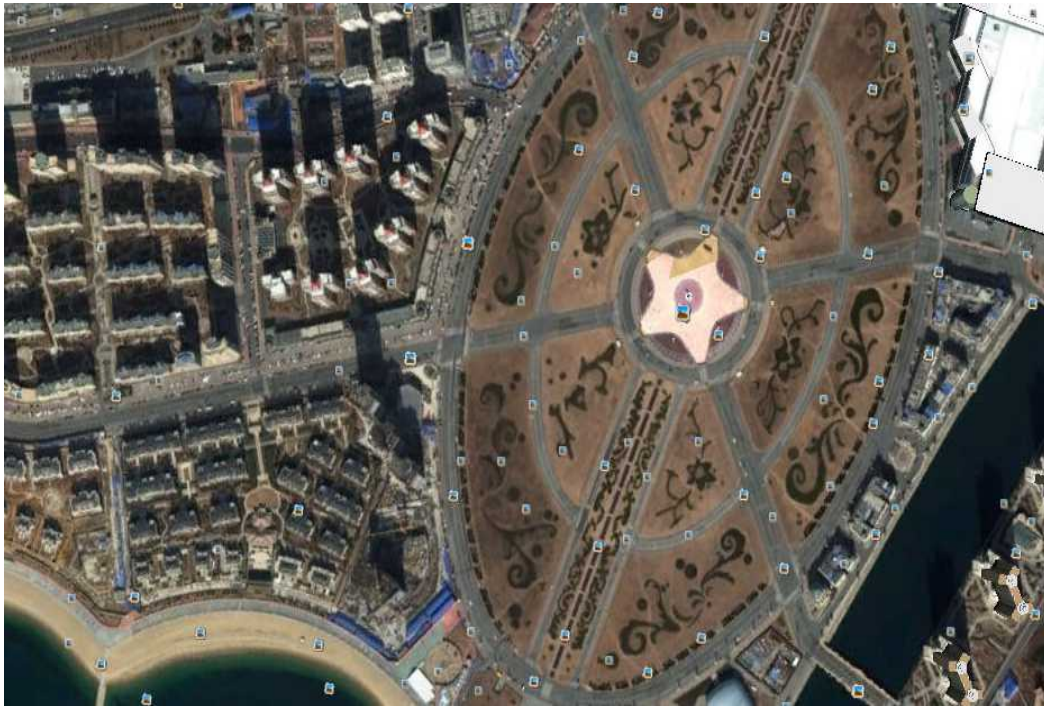
Introduction

The Pacific Urchin Harvesters Association (PUHA) and the Pacific Sea Cucumber Harvesters Association (PSCHA) were exhibitors at the 17th Annual China Fisheries and Seafood Exposition (CFSE). This is the fourth time we have exhibited at this show and the fifth time we have been in attendance. Mike Featherstone, Ken Ridgway, Tim Joys, Ruth Ellen Robicheau, David McRae and Geoff Krause represented the two associations and were joined in the booth by Francis Cheung, Paddy Wong, Tina Wong (no relation) and Pat Fantillo representing their respective processing and exporting businesses.

This year the show was held in Dalian, a city of approximately 6 million people on the NNE shores of the Yellow Sea. This is the second time we have visited Dalian and this time we changed our accommodation to the Bayshore Hotel, a waterfront establishment within about a 20 minute walk of the Dalian Exhibition and Convention Centre in Xinghai Square. This square is about 10 km SSW from the main CFSE hotel, the Shangri La Dalian, which is located closer in to the central city districts. The airport is about the same distance pretty much straight north of the venue. The Bayshore provided a different perspective on Dalian than the more urban Shangri La, allowing beach walks and views of a more relaxed side of life in China. Dalian is a popular vacation and tourist destination, in part because of its beaches and temperate climate, and the beaches in the area were fronted with a number of amusement parks, public facilities and public art that would not look out of place in any well adorned city.



Of some interest is the attention to detail on the design of Xinghai Square that can only be seen in overhead views. Ignoring the little blue boxes from google, the additional detail can be a bit surprising. The same sort of thing can often be seen many public places and higher end hotels, restaurants and clubs where a sometimes almost jarring opulence stands out in architecture, interior design and even displayed art, sculptures, floral arrangements and lighting features.



The changes this country and its people are going through are in many ways, nothing short of extraordinary. Just over 30 years ago at the end of the 1970's, China was a dyed-in-the-wool communist society, a centrally planned, backward nation just recovering from the Great Leap Forward and the Cultural Revolution, periods which resulted in the near collapse of social order and the impoverishment and even starvation of millions. Since the late 1970's the country has accepted a more capitalist way of doing things that has allowed people to choose their own pursuits and keep the rewards, excepting of course a couple of reflexive spasms where the Communist Party again imposed its will to protect its monopoly on power. In that 30 year period, China has pulled 600 million people out of poverty and it is even now being transformed into a place where aspirations are increasingly achieved through merit, as opposed to connections, and where personal expression is enriching the society, not simply binding it in the greyness of conformity. They are 1.3 Billion people, and they are coming out. Even despite what appear to be some residual reservations by their government.

The government, while not apparently willing, or perhaps even able, to relax its grip on control yet, is not however necessarily right on top of the changes affecting the society. The just wrapped up Party Congress that saw a wholesale change in the leadership has been accompanied by calls for pre-emptive reforms to avoid various crises of governance projected for the next decade. One substantive article, apparently sanctioned by the Party and published in the official press, warns "A tightly controlled society in which people only do as they are told, are utterly subservient and in which there is no freedom of action, will meet a rapid end." (Reported in *The Economist*, Nov. 10, 2012; p. 45). It is hard to fault the article on this assessment but to characterize the Chinese people in this way strikes me as a bit fanciful, and definitely not something one should assume as fact on visiting the country. My personal experiences in China suggest many in China, at least in the cities, have already unceremoniously moved beyond "mere subservience with no freedom of action" and are now often pursuing their own interests with passion and enthusiasm.

Extending this observation, it may also be that the government's control over the society is not as absolute as advertised, although making a big deal of this is not likely to be very constructive. . . Admittedly the government has expressed its willingness to apply the draconian methods that have been used in even the recent past to enforce its authority but it would seem their credibility with the general population is continually tested by any number of small gestures and is suffering because so many of these gestures pass without consequence. There is for example, as mentioned in last year's report, the traffic. I expect the rules, signals and limits governing drivers are all pretty conventional in comparison with other jurisdictions but the problem here is not many people in China apparently care about them. Everyone is of course somewhat wary because when a consequence is drawn, it is not always predictable, measured or just, and the authorities there can be quite extreme and capricious.

My experience is that you have to keep your eyes open in China as it really is a very competitive society, despite still officially being an egalitarian communist society. There are lots of people there best described as hungry and willing to do what is needed to get even a little bit ahead. Those who are independent enough, including cab drivers, merchants and even public washroom attendants etc., and I'm sure many seafood traders, generally now express themselves in the sort of nakedly capitalist terms expected of peoples with the freedom to extract whatever they can get

for themselves from a trade. Even in service type situations, a decent tip brings better service, sometimes markedly better, just as it does at home. I will however again emphasize the eyes open advice. As in any society where bartering is the norm, the initial prices asked are often 10 times what might be reasonably settled on at the end of the negotiation. In this they are unrelenting, much to the chagrin of course to those whose innocent naivety, including some Canadians, makes this so foreign.

The velocity of change in China is not likely to change much over the next few decades, unless of course things go badly sideways which would not be good for anybody or any nation. The World Bank projects that some 252 Million people will be moving into China's cities from the countryside over the next 18 years, that works out to about 14 million people per year, and the Government there is cognisant of the challenges it faces to bring this off. To say these are daunting is to understate them. However as they continue to pile on successes, the opportunities for suppliers selling goods, commodities and materials to select markets in China are without parallel. We have heard on a number of occasions that each city has to be considered a unique market with its own cuisine profile, preferences, price points and character, especially for limited volumes of high quality specialized foods like sea urchin and sea cucumber. However considering the scale of such markets in a country with 1.3 Billion people and cities with 10 - 20 Million people, recognition and success are required in only a few of the most suitable of them to fully utilize the surplus Canadian capacity.

Show Report

The delegation attending the show this year comprise Mike Featherstone, Ruth Ellen Robicheau and David McRae representing the Pacific Urchin Harvesters Association and Ken Ridgway and Tim Joys representing the Pacific Sea Cucumber Harvesters Association. Geoff Krause attended as a consultant for both associations while Francis Cheung from Grand Hale Marine Products, Paddy Wong and Tina Wong (no relation) from Paladin International Food Sales and Pat Fantillo from RBS Seafood Harvesters were also part of the delegation.



The show this year commenced on Tuesday November 6 so delegates started arriving in Dalian on Sunday November 4 to allow time to set up on the day prior to opening. The main tasks on the setup day include collecting all the badges as the lineups on the first day of the show are generally very long, ensuring the booth and all the ordered accoutrements are in order and roughly lay things out in the booth so the finishing touches can be finalized on the morning of the first day before the show actually opens to visitors.

The Canadian Pavilion was a bit larger than last year's and situated close to one of the main entrances (Gate "B") to the show on the main floor. Companies, provinces and associations from both the Pacific and Atlantic coasts were exhibiting at the show and while it seemed we were all sort of scattered throughout randomly, the Pavilion also included enough open shared spaces that there was also a nice social atmosphere featuring a variety of friendly people and delicious seafoods from across the country. As an informal observation, traffic around the Canadian Pavilion looked top tier as far as volume, density of people hanging about and picking up/collecting handouts etc, number of visits and apparent meetings. As at other shows, the traffic patterns seem to go in waves of around 2 hours strong following by a 0,5 - 1.0 hour lull and then another spike.



As far as our location was concerned, we had intended to be located adjacent to, or across the aisle from, the BC Booth but we were in fact over one aisle. The BC Booth again had the cooking and sample preparation services from Nathan Fong and he prepared some sea urchin and sea cucumber dishes for distribution on a number of occasions throughout the show. Stephen Wong was again preparing and sharing geoduck dishes for the Underwater Harvesters Association which had a booth adjoining ours. The 3 associations, PUHA, PSCHA and UHA, represent all the major dive fisheries in BC so it makes sense to be co-located so we can reinforce the similarities and common features of the fisheries with visitors just by our proximity and so build on each other's strengths and reputation.

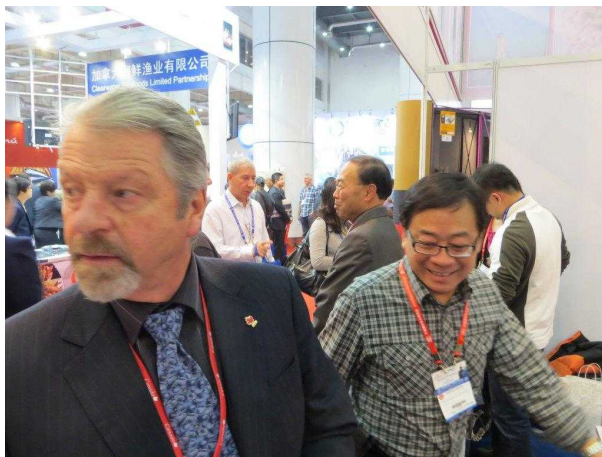


As mentioned, we have exhibited a number of times now and our booth design is fairly well established. The PUHA and PSCHA commissioned new rollup displays which added to our regular suite of posters and display materials but the centrepiece of our static displays was again the display freezer. We first adopted this option for the 2010 Asia Seafood Expo in Hong Kong as a few modifications allow us to display both the fresh sea urchin roe and frozen sea cucumber in the same case. The modifications include using styrofoam as a crude insulation on part of the





freezer so we have a fresh and a frozen section. We have added to and refined the display each year since and have been generally getting increasingly favourable reviews on its artistic as well as more practical merits.



We have also rented a TV and DVD player to display videos and slide shows put together by the associations describing and characterizing their respective fisheries. Just for some quick background, there are three video formats used throughout the world:

SECAM (Sequential Colour Avec Memory) used in France, E. Europe & parts of Africa;
 NTSC (National Television System Committee) which is used in North America, West Coast of South America, Japan, Taiwan, South Korea and the Philippines; and
 PAL (Phase Alteration by Line) which is used everywhere else including China, Hong Kong, Australia and Europe.

The “live sales DVD” did not work at the CFSE this year, probably because the disk player we were provided was unable to play the NTSC format, apparently part of that 5% group of PAL players with this handicap. The new PSCHA DVD and the Urchins From Canada disks were formatted as PAL and were OK on the player. As a result of the formatting issue, a suggestion was put forward that getting a projector and a roll-up screen so shows loaded onto a computer can be played in lieu of renting a TV and player might make sense. A computer dedicated to the shows would allow us to know everything is in place before we arrive and, given that the TV/DVD rental runs about \$400 per show, it will not take long to recoup the investment.

Traffic on the first day got started quickly and we had a fairly steady stream of visitors interested in our products. The second day was again the busiest while the third, and final, day saw many fewer visitors in part because things were winding down by about 1400 hours. Interesting, even though China is the primary market for our sea cucumber and the product has been popular there for a long time, the number of queries for the cukes only just exceeded the number for sea urchins on the first day and this spread apparently grew over the next few days.. On the subsequent days of the show the urchins appeared to be the major draw, at least when comparing the number of declared contacts for which we gathered information.

Mysterious as this is, it may well be a result of inconsistencies in how the contact information is shared. By the mid-morning of the second day it was obvious that Paddy and Francis and their representatives were fielding a steady stream of enquiries, a proportion comprising a large majority of visits to the booth. Of course the natural tendency of people is to prefer their first language and they dominated the discussions and interviews so much that it was hard for us, limited as we are as uni-lingual English speakers, to be involved. Paddy in particular had at least one person in the booth at all times and very often as many as 3: himself, Tina Wong and his distributor from Guangzhou. Both Tina and ??? , seen below talking with Francis, reported that they passed all the cards they collected on to Paddy but none of these have apparently made it into the book.



Granted, the main point of this exercise is to get more exposure for the industry and the companies involved by providing them a venue to showcase themselves and our products. It does not however fully serve the interests of the industry if participating companies are sequestering contact information as a means to acquire an advantage by denying other member companies not in attendance and the two associations, PUHA and PSCHA, of information that might prove key to diversifying sales and boosting demand. This contact information also comprises an important part of the reporting package and is used as a performance measure of our efforts at these events by the AMP which provides considerable funding to the associations so they can undertake these trips. Looked at in this way, depriving the report of these records actually compromises the ability of the associations to get funding and therefore to continue contributing as ambitiously to the marketing efforts as they have been.

It should be pointed out that Association representatives do not negotiate with any potential customers at these events, it is simply beyond our mandate and is something that can only be taken up by the companies involved. Paddy (Wong), Francis (Cheung) and Pat (Fantillo), representatives for Paladin International Food Sales, Grand Hale Marine Products and RBS Seafood Harvesters respectively, participated in meetings away from the booth and were not necessarily expected to share the information they collected from these with the booth. It would be nice if they would share the contact information but the substance of more detailed business negotiations are expected to be held in confidence. That is fair enough and complaints on this are hard to justify. However, when discussions are conducted at the booth, which is after all paid for and supplied by the associations, it is entirely appropriate that the parties should share the cards obtained at the booth meetings for inclusion in the book along with a little bit of background for the company's business and plans. Not too much information but at least enough to make a good stab at filling out the table information and develop some idea for an appropriate score would be great. Even if pictures of the cards are used while they hold on to the originals, much of the important contact information can still comprise part of the association record for the trip.

Anyways, getting back to the information that we did manage to catalogue, we collected 13 (20 in 2011) for the cukes, 2 (1 in 2011) for both cukes and urchins and 12 (13 in 2011) for the urchins, for a total of 27 (33 in 2011) contacts the first day, On the second and third days, these numbers were 9 (13), 4 (0) and 19 (9) for a total of 32 (22) on the second day and 4 (6), 3 (2) and 6 (6) for a total of 13 (10) on the third. The total for the show was 72 (67). More details including comments on these are presented in the following tables while further contact information including emails are available as an excel spreadsheet to PUHA and PSCHA members. The scores were assigned by Geoff based on his read on the contact and the business opportunity presented. They are admittedly somewhat subjective and are not intended as definitive but they are intended to index the potential of the inferred business opportunities so the more interesting ones can be quickly identified. In this regard, we got 3 eights on the first day, 1 on the second and none on the third. The average scores were 5.4, 5.8 and 6.0 for days 1, 2 and 3 respectively.

Table 1: Contacts obtained on Day 1 (Nov. 6) of 2012 CFSE

Spp	Country	City	Business	Given Name	Sur Name	Company	Score	Record Ref	Comment(s)
C	China	Beijing	Imp/Distrib	Jin	Yan	Jin Qi Hui Tong Biotechnology Ltd.	8	CFSE 2012 1106 01	Introduced by Cdn TC, has many hotel & restaurant contacts & wants more seafood from Canada
C	Honduras	La Ceiba	proc'r	Steve	Wiseman	Open Ocean Seafood	3	CFSE 2012 1106 02	cucumber processor from honduras looking for market for his product
C	China	unknown	unknown	unknown	unknown	Yuan Shun	2	CFSE 2012 1106 03	apparently interested in the price for skins, no translation on card etc
C	China	Chengdu	distrib	Nanchun	Qing	Chengdu Nanchun Industrial Co. Ltd.	6	CFSE 2012 1106 04	interested in both skins and meat, introduced by R. Quan from Canadian Trade office on Chengdu
C	China	Chengdu	gov't rep.	Ricky	Qian	Canadian Trade Office Chengdu	5	CFSE 2012 1106 05	Cndn Trade Commissioner in Chengdu, China (note apparent email discrepancy on business card)
C	Mexico	Mexico City	Importer	Samuel	Lee	YJ International	6	CFSE 2012 1106 06	interested in meat and skins (for Mexico?- unknown)
C	China	Beijing	traders	Eva	Yin	Sunk Fa Holding Group	6	CFSE 2012 1106 07	looking for Pat at show
C	China	Chengdu	distrib	Wenhua	Zuo	Chengdu Nanchun Industrial Co. Ltd.	6	CFSE 2012 1106 08	skins and meat, see also CFSE 2012 1106 4, same co., different rep.
C	China	unknown	unknown	unknown	unknown	unknown	2	CFSE 2012 1106 09	interested in skins, card in Chinese only, no notes
C	China	Fujian	wholesale	Zhi Hong	Xu	Quanzhou Fengze Yixin Food Trading	6	CFSE 2012 1106 10	young fellow working independantly in Fujian, interested primarily in meats
C	China	Dalian	traders	Tao	Wu	Dalian Haokang Trading Co. Ltd	6	CFSE 2012 1106 11	generally interested in Canadian cucumbers
C	China	Dalian	distrib	Jian	Zhou	Dalian Posiedon Seafood Co. Ltd.	6	CFSE 2012 1106 12	local distributor
C	China	Shenzhen	wholesale	Shuang Yan	Liao	Mojjaamei Sea Cucumber Wholesale	7	CFSE 2012 1106 13	Price and quality enquiries
U,C	China	Xiamen	retail	Zheng	Xin	Xiamen Jazz Life Investment Co. Ltd.	7	CFSE 2012 1106 14	building supermarket in Xiamen. Interested in Cndn urchins, cukes, sablefish, crab, salmon etc
U	China	Dalian	proc; export	unknown	unknown	Dalian Qianri Sea Food Co. Ltd	7	CFSE 2012 1106 15	largest exporter of fresh & froz uni to Japan, want quote for water pack FOB YVR,
U	China	Dalian	restaurant	Wanliang	Zhu	Wenda Ingredients	8	CFSE 2012 1106 16	Chain restaurants; interested in recipes and availability in China, esp. Dalian
U	China	Guangzhou	distrib	unknown	unknown	Guangzhou Fengyang Food Co.	7	CFSE 2012 1106 17	distributor in target market of Guangzhou
U,C	China	Beijing	gov't rep.	Shirley	Cai	Canadian Embassy, Beijing	6	CFSE 2012 1106 18	publicist for Canadian embassy in Beijing, provided her with videos
U	China	unknown	Imp/Distrib	Zhang Yong	Ge	unknown	7	CFSE 2012 1106 19	distributing throughout China, specializing in marketing to Italian restaurants
U	Canada	Brossard	prod	Philippe	Wang	Arctic Food Group Canada Inc.	5	CFSE 2012 1106 20	looking for info on prices in Dalian
U	China	unknown	distrib	Chao	Cui	unknown	4	CFSE 2012 1106 21	distributor for Japanese restaurants
U	Sing	Singapore	organizer	Lynn	How	Koelmesse Pte. Ltd	6	CFSE 2012 1106 22	Thailand show Mar 22-26, 2013- offer free booth & hotel & help w novel prod; gd interest in salmon/finfish
U	China	Qidong City	prod; exp	Zhong Ming	Yin	Nantong Xinlang Seaweed & Co. Ltd.	6	CFSE 2012 1106 23	looking for finished uni
U	Sing	Singapore	Imp/Distrib	Edmond	Tan	Egokoro Trading Pte. Ltd.	8	CFSE 2012 1106 24	wanting finished product into Singapore
U	S. Africa	Cape Town	Imp/Distrib	Yunfeng	Jiang	East Coast Seafood (Pty) Ltd.	5	CFSE 2012 1106 25	
U	China	Shanghai	Importer	Chan Ming	Yu	Shanghai Jilv Trade Co. Ltd.	6	CFSE 2012 1106 26	
U	China	Beijing	distrib	unknown	unknown	Beijing Xuenuo Economy Co. Ltd.	6	CFSE 2012 1106 27	

Table 2: Contacts obtained on Day 2 of 2012 CFSE

Spp	Country	City	Business	Given Name	Sur Name	Company	Score	Record Ref	Comment(s)
C	Taiwan	Taichung City	Imp/Distrib	Joy	Lin	Duo Sheng International Co. Ltd.	6	CFSE 2012_1107_01	interested in meat
C	China	Hong Kong	Imp/Distrib	Chi Hung	Tai	Oriental Partners Ltd.	6	CFSE 2012_1107_02	container load too big, interested in smaller volume(s)
C	China	Shanghai	Importer	Payhua	Su	Shanghai Ocean-Food Trading Ltd.	6	CFSE 2012_1107_03	primary interest in skins, talked with Francis
U,C	China	Beijing	Imp/Distrib	Qi Xing	Ji	Beijing Pacific Boye Fishery Techn	6	CFSE 2012_1107_04	a big buyer of Clearwater product(s), sampled uni and got even more enthused
C	China	Shenyang	Importer	Renhao	Feng	Ren Hao Seafoods Co. Ltd.	6	CFSE 2012_1107_05	Interested in skins if price and size grades are appropriate
C	China	Dalian	produc; exp	You Min	Wang	Dalian Zhangzidao Fishery Group	4	CFSE 2012_1107_06	Interested in prices, l'd self as importer but probably more a producer checking into competition
C	China	Shandong	distrib	Yong Jun	Zheng	Yantai Jinhe Food Co. Ltd.	6	CFSE 2012_1107_07	Interested in skins.
C	China	Hong Kong	distrib	Philip K. M.	Ng	Ocean Harvest Frozen Food Ltd.	6	CFSE 2012_1107_08	Interested in meat.
C	China	Hangzhou	traders	Lee Ming	Lo	Hangzhou Royaum Import & Export	6	CFSE 2012_1107_09	Experimenting with skin market in Hangzhou (~ 125 km west of Shanghai)
C	Sing	Singapore	imp; restaurant	TWang Kei	Tam	Tam Kah Shark's Fin Trading	5	CFSE 2012_1107_10	aware that meat sold out but still interested in skins @ \$35
U	China	Hong Kong	Imp/Distrib	unknown	unknown	Prime Pacific Industries Ltd.	4	CFSE 2012_1107_11	email is same number as mobile #
U,C	China	Hongzhou	retail	Deqin	Peng	New Center	6	CFSE 2012_1107_12	interested in both urchins and cukes
U	China	Dalian	distrib		Li	E-Hau	4	CFSE 2012_1107_13	liked look of product
U	China	Hong Kong	Imp/Distrib	Ching Yuen	Hsu	Pine Profit Group Ltd.	6	CFSE 2012_1107_14	
U	China	Dalian	produc; exp	Dayong	Zhang	Dalian Ocean Harvest Aquatic	4	CFSE 2012_1107_15	was accompanied by CFSE 2012_1107_16
U	Canada	Montreal	unknown	Jacques	Pichette	n/a	3	CFSE 2012_1107_16	
U,C	Taiwan	Taichung City	Imp; distrib	Ryan	Lin	Duo Sheng International Co. Ltd.	6	CFSE 2012_1107_17	freund of Francis's freind in Taiwan. Good contact as well for SC. See also CFSE 2012_1107_1
U	China	unknown	unknown	unknown	unknown	unknown	3	CFSE 2012_1107_18	card all in Mandarin so ...
U	China	Beijing	traders	Xuedong	Zhang	Beijing Kingyuehold Trade Co. Ltd.	6	CFSE 2012_1107_19	accompanied by Robbie Wu: Bluerobbie@live.co.uk
U	Taiwan	Taipei	traders	Morris	Yao	Asam Enterprise Ltd.	7	CFSE 2012_1107_20	met with Cndn co. last year and is now a buyer. Looking to increase sales this year.
U	China	Shanghai	distrib	Zhang	Dong	Shanghai Goodness Ocean	7	CFSE 2012_1107_21	
U,C	Sing	Singapore	imp; distr	Niap Mong	Loy	Allswell Marketing Pte. Ltd.	8	CFSE 2012_1107_22	importer of urch, cukes and ducks, has worked with Paladin, Seaworld and Evergreen
U	China	Guangzhou	traders	Michael	Yang	Bright Hope Trading Co. Ltd.	7	CFSE 2012_1107_23	GHMP agent in Guangzhou.
U	China	Dalian	imp; distr	Ji Fang	Xue	Xuming Mold Dalian Co. Ltd.	6	CFSE 2012_1107_24	wants to import Canadian RSU uni (remember: it is impossible now to compete with China on price)
U	China	unknown	imp; distr	unknown	Chen	Ningde Oceanic Technology Devt	4	CFSE 2012_1107_25	sell to Walmart, China so there will be the price thing again.
U	China	unknown	imp; distr	unknown	unknown	Ningde Oceanic Technology Devt	4	CFSE 2012_1107_26	They sampled product and really liked it.
U	China	Beijing	distrib; restaurant	Zhong Yi	Lu	Xinyang Aquatic and Foods	6	CFSE 2012_1107_27	
U	Austria	Gottesbrunn	Imp; distrib	Jong Wan	Chung	Pan Asia Fish and Asian Food	5	CFSE 2012_1107_28	looking for uni into the EU
U	Japan	Tokyo	imp; exp	Shuji	Nomura	Ocean Leaders Co. Ltd.	6	CFSE 2012_1107_29	Primarily does AK King crab, interested in RSU direct from Cndn processors
U	China	unknown	traders	Jeff	Tyle	Seatrak International Seafood	4	CFSE 2012_1107_30	tire kicker and note focus on commodities - not what we want
U	China	Qingdao	shipping	Mikkel	Skaalum	Maersk (China) Shipping	6	CFSE 2012_1107_31	Asia run long haul live container transport starting using Aqualife system
U	China	Hubei Provin	imp; distr	Yi Bin	Wong	HBXX	5	CFSE 2012_1107_32	

Table 3: Contacts obtained from Day 3 (Nov.8) of 2012 CFSE

Spp	Country	City	Business	Given Name	Sur Name	Company	Score	Record Ref	Comment(s)
SC	China	Qingdao	Importer	Zhao	Bo	Qingdao Guo Rui Pappaer and Pulp	5	CFSE 2012_1108_01	Importer, requested a copy of the cuke video
U,C	China	Shanghai	unknown	unknown	Mr. Su	Hui Cai Hong (?)	6	CFSE 2012_1108_02	Represents an association in Shanghai, wants to buy urchins and cukes
C	China	Shenzhen	Importer	Jie	Cao	Shenzhen Zhenghai Industrial	6	CFSE 2012_1108_03	Importer of skins
C	Canada	Richmond	Exporter	Leo	Cai	Ocean Brother Corp.	6	CFSE 2012_1108_04	local company, wants SC meat for export
U,C	Korea	Hanam City	imp; distr	Glory	Seo	Young Heung Groceries Co. Ltd.	7	CFSE 2012_1108_05	primarily interested in skins (~20 MT) but also in uni. has > 250 stores & restaurants as customers
C	China	unknown	catering	Jun	Zhang	Jin Feng Yuan Group	6	CFSE 2012_1108_06	can only get to intro page on website so hard to say what they are about
U	Japan	Osaka	imp; distr; trade	Naoki	Kaneko	Ocean Trading Co. Ltd.	7	CFSE 2012_1108_07	has bought/proc'd GSU from Maine. Want live and proc'd GSU and proc'd RSU. See 2009 note in report
U,C	China	Qingdao	shipping	Wandong	Wang	Shandong Ocean Int'l Co. Ltd.	6	CFSE 2012_1108_08	Looking to buy both/either urchins or cucumbers
U	China	unknown	traders	Qiang	Xiang	Shandong Rongchen Yunxing Aq	7	CFSE 2012_1108_09	wants live or frozen whole RSU and/or GSU, in shell market could be frozen
U	China	Dalian	traders	Xiaodong	Wang	Dalian Dongze Seafood Co. Ltd.	5	CFSE 2012_1108_10	loses a grade on his email address
U	Japan	Tokyo	import	Yasuyuki	Sagami	Maruha Nichiro Seafoods Inc.	6	CFSE 2012_1108_11	in charge of SU business, looking for frozen importer
U	China	Hong Kong	Show rep	Terry	Ng	DivCom	5	CFSE 2012_1108_12	Organizer of Asian Seafood Expo (Hong Kong)- searched us out because of our review of the 2012 ASE
U	China	Dalian	Imp/Agent	Mervin	Zhang	Dalian Liangnong Agriculture Devt	6	CFSE 2012_1108_13	lived in Toronto for 9 yrs; Co. want high quality items to distribute, acts as agent for importers in Dalian

Another metric we tracked at the show focussed on the number of brochures from each association taken up by visitors. We decided that we would restrict at least the DVD's and pens to qualified visitors while all who wanted could help themselves to business cards and/or brochures from each of the associations. The take-up for the urchin information appears to be similar to last year with about 200 PUHA simplified mandarin brochures going out over the course of the show. We brought 85 copies of the English version along this year, a number expected to more than suffice based on our experience from last year but we were surprised when they had all disappeared before noon on the second day. Having 200 copies on hand would have been better. The number of sea cucumber brochures taken up was down by about one third compared to last year (143 : 273) , but again this may be confounded somewhat because BC processors monopolized many of the visitor encounters. Last year we did not bring any English language brochures so seeing an uptake of them at the same magnitude as the Mandarin version (136 : 143) was a surprise. Business cards were left as an individual responsibility this year.

Inventory of Brochures and other give-aways CFSE 2011							
Item	Requested	Supplied	Day1	Day2	Day3	Guangzhou	Return
PUHA DVD #1 (Mandarin + English)	25	25	7	5	5	4	4
PUHA DVD #1 (Japanese + English)	10	10	0	1	0	0	9
PUHA DVD #2 (Mandarin)	72	72	20	15	14	10	13
PUHA DVD #2 (English)	50	50	5	4	3	0	39
PUHA Brochures: Mandarin (simplified)	700	700	100	75	30	15	480
PUHA Brochures: English	150	150	20	10	20	0	100
PUHA Brochures: Japanese	65	65	5	5	5	0	50
PSCHA Brochures: Mandarin (simplified)	300	300	90	143	40	7	0
PSCHA Brochures: English	0	0	0	0	0	0	0
B'cards (500 for MF, DM, Seagate)	1500	1500					1200
Pens	350	350	25	25	50	0	250

Inventory of Brochures and other give-aways CFSE 2012							
Item	Requested	Supplied	Day1	Day2	Day3	Shanghai	Return
PUHA DVD #1 (Mandarin + English)	25	25	7	6	1	0	11
PUHA DVD #1 (Japanese + English)	5	0	0	0	0	0	0
PUHA DVD #2 (Mandarin)	60	0	0	0	0	0	0
PUHA DVD #2 (English)	10	10	3	3	1	0	3
PUHA Brochures: Mandarin (simplified)	400	410	87	82	30	0	216
PUHA Brochures: English	125	85	71	14	0	0	0
PUHA Brochures: Japanese	25	25	5	5	5	0	50
Paladin Company Brochures	50	300	20	40	37	0	200
PSCHA Brochures: Mandarin (simplified)	400	370	81	52	31	0	207
PSCHA Brochures: English	100	225	34	63	39	0	118
Pens	150	350	25	25	50	0	250

We also make a point of bringing some sea urchin samples to pass around and take subjective notice of what appears to work best with the palates observed. One recipe that was repeated a number of times comprised an uni and diced onion with a spice mix on crackers. It tasted well enough but there is some suggestion that the uni with onion actually might draw out respectively distinctive, yet not always appreciated, after-tastes from each other. A certain questioning or quizzical look seemed more common in contrast to the expressions cast when the uni was paired with a small slice of smoked salmon. On a run-off between the uni with smoked salmon and the above mix, the smoked salmon combo remains the winner to my mind at least.

One company that stopped by for a visit was Ocean Trading, a company with whom I met in 2009 in their offices in Osaka. I was away when they visited on this occasion but recall our discussions then were interesting enough in 2009 that they are still likely relevant and are reviewed below. Ocean Trading were and are interested in purchasing live GSU and processed RSU. Japanese supply companies are apparently providing any number of sushi restaurants internationally with product although they were and probably are reluctant to discuss this aspect of their business with Canadian suppliers. It is however common in Canada where at least one enterprising distributor of Japanese and Chilean uni (Angel Seafood) has in the past downplayed the substance of the Canadian urchin fishery, reportedly to the point of denying it exists, so that he can complete sales to even West Coast sushi restaurants. Japanese restaurants in China are often chain restaurants headquartered in Japan so the same is likely to apply. Most of these companies focus on sourcing uni as a commodity but Ocean Trading is not apparently wedded to that and is willing to promote product as a differentiated, specialty item. Competing with Chinese suppliers on price is a non-starter for Canadian product so product differentiation is a must. A summary of the earlier meeting with Ocean Trading where this came up follows.

Summary of a prior meeting with Ocean Trading in November 2009

Mr. Krause met with Mr. Naoki Kaneko and Mr. Yasuhiro Hida, a Director and Seafood Department Subsection Chief respectively at the Ocean Trading Company offices in Osaka in November 2009. The company has a 25 year history and has been buying sea urchin from Eastern Canada, Russia, North Korea and Chile. The company does not have any urchin business with any BC companies currently but does deal with BC black cod and spot prawn through Calkins and Burke, Harbour Marine and Lions Gate. They expressed interest in establishing ties with urchin producers in BC, both live GSU and processed RSU, as they are always interested in diversified sources of high quality uni. They were actually planning a trip to Hokkaido to meet with processors the next week (November 16- 20) to arrange some uni supplies.

They asked about the scale of the BC urchin fisheries and were informed the TAC for the GSU and RSU fisheries are about 200 and 4500 MT respectively, which makes both actually pretty small. Still they consistently run into shortages in January and February and would like to make a connection with some BC suppliers.

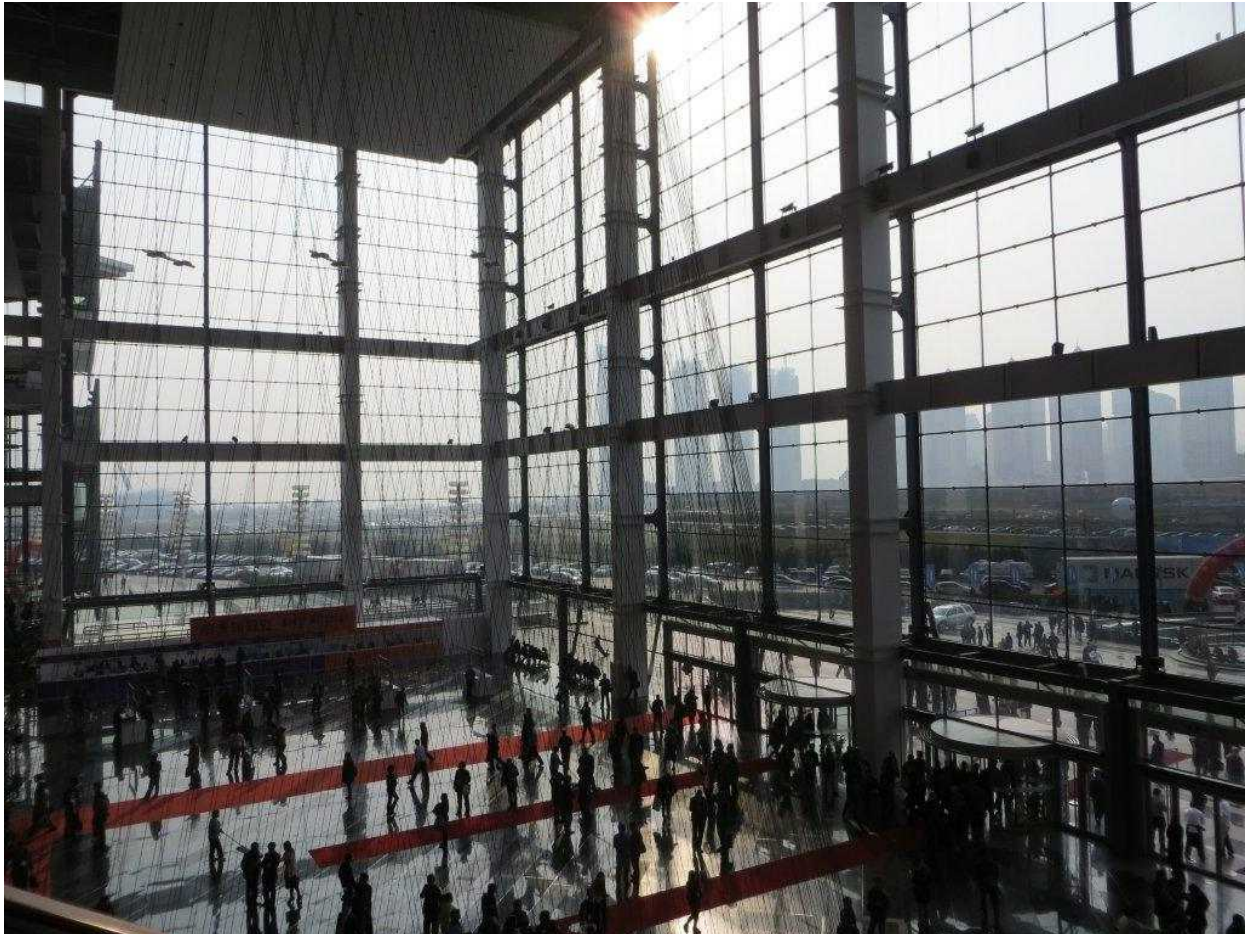
We discussed the traceability issues. They understand most Canadian uni sales are more to restaurants in Tokyo and less to supermarkets which suggests the full range of traceability options are not required. They reiterated Maruwazu's point that too much detail probably would not be beneficial as product held for a few days would tend to be passed over for fresher product, thereby increasing wastage. Still they felt some chefs might be interested in background "story" information by area so they could contribute to the mystique and personality of the Chef's choices as part of their own Brand. I heard a few times on this trip that "the Chef is the Brand that counts". I don't believe you meet many Chefs who would disagree.

Branding campaigns are a specialty of Ocean Trading and they use it to add value as a marketing agency for their clients, and including restaurants and processors. Here available specialized

information from the area, the harvester(s) and the processor involved etc. can be used to build a story around the product which can then be used as retail support for various types of customers. A similar and better known campaign would include the Copper River Sockeye out of Alaska.

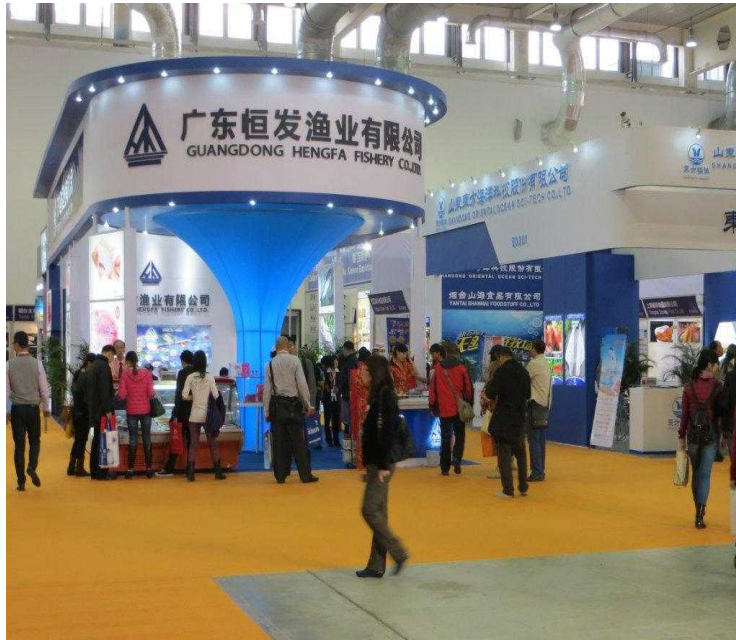
The company's website (www.oceantrading.co.jp) outlines how they promote "Branded Seafood" in close cooperation with their overseas suppliers. They claim they are unique among seafood trading firms in Japan in this regard and that it gives them the capacity to provide feedback to their suppliers on what Japanese buyers and consumers want from those products. They maintain that successful branding campaigns require specific identifiable characteristics which differentiates the product from other sources. This could be taste, colour or texture etc. and they had some questions as to whether RSU had sufficiently unique characteristics. Still, they are apparently willing to give it a try.

Back to the Show



Another thing with China is they like to go big. From the entry lobby to the expo centre to the size of their booths, bigger is apparently better. The show is spread through 4 halls with the international exhibitors concentrated in the main hall on the first floor adjacent to the main lobby.

This is probably the largest hall. Small domestic exhibitors with seafood and/or fishing operations were located on the second floor while larger companies with more dramatic and impressive booths were located on the third floor. There was a separate, temporary (fabric-covered) pavilion located behind the main international hall that housed equipment suppliers (processing, freezing, aquarium, sensing, oxygenation, etc). It appeared that all of the available space was being utilized and that there was little, if any, overflow capacity.



According to a news release put out by the show organizers, more than 900 companies filled 2,300 booths in all four halls of the sold-out Dalian World Expo Centre, a 20 % increase from last year's show in Qingdao while a record 17,350 visitors attended, up 22 % from the 15,300 last year. This is an international show and all together, companies from 84 countries participated. This is at least partly in response to the trend that saw China's reported seafood imports increase another 23 % last year to US\$8.1 billion, highlighting its importance to the world seafood trade.

One note of interest, the show normally rotates between Dalian and Qingdao, but will be held in Dalian again next November 5-7 as the Qingdao convention centre is building a new hall to accommodate the show's growth. Space is likely to be a bit limited next year as the Dalian folks will have temporary outside pavilion for next year's show, but it probably won't be large enough to meet the demand from those who want to exhibit.

There were some discussions on the recent changes at the Chinese customs and inspection points because of policy revisions which mandate an increased focus on ensuring the invoices accompanying shipments reflects the actual (paid) value. This is old news to some but it is still relevant given the wholesale changes in authority that are taking place in China. More shippers are establishing direct routes through Shanghai, Beijing and Guangzhou and bypassing Hong Kong but even established importers have been attracting more scrutiny because of invoicing practices designed to obscure the value and minimize the taxes and levies due. A number of buyers in China were arrested back in early 2012 and have yet to resurface. Trade in live products has suffered but sales are now apparently building as officially legitimized buyers become better established.

The pricing structure for BC sea cucumber and sea urchin products as indicated by BC processors are listed in the following table. Reports from the processors on the sea cucumbers suggests that prices declined only slightly from last year's highs and the product from the sea cucumber fishery

is now all sold. Paddy mentioned that 4 new sea cucumber buyers (customers) could be accommodated by Premium Seafood Sales Inc. this year. This came about as the company's top buyer did not step up this year because of difficulties that company encountered in other markets. The 4 new companies have been interested in buying for years but this is the first that they have been able to break in.

Table 4: Price framework for BC sea urchin and sea cucumber products

Nov. 1, 2012		price (USD)	Terms
Sea Cucumbers	skins (per lb)	\$ 27 - \$35	FOB
	meat (per lb)	\$ 15 - \$16	FOB
Sea Urchins	5-hole tray (~ 125 g)	\$ 10	CIF
Nov. 1, 2011			
Sea Cucumbers	skins (per lb)	\$ 35 - 40	FOB
	meat (per lb)	\$ 13 - 16	FOB
Sea Urchins	5-hole tray (~ 125 g)	\$9.50	FOB

Grand Hale Marine Products has increased its sales of sea urchin in Guangzhou from 0.5 boxes per week one and a half years ago to 3 boxes of processed and 3 boxes of live urchins (RSU) per week currently. Statistics Canada figures indicate that sales of sea urchin to China have not increased substantially over the past few years but that sales through Hong Kong, which has served as a major conduit of seafood into China, increased to just over 3 M CAD last year (2011) from about 500 - 600 K CAD over the previous few years.

It is not possible to track sea cucumber exports because they are in-extractably aggregated with a number of other items by Statistics Canada. The vast majority of sales are to China though, with Southern China including Hong Kong and Shenzhen and presumably Guangzhou being interested primarily in the meats while the northern areas are more interested in the skins. As mentioned, all the processors suggest the market is softer this year than last but it seems the competition between them is still somehow the most important marketing consideration.



One common goal of buyers in China appears to be developing a close relationship with their suppliers as business is built on trust. However, it seems some are looking for direct ties to producers so they can buy product direct from them and bypass intermediaries. All the urchin and cucumber association delegates understand that it makes no sense to try to cut out the processors on our side as their input is pretty much key to consistently getting product to market. Harvesters and processors both

need sufficient revenues to invest in the facilities to ensure timely delivery of a quality product so it makes little sense for one to pursue disproportionate advantage as it is the product quality and customers that eventually suffer. Ultimately, it cannot be approached as a zero sum game as the reputation of the industry depends on everybody caring enough and having the resources to do their job properly. The harvesting sector at least subscribes to this position and is jointly pursuing this program with processors to raise the profile of the industry as a whole and of the products produced in part by showcasing the various people and companies involved in as favourable a light as possible.

This might (on occasion) involve offering constructive criticism on improving product but should not include unquestioning support of unverified claims of misrepresentation on the part of other processors. There are any number of reasons for deals coming apart, including critical mis-reading of market opportunities by buyers or the mis-application of assumed standards or expectations applied to other products, species or uses.

In any case, when it comes to claims, there are appropriate channels for determining and working out equitable compensation but common sense suggests these situations are best left to the parties involved to work out themselves. Jumping into the middle of such disagreements reinforces perceptions of division, disorganization and confusion which serves mainly to muddy the water and weaken the reputation of the industry as a whole. If the industry is sincere about presenting their products to particular standards, the various producers will have to get together to develop representative and objective standards that they all agree on and can adhere to.

The Pacific Sea Cucumber Harvesters Association has committed to facilitate this process but thus far no agreement on how this might be done or what it might look like has been reached. To this point the main points that have been outlined for the quality of the skins revolves around the prominence, length and sharpness of the spikes on the skin which are reputed to reflect the product's vitality and strength and therefore serve as a gauge to its inherent health benefits. The two pictures below illustrate what is considered a good quality.

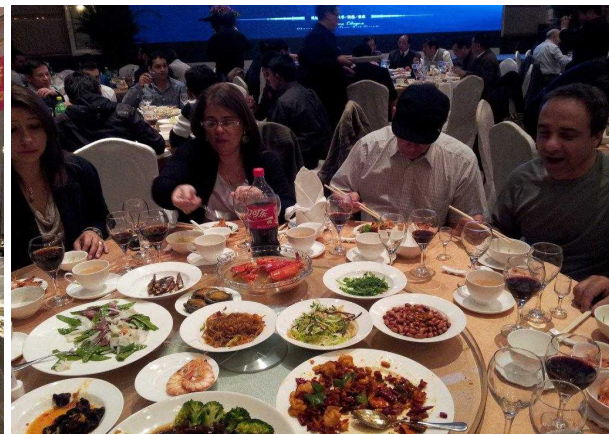
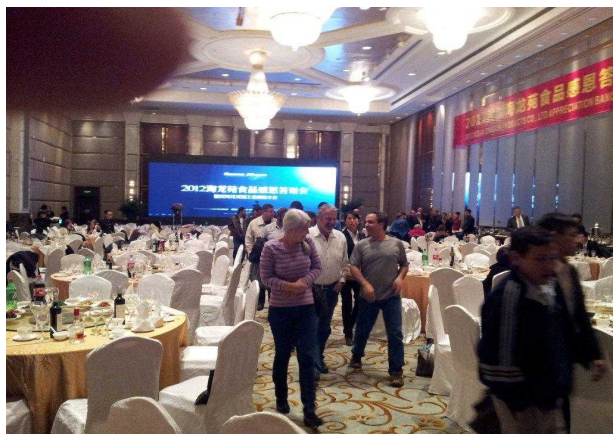


The Maersk Aqualife live container, seen here on display in Brussels 2012, is a long-haul transport system. Routes to Asia are currently shipping oysters, mussels, shrimp etc with mortalities less than 1% at costs less than 50% of those by air. They have recently commenced an Asia run from Long Beach - Oakland but Maersk also uses Vancouver and may possibly use Prince Rupert. If the stars all line up on this, the live container transport may become an attractive over-seas transport option. It will require developments along the whole value chain, including new harvest and on-grounds transport methods to extend the potential shelf life of the live product to a month or so, research and quality conditioning protocols with potential to improve the product characteristics, the development of a high-value market in Asia for sufficient volumes of live product and many other things in between. We are admittedly still some time from that, years likely, but it is something to keep in mind.



Ocean Dragon Dinner

The most significant special event we experienced on this trip was an appreciation dinner hosted by Ocean Dragon on the first night of the show. This event included probably at least a couple of hundred guests who were treated to a magnificent 19 course meal that included a featured sea cucumber supplied by RBS Seafood Harvesters and a steamed egg with sea urchin dish among many others. The dinner was held in one of the main



ballrooms at the Shangri La Dalian and Mike, Tim, Ken, Ruth Ellen and Geoff were included as guests through the generosity of Pat Fantillo. We met a number of suppliers from around the world who were likewise doing business with Ocean Dragon. It was a grand gesture that was most appreciated by all of us who attended.



Shanghai



Dave, Ken and Geoff joined Francis in Shanghai after the show for a tour of one of the five seafood markets serving the city and to get a bit of a feel for the city. Shanghai, a city of approximately 17.5 million, is considered one of the most dynamic and well off cities in China. It is currently in contention with Hong Kong as the most competitive city for business in China and stands as probably the iconic modern Chinese city.

Francis invited us along to meet his buyer in Shanghai because one of his buyers there expressed some interest in live urchins. We met first at a restaurant close to the market so we could sample a number of the local specialities including sea cucumber, various fish, the fresh water mitten crab which is a seasonal delicacy, shrimp, seaweed and even some toad. All in all- quite adventurous.





The highlight of this leg was the tour of the Shanghai seafood market. This market covers about an area of about 5 x 5 large city blocks and comprises a series of stalls ranging in size from about 2m x 3 m to about 5 x 7 m. It is divided into various sections including live, fresh, dried and frozen and intersected by a number of cross streets and alleyways through which motorized carts and scooters intermingle with pedestrians, traders and kids in what strikes some as that inimitable Chinese fashion.

When we first arrived the place seemed almost deserted but it was soon filling up so that by the time we finished our tour a couple of hours later, the place was nothing short of congested chaos and apparently getting more-so all the

time. There was of course some method to the madness and it appears that much of the dealing commences just after midnight and that the orders are sequentially broken into smaller lots and passed on to delivery services, some comprising simply a basket equipped motor scooter. The busiest time is reportedly in the early morning hours around 0300 and then things settle down again by around 0600 as things are cleaned up.

We met at the live market at about 2300 hours and checked out the live market, focussing first on live Dungeness crab from Grand Hale. The tanks in this case are chilled to about 5° C but there are a number of other stalls with live product from the tropics where the water is kept much warmer. It was a bit overwhelming but we also saw live geoduck, snow crab, king crab, shrimps, frozen critters of all sorts, dried sea cucumber, dried fish, fresh fish and invertebrates etc- in short about any seafood you could think of.





We did however only see only one small tote of live sea urchin. They were obviously local, as they were being held without water, and were, according to the advice provided by Francis, much less costly than urchins from Canada. This is of course one major constraint on selling more urchin in Shanghai. It does not seem that urchin is a particularly popular item in the local cuisine but where it is used, there is a local supply of what we would consider a very cost effective alternative. Also, as mentioned, it appears that many of the Japanese restaurants in the city are chains which apparently have contracted supply agreements with Japanese suppliers who are of course seeking commodity priced product.

From what we saw, the Shanghai market would not currently seem to be particularly attractive for sea urchin products from Canada at this point. A closer assessment should be eventually undertaken if only because of the potential size, sophistication and dynamism of the Shanghai seafood scene, but further experience with other products that are popular right now, like Dungeness crab, is likely to yield additional insights and perhaps opportunities to build a market for RSU as a unique, differentiated seafood.

Shanghai was the final leg but the delegates met on a number of occasions after returning home to discuss the show, Shanghai and the trip in general. All involved concluded that the trip, including the Shanghai leg despite the underwhelming potential for live RSU or GSU sales there, was worthwhile and support for exhibiting at the CFSE next year was unanimous. The Sea Urchins from Canada Group and the Pacific Sea Cucumbers Ass'n will be including this as part of their 2013 AMP project proposal.