



Visitors at the aquatic expo in Zhanjiang, Guangdong province.

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Zhanjiang's first aquatic expo

'Shrimp capital' vows to hold annual event as national fish imports rise

By LI WENFANG

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Organizers of the first session of the 2014 China International Aquatic Products Exposition in Zhanjiang pledged to turn the annual trade show into an influential event.

The expo was held between June 18 and 20 and was organized by China Aquatic Production Chamber of Commerce, APCC for short, under the All-China Federation of Industry and Commerce.

The event will be held every year in the port city, in Guangdong province, which was dubbed the "capital of shrimps".

The expo was co-hosted by China Aquatic Products Processing and Marketing Alliance and Global Aquaculture Alliance, or GAA, which is an international, non-profit trade association engaged in best aquaculture practices, or BAP, certification.

Organizers would learn from the management of the world's top three aquatic product shows and work to turn the expo into the fourth largest in the world and second largest in China, said Tian Quanhai, chairman

of APCC.

Nearly 10,000 people from home and abroad, including those from more than 180 businesses, attended the expo.

The 6th International Shrimp Industry Development Forum was held during the event.

Speakers included representatives from the Department of Fisheries and Aquaculture of Food and Agriculture Organization of the United Nations, Mahidol University in Thailand and the Department of Animal Health in Vietnam.

During the expo, GAA signed a memorandum of understanding with China Aquatic Products Processing and Marketing Alliance for promoting BAP certification in China.

"GAA hopes to further promote responsible aquaculture and help deal with food safety issues in China through the cooperation," said Bi Jinghua, Asian market development manager of GAA.

GAA has focused on China and businesses from the nation were among the first to receive BAP certificates, Bi said.

Zhanjiang Guolian Aquatic Products Co received the certificate for

eight years and Zhonglian Aquatic Product (Zhanjiang) Co, for seven years.

Rapid global population growth and a shortage and slow increase in wild fishery resources means the aquaculture industry will be responsible for supplying reasonably priced and sustainable aquatic products, Bi said.

GAA also intends to communicate with supermarkets, catering companies and consumers to raise awareness of purchasing safe and healthy aquatic products, she said.

China's foreign trade in aquatic products continued to grow last year, said Cui He, secretary general of China Aquatic Products Processing and Marketing Alliance.

Last year China took the top place in terms of the value of aquatic product exports for the 12th consecutive year. The nation broke the \$20 billion mark, with rising production costs and appreciation of the Chinese currency last year, although the tonnage of exports was stable.

With a lower harvest, China became a net importer of shrimps last year.

Imported shrimp and fish accounted for 20 percent of the materials used by Zhanjiang Haizhimiao Aquatic Product Co, which sells processed shrimp and fish products to the domestic market, said General Manager Wu Jun.

BIG NUMBERS

10,000
people from home and abroad attended the expo.

No 1

China's rank globally in exports of aquatic products, the 12th consecutive year it has held the title.

Imports of shrimps and fish have been on the rise since domestic supply fell short of demand, he said.

Li Yuanpeng of Ocean Presents Seafood Co, based in Wuhan, Hubei province, expected imports to continue to grow but said the rate of growth would depend on exchange rates.

R&F Global Unitrade in Mexico delivered 20 containers of shrimps from Ecuador to China last year, said Rodolfo Roderiguez Fernandez, manager for America and Asia operation.

The company started importing shrimps into China four years ago and now has an office in Beijing.

A few Chinese companies have invested in plants in Ecuador for processing aquatic products, he said.

City planners hail the power of prawns

By ZHENG CAIXIONG

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The port city of Zhanjiang in western Guangdong province has laid detailed plans to become an oceanic powerhouse.

Its administrators envision that sea-related output will hit 180 billion yuan (\$29.27 billion) a year by 2015, some 32 percent of the city's GDP and more than double the 85.48 billion yuan recorded in 2010. The figure was 130.84 billion yuan last year, up 12.6 percent from 2012.

Local authorities want the ocean industry to become an economic pillar as Zhanjiang becomes "a model city in ocean economic development in the country in the following years".

The city has a coastline of 2023.6 kilometers and an ocean area of more than 20,000 square kilometers.

It is already a major production and trading center for prawns and tilapia fish.

Zhanjiang's prawn harvest hit 159,100 tons in 2013, 21 percent of the country's total, earning the city \$634 million in export revenue.

To further expand prawn exports the local government will further upgrade its aquatic cultivation and ensure only quality products are sold abroad in the future, said planners.

Local authorities have promised to



Zhanjiang is China's southernmost mainland city and has a coastline that stretches 2023.6 kilometers.

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introduce more preferential policies to support the city's aquatic product industries to help them build brand names.

All the prawn farms in the city have also been urged to further improve their technologies and equipment to ensure the quality of exports.

Zhanjiang will establish a special expert group to help monitor the quality of the prawns and other aquatic products sold abroad and help handle any disputes involving Zhanjiang's prawn cultivation and trade, authorities said.

Last year, the city was assigned the role of national base for transforma-

tion of the aquatic product industry.

Its more than 69,350 hectares of prawn farms is the largest area in the country.

The city government has also joined with Zhanjiang-based Guangdong Ocean University to establish 10 special labs to expand R&D for the city's prawn industry.

A State-level quality inspection and examination center has also been set up to help ensure the quality of prawns.

The city government now plans to set up an industry alliance for science and technologies to help guide and promote the development of the

industry.

According to statistics from the city government, Zhanjiang — which borders Guangxi Zhuang autonomous region and faces Hainan province across the Qiongzhou Strait — has registered a total of 225 prawn raising farms, 500 prawn nurseries and another 252 prawn processing firms that together employ more than a million people.

Its traditional markets have been the United States, Canada, Europe, Japan, South Korea, Taiwan, Hong Kong and Macao special administrative regions, but grew to include Africa, Russia and South America in 2013.

Exporter goes fishing for M&As in a bid to boost overseas sales

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BIG NUMBER

2.2

billion yuan

in sales for Guolian last year, nearly 60 percent in overseas markets.

Zhanjiang Guolian Aquatic Products Co Ltd, the country's largest prawn exporter, is seeking merger and acquisition opportunities overseas to boost its global presence.

"If there are appropriate opportunities we will go to great lengths to get the deal done," said Li Zhong, chairman of the company.

In 2012, Guolian purchased SSC in the United States and established its own brand and marketing channel.

The acquisition boosted the company's business performance. Sales by Guolian's US company hit \$300 million last year. The company's net profit reached 56 million yuan (\$9.3 million) last year.

"To diversify the business portfolio, the company will actively seek M&A opportunities in the world this year," Li said.

The company's globalization strategy will not only increase sales but also help the company get better resources and diversify product lines, according to Li.

Guolian's sales value reached more than 2.2 billion yuan, from which nearly 60 percent was from overseas markets.

"The culture difference remains the biggest challenge for a Chinese company to manage an overseas acquisition," said Li.

To ensure smooth operations after the acquisition, Guolian maintained all management of the acquired US company and hired local staff. That strategy proved to be successful as the company became the largest shrimp supplier in the San Francisco Bay Area.

Guolian is also striving to transform itself from a processing-oriented company to a trading-based one.

Li said transformation efforts helped the company achieve a net profit of 16 million yuan in the first quarter, which was usually a low season for the aquatic industry.

According to the company's financial statement the figure was up 284.3 percent year-on-year and marked the first time the company gained money in the first three months of a year in the past decade.

Expected domestic increase

As well as aggressive overseas expansion, Li said he would like to further increase domestic sales to half of overall sales in the future.

Li said the adjustment would help diversify risks geographically.

After Europe's economy suffered a recession in 2012, Ecuador and Thailand exported many more shrimps to the US, which brought down prices and hit Guolian's business performance.

The company lost 226 million yuan in 2012, while it earned 11.7 million yuan in 2011.

"Besides this, we are quite confident in the domestic consumption market, especially the market potential of counties," said Li.

Chinese consumer confidence stayed high in the first

quarter even as the economy slowed, according to a recent report by Nielsen Co.

"Despite the economic slowdown, Chinese consumer fundamentals remain strong. And we believe consumer confidence will remain at a high level throughout 2014," said Yan Xuan, president of Nielsen Greater China.

A study by Australia and New Zealand Banking Group Ltd and Melbourne-based Roy Morgan Research Pty Ltd showed similar trends: Chinese consumer confidence was strengthening in small and medium-sized cities and remained stable in large metropolitan areas.

Healthy growth of disposable incomes for both rural and urban residents, both on an annual and quarterly basis, enabled continuous growth of overall retail sales in China, Yan added.

According to the National Bureau of Statistics, first-quarter retail sales stood at 4.93 trillion yuan, up 14.8 percent year-on-year.

Li said China's slowing economy may not be bad news for industrial entities like Guolian.

"Because of the property market correction, more capital will flow back to industrial sectors. Meanwhile, the government may fine-tune its monetary policy to revive the economy, thus making the financing a bit easier," said Li.

The country's economic growth dipped to 7.4 percent in the first quarter, increasing the risk of the country failing to hit this year's economic growth target of 7.5 percent. It would be the first miss of its kind in 15 years.

As part of the efforts to combat the trend, in June the central bank cut the reserve requirement ratio by half a percentage point for commercial banks that lent a certain portion of their loans to agriculture-related firms as well as micro and small enterprises.

Establishing an O2O, online to offline, channel is one of Guolian's business priorities.

"The O2O trend is an irresistible one as demand for seamless shopping, logistics and payment surges rapidly," Li said.

Last year, the online retail market expanded to more than 1.8 trillion yuan, a year-on-year increase of 42.8 percent, according to the China e-Commerce Research Center.

"We are actively seeking cooperation opportunities with leading O2O platforms at home this year," said Li.

Guolian's sales reached 2.2 billion yuan last year, and Li said the company aimed to achieve 20 to 30 percent increase in sales values.

"We hope to boost our sales to more than 10 billion yuan by 2020," said Li.

To diversify the business portfolio, the company will actively seek M&A opportunities in the world this year.

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