



A view of the coastal city of Zhanjiang in southwestern Guangdong province. PHOTOS PROVIDED TO CHINA DAILY

Seafood industry adapts to market changes

Declining global demand, rising labor costs force firms to provide more value-added products

By LYU CHANG
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With China's seafood industry no longer enjoying a "golden era" amid soaring labor costs and shrinking demand from overseas countries, many seafood producers are keen to upgrade their products, according to industry experts. "The golden age for the development of the seafood industry has already passed, and we are now in a period of

“We have to transform our industry with more value-added products to expand our profit margin.”

Eric Wang, president of Asian Seafoods (ZhanJiang)

stable growth," said Eric Wang, president of Asian Seafoods (ZhanJiang) Co, a major supplier of aquatic products for supermarket chains including Walmart and Parkson Retail Group.

"As a result, we have to transform our industry with more value-added products to expand our profit margin," he added.

Located in Zhanjiang, a production base for shrimps in China's Guangdong province, the company sells shrimp products, tilapia fillets and frozen fish products to the United States, Canada, Japan, Korea and several countries in Europe.

Wang said the company has two factories in China with different marketing strategies. The factory in Guangdong province serves as a production base for exports, while the other in Zhejiang province, is a major provider for the domestic market.

"Actually, 80 percent of the revenue of my factory in Zhanjiang comes from exports," he said.

Asian Seafoods (ZhanJiang) raked in about 67 million yuan

(\$10.79 million) last year, a double-digit growth compared with the previous year.

"We are now trying to keep that growth for business, but we did better in the past when demand from the global market kept increasing," Wang said.

Between 1999 and 2008, which Wang called a "golden age" for the aquatic industry, growth in revenue for the overall market went from 50 percent to 100 percent.

However, as labor costs have continued to soar and there has been declining demand from Western countries, profits for many Chinese aquatic companies have shrunk quickly.

Wang said that to cope with the situation, his factory in Zhanjiang is launching more added-value products.

"We are now putting more effort into processing products such as breaded shrimps and tilapia, cooked peeled shrimps and tilapia fillets, instead of raw shrimps and fish," he said. "It takes more time and effort to create the finished products so that we can have a better deal."

Xie Wei, secretary-general of Zhanjiang Association of



With rising labor costs and declining global demand, the seafood industry in Zhanjiang is evolving, with many companies moving from being pure raw seafood exporters to seafood product processing companies, industrial experts say.

Cold-chain Logistics, which was set up earlier this year to provide logistics services to aquatic companies, said the role of the seafood companies in Zhanjiang is set to change, as many are moving from being pure raw seafood exporters to seafood product

processing companies. "We can't rely on the previous model for growth because the market has changed," he said. "Thus there is a lot of room for improvement such as efficiency and technology in how to process the products." He added that there are more

opportunities in the domestic market with the growing appetite for seafood products from the country's middle class. A report from the Rabobank Group shows that the past two decades have seen China become a major seafood provider for the world, while the

next two decades will see the country shift into a big consumer of seafood products. "China is already the driver of global seafood, both in import and production, and I think the subsequent impact on the whole industry will be profound," Xie said.



Employees at Zhanlu Agriculture Technologies select chili peppers before they are packaged and delivered throughout China.



Vegetables can be planted in greenhouses in the off-season to extend the harvest period. Zhanlu Agriculture Technologies grows chili peppers, cucumbers, cabbages and sweet potatoes.

E-commerce set to spice things up for nation's chili pepper producers

By LYU CHANG
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Cai Pingzhen, general manager of Zhanlu Agriculture Technologies Co, can talk for hours about the huge range of chili peppers that grow at her 200-hectare production base. The 38-year-old said she has helped grow peppers with her father Cai Jin, who founded the company, since she graduated.

Zhanlu Agriculture, which has the largest production base for chili peppers in Zhanjiang, a coastal city in Guangdong province, delivers off-season peppers to northern China.

"Chili peppers have become a part of my life because the region has been a major production base for off-season chili peppers and the nice and warm weather here is very suitable for growing peppers, even in winter," Cai said.

In the off-season, vegetables can be planted in greenhouses as well as in fields and can be harvested in winter and spring, according to Cai. "The harvest time can last for half a year," she added.

Zhanjiang's annual aver-

age temperature is 22.7 C and although the region has supplied many parts of the country with chili peppers for years, the vegetable is not a common ingredient for locals to use in their dishes as they prefer nonspicy foods.

Last year, chili peppers were named as a "strategic vegetable" in Guangdong province.

Cai said the company's annual vegetable production could reach 20,000 metric tons, including chili peppers, cucumbers, cabbages and sweet potatoes.

Although Zhanjiang has a mature and prosperous planting industry, which produces abundant agricultural products, it lags behind in branding due to a lack of promotion and an established logistics system.

"Almost 30 to 40 percent of the vegetables were being damaged during storage and transportation," Cai said.

To solve that problem, Cai set up a refrigeration house, with 30,000 tons of storage capacity, where vegetables can be kept fresh, before being packaged and delivered to other parts of the country.

This year, the Zhanjiang

Association of Cold-chain Logistics was also set up to support the city's agriculture and cold-chain logistics in industry planning, distribution network expansion, investment promotion and marketing.

"The damage rate has been largely reduced. Only 2 to 3 percent of vegetables go bad during the delivery," Cai said.

The company raked in more than 60 million yuan (\$9.7 million) in 2014, an increase of 30 percent compared to the previous year.

Although the company's growth rate has been consistently well above the industry average, Cai has high hopes for further improvement.

She said the next step would be to set up an online platform with an initial investment of 2 million yuan to sell the company's green vegetables.

"It is not easy to build up an online shopping platform for vegetables because of the fierce competition and the difficulty in setting up a logistics system, but it is a trend and we will take the first step toward that," she said.

The company also plans to cooperate with local commu-

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Cai Pingzhen, general manager of Zhanlu Agriculture Technologies

ities and strengthen the distribution network to further promote the brand.