

**Sea Urchins from Canada Mission to Japan 2004**  
**Canadian Embassy Meeting Tokyo**  
**November 12, 2004**

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The Canadian Embassy in Tokyo hosted a meeting for the delegation from the Pacific Urchin Harvesters and the West Coast Green Urchin Associations with a number of Japanese handlers of Canadian uni. This meeting is one of the highlights of the trip and is intended to establish and/or deepen the relationships between Canadian and Japanese industry representatives. A PowerPoint presentation titled “ Current Fishery Updates Challenges, Responses and Hopes for the Future” (attached) and the video produced by the Urchins from Canada group and titled Sea Urchins From Canada was presented and formed the core of the message we are building.

**Purpose of Meeting**

1. Renew associations with Japanese partners
2. View new promotional video for Canadian Sea Urchins
3. Provide fishery updates
4. Present industry challenges and responses
5. Obtain Japanese uni handlers thoughts and perceptions
6. Explore opportunities for development of joint trade and marketing association
7. “Sea Urchins from Canada Week” promotion
8. Initiate discussion on a joint Canada-Japan Trade and Marketing Association

**Summary of Canadian Presentation**

In summary, we presented the long term goal of the Associations as working together with our Japanese partners to improve economic performance of Canadian sea urchin products in the Japanese market. The “Sea Urchins From Canada” video was screened at the meeting and fishery updates were provided for the West Coast urchin fisheries. The main challenges facing the industry, namely the escalating costs related to the rising cost of oil, declining returns due to the strengthening Canadian dollar and how the consequent decline in profitability is affecting investment and career decisions, were included. The Industries’ responses to these challenges, including measures to increase productivity through better coordination, cooperative trucking and unloading, lower lease costs, continuing water loss studies and improved collaboration and coordination between all players to provide maximum benefit to consumers of the products were discussed. The proposed Canadian Sea Urchin Market Development Initiative - comprising a Brand Canada strategy focussing on the positive aspects of the Canadian fisheries to gain recognition of Canadian Gold as a standard for high quality trays of BC uni on qualifying trays and the establishment of a Joint Canada-Japan Trade and Marketing Association for Canadian uni including joint marketing with shared funding, was likewise presented.

## **Attendance at the meeting**

### **Canadian delegation:**

Mike Featherstone: president Pacific Urchin Harvesters Association (PUHA);  
Tim Joys: Director PUHA;  
Dave Kensall: Research Director for the west Coast Green Urchin Association (WCGUA);  
Ken Ridgeway: Director PUHA;  
Dave McRae: Director PUHA;  
Paddy Wong: President Palladin International;  
William Choi: Marketing Director Kiku Fisheries;  
Sung Kim: President Sung Fish;  
Francis Cheung: Vice President Grand Hale Products; and  
Geoff Krause: Trade and Market consultant.

### **Japanese Attendees:**

Mr. Masao Nakai: Canadian Trade Commissioner - Tokyo  
Mr. Yasuhiro Okazaki: Ocean Trader Co. Ltd.  
Mt. Kitaro Endo: Maruki Co. Ltd.  
Mr. Ogawa: Tsukiji Uoichiba Co. Ltd.  
Mr. Eiji Hayasaka: Daiichi Suisan Co. Ltd.  
Mr. Yoshitomo Shimawaki: Chuo Gyorui Co. Ltd.  
Mr. Mack Nishida: Macks Food Japan Co. Ltd.  
Mr Fujimoto: Daiichi Suisan Co. Ltd.  
Mr. Kurita: Daikai Food Co. Ltd.

## **Comments of Japanese Attendees**

The Japanese attendees were asked to provide comments on the Market situation, the presentation and any other related subject they felt might be material.

### **Mr. Masao Nakai: Canada Trade Commissioner, Tokyo**

Nakai-san first posed a couple of questions to Mike. The first centred on clarification of the purpose of the Joint Marketing Initiative (JMI) and was wondering if it applied to live or processed product. Mike reiterated that it is intended to increase the demand for finished Canadian urchin products but that this is only a preliminary discussion which is why we are seeking feedback from our Japanese partners.

Nakai-san then referred to the kazinoko program and pondered the differences and similarities between the situations being faced by the two groups. Herring used to be given as gift packs but this tradition has faded over the past decade as companies have fought to reduce extraneous costs with the result that herring sellers in Japan have a real sense of crisis over the situation they are facing. He summarized the joint program being pursued in the herring (kazinoko) products upon which Japanese buyers and Canadian suppliers are embarking. He mentioned that the kazinoko

Joint Marketing Initiative will introduce new menu ideas, more nutritional information etc. at a media event at the Canadian embassy next week (November 17<sup>th</sup>) designed to get maximum splash and exposure to Japanese consumers. He will try to get some future access to the results measures so the effect(s) of this sort of approach can be gauged.

Nakai-san then asked whether the foundation and other basic requirements are in place to effectively support the marketing and promotional efforts. He suggested that idealized views of the process and the probable effects, as opposed to realistic understanding of the projected effects are held by many and that we should be aware of the possible limitations of the approach.

Mike acknowledged that Nakai-san made some very good points and that we are seeking whatever opportunities might arise from what is admittedly an idealized proposal. Some buyers and processors have shown some interest and acknowledge the issues as we have presented them today. We are also encouraged by the Value-chain Round Table back in Canada which is looking to increase the value of the fishery to all involved- harvesters, processors, Japanese buyers, retailers and most importantly- to the consumer. The Canadian urchin group is looking for other ideas which may hold some promise but feel that “no response” is not an option.

Nakai-san provided some additional information on the Value Chain process, including that it is a National program sponsored by the Federal Government which includes pork, beef and other agricultural products as well as seafood. He stated the process is quite complex and limited his comments because they could otherwise take the whole of the rest of the meeting.

**Mr. Eiji Hayasaka: Dai-ichi Suisan Co. Ltd.**

Hayasaka-san works with Daiichi Suisan on Tsukiji and was at the meeting held in this venue last year. He thought the video was very interesting and a valuable contribution. he feels there are at least some consumers who would like to see it but has no ideas as to how to get it in front of them.

He mentioned that the Japanese economy is still in pretty poor shape, as he has mentioned to Canadian processors on occasion, but he feels compelled to reiterate that the market will only absorb reduced amounts of product at this point and that price increases are unlikely to be accepted by consumers.

**Mr Fujimoto: Dai-ichi Suisan Co. Ltd.** (again a check by Sung would be of assistance)

Fujimoto-san has only been involved with the urchin business for about the past 6 months or so and therefore has only limited insight into the issues discussed at this meeting. His main point though focussed on the generally low profile of Canadian seafood in Japan. Canadian seafood just does not register as a differentiated source in the mind of the Japanese consumer. This point was again reinforced by a post-meeting talk with the interpreter at the meeting, Ms. Naomi Morita, who mentioned that the whole session was a revelation to her- she had never before even thought of Canada as a source of wholesome seafood.. With this in mind, a major goal of the

marketing initiative should be to establish an identification for Canadian seafood products in general and sea urchin products in particular, so the association between good value seafood (including uni) and Canada becomes automatic in the minds of Japanese consumers.

**Mr. Youichi Ogawa: Tsukiji Uoichiba Co. Ltd.**

Ogawa-san was one of the first Japanese buyers to have a meeting with a Canadian delegation in Tokyo during the first mission to visit the July 2003 Tokyo Seafood Show, a meeting arranged on the fly by Mr. Sung Kim. Ogawa-san also attended last year's meeting at the Embassy and is therefore well versed in the progress, intent and nature of the Canadian sea urchin marketing initiative. He feels these sorts of meetings demonstrate the commitment of the Canadian urchin associations to the Japanese market and appreciates the sincerity of the efforts.

Mr. Ogawa said he was very interested in the video and that using it as a marketing tool will help in getting the message that Canadian uni is a high quality, good value seafood product and help differentiate it from competing sources. Traceability is an increasingly important issue for the Japanese consumer and is in fact being required for seafood products through government regulation. There is no way Japanese buyers can go to Canada to track and confirm the origin of every urchin so an effective Canadian program is in all parties' interests.

With regard to the present status of the Japanese market, it has been facing slow sales, or even a non-selling, situation for more than a year now. The selling capacity of Tsukiji has been declining and they can no longer guarantee that having a larger volume available for sale will actually result in increased sales volumes. Despite this, he feels there are still opportunities to expand the uses for uni and is interested in obtaining more information he can use to support market expansion. Russia is the largest competitor for Canadian product particularly as there is are overlapping seasons in these countries.

Nakai-san posed a question regarding the proportion of Tokyo's consumption of uni which is sold though Tsukiji. Ogawa-san said the issue is too complex to be addressed through a simple answer but also assured us that he will research the issue and provide a full answer ASAP.

**Mr. Masaya Morita: Daishin Co. Ltd.**

Morita-san is also very impressed with the video but feels the shorter version may be of more use. he does not know the sales capacity of Canadian uni in Japan and feels direct responses from Japanese consumers would assist in the development of a concise, targeted message addressing the priority issues they identify. He agrees that something must be done to counter the soft markets for uni.

On the issue of poached product from Russia, Morita-san maintains that the uncontrollable supply (from the Kuriles) will not continue for much longer.

**Mr. Mack Nishida: Mack Seafood Japan Co. Ltd.**

Nishida-san was impressed with the presentation but is not able to come up with concrete ideas at this point, as requested, because there is such a diversity of viewpoints at the table. He is pleased to see all the players in the Canadian industry represented this year, particularly as opposed to last year when no processors were present.

At any rate- Nishida-san has been involved with the sea urchin industry in Vancouver for 25 years. There were no urchin processors operating in Vancouver when he started, so he has witnessed the industry as it has grown up and knows the industry in Vancouver very well. It was a new fishery for BC producers back then and none of the processors, or fishermen for that matter, had any idea of what had to be done to produce a quality product. In the interests of developing it, and the nascent Geoduck fishery, into a viable industry, Nishida-san got a long-term, low interest loan from the Canadian government to set up the first urchin processing operation in Canada in Sidney, BC.

The Geoduck clams and RSU harvested as the fisheries started were very large and interest in them was limited because consumers' preferences were focussed on the smaller skeins derived from *S. intermedius*, the traditional Japanese domestic sea urchin on which they were raised. He maintains that the larger urchins are still the focus of the many of the fishermen and processors in Canada because of the larger recoveries inherent in larger urchins. (It seems that a bit more about the move to focus on smaller urchins by the Canadian industry should be included in the presentation and the video).

The fishermen last year got around to some of the supermarkets and noted that the retail prices charged to the consumer reached up to ¥ 15,000 - 16,000 per kg. (The import price average for Canadian RSU uni into Japan reported by Agrifood Canada last year was a little over ¥5,000/kg.) He queried our knowledge of the complexity of the seafood distribution system in Japan.

Nishida-san's company, like many others, continues work on independent promotions but the lack of coordination with other players limits the penetration and impact of the efforts. He suggests that a wider (Canadian) Government sponsored program, modelled perhaps on a similar and successful Norwegian program which focussed on salmon, would improve these measures. The Canadian government is advised to take the lead on this to leverage and increase the impact of other promotional campaigns.

Macks Seafood Japan Co. sells product in the Osaka market as well and just got a very good response to a promotional program he ran on TV (Channel 12?) in that area. The information included points relating to the pristine environment- which was a very big selling point, as well as the good taste, high oil content, sweet flavour and purity of the Canadian product. Still- again- the large size is still a bit of a drawback. He would like to cooperate with the Canadian industry initiative and leverage greater impacts for the advertising programs.

Nishida-san also made reference to the exchange rate issues brought up during the presentation. He acknowledges the impacts of the increasing value of the Canadian Dollar on the Canadian industry's returns but stated that the strong Russian competition in the market limits the flexibility to increase the price.

**Mr. Yoshitomo Shimawaki: Chuo Gyorui Co. Ltd.**

Shimawaki-san was also present at last year's meeting and assisted with a guided tour at Tsukiji market for the July 2004 delegation visiting the Tokyo Seafood Show. He made the point that the Christmas -new Year market for uni is always very good and that he and other buyers consistently think of Canadian product for that time of year. He feels the video will be a very good promotional tool although he did not provide suggestions as to how it might be put in front of the consumer to generate a large impact.

Shimawaki-san also mentioned that Russian product is arriving in bulk even as shipments from China and North Korea are increasing in both quantity and quality. Shipments from the US urchin fisheries are in apparent decline, partly because of harvest restrictions but also because of increasing domestic demand. He very much likes the safety and purity aspects of the Canadian product but again reiterated the point that deflation in the Japanese market is still an issue, particularly in the seafood industry. The distribution network in Japan is getting more complex and companies at Tsukiji are finding they are serving an increasing number of large customers. (Does this mean the number of small customers is declining?)

At any rate, sales of Canadian urchin products on Tsukiji are small. Uni processing is a complex affair and, again, Canada is not firmly established in the Japanese consumers' minds as having successfully mastered the methods and processes. Despite this, more buyers in Japan are seeing and expressing increasing interest in both the Canadian and US West Coast products giving him some confidence that they should be able to maintain the prices for these products.

He also suggested that it would be a good idea to distribute a presentation and agenda for these sorts of meetings so they, our Japanese partners, have more of a chance to develop relevant questions and suggestions prior to the meeting per se.

**Mr. Kitaro Endo: Maruki Co. Ltd.**

Mr. Endo first expressed his thanks to Palladin Seafood and the Urchin Associations of Canada for their participation in the seafood promotion undertaken by his company at the Tokyo seafood show this past summer. Maruki got a very good response to the promotion from consumers despite some variation in the taste profile of the product. (remember: it may make sense to hold the product in the cooler for an extra day or so so at least some of the bitterness associated with the alum dissipates.)

Maruki is a bit worried at this point though about the current lack of supply coming from Canada. He understands that the harvest interruptions are largely due to the weather but is afraid that the quota planning process used to select the fishing schedules might be undependable. It may be that surveys to track the changing quality profiles, catch quantities etc in different areas are required all the time to match results to projections. (Is there an annual record of results that can be used for annual comparisons and trend tracking?) He feels the small area of the fishery that is open at any one time make the fishery more susceptible to weather related disruptions and would like to see more areas open at one time to ensure continuity of supply.

The licence holders know which areas are good, which are bad, which are profitable etc, and have to fish the bad along with the good. One issue might be that the catch from the bad areas is counted against the quota and deducted from the Total Allowable Catch (TAC) even though it has only limited market value. Endo-san enquired whether it may be possible to not count the quota from bad areas as part of the TAC even as the area is cleaned up a bit to increase the quality profiles of the remaining population(s).

**Mr. Yasuhiro Okazaki: Ocean Trader Co. Ltd.**

Mr. Okazaki was also present at last year's embassy meeting. He was somewhat distressed at the lack of notification for the meeting this year and feels it is very important that the Canadian group improve communications on issues such as timing of the meeting, the agenda, etc. with its Japanese partners to allow time to develop ideas etc. He noted that this trip had been planned for September but that it had been delayed to November and was curious as to why this was so.

Canada has demonstrated the will to sell sea urchin products to Japan and it would be beneficial to get the product to other outlets, including public (auction) markets, supermarkets etc. in other markets throughout the country. He feels Kyoto, Osaka and other centres are interesting and would be willing to set up other meetings for us. His understanding is that he is not alone on this and that buyers would be pleased to set up tours and facilitate additional meetings with other companies. But to do this effectively the Canadian industry must provide more timely access to the information (as above) so they can make appropriate preparations and arrangements.

He wonders about the Canadian commitment to expanding business in Japan. There is, after all, only one meeting planned for this trip and though he does not feel only one meeting per year is an effective forum, he is willing to make himself available for additional meetings. Meetings between the fishermen, processors, buyers and re-packers are worthwhile but he would like to see a joint committee set up to set the basis for the agenda etc. A joint committee including Japanese and Canadian members would be much better. He is also interested in the other Japanese points brought up but does not believe a comprehensive Japanese position has been developed to this point. He reiterated that he does not believe that volunteer meeting such as this one are particularly helpful.

Japanese buyers are buying less product and they need to investigate the issues and discuss the next steps to work out a do-able process and set up discussions of the issues from both sides.

**Mike Featherstone's Summation: President of PUHA**

Mike was impressed with the understanding shown by the Japanese handlers of Canadian uni and feels that the primary message we received today from our Japanese partners is that we must improve communications prior to future meetings. He likes the idea of the committee and understands the importance of additional private meetings. He also acknowledged that Mr. Endo presented a number of good points on the management and conduct of the fishery in Canada.

He again thanked everybody for their attendance and their input and expressed that the Canadian delegation is encouraged by the individual promotional programs undertaken by Japanese companies and their continuing interest in Canadian product. He again emphasized that our primary goal is the improvement of the industry for the benefit of all involved, Canadian and Japanese and including the consumer.

Mr. Mack Nishida again jumped in with agreement that a clear agenda and quicker notification process is required to increase the value of these meetings. It is very hard to work together effectively on an ad hoc basis as has been the case with these last two meetings. He reiterated that the Japanese attendees are trying to do business and require more advance information to get more benefits and add more value to the meetings.

Mike again thanked the group and said we are all looking forward to continuing to build meaningful relationships with all our Japanese partners.