



## AgriMarine's future bright in China



*By Mark Godfrey, SeafoodSource contributing editor reporting from Beijing, China*

13 February, 2012 - Lower transportation and labor costs are allowing AgriMarine Holdings' salmon farmed in China to compete against imports, even though salmon prices are dropping.

Three years into operation, AgriMarine's output of Pacific steelhead salmon has all been sold, according to the company, which will bring its first China-farmed chinook salmon to market by mid-2012. Taste and appearance are similar to salmon produced by AgriMarine in Canada, said Daniel Von Menciuis, head of marketing at the company's operations in China. He said a few distributors who used to import AgriMarine product from Canada has accounted for all of its Chinese steelhead output, which in 2011 came to 300 metric tons of salmon trout, up from 100 metric tons in 2010.

AgriMarine estimates sales in China could be worth USD 20 million when they reach market size in 2013 and 2014. A first harvest of chinook and coho salmon will be ready in the third quarter of 2012 at AgriMarine's farm in the northeastern region of Benxi, using "pristine mountain water" from Guanmenshan Reservoir, a tourism site famous in northern China.

Von Menciuis said AgriMarine's product won't compete directly with Norwegian salmon imports. "Twenty years of PR in China has given Norwegian product an advantage, but we're not competing with them. We have a different product because the appearance and muscle structure differs. The fat lines are thinner in Pacific salmon species like chinook and coho."

AgriMarine is also increasing volumes at the Benxi site, expanding its tanks from five to six in 2012, with each tank capable of outputting 150 metric tons of salmon a year. Being located in China will prove a key advantage, predicts Von Menciuis, given it can deliver fresh fish without paying import tariffs, duties and long-haul transportation costs. The company's Benxi farm is an hour's drive from an airport, which puts it an hour's flight to key markets like Beijing.

Educating the market about its salmon will, however, be AgriMarine's biggest challenge in China, a task it's tackling through distributors and chefs from high-end hotels and restaurant chains that have been invited to visit the farm. The Kempinski and Westin hotel chains in Beijing are both serving AgriMarine product.

"Chefs who've visited our farm site have been keen to secure supplies of Chinook when the crop is ready in June," says Von Menciuis. AgriMarine is exploring new markets like Xian and Chengdu through distributors and seafood markets where staff talks to sellers "so we know their needs and they know our technology ... it's a mutual learning process."

The firm selects one or two distributors in each city and has been testing them. Distributors in cities meanwhile link them to processors who buy in bulk for smoked salmon production. There's space for AgriMarine product since F&B and processor customers "don't want to rely on one supplier alone," said Von Mencijs. AgriMarine, he explained, is stressing the taste and health benefits of its salmon — the scientific approach of the Benxi project allows AgriMarine to adjust water temperature, feed and other factors to mimic the conditions in which wild salmon grow.

Listed in Frankfurt and Toronto, AgriMarine Holdings has also been approached by would-be investors and partners in China seeking to purchase the firm's floating solid-wall containment technology. "We are very careful because we don't want copies. But even if they copy the hardware it's very difficult to copy because of water quality and feed formulas," said Von Mencijs.

AgriMarine trainers from Canada have educated local labor to handle fish raised in tanks sized 3,000 to 5,000 cubic meters are launched in water stocked with young fish from the onsite hatchery and ova from Canada. Systems draw warmer water from depth while oxygen is added to improve fish health. Since water remains in constant circulation in the tanks the more active fish produce firmer flesh. A built-in solid waste treatment system extracts waste to be used as farmland fertilizer.

Getting new sites in China is a company priority, said Von Mencijs, but proving difficult given that quality water is scarce in China. Sites must be located near the hatchery. AgriMarine on February 7 announced it has exported 1.5 million Pacific salmon ova to its fully owned hatchery in Benxi, the firm's largest shipment to date of Canadian salmon ova, according to the company. AgriMarine recently completed phase two of its plan to modernize its hatchery — with the installation of new recirculating aquaculture system (RAS) technology, the company will be able to expand its smolt production capacity to 5 million a year.

Von Mencijs believes being a farmed-in-China product will give AgriMarine salmon an edge locally. Government chefs seems to agree — the Great Hall of the People Hall and Diaoyutai state guest house have both been trialing Benxi salmon for use in state banquets.

"They're keen that it comes from one source and we can guarantee consistent quality," said Von Mencijs.

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