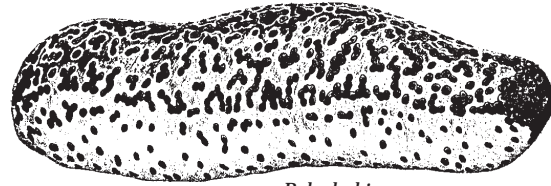


B E C H E - D E - M E R
I N F O



Bohadschia argus

Marketing of beche-de-mer

*by William S. Sommerville,
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Despite the fact that I have been marketing beche-de-mer for a relatively short time I have been involved in marketing marine products to most Asian destinations for well over a decade.

I am happy to share my experiences with other members of this special interest group. I am not an expert and continue learning new things about this fascinating business every day.

The only people who consume beche-de-mer in any quantity are the Chinese, who, when it comes to trading, have at least a 4000-year head start on most of us. This is a factor we should bear in mind in all our dealings with the Chinese.

Successful commercial relationships with the Chinese are built up over many years through the development of mutual trust and respect. There are no short cuts to building up this level of trust and once you have achieved it then it is a very valuable asset.

I will cover the major factors as I see them under the various headings.

Quality

This is undoubtedly one of the major factors in dealing with any natural product and certainly very important with beche-de-mer. Within the quality guidelines it is very important to be consistent both within a parcel of product and more importantly from one shipment to the next.

This is crucial in gaining the buyers' confidence which, once achieved, could well have an effect on the prices and more importantly on the maintenance of regular business. It is recognised that it is difficult to maintain consistent quality when the beche-de-mer is sometimes being processed by many different people even within individual villages. Despite this fact the maintenance of consistent quality is a critical factor and short cuts should never be taken.

Pricing

The marketing of beche-de-mer is unusual in several respects. Generally the Chinese buyer will be purchasing a 'parcel' of beche-de-mer and rather than look too closely at individual prices he will be wanting to ensure that he makes his profit on the overall parcel. This may sometimes tend to distort individual prices in a particular parcel.

Prices are definitely affected by the main holiday season in the Chinese culture i.e. the Chinese Lunar New Year.

This generally occurs in the early part of February and it is really the Chinese equivalent of Christmas with regards to holidays and gift giving etc. Prices will often rise leading up to Chinese New Year and taper off afterwards.

Different factors affect pricing and we all would have noticed about 12 months ago when the white teatfish price plummeted from US\$ 25 per kg down to about US\$11 as the Hong Kong market was flooded by large quantities of Vietnamese white teatfish landing in Hong Kong at US\$10 per kg. The markets overall certainly appear to be growing, with prices generally increasing even if somewhat slowly.

It should be remembered that virtually all beche-de-mer is consumed at restaurants rather than in the home and happily the Chinese tend to eat out a lot more than we do (in New Zealand anyway).

There is an enormous re-export trade in beche within the main Asian importers of Hong Kong, Singapore and Taiwan. An ever increasing percentage of total beche-de-mer trade ends up in the People's Republic of China (PRC) and while its economy, particularly, in Southern China, continues to grow at an alarming rate, then its consumption should rise accordingly. It has been said that generally China will not take any beche-de-mer over US\$10 per kilo in value.

The re-export trade is strongest in Singapore and Hong Kong and it is often carried out through strong family connections back into Southern China which may involve barter trade, counter trade and often extending credit to the Mainland Chinese buyers. If for no other reasons than these this business is difficult and it may be inadvisable to seek direct sales to the PRC.

Taiwan is sometimes the recipient of re-exports but because import duties are still applicable into Taiwan re-export from there is unusual. Generally the Chinese buyer does not want the exporter's name and contact details on the outside of the bag. This tends to severely hinder his re-export activities. The varying value of the PRC currency (Renminbi) against the US\$ also has an effect on prices.

Payment terms

While there will always be some flexibility, particularly between long term business partners, it is certainly accepted practice in Asia when they are selling something to insist on letter of credit payment terms.

For this reason even if for no other I certainly believe it is important to insist on letter of credit payment when selling to the Chinese. Letter of credit should be checked out by the bank to ensure that the exporter can comply with the terms and conditions.

Strategy

The beche-de-mer trade between Singapore, Hong Kong, China and Taiwan is close and generally even competitors within this trade have a working relationship. A Singapore buyer will buy a parcel and depending on the mix will keep some for this local market, re-exporting the rest to Hong Kong or China. It is to the producer's advantage to sell his beche-de-mer to one buyer 'all in' rather than have several small shipments. In order to build up a long-term relationship with your buyer it is better not to sell to more than one buyer in each market.

It is not unusual for a buyer to break even or take a loss on a particular parcel. He will have a strategic reason for this which could be to maintain faith with a supplier for the future or to ensure the parcel is not taken up by a competitor. It is also not unusual for a buyer to offer high prices for some species in an attempt to disrupt the market.

This usually happens with species in low supply or when a supplier is out of stock. He may buy at the inflated price, losing money just to get a foot in the

door, but he will certainly be looking to recoup the loss in future business and will not keep losing money.

Sometimes fishermen find new species of beche-de-mer for which there is no ready market. It may be possible to create a market for the product which will have obvious benefit for the fishermen.

In order to do this work the fishermen and processing sectors need to be working closely with the marketing sector.

Close co-operation, trust and understanding are vital between the fishing, processing and marketing sectors to carry out this work successfully.

Values

While there are some outrageous values published from time to time, particularly in *INFOFISH*, there are many things that affect values, most of which have been covered above. As beche-de-mer business is becoming more active with new suppliers the prices are fluctuating more widely due to supply/demand factors. For these reasons it is difficult to give market prices as they would be taken quite wrongly as a firm guide. *[Editor's note: The opinion expressed in this article is that of the author and is not necessarily shared by the editor and the South Pacific Commission.]*

It is most important to realise that people at different stages of the marketing structure usually fail to account for the fact that everyone involved in the chain must make a profit. I have come across many examples where a fisherman will be upset when he sees that the market price (sometimes the retail price) for his fish is 100 or 200 per cent more than what he is being paid. The fact is that there are usually a number of people who have to be involved in the transaction between the fishermen and the end user to make the business happen.

These people incur all sorts of direct costs (processing, packing, freight, insurance, commissions, waste, interest), indirect costs or overheads (power, transport, wages, fuel, travel, communications etc. etc.) before adding a profit margin for themselves. Often these people will make substantial investments in plant and equipment which must yield a satisfactory return or it just will not happen.

Herewith is a list of indicative grades and values covering a range of popular species traded regularly in the Pacific. These prices are shown in US\$ per kg C+F main Asian Ports. Please remember that these must be considered along with the above

factors and certainly cannot be compared for example to beach prices being paid to fishermen. Prices do fluctuate.

AGL is involved in the beche-de-mer business in fishing processing and marketing and are happy to help prospective partners in all facets of the business and would welcome any enquiries to:

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ASIL GROUP LTD

List of indicative grades and values as at 1/5/93

Code	Species	Scientific name	Pcs/kg unless stated Grade	C+F per kg Asian ports US\$
	Giant BDM (Amberfish)	<i>Thelenota anax</i>	One grade	2.65
A	Black teatfish	<i>Holothuria nobilis</i>	A = large	9.00
B	Black teatfish	<i>Holothuria nobilis</i>	B = small	6.00
	Blackfish	<i>Actinopyga miliaris</i>	One grade	7.50
A	Brown sandfish	<i>Bohadschia marmorata vitiensis</i>	A = 4.5" (+)	4.00
B	Brown sandfish	<i>Bohadschia marmorata vitiensis</i>	B = 4.5" (-)	2.50
	Curryfish	<i>Stichopus variegatus</i>	One grade	7.00
	Surf redfish	<i>Actinopyga mauritiana</i>	One grade	6.50
	Elephant trunkfish	<i>Holothuria fuscopunctata</i>	One grade	9.00
	Greenfish	<i>Stichopus chloronotus</i>	One grade	9.00
	Lollyfish	<i>Halodeima atra</i>	One grade	0.80
	Prickly redfish	<i>Thelenota ananas</i>	One grade	11.50
A	Sandfish	<i>Holothuria scabra</i>	A = 15-30	20.00
B	Sandfish	<i>Holothuria scabra</i>	B = 31-50	14.00
A	Stonefish	<i>Actinopyga lecanora</i>	A = 2" (+)	5.50
B	Stonefish	<i>Actinopyga lecanora</i>	B = 2" (-)	3.80
	Snakefish		One grade	0.60
	Leopard (tiger) fish	<i>Bohadschia argus</i>	One grade	4.50
A	White teatfish	<i>Holothuria fuscogilva</i>	A = 3-4	14.00
B	White teatfish	<i>Holothuria fuscogilva</i>	B = 5-7	10.00
C	White teatfish	<i>Holothuria fuscogilva</i>	C = 8-10	6.00
	Triangle fish		One grade	0.62
A	Golden sandfish		A = <15	25.00
B	Golden sandfish		B = 15-30	20.00
C	Golden sandfish		C = 30-50	14.00

Recent evolution of Hong Kong and Singapore sea cucumber markets

by Chantal Conand,
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The world beche-de-mer market has always been largely controlled by chinese traders. Historical data, from as far back as 1917, and the evolution up to 1986 have been presented previously (Conand, 1986, 1989).

The recent statistics are presented for the two main markets, Hong Kong and Singapore, which serve also as re-exporting centres.