



Salmon Committee Pre-All Hands Meeting
Monday, October 24, 2022
8:00 am -10:00 am (Alaska Time)
Virtual via Zoom

<https://us02web.zoom.us/j/84224592176?pwd=Mk5mU25DUmVoV2pSMklqM2VBSUY1UT09>

Unapproved Draft Minutes

Chair Dowie welcomed everyone and called the meeting to order at 8:02am.

Chair Dowie invited Johnson-Smith, ASMI's Executive Assistant and Board Liaison to do roll call.

Members Present:

Chair Nicholas Dowie
Matt Alward
Vanessa Aslanian
Melanie Brown
Julianne Curry
John Daly
Marta Heacock
Michael Jackson
Eric Jordan
Ted McDermott
Alex Pihl
Sandy Souter
Adam Drouhard, Ex Officio

Members Absent:

Jose Montero, Jr.

Others present on Zoom:

Allen Kimball, ASMI Board Chair
Heather Brandon, McKinley Research
Ron Risher
Garrett Evridge
Lilani Dunn
Sam Friedman

ASMI staff:
Heather Johnson-Smith
John Burrows
Ashley Heimbigner
Hannah Lindoff
Nicole Alba
Susana Osorio Cardona

Chair Dowie asked for a motion to approve the agenda.
Jackson moved to approve the agenda. Souter seconded. All were in favor. The motion passed unanimously.

Chair Dowie asked for a motion to approve the draft minutes from the April 14, 2022 meeting.
Jackson moved to approve the draft minutes. Souter seconded the motion. All were in favor. The motion passed unanimously.

Chair Dowie read the ASMI anti-trust statement. He thanked all committee members and staff for joining the meeting and introduced new committee members. He then invited all committee members to take turns and introduce themselves.

There was no public comment.

Chair Dowie invited committee members to share their current observations on the industry. There was discussion regarding logistical problems with cold storage, port congestion, unsold inventory, consumer inflation, and the greatest challenge being uncertainty. ASMI can help by really promoting and pushing sockeye, and by finding ways to attract new consumers.

Chair Dowie explained that Heather Brandon from McKinley Research was present to gather information on the topics she should address on her presentation to the Committee during All Hands on Deck 2022, and would not be giving an update at this pre-meeting.

Chair Dowie then opened the roundtable discussion on All Hands Species Committee Questions.

1. What are the top 3 opportunities you see for your species in international markets?
 - Promoting health and nutritional benefits aspects of wild, natural salmon as opposed to farm-raised.
 - Promoting usage of all parts of the fish to manufacture products, such as bone broth/powder, collagen, fish oil, and fishmeal.
 - Focusing promotions on canned sockeye and sockeye in general.

Discussion:

Risher noted that promoting sockeye for the domestic market would be advantageous due to strong exchange rate, that the embargos on Russian products have led to increased interest in USA product, and that there is more interest in wild, all natural sockeye in contrast to farm-raised.

McDermott noted that health benefits of sockeye surpass all other proteins.

Curry asked if there would be salmon market and product updates before discussing the questions.

Chair Dowie explained that the pre-meeting's focus would be answering the species questions, and no updates would be provided.

Brown also mentioned health aspects, inquired about the possibilities of bone broth in international markets. Reported that its popularity is increasing, and that the use of fish spines and heads adds omega 3s to the mix. She highlighted the value of not wasting anything. She referred to the possibility

of producing bone broth powder packages to add substance/flavor to meals, similar to the ones used by the Japanese.

Chair Dowie reported a 36% increase in sales of salmon heads to Europe this year.

Jackson alluded to possibilities around canned salmon and around promoting salmon's health benefits. Souter recommended caution in international markets due to the dollar's strength, mentioned opportunities in chum market, and advised focusing on domestic market.

Chair Dowie agreed that the strong exchange rate hurts product mobility, and asked what percentage of salmon is being exported.

Daly replied that 85 to 90% is being sold to EU and UK, particularly red halves sales have seen a 5-fold increase in last 5 years. He called for promotional support for red halves internationally.

Souter mentioned the high volume of canned pinks and reds purchased by USDA amounting to 100 million dollars over last 18 months.

Daly replied that USDA had been petitioned on purchasing more canned sockeye, and called attention to the importance of promoting sockeye not only due to the size of this past run but to the forecasted run to come in 9 months from now.

Risher added that many processing plants are producing fishmeal and oil from frames, and that salmon heads are being sent to collagen manufacturers. However, the costs of freezing and shipping are greater than what the market will pay.

2. What are the top 3 opportunities you see for your species in the US domestic market?

- Targeting the next generation of seafood buyers through more appealing and convenient product formats, such as skinless, boneless pouches and smaller filet portions.
- Promote frozen sockeye filets.
- Promote canned salmon/tinned fish (best food in pantry or for disaster planning)
- Seafood development tax credit allows processors to purchase equipment to help create value
- Tell story around versatility of sockeye: it can be found in all areas in the grocery store.

Discussion:

Jordan spoke of domestic and international interest in coming to Alaska to witness where salmon comes from. He suggested highlighting origin from sustainability and quality perspectives. He added that ASMI should create ambassador roles for people from around the world to visit the State and take the Alaska seafood message back to their countries/regions.

On the topic of ambassadors, Curry noted that ASMI has a limited budget that might not be able to accommodate this type of marketing campaign. She expressed curiosity on what ASMI is doing to reach out to the next generation of seafood buyers, and to identify their interests.

Chair Dowie agreed with the importance of targeting the next generation, and spoke of inflationary forces working against salmon.

McDermott observed that retail prices for sockeye have remained stable in the last two years leading to opportunity in frozen filets. He noted that in addition to price, Bristol Bay reds could also appeal to consumers due to their sustainability and the small carbon footprint of the fishery, which hold their value even with rising inflation.

On this topic, Souter suggested to target the at home market.

Daly noted that canned and shelf stable products have kept steady, and that skinless boneless cans could be more attractive to younger consumers, with several Alaska processors having the current ability to produce them. He also suggested to coordinating this type of efforts with seafood counter promotions.

Brown spoke about the possibility of offering smaller portions instead of whole filets to appeal to younger consumers who are afraid of buying/cooking the whole thing. She also agrees with the idea of promoting shelf stable/canned salmon for contexts of uncertainty, such as natural disasters and pandemics, and mentioned the idea of disaster ready packaging.

Jackson disagreed on the current feasibility of producing skinless boneless pouches in Alaska due to equipment and labor costs, which would make it impossible for our industry to compete with the prices currently achieved by processing overseas (mainly, China and Thailand).

Curry suggested that Alaska processors consider using the tax credit for machinery recently passed by the Legislature to acquire necessary equipment to process and add value to certain species, such as salmon. She also noted the importance of expanding product lines.

Jordan commented on seafood purchase and preparation being traditionally expected of women.

Chair Dowie extrapolated the question to which demographics or geographical regions within the domestic market should be targeted to capitalize on sales.

McDermott agreed on the importance of demographic/geographical targeting as a future area of analysis. On the topic of portion sizes and younger generations, he noted that retailers already offer smaller, more convenient portions, but consumers still need to be made aware of it. He also commented on the myriad of product forms sockeye is available in around the grocery store, and on the marketing possibilities that could derive from this versatility story. Lastly, he suggested exploring the origin story of sockeye.

3. Are there any areas where ASMI may be able to provide technical support for your species, i.e. quality, products, packaging, health, safety, nutritional?
 - Sustainable packaging alternatives
 - Water usage and carbon footprint of wild salmon fishery as opposed to farmed salmon in the context of increasing drought conditions and climate change
 - Sustainability as a whole
 - Telling the story of wild, natural, sustainable from a nutritional standpoint of no added chemicals in wild salmon link to only consuming healthy foods

Discussion:

Jackson inquired about further information from ASMI's technical program about sustainable packaging to replace vinyl films.

Aslanian reported that retailers have also inquired about sustainable packaging.

Chair Dowie raised the question of water footprint in relation to increased drought conditions and carbon footprint.

Risher seconded bringing up the topic of water usage and carbon footprint, and the fact that they will inherently impact wild salmon but not farmed salmon. He reported that these topics have been a concern for at sea processors of ground fish and salmon. He also mentioned measuring social responsibility for markets such as the European. He added that cooperation would be needed from ASMI, as well as from the fleet and the industry to address fishermen safety, employment conditions, disposal of discarded nets and gear.

Chair Dowie agreed with the necessity of addressing sustainability as a whole.

Jordan mentioned the possibility of converting boats to diesel-electric as a way for the fishing fleet to contribute to reducing the carbon footprint of the fishery.

Brown spoke about telling the story of wild, natural, and sustainable from a nutritional standpoint to remind consumers that no added chemicals nor processes go into the wild salmon fishery, as opposed to the farming of animals or vegetables where a large amount of chemicals and other inputs are necessary. Telling the wild story as a way to feed our bodies with healthy foods, instead of added chemicals.

4. For your species, what issues or topics (if any) can ASMI help with messaging and/or outreach?
 - Tell the story over various channels to reach larger audience, focusing on the story of the fishermen
 - Promote the small business aspect of salmon fishery

- Grow the ambassador program with Alaska based commercial harvesters and processors
- Continue educating consumers about the effects and possibilities associated with climate change for all salmon species
- Continue educating consumers

Discussion:

Chair Dowie mentioned multichannel storytelling.

Souter spoke of the importance of promoting the small business aspect of the species/fishery.

Brown cited BBRSDA workshop on how fishermen should tell their story (local catch network at seafood summit in Girdwood). She suggested featuring the fishermen more and more storytelling done by ASMI with them as a focus.

Jackson agreed on focusing on fishermen's story, but also advocated for education efforts for fishmongers at retail counters about sustainability, nutrition, how to present the fish at the counter, etc.

McDermott countered that a national education campaign for fishmongers would be overly ambitious. Suggested to keep focus on educating consumers.

Daly showed support for storytelling centered on the fishermen as an effective and unique piece of the business that differentiates our industry. It could gain natural traction from national brands already trying to tell consumers who caught/processed their fish.

Curry was pleased to hear members of the processing industry emphasizing the importance of 'selling' the small business aspect and how telling the story of the fishermen resonates. She made an open call for committee members to recommend AK based commercial fishermen that could act as ASMI ambassadors and help grow this important outreach program.

Chair Dowie commented on the need to know and share the status of salmon throughout AK in comparison to other species not currently available such as king crab.

Jordan suggested that more industry members follow his example and become more available to the press and other media.

Risher added that more should be shared about the sustainability of the different species and the effects of climate change on wild salmon stocks (how sockeye may thrive with warmer waters while others like chums and kings might do as well in the ocean, but could recover through appropriate management). Also about wild salmon sizes and how they differ from standard sizes of farmed Atlantic, coho and steelhead (4-5kg) expected by consumers. Finally, in relation to the fact that most fresh or frozen fish from Alaska is sold whole H&G.

Pihl added that different ways of telling the fishermen story should be explored to reach new audiences.

5. What challenges/threats do you foresee for your species in the next year or near future?

- Continued inflation and exchange rate differential
- Logistics, especially shipment which could result in order cancellation from customers
- Domestic freezer space and limited equipment
- Lack of general knowledge about seasonality of the salmon fishery leading, for instance, to customer demands for fresh salmon year-round
- Limited options for reprocessing outside of China
- Labor cost increases and labor shortages resulting in limited processing capabilities in State

Discussion:

Souter referred to inflation and exchange rate differentials.

Daly commented that the industry is at disadvantage in respect to EU currency.

Chair Dowie mentioned logistics.

Daly explained the challenges are different for frozen vs ambient seafood: ocean carrier fees and availability, freezer space domestically into the fall with items produced in the summer.

Aslanian agreed that rates are coming down but cold storage is too full.

Risher also agreed that there have been rate reductions as well as reductions in cargo capacity and warehouse space, and consolidations leading to monopoly situations with carriers and cold storage. It is uncertain when rates will come back, if storage and shipping will continue to be limited along with port services. Longer transit times and congestion will start to cause problems in marketing due to untimeliness/unpredictability of deliveries.

Risher spoke about the need for a blank statement on shipping issues, but clarified that it should be addressed to the industry and not to ASMI. In connection to shipping difficulties, Risher reported being asked often why salmon cannot be shipped fresh year-round from Alaska. Chair Dowie replied that more outreach about seasonality of wild salmon and its characteristics is necessary.

Chair Dowie referred to the need for diversifying reprocessing hubs. Risher agreed and explained that Russia's invasion of Ukraine took away major player. Most reprocessing for AK seafood continues to take place in Northern China, but it has become an extreme challenge for international business. He spoke of the possibilities still being limited in South East Asia and South America due to reduced capacity, higher shipping costs, and longer transit and processing times. Increased labor costs in the US were also addressed and the reduced capacity to transform round H&G into filets and portions. It is necessary to keep costs down, but more automation would be needed to do so either in Alaska or in the lower forty-eight.

Daly agreed with Risher, adding that the FED had raised the prevailing wage in Alaska significantly. Therefore, investing in equipment could be the solution, but labor cost continues to be the current issue.

Curry commented that it was also necessary to explain to harvesters the real cost of labor increases and how they are affecting the cost of processing.

Brown suggested selling raw material directly to restaurants, and educating consumers on how to use all parts of fish, how to portion it themselves. Creating opportunity for fish in the round by teaching consumers how to deal with it instead of hoping for more processing capabilities to offer finished products.

McDermott disagreed with continuing to focus on selling fish in the round or hoping for processing in the lower 48, especially for Bristol Bay sockeye.

Souter, Jackson and Jordan expressed agreement with the continued distribution of whole round and necessary education for the full utilization of all its parts, for instance, for pet food or fishmeal.

No old business was discussed.

In new business, Chair Dowie asked Heather Brandon from McKinley Research if she had anything to add, and she noted there had been no mention of roe. Chair Dowie noted that it would be discussed in the next meeting.

As a general note, Lindoff, ASMI's Senior Director of Global Marketing and Strategy, reported on a recent 20% import tariff on ikura into the EU, already affecting imports from Alaska. She asked those present to reach out to her if they or someone they knew was facing related challenges since she is working on the topic with NOAA and FAS.

Chair Dowie asked members about adding a scheduled break in the draft agenda for next meeting. Souter expressed his agreement. The break will be added to the agenda by the Chair. He followed with asking them when their next meeting should be after All Hands, and suggested to have it in February. Curry said it might be too close with other events and suggested to keep it to the three meetings currently scheduled. Chair agreed.

Brown commended the Chair and Committee for doing a pre-All Hands meeting, which had never been done.

Chair Dowie reported that he would work on the meeting minutes with ASMI staff and send them to Committee members before All Hands meeting.

Curry moved to adjourn the meeting. Jackson seconded the motion. All were in favor. The motion passed unanimously. Meeting adjourned at 9:56am.