

ASMI Salmon Committee Meeting
Friday, April 4th, 2014
Icicle Seafoods – Seattle, WA
9:00am
Draft Minutes

Present:

Tom Sunderland, Chair
Steve Chartier, Vice Chair
Julie Decker
Jennifer Castle
Matt Christenson
Kevin Larsen
Thea Thomas
Ron Jolin

Absent:

Julianne Curry
Bonny Millard

Staff:

Mike Cerne
Bruce Schactler

Call to Order:

The meeting was called to order by Chair Tom Sunderland at 9:10am and Mr. Sunderland called roll. It was determined that a quorum was present.

Approval of Minutes:

Mr. Sunderland asked the committee if all members had a chance to review the minutes. Julie Decker stated that she had not received a copy as of yet. A discussion followed on having an ASMI staff member assigned to each operating committee so that the Chair knows who to go to when needing assistance with committee responsibilities. Jennifer Castle suggested that a member of the Retail team may benefit, so that they get the “texture” of knowing what is discussed in the meetings and helps add value to their own program as well, since retail is so salmon focused. Mike Cerne, ASMI Executive Director stated that a staff member will be assigned to the salmon committee. Mr. Sunderland stated that approval of the minutes will be postponed for now and that he will send a copy of the minutes out via email to each committee member and if they could respond via email with a yay or nay for approval by Wednesday, April 9th, 2014, it would be most helpful.

Old Business and Good of the Order:

There was no old business to be discussed.

Mr. Sunderland welcomed Kevin Larsen to the Salmon Committee and asked him to introduce himself to the group.

Mr. Sunderland reminded the group that each meeting is public and that all comments and discussion points are public. He also reminded the group that anything that might bring up anti-trust cannot be

discussed, such as pricing, sales, customers, etc. and to keep the meetings focused on what ASMI can and cannot take action on, and not what the needs of each member specific company's are.

2013 Salmon Season and 2014 Outlook:

Mr. Sunderland stated that McDowell group was not able to participate in this meeting, but that he will get a recap from Andy Wink and find out what they know about salmon research. Mr. Sunderland stated that we know that there was a lot of fish last year, that there was a lot of pink salmon last year and that there still is a lot of pink salmon. Steve Chartier commented on what a great job Bruce Schactler has done with this large government bid. Ron Jolin asked how much fish was moved and Matt Christenson stated that 425,000 cases moved. Mr. Chartier stated that \$20 million was set aside and that another bid is out to use up the balance of all tall pinks.

Mr. Chartier stated that there isn't a lot of inventory being held with regard to sockeye salmon and that customers are having a hard time moving it. The fisherman's inventory looks good in the market, but that sockeye is struggling. A discussion followed on sockeye salmon in Canada, Europe, the UK and Australia.

A discussion with regard to the Frazier River projection followed and there was comment that customers believe there is a big projection and might cause market doldrums until settled.

Thea Thomas stated that a projection for Cordova looks good for both the Copper River and Prince William Sound. Total harvest looks to be 2-3 million, projecting same as before. Mr. Chartier stated that the sockeye Bristol Bay projection may see a smaller average size fish from Bristol Bay under 4HG. There is potential for higher percentage of that size in the pack.

Mr. Chartier stated that he doesn't have a good feeling with regard to pinks and that the government took a significant pack out of the industry. He asked if they are still carrying a lot of inventory despite bids and stated that they all still need to look at the situation. Mr. Sunderland stated that they are carrying significantly more inventory than last year, but are happy with how they are selling. Despite sales, inventory is still an issue and they don't want the carryover situation. If they get red carryover, that will be even more expensive. A discussion followed on pink harvest, sockeye harvest and any potential carryover.

Mr. Larsen stated that Russia was buying a lot of US pinks this winter. That they cleaned out their stock and bought a lot here and that it was an off year for them this year. Roe is a concern, given trouble in that part of the world and Ukraine is a large market but has poor exchange rate and sanctions with Russia could affect imports, they are a big piece of the salmon business. A discussion followed over concern with this part of the market and how exchange rates could shut it all down. Mr. Cerne stated that there is not currently a contract in place for Eastern Europe/ Russia, with regard to Ukraine and that an RFP is going out. He also stated that the USDA does not indicate any restrictions going forward to solicit overseas markets in Russia. Candidates from the US Embassy there are going ahead with an RFP. Mr. Sunderland stated that Ukraine and Russia are equally important and that whoever is awarded the RFP must be able to do both.

ASMI Response to 2014 Pink Salmon Harvest:

Mr. Sunderland stated that there is a discussion at the retail level to provide a mechanism without putting a lot of cost or burden on people to differentiate between products. That there is small print on cans and is not enough of an identifier that it is a product of Alaska. An ASMI idea, it to place silk screen

artwork on the lid stating “packed in Alaska.” Mr Sunderland stated that Canadians use the same technique with Red Maple leaf. It was suggested to only do this silk screen artwork on tall pinks, then have ASMI run an advertisement asking “which would you buy?” Because lids are already purchased for 2014, this would be done for the 2015 harvest. The cost per lid would be a \$0.0125, which Mr. Sunderland feels is a good investment. The committee agrees. This would be voluntary, and each canner can choose to participate or not. However, if not, they would not be part of the advertising by ASMI. More discussion on this and artwork ideas will be presented at the Retail Committee Meeting later in the day and Mr. Sunderland will distribute to all Salmon Committee members. A discussion followed on any possible options for this season, versus waiting until 2015 and can sizes.

Alaska House Bill 204 – Extension and Modification of the Salmon Product:

Mr. Sunderland stated that this is not ASMI business, but it is salmon business and wanted to update the committee where the bill stands. Alaska House Bill 204 is an extension and modification of the salmon tax credit. The current extension extends it through 2019 and modifies it more than in the past. There would be three major changes:

1. Herring canning equipment to be included, which is a big change from the bill as it has always excluded canning and the idea is very forward looking and innovative. And looks at how the state can help encourage innovation with tax credit.
2. Allow for the reduction in can size, so if a processor chooses to produce traditional product in a smaller size, that it is applicable as well
3. Saleable byproduct from unused portions of the fish (i.e. oil, etc.)

The way the bill is written is for salmon and herring, not just salmon alone. The significant difference between the two is that herring canning equipment wouldn't apply because there isn't any. A discussion followed on clarification, cost of equipment and liability for this bill. The bill passed 38-0 in the House of Representatives and is in the Senate now.

MSC – RFM – Sustainability:

Mr. Christenson stated that Wal-Mart accepted ASMI's RFM program and Mr. Chartier stated that most other retailers probably will as well since Wal-Mart did. Mr. Sunderland asked if they speak for ASDA, Mr. Chartier responded that they probably do, but that ASDA is more vocal than Wal-Mart US. Mr. Larsen stated that a lot of work still needs to be done to push it through and that some are still fighting over RFM/ MSC. Mr. Chartier stated that gaining Wal-Mart's approval is a big deal. Mr. Cerne stated that the Board is meeting April 23-24th and a 3rd day was added to go through a full day of executive session to discuss RFM and putting together a solid strategy to be in place for the next 5 years.

Emerging Issues and Challenges:

Mr. Sunderland asked if there is anything new on the horizon. Mr. Jolin stated that he is aware that some projections for sockeye are up and that some are flat. He believes that we could see more red salmon next year and should start a push now to take care of that pack. The pink pack will move from this year, in his opinion, in addition to the residual pack from 2013. A discussion followed on projections for chum and exporting less to Europe, Russia and Japan. Reds tend to take the priority and chum falls behind.

Julie Decker asked if anyone is concerned about the EPA issue and if anyone is aware of the timeline and any action taken. A discussion followed regarding the timetable and clarification on this particular EPA issue and that it is related to the grind and pump of organic waste and reclassification of remote and non-remote and that it would change how people dispose of the waste. Mr. Chartier asked if this is an

ASMI issue. Mr. Sunderland replied that ASMI is technically a marketing organization for the brand, so if it affects the brand then yes, it is an ASMI issue. Mr. Cerne stated that UFA is taking it up along with Senator Lisa Murkowski.

Direction to the Operating Committees:

International Marketing Committee (IMC):

- Roe: Look for new markets. There is problem exporting into Russia and Ukraine, either help in these markets and/or look for development in new markets. Support an Overseas Marketing Representative (OMR) going into this market.
- Sockeye: There are potential problems in the sockeye market with regard to canned and frozen product. Continue or renew support in Europe and the United Kingdom.
- Philippines Market: Mr. Cerne stated that at the last board meeting, representatives came to pitch trade with the Philippines and talked about that there was a feasibility study done regarding highlights and challenges regarding importing into the Philippines. A large donation was made to relief efforts and ASMI is participating in a food show there and Representative Cathy Munoz will be involved.

Retail Committee:

- Canned Salmon: Silk screen artwork on can lids for skinless/boneless tall pinks for domestic retail is supported by the salmon committee.
- Continue to support canned pink promotions and efforts.
- Support sockeye efforts.

Technical Committee and Board of Directors:

- Recommend that they work with the Office of Research and Development to start the conversation with regard to the EPA issue.

Board of Directors:

- Stay the course and continue to push RFM with the European retailers (salmon specific).

Foodservice Committee:

- Recommendations on school lunch programs with regard to salmon, a combined effort for Global Food Aid and Foodservice.

Ms. Castle requested that the Salmon Committee get updates on what happens with other committees, specifically with the retail committee. Mr. Sunderland stated that he will request that Larry Andrews, Retail Program Director, send the information out to all Salmon Committee members.

Ms. Decker stated that there will be some changes with the Boston Seafood Show in 2015 and Symphony of Seafoods. If you want to get involved, please let her know.

New Business:

There was no new business at this time.

Next Meeting Date:

Mr. Sunderland stated that the next meeting will be set via email coordination so all members can consult their schedules, but to plan on sometime in September or October.

Adjourn:

Mr. Chartier moved to adjourn the meeting, Mr. Christenson seconded. Motion passed unanimously and the meeting adjourned at 11:01am.