



Alaska Seafood Marketing Institute

Alaska Seafood Marketing Institute
International Marketing Committee Meeting

August 2, 2016

Glacier Fish, Seattle, WA

DRAFT MINUTES

INTRODUCTION

A regular meeting of the Alaska Seafood Marketing Institute (ASMI) International Marketing Committee (IMC) was called to order at 9:03 AM on August 2, 2016 at Glacier Fish in Seattle, Washington.

Roll Call

Committee members present:

Michael McGinley, Chairman
Lance Magnuson, Vice Chairman
Norman Aoyagi
Shigeki Okano
Merle Knapp
Julie Yeasting
Jeff Stephan
Tomi Marsh

Committee members absent:

Duncan Fields
Dean Pugh
Bob Janzing

Staff present:

Hannah Lindoff, International Marketing Director
Megan Rider, International Marketing Specialist
Nicole Stangeland, International Marketing Coordinator
Alexa Tonkovich, Executive Director
Susan Marks, Sustainability Director

Guests:

Josh Newkirk
Ron Risher, Icicle Seafoods
Pat Shanahan, Genuine Alaska Pollock Producers (GAPP)
Frank O'Hara, O'Hara Corporation
Eric Rosenberg, Bryant Christie Inc.
Kristine Farwell, Bryant Christie Inc.

Approval of Previous Meeting Minutes:

Magnuson moved to approve the minutes from the previous IMC meeting. The motion was seconded by Knapp and passed unanimously.

Announcements:

No announcements were made.

Introduction of Guests/Visitors:

McGinley recognized Okano as the newest member of the ASMI IMC. Okano introduced himself, stating that he has been part of the seafood industry for 30 years and is excited to be a member of the committee.

Public Comment:

McGinley asked for public comment. No comments were made.

REPORTS

Chairman's Report

McGinley recognized that this is an exciting time for the industry, but that it also comes with challenges including climate change, competition in marketplace, currency fluctuations, regulatory issues, and NGO's. He noted that this is an international marketing committee dealing with a natural resource and that the committee must manage the budget and program responsibly. He stated that the committee must lead the industry and the International Program and keep in mind the mission of ASMI.

Vice Chairman's Report

Magnuson stated that he is pleased with the direction the committee has taken the International program with regard to emerging markets. He stated that he has a new enthusiasm for the industry's ability to market products to new regions after attending the Southeast Asia trade mission. He encourages the committee to look at ways the industry can broaden the markets and to strive to find new consumers of Alaska seafood.

Program Director Report and Comments

Lindoff introduced Stangeland as the newest member of the International team. Lindoff stated that since the last IMC meeting in February, ASMI International conducted, alongside industry,

the Emerging Market Program trade mission to Southeast Asia which Lindoff recognized as a successful mission, as well as the Seafood Expo Global (SEG) in Brussels which was challenging but successful. Specifically, the food truck during the show was popular and ASMI will continue to incorporate it into the pavilion for upcoming shows. Lindoff acknowledged that Stangeland hosted a trade mission for seafood buyers from the UK and the Netherlands the week of July 18 and that Rider will host a delegation of Brazilian importers through the USDA Foreign Agriculture Service (FAS) Cochran program. For the upcoming Brazil delegation tour, all expenses are being covered by FAS, but the trip is organized by ASMI. Lindoff stated that this type of cooperation with FAS is effective for ASMI and a means to stretch ASMI marketing dollars. She also noted that the mission will conclude in Seattle on the day of the ASMI roe workshop which takes place on August 15, 2016. During the workshop, the importers and two chefs who will attend the culinary retreat will have the opportunity to meet with industry members and sample various roe products.

Knapp asked if anyone is bringing cod roe to the roe workshop. Magnuson stated that the season would be too early but that he can reach out to his longline cod association and see what they can come up with. McGinley also stated that he may be able to locate some.

Poland Presentation and Discussion

Lindoff stated that due to IMC input from last meeting, market reports about the increased reprocessing sector and overall interest in the market, ASMI intends to become more active in Poland.

Lindoff stated that the ASMI CEU team was tasked with presenting on a Poland market strategy. She stated that she was not endorsing one strategy or campaign, but solely presenting what the ASMI CEU team put together.

Lindoff stated that Carolin Steinheuer (CEU OMR) attended the Polish Seafood Processors Association meeting in Poland. She noted that the association was excited about ASMI's presence at the meeting and enthusiastic about the product they sampled. It was noted that most trade members were ready to start working with Alaska.

Lindoff presented the Poland marketing strategy.

Magnuson stated that his understanding of the Polish processing sector is that it is somewhat replacing the reprocessing sector in China and other Asian countries. He further stated that Poland offers skilled labor and economically advantaged labor. Magnuson recommends that ASMI's focus in Poland be on the processing sector. Magnuson stated that communication and connections between Alaska industry members providing raw product and the Polish processing sector should be strengthened.

ASMI should invest in training and communication made to the processing audience in Poland.

McGinley agreed with Magnuson's statement and said that ASMI could work to educate the processors in Poland, teach them a few basic processing techniques and then ask this sector to help Alaska industry create a consumer market in Poland.

Knapp asked whether it would be appropriate to profile the market to gain a better understanding of what the industrial opportunities are in the region. Knapp stated that it is necessary to know what products already exists in Poland.

Yeasting stated that there is already a strong relationship between the Polish Seafood Processors Association and Norway. She further stated that there is a consistent flow of seafood products coming from Norway and before any Alaska POS campaigns can be implemented, we must ensure Alaska product is in the market. Yeasting reinforced that education about Alaska seafood and differentiating Alaska products from other seafood products is crucial. Yeasting emphasized that a meet and greet with the Polish processing industry would be her first priority.

Magnuson stated that the focus of the education to the Poland processors needs to be basic information such as Alaska fishing seasons, species and product forms. He further stated that ASMI's promotional efforts needs to at the trade level.

Yeasting stated that it would be important to differentiate Alaska product from Norway.

Okano noted that one-third of Alaska sockeye export goes to Poland for processing and is then distributed into Europe. Okano asked which Alaska seafood products are available in retail stores in Poland.

Lindoff stated that ASMI can gather more information on what Alaska products are available at the retail level.

Action: Knapp asked ASMI to profile the Polish processing industry in order to understand what type of processors and what exactly the distribution is. Does the distribution stay in Poland, or go to the rest of Europe?

Magnuson stated that Poland is a growing market in terms of value-added seafood products however, the focus needs to remain at the trade level. Promotional aid could be offered to the polish processors but an overall consumer campaign in the market is premature.

McGinley stated that there is one large company in Poland currently working with Alaska product, however it is important to reach the smaller processors there as well. He stated that he hopes other smaller processors will be interested in Alaska products once they see the success of the large company.

Lindoff asked the committee if they are interested in receiving more information or if there is interest in bringing trade through Alaska or attending a seafood show in Poland.

Knapp stated that more information is needed before anything should be determined. He acknowledged that there is good opportunity in the market.

Magnuson stated that Polfish is a widely attended seafood show in Poland and the committee may consider attending. He noted that bringing trade members over from Poland is premature and that having Alaska industry members visit Poland makes more sense.

McGinley stated that in his experience and with past trade missions, factory visits are most successful. He noted that if the industry agrees to participate in a meet and greet in Poland, that two to three factory tours would be advantageous. McGinley stated that there needs to be a commitment by industry to support and participate this type of initiative.

Knapp requested more information on the status of the German market with regard to overall market shift and the pollock nomenclature issues. Specifically, he asked for the feedback coming from Germany on the scientific name change.

McGinley asked the pollock industry how they feel about the pollock name change to gadus in Germany. Knapp emphasized that the nomenclature changes are not up to industry and further stated that the change is quite new.

Magnuson stated that ASMI needs to have direction on how to deal with this. McGinley stated that there is potential for this change to strengthen the value of pollock and weaken the value of cod.

Shanahan provided background on the two name change issues: one being the scientific name change and two: the market name change of Alaska pollock in Germany. Shanahan suggested that ASMI and the industry needs to communicate closely on this issues. They thought that it would take time to have the EU adopt this new name. GAPP stated that there is a difference between the two nomenclature situations.

Knapp stated that there is already a marketing name in Germany for Alaska pollock (AK and Russia).

McGinley stated that ASMI needs clear direction on the messaging that we should have on these issues as it affects both cod and pollock.

ACTION: GAPP and ASMI are to stay in communication on the nomenclature issues.

NEU Strategy Discussion

McGinley made a motion to move into executive session. Magnuson seconded the motion. The motion pass unanimously.

EU Strategy Discussion

Lindoff stated that she will be attending the FAS hosted Europe strategy session in Berlin this fall. The strategy session will find ways that various FAS cooperators can collaborate. Hannah asked the committee what they would like her to bring forth during that session.

Magnuson stated that collaboration between all OMR's is very important and something that he continues to advocate for. He asked how the ASMI Europe programs can become more transparent and efficient and stated that they must continue to work together and collaborate.

McGinley asked how we can target customers to take Alaska product to the chilled counter instead of just frozen.

McGinley asked if FAS has any involvement with duty rates. Tonkovich stated that FAS marketing staff do not, but can sometimes facilitate communication with trade representatives.

Lindoff stated that she will reach out to the other cooperators during the strategy session to identify potential fits for joint promotions.

Global Line/Revolving Trade Show

McGinley reinforced that with any tradeshow ASMI participates in, the industry must also support and participate. A minimum of two industry representatives should attend.

Lindoff stated that there is opportunity to do a trade mission style trip (such as the Emerging Market Program (EMP) that took place in Southeast Asia this year) if that is something that industry wanted.

Yeasting asked Lindoff her opinion and Lindoff stated that the Korea report may give the committee the information needed to make a decision.

McGinley mentioned Columbia as a potential country to attend a tradeshow due to the uptick in their economy.

Moved to adjourn for lunch at 12:00 PM. Seconded by Magnuson. Meeting was called back to order at 12:45 PM.

Marks made an announcement that ASMI's RFM certification received GSSI accreditation. She also announced that a new informational brochure has been produced. The RFM FAQ page has also been updated.

McGinley asked what certification bodies are present in China and further asked if the ASMI China office is involved in the program.

Knapp asked how many certifiers there are for chain of custody. Susan replied that there are two, Global Trust and SCS Global.

Marks stated that the ASMI Japan office has done a great job getting the GSSI recognition press release out to Japanese press.

Technical Program Discussion

McGinley stated that an issue he sees from the technical side of things is bruised salmon. Specifically, is there a way ASMI can help alleviate this issue?

Okano stated that this bruising can happen when the fish makes it to the tender and most frequently occurs when the tender takes on too much fish.

Magnuson asked about the parasite study and what exactly that entailed. Tonkovich gave a brief overview and stated that the project is more geared towards information finding. Knapp asked if the study is limited to specific species. Tonkovich stated that the species the Technical committee approved be part of the study are Alaska cod and salmon.

Shanahan asked about the roe nutritionals and whether the Technical program is following the USDA requirements. **Action Item: Send nutritionals to GAPP.**

China import issues

Yeasting provided an overview on the China import issues and stated that products going through China lose the Alaska identity.

She further stated that species must be on China's import list and that process is quite difficult. Chinese customers must request the species be added to the list. She stated that there needs to be an awareness about the import list issue and the challenges surrounding the issue. Some species are going through China to be reprocessed but because there isn't awareness that this is for the Chinese market.

Yeasting mentioned that there is only one import list in China, but different policies for products going through China for reprocessing and products that will remain for local, domestic distribution.

Species Updates

Cod: Whole-round small cod is being introduced into Korea, stated Magnuson. He mentioned that the market condition is currently fine. Domestic sales have been decent but the Europe market is weak and that they don't have inventory. The resource in the Berent Sea is strong and further, they are larger fish than coming from Alaska. There has been difficulty in the cod market in Europe with Brexit. Overall, prices for cod have come up and there is an expectation that there will be stability throughout the rest of the year. Magnuson further stated that Norway is moving a significant amount of fresh cod product and there isn't any build-up of frozen.

Crab: Yeasting stated that crab prices are high and the market is strong.

Pollock: Yeasting stated that Russians are exporting 240,000 tons of pollock into Korea duty free while Alaska has a volume cap. The industry is dealing with small fish which causes issues in the marketplace.

Knapp stated that Korea has a large dry pollock and whole round pollock market, however Russian pollock is currently flooding the market. Knapp stated that Japanese roe market is an issue and that there is a need to continue to promote the product as well as find new markets for pollock roe. He stated that the roe workshop will be a good place for discussion. The pollock fillet market is steady and noted the Costco promotion for pollock burgers was very successful. Knapp hopes the success of the Costco promotion will increase sales. Overall, pollock are small, with a small recovery, but the biomass is substantial.

Shanahan discussed the pollock in school lunch program and stated that the USDA buys are up 14% this year. Knapp stated that school lunch programs are a great target audience.

Flatfish: O'Hara stated that the flatfish market is doing better than in years past. There was an atka mackerel quota increase which created a higher value. Yellowfin sole, which had dropped in value during 2014-2015 just went up this year. The market conditions for flatfish have stabilized, but the value hasn't increased significantly. Farmed fish, including tilapia and flounder, are all competitors of Alaska flatfish. Stable market condition, but no increase in finished prices.

Salmon: Risher stated that the Bristol Bay sockeye return was great, but saw small fish. This year saw an overall low return of chum and pinks. There is a large amount of pink and chum returning in Russia which will have an effect on pricing going forward. Most processors are now participating in sustainability schemes which has boosted interest in the product, but the low pink and chum run will be a challenge. With five more weeks of production, there is hope the pinks will show up. So far, 50% of the total chums forecast has come in. Most fresh sales are primarily going to North America. With regard to Ikura, the EEU green roe market is fairly soft but has potential due to the lack of chum and pinks.

Okano stated that this season's run of pink salmon are large fish. The average weight is significantly higher than normal.

Aoyagi stated that Norway increased priced. Atlantic salmon used to be way lower and now there was a switch and Atlantic salmon increased.

McGinley stated that less salmon was canned this year.

Stephan stated that Kodiak salmon harvest is quite low and that they are not reaching the escapement requirements so there will be extended closures, specifically for pinks.

McGinley stated that the PWS/Valdez pink salmon run has not shown and is a challenge for the industry.

Rockfish: Yeasting stated that the rockfish market is steady and that there could be a good opportunity for promotion of Pacific ocean perch (whole round) and rockfish in China. She further stated that the Chinese market requires head on fish because it shows the freshness.

Herring: Aoyagi stated that the season was short and that there was an abundance of females returning.

QSP Update

Hannah gave an overview of the QSP project and stated that the Technical program and International will work jointly on this proposal. She recognized that in past meetings the industry has asked for an emphasis on roe for this project. She noted that the program has to take place in a non-ASMI region and it requires the product to undergo a complete transformation. Lindoff further explained that this program would be facilitated by the Technical program and that ASMI can apply for up to \$75,000 in grant funds.

Yeasting stated that one of the outcomes of the EMP program is requests for sole.

Knapp asked whether the product has to be sold locally, in the chosen country, or if it can be redistributed to Europe or other countries?

Lindoff stated that samples should be sourced from more than one company and she encouraged the committee to submit proposals.

Korea Feasibility Report Presentation

Eric Rosenberg and Kristine Farwell of Bryant Christie Inc. presented the Korea Feasibility Report.

Risher stated the he mostly deals with brokers when doing business in Korea. Magnuson agreed that he was conducting business only with traders and not at the retail level.

Magnuson stated that the market has a preference for Alaska cod heads, however heads with signs of blood are not allowed in the country due to local food safety reasons. Alaska frozen at-sea cod presents challenges because of the lack of ability to remove all of the blood on the vessel. Being so, Norwegian product has flooded the Korea market due to ease of entrance.

Risher stated that there is often a high demand for odd species, but not much opportunity for Alaska because Russian supply quickly floods the market due to price and ability for the product to enter the market.

Risher stated that the majority of canned salmon in Korea is coming from Thailand and that the majority of canned salmon in the market is pink salmon.

Risher asked whether ASMI has plans to open a new office in Korea. Lindoff stated that the report was conducted so that the committee can have a better understanding of the market and then be able to make an informed decision about what to do: participate in a Korea trade show, conduct a trade mission, or look into opening a contract office.

O'Hara stated that the post-spawn sole goes to Korea. He noted that this is a lower quality meat going in as H&G but that Korea is an important market for Alaska flatfish.

Yeasting stated that she feels Korea is a good potential market for ASMI to focus on because there is already product going into the market.

Okano stated that promoting Alaska in Korea is important.

Aoyagi stated that it may be difficult for Alaska producers to have the canning facilities for the Korean market. Most canned product is coming from Thailand and fresh pack is not used in the Korea market. He noted that the Korea market has a need for only skinless, boneless canned product.

Risher stated that his understanding of the Busan seafood show was more of a meeting place for Korean exporters and may not be a good fit for Alaska industry.

The question of whether retailers had a desire for POS and translated materials was asked by Yeasting. Bryant Christie stated that yes, there was interest from the retail and foodservice side. Bryant Christie also stated that there is country of origin requirement at the retailer level but that Alaska was also called out on packaging.

McGinley asked whether Korea was a salmon eating nation and Bryant Christie stated that traditionally, no, however it is being introduced now and that they consider salmon to be an up and coming food trend in the country.

Okano noted that the Korea market is not similar to the Japanese market, specifically with regard to customers.

Floating trade show

Lindoff stated that there is \$60,000 set aside for this. Magnuson stated that he has interest in doing a trade mission to Korea.

Risher noted that Korea is worth expanding, especially in working to differentiate Alaska products. Expanding on other species besides just by-product was also encouraged by Risher. He further noted that Korea is mostly a holding country, and product is redistributed to other countries, never entering the domestic marketplace.

Yeasting, Magnuson, Risher all stated that they have interest in participating in a trade mission. McGinley asked whether the group would rather target a trade mission over a trade show and Magnuson stated that a trade mission would be ideal. McGinley stated that the format used in Southeast Asia was effective and the participation of industry members is important.

Action: Staff is directed to look into a conducting a trade mission to Korea for Alaska industry members in January or February 2017.

Next Meeting Date

The next ASMI IMC committee meeting will be held in Anchorage, Alaska at the ASMI All Hands Meeting on Wednesday, October 26, 2016.

Magnuson moved to adjourn at 3:47 PM. Yeasting seconded. The motion passed unanimously.