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Alaska Seafood Marketing Institute
Shellfish Committee Meeting
October 25, 2016 at 1:30pm at the Captain Cook Hotel
939 W. 5th Avenue, Anchorage, AK 99501
Draft minutes

Committee Members Present

Jake Jacobsen
Linda Kozak
Joe Thompson
Jim Stone
Rodger Painter
Jim Carroll (on phone)

Absent: Frank McFarland

Others

Tomi Marsh / ASMI B.O.D.
Michael Kohan / ASMI Seafood Technical Director
Tyson Fick / ASMI Communications Director
Kate Consenstein
Hart Schwarzenbach
Jeffrey Stephan
Valerie Yeung
Robin Wang
Kim Stryker

Opening Items

The meeting was called to order at 1:33pm by Chair Jake Jacobsen.

A motion was made by Painter to approve the agenda for the 10/25/16 Shellfish meeting. The motion received a second and was approved unanimously.

An amendment to the draft minutes from 10/21/15 was made to include Jim Stone as present at the committee meeting.

Painter moved to approve the 10/21/15 draft minutes as amended. No objections were issued. The motion received a second and was approved unanimously.

Overviews of Shellfish Harvests and Trends

Chairman Jacobsen asked that Rodger Painter report on what he has observed over the last year. RP: Oyster production is expanding slowly on an upward curve. The first mussel farm of any size is now up and running and are doing a good job at moving the product. Some farmers have recently started growing kelp in the area and are finding markets for it. Kelp is showing a lot of promise. The Geoduck market situation has improved. There are still problems on the Chinese

side. Marsh added that Geoducks are up to \$9 a pound. Some of the problems being experienced are related to PSP levels being high – even found on the west coast of Prince of Wales Island which has a lot of ocean action. Nobody knows how long it takes Geoducks to depurate. Were they hot in the summer when we were having algae blooms or is this something that is happening now? Sea Cucumbers – pretty robust fishery, we had some good weather to harvest and the price per pound is up to \$4 a pound. There have been a few cases of slimy cucumbers and people were wondering if this was related to the star fish disintegration. RP: Any more problems with Otter predation? TM: Yes. They are starting to decimate the sea urchin which will affect the industry in that area. RP: They are damaging Geoducks aren't they? TM: Yes, everything. Geoducks, crab, and Dungeness are being hit hard.

Kozak added we are starting to see Kelp farming in Kodiak. Kelp might become a huge thing for Alaska. Where do we see Kelp being marketed in ASMI? What committee? JJ: Not the shellfish committee. LK: Kelp is becoming an emerging species of interest. RP: Globally kelp is a real big industry. TM: 5 to 6 billion dollars is being produced from kelp for food products. We're doing some of the research down in Ketchikan related to kelp seed spooling. LK: Who is marketing that? Is that something that ASMI can look into down the line? Suggestions are made that "Grown in Alaska" or "Made in Alaska" might be a better fit although it might fall to ASMI eventually.

Overview of Scallop Harvest and Trends

Chairman Jacobsen has asked Jim Stone to speak about scallops. JS: We continue to see an increase in abundance in Yakutat. Yakutat is looking real good, but we are seeing an increase in smaller scallops (30-40 to a pound). We need help from ASMI in selling smaller size scallops. They are harder to sell than your larger ones as the larger ones tend to sell themselves. Kodiak continues to trend down with the exception of southwest. Dutch Harbor looks healthy and we are seeing improvements in the Bering Sea. The Bering Sea had unmarketable scallops for the last three years. The scallops are smaller, off color, and tear easily. We saw this in Yakutat 10 years ago, but, now Yakutat has white beautiful meat. So, it is expected that the Bering Sea scallops will go the same way.

Overview of Crab Harvest and Trends

Chairman Jacobsen has asked Joe Thompson to speak about crab harvests or trends. JT: There appears to be a decrease in harvest. Test fishing results are back which caused an overall catch reduction - Red King Crab of 15% reduction, Opilio Crab of 47% reduction, and Bairdi Crab has a 100% reduction at the moment. The Bairdi market is especially frustrating as a lot of time was spent developing it. So much good work has been done both by sales, with customers, and by ASMI. Many steps have been made to develop a market and now the product is not available to sell. I am also concerned that the lack of catch volumes is going to push prices up to a point where it is not good for anybody. JJ: Sometimes when the price spikes high and holds for a year you'll see some places priced out and then crab starts coming off menus. We need to get the message out to not stop buying crab just because the season has closed or that the allowable catch has been reduced. LK: For Golden King Crab we had a 25% reduction in allowable catch in the western Aleutians. The eastern Aleutians remain strong. The catch per unit effort (CPUE) is high and we should have had an increase in total allowable catch (TAC) but Fish and Game does not work that way. The market looks strong and the fishermen appear happy with what they are catching as related to CPUEs. They have flown out around 100,000 pounds of Golden King Crab this year to places like U.S., Canada, China, Japan, and Germany. The demand for Golden King Crab is there. The problem exists with Alaska Airlines flying out only twice a week to Adak. Sometimes Alaska Air doesn't always have the expected cargo space available

when departing Adak. But the fishermen are encouraged by what they did last year from that facility – moving 500,000 pounds. Live crab is an emerging market that people are pretty excited to see taking off. JJ: You mentioned a 25% reduction in Western Aleutian King Crab (WAKC), but, the reports from fisherman is that they are pleased with the TAC and are seeing an increase of crab caught per pot. LK: Yes, we are getting great catch reports for WAKC and even better for Eastern. JJ: Jeff Stephan is in the room. Will there be Bairdi Crab season this year in Kodiak. J. Stephan: No, there will not be a season. JJ: Per F&G, the survey report looks good, so, there may be a Bairdi fishery in Kodiak next year. JS: What is known about the S.E. Bairdi Crab fishery? TM: The fishery opens in February. The fishery is small and is experiencing problems with “bitter crab disease”. Past practices had the affected crab ground up and returned to the ocean, but, it has been found that that practice contributes to the spread of the disease. Things have been corrected and the fishery seems to be doing better. JJ: How about Golden King Crab in S.E.? TM: The price is good, but, was a little down, which had contributed to fewer boats being involved last year. This year there is no fishery there. S.E. Dungeness last year was doing well, but, is down a little this year. JT: On the live Golden King crab update it was said 100,000 pounds were shipped this year? LK: Yes, just under 100,000 lbs. Last year was near 500,000 lbs. JT: That’s a large percent of the quota. LK: Yes, the demand is there. JT: And the regional laws for processing out there? LK: The regional landing requirement has been waived the last several years because there has not been a processor facility in Adak that can actually “process” the crab as opposed to the live crab processor. The live crab processor is moving towards being able to process non-live crab this year, but, is currently unable. Currently crab is taken to Dutch Harbor from the Aleutians for processing. JT: So, the market is there if you wanted to go with more live crab? LK: Yes. It is just a matter of being limited by logistics. Eastern and western Aleutian catch numbers are reported. JJ: Do you see a time in the future when the survey numbers are used to determine the amount of the TAC? LK: ADF&G has told us in five years they should have enough data to be able to make that decision, but not right now.

Status of IUU Crab

JJ: Russian news reports fishery interdictions. The Russians are playing down the illegal crab fishery quite a bit. Russian crab quotas have been increasing in order to cover up discrepancies between what is actually being caught and the TAC. There have been huge increases in what is being imported into the U.S. compared to last year. There are places in Korea and China that are available to offload illegal crab. It is predicted that there will be an increase in poached crab and bankrupted business due to a Russian requirement to keep more domestic seafood in Russia. The IUU bill was brought up. The bill was passed and signed. There was legislation, but it is unclear if there is any greater scrutiny so far.

The discussion has moved to the Bairdi market.

Without any Bairdi to market it makes for a difficult situation. JJ: The Board of Fisheries will be meeting in January to discuss an opening for Bairdi this year. Indications point to the likelihood of opening this year due to the sufficient number of crab. It would be significant to have some Bairdi to market this season. Harvesters, processors, and ASMI have all put in a great bit of effort in promoting Bairdi. They’ve worked hard in differentiating between Opilio and Bairdi in the marketplace and it would be a huge step backwards not to have this product available for sale this year. What should the messaging be to buyers who want to purchase Bairdi? Discussions move to early positive catch results. Harvesters are reporting that pots are stuffed with crab and that they can’t find a place where boats aren’t catching. There is discussion of catch survey methodology and crab movement. JJ: Harvesters have been asked to make sure observers are noting the catch as the survey reports are not representative of the catch.

LK: With the change in water temperature and crab movement – is the standard crab survey, of the usual grounds, an appropriate way to gauge crab stock? Go to where the crab is and do the survey. JJ: Some locations are not being counted because they have not counted there in the past. Discussion were had on whether ASMI Technical Committee could help with concerns over survey methodology, but, ultimately moved away from the idea as an unreasonable request for ASMI. JS: We should have ASMI explain to the public that just because we are seeing a change in quotas or early closures, it does not mean that the fishery is weak. But, that we are being pro-active in the management of the fishery. LK: Quotas change as do stocks, but, that doesn't mean that the stock is unsustainable. This is a fishery that is sustainable – which is a positive message. JJ: We could help ASMI with the messaging which is that we have a very high standard of sustainability. Even though the Bairdi stock in Alaska is the healthiest in the world this fishery will be closed because we have the highest standard of sustainability. Stock fluctuations are normal and should be expected. JS: We need to put trust in our management. If we do mention global warming that we mention that global warming is being considered as part of our overall management of the fishery. LK: The public should know that ADF&G will not open a fishery due to marketing concerns or public pressure. It will be based upon the viability of the stock, which can be a positive message to move forward.

The conversation moves to nomenclature.

A name change is being sought to change the marketable name from Brown King Crab to Golden King Crab. The FDA had not moved forward on the name change last year, but, this year the name change is attached to an appropriations bill which is expected to be passed by Congress. Discussion moves to “how should ASMI market crab this year”. JT: Golden King Crab is a high-end niche market (with the cost being what it is). JS: Move the sustainability message forward. RP: With the reduction in quotas the prices will likely go up. JJ: Whenever prices go up markets shrink. JT: ASMI should market to clients whom can more likely afford the product. We do need help to sell crab at these prices. The committee generally agrees that ASMI should direct their efforts toward expensive niche markets. ASMI should market crab as a luxury product.

Chairman Jacobsen has opened the floor to the public.

J. Stephan: He and Tomi will bring a species report to the International Marketing meeting to specifically speak to the overseas marketing representatives about crab. He has sought minutes and direction from the shellfish committee on what information should be passed onto the OMRs. China has emerged as a high consumer of crab of all species. It was decided that the IMC conversation would continue after the conclusion of the Shellfish Committee meeting. The conversation then turned to the discussion of domestic ASMI promotions. JS: We could use assistance in the sale of scallop 30-40 size. The scallop discussion moved to the price and overall comparison to east coast scallops. The Alaskan scallop is generally sweeter and it is never put into a fresh water solution. No bleaching or sitting in chemicals. Chairman Jacobsen asked Tyson Fick and Karl Uri to speak about ASMI promotions for crab. The committee consensus was that crab generally should not be marketed to the everyman, but, more to fine dining. Mark Jones and Linda Driscoll spoke about meeting with a huge retailer in the southeast that have switched over to only selling Alaskan crab. Retail shops are seeking talking points for selling this premium product. JS: We were just discussing on how best to advise ASMI in marketing - when there is less crab to sell then before.

The committee has moved on to speak about the shellfish buyer's guide.

Michael Kohan was asked to sit at the table for this discussion as the guide is collaboration between the species and the Seafood Technical committee. The Shellfish Buyer's guide is

scheduled for a re-printing. Comments and critiques of the guide are being sought. A copy of the guide was distributed to the committee with the request to respond by November 10th. LK: Why aren't the Aleutian Islands on the map? A catch map can be made available for use. MK: Should other species like mussel be added to the guide? JJ: Will the buyer's guide be translated into different languages? MK: Yes. The shellfish committee will review the buyer's guide and respond to Michael Kohan with any suggestions. The committee's focus switches to completing ASMI's questions for the committee. The answers to the ASMI questions were finalized and submitted to ASMI and the Shellfish Committee chair later that night.

1) What specific concerns or marketing needs do you feel should be brought to the ASMI Operational Committees for them to consider?

Stock fluctuations are normal and expected. We have the best managed fisheries in the world and have the highest standard of sustainability.

2) Do you have any overall industry concerns that should be brought to the Committee Chairs meeting for them to discuss and carry forward to the ASMI Board of Directors?

Direct our efforts to a high end niche market. Crab is a premium luxury product. A similar strategy should be employed for other products like geoduck, Dungeness crab, and spot prawns.

Additional help is needed in selling smaller scallops - the size grade is 30-40 scallops per pound.

3) What major challenges do you see ASMI facing in the coming years?

Funding (ASMI/State budget).

4) What trends or opportunities can you identify that ASMI programs can capitalize on?

Health trends.

Full utilization of product - chiton based production, oil extraction, fertilizer etc.

A National Shellfish Day.

Capitalize on seasonality.

Capitalize on the remoteness of where the product comes from - pique the interest of the consumer based upon distance from catch to plate.

Remote waters - unlike other fisheries, Alaskan shellfish are in the cleanest waters - removed from pollution.

Painter made a motion to adjourn; Stone seconded the motion; the motion passed unanimously.

Meeting adjourned at 3:42pm.

Minutes prepared by M. Arnoldt