Message from the Chairman of the Board

As I reflect on the past year, both for the seafood industry and the Alaska Seafood Marketing Institute, I am reminded of what an exciting, challenging, and interesting year it has been. International currency pressure subsided and eased some market pressure for many Alaska product values late in 2017. The 2018 summer harvest seemed to defy patterns and predictions. We saw the largest ever Bristol Bay sockeye harvest in terms of return and value, however, other regions of the state did not deliver such record-breaking runs. As a backdrop to unpredictability of the season, tariffs dominated industry and mainstream media headlines most of the summer. At best, the back and forth trade conflict with Alaska’s largest partner, China, has caused uncertainty; at worst it has caused delays, prohibited sales, and created a competitive disadvantage for our industry. ASMI continued a period of transition this year with the closure of ASMI’s longtime Seattle office. It has been difficult to lose our physical presence in Seattle, as well as the institutional knowledge of many long-serving staff. However, now that all ASMI staff are located in Juneau (with the exception of our Kodiak Satellite Office) new opportunities for collaboration arise. The talented and enthusiastic new team at ASMI work incredibly hard to keep programs moving forward with great results to show for their work. Collaboration is key as ASMI works to continually drive the Alaska Seafood brand forward using a mix of proven, traditional methods, while also adapting and rising to meet new market challenges. We continue to see successes through promotions in-store and with foodservice partners, and through on-trend recipe and creative development. ASMI also redefined the domestic target audience as a result of new custom psychographic research of the U.S. consumers’ seafood shopping habits. This year was also marked by impressive social and digital analytics, successful e-commerce, meal kit and shoppable recipe launches, new market exploration in Southeast Asia and South America, and a modern makeover for many trade materials. Another theme I always come back to each year is gratitude. On behalf of the ASMI Board of Directors and staff, I’d like to thank our committee members, industry, government leadership, and fishermen for all of your participation and input throughout the year. This close collaborative community is a hallmark of ASMI’s success, and one reason Alaska Seafood remains the premium seafood brand all over the world.

Jack Schultheis
Chairman of the Board

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HOW ASMI WORKS

MISSION STATEMENT

The Alaska Seafood Marketing Institute is a marketing organization with the mission to increase the economic value of the Alaska seafood resource through:

1. Increasing positive awareness of the Alaska Seafood brand.
2. Collaborative marketing programs that align ASMI and industry marketing efforts for maximum impact within the food industry.
4. Proactive marketing planning to address short and long-term goals while remaining flexible and responsive to a changing environment and economy.
5. Quality assurance, technical industry analysis, education, advocacy and research.
6. Prudent, efficient fiscal management.

CORE PRINCIPLES

ASMI serves the entire Alaska seafood industry, harvester and processor alike. It is supported by industry self-assessments and uses available public funds to achieve marketing successes for the common good. ASMI adheres to the following Core Principles:

1. ASMI follows the highest ethical standards in its day-to-day operations and in its business relationships.
2. ASMI values its employees and members and musts that all be treated with dignity and respect.
3. ASMI conducts business in the open so its actions and decisions are visible.
4. ASMI tells the truth when it conducts promotions or makes claims in the marketplace.
5. ASMI conducts marketing activities that provide the largest economic benefit for its industry members.

ASMI’S ROLE

ASMI is a public-private partnership between the State of Alaska and the Alaska seafood industry established to foster economic development of a renewable natural resource. ASMI plays a key role in the positioning of Alaska’s seafood industry as a competitive, market-driven, food-production industry.

ASMI increases the value of Alaska’s seafood resource by building equity for the Alaska Seafood brand in both U.S. and international markets through:

• Consumer campaigns to strengthen demand for wild and natural Alaska seafood, stimulate sales and increase the economic value of Alaska seafood.
• Advertising and public relations campaigns to boost usage of all commercial species of Alaska seafood.
• Outreach at expositions and trade shows.
• Engaging broadline foodservice distributors to maximize Alaska Seafood brand penetration on menus domestically and abroad.
• Promotions with retailers and foodservice operators to build on strong brand equity to differentiate Alaska Seafood from the competition.
• Partnering with restaurant chains to increase the number of restaurants that feature Alaska seafood as a branded menu item.
• Media tours and media outreach to secure positive publicity for Alaska seafood products and the Alaska seafood industry.
• Managing the Alaska Seafood brand.

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Alaska’s seafood industry creates $5.2 billion in economic value for Alaska and generates an additional $7.6 billion in value as industry income circulates throughout the U.S. economy.

Seafood is the economic foundation of many rural communities. Over 21,200 rural Alaska residents were directly employed by the industry in 2015, accounting for 15 percent of all rural working age adults.

Over $146 million in commercial fishing taxes, fees and self-assessments were collected in 2016, paying more than $58 million to the state government, $46 million to local governments, $30 million to salmon hatcheries and $13 million to the federal government.

Source: The Economic Value of Alaska’s Seafood Industry by McDowell Group for ASMI, 2017. This report is updated every two years for budget purposes and will be updated in 2019.

**REGIONAL ECONOMIC IMPACTS OF ALASKA SEAFOOD**

2015/2016 Avg.

<table>
<thead>
<tr>
<th>Region</th>
<th>Direct Workers</th>
<th>Total Output</th>
</tr>
</thead>
<tbody>
<tr>
<td>Southeast</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Seoultheast</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bristol Bay</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kodiak</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Southcentral</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bering Sea/Aleutian Islands</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Arctic-Yukon-Kuskokwim</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Alaska</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**ALASKA SEAFOOD INDUSTRY SNAPSHOT**

2016/17 Average Harvest Volume

<table>
<thead>
<tr>
<th>Fish Type</th>
<th>Volume</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pacific Cod</td>
<td>810 m</td>
</tr>
<tr>
<td>Halibut &amp; Sablefish</td>
<td>46 m</td>
</tr>
<tr>
<td>Crab</td>
<td>52 m</td>
</tr>
<tr>
<td>Pollock</td>
<td>3,372 m</td>
</tr>
<tr>
<td>Other</td>
<td>75 m</td>
</tr>
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</table>

2016/17 Average Ex-Vessel Value

<table>
<thead>
<tr>
<th>Fish Type</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salmon</td>
<td>$618 m</td>
</tr>
<tr>
<td>Cod</td>
<td>$204 m</td>
</tr>
<tr>
<td>Halibut &amp; Sablefish</td>
<td>$230 m</td>
</tr>
<tr>
<td>Pollock</td>
<td>$411 m</td>
</tr>
<tr>
<td>Other</td>
<td>$24 m</td>
</tr>
</tbody>
</table>

**EMPLOYMENT BY THE NUMBERS**

<table>
<thead>
<tr>
<th>Category</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fishing &amp; Related Vessels</td>
<td>9,423</td>
</tr>
<tr>
<td>Fishermen jobs</td>
<td>29,200</td>
</tr>
<tr>
<td>Processor jobs</td>
<td>24,500</td>
</tr>
<tr>
<td>Management/Other Jobs</td>
<td>3,200</td>
</tr>
</tbody>
</table>

Source: National Marine Fisheries Service and Alaska Department of Fish and Game, compiled by McDowell Group.
While the 2018 Alaska salmon season was challenging for many, strong ex-vessel prices made it one of the most valuable harvests on record. Alaska groundfish harvests were mixed as well, with generally improving prices, but reduced total harvest values for Pacific cod, halibut and sablefish. As of print time it is too soon to tell whether 2018 will come in slightly under or over 2017’s total value of approximately $1.98 billion.

Preliminary data shows that the 2018 Alaska salmon harvest totaled 605 million pounds, valued at $595 million. While this is among the smallest harvest volumes observed in recent decades, it will likely rank as the fifth or sixth most valuable harvest on record, once the final numbers are recorded. However, nearly all the season’s success was limited to Bristol Bay—which had record-breaking harvests and strong prices. Other areas of the state struggled with slow, late, or closed fisheries.

Increasing prices have buoyed Alaska’s groundfish fisheries, most notably for pollock. Flatfish and rockfish prices were also favorable against 2017, especially for at-sea processed volume. While Pacific cod prices are higher, total harvest value may be down due to lower quotas. Crab harvest volumes in 2018 were at historic lows but with very strong prices, particularly for red king crab.

Alaska halibut and sablefish fisheries experienced a notable reduction in ex-vessel prices in 2018. Halibut prices were about 25 percent lower than the prior year when fishing began in March. The effect of that price decline was compounded by reduced halibut quota and competition with increased imports of fresh Atlantic halibut imported from Canada. Alaska sablefish values have been impacted by existing unsold inventory and experienced slower demand. While quota for sablefish was higher in 2018 compared to 2017, a larger proportion of small sablefish challenged fishermen and processors.

Compared to the same period in 2017, trade data through September 2018 shows export volume down about 10 percent while the total value is up slightly. Total salmon export value weakened about 10 percent (due in part to a smaller harvest), pollock export value is up more than 15 percent, and Pacific cod export values are about 18 percent lower. Trade disputes between China and the U.S. have been ongoing for several years and are impacting the export market. As of fall 2018, Alaska seafood that is processed in China and re-exported is exempt from the increased tariff.

On July 6th, 2018, China implemented a punitive tariff of an additional 25 percent for exported products to China destined for the Chinese domestic market, bringing most tariffs to total 45%. The impact to the Alaska seafood industry will affect companies that target the domestic market in China for products such as sablefish, Pacific cod, flatfish, fishmeal, geoduck, sea cucumber and crab. As of July 2018, Alaska seafood that is processed in China and re-exported is exempt from the increased tariff.

While the U.S. faces increasing tariffs or uncertainty in several major global markets, many competing countries have completed or are negotiating free trade agreements. For example, China currently has more free trade agreements than the U.S. This significantly reduces Alaska seafood’s competitiveness internationally.

The U.S. Trade Representative increased tariffs by 10 percent in September 2018, and on January 3, 2019, for products imported from China to the U.S. This list includes $2.7 billion in seafood that is processed in China and imported to the U.S., of which Alaska products represent a significant portion.

ASMI participated and presented at Alaska commercial fisherman meetings in Cordova, Sitka, Kodiak, Dutch Harbor, Naknek, Haines, Anchorage and Seattle — providing an opportunity for the fleet to learn about ASMI’s programs and how the organization improves the value of Alaska’s commercial fisheries.

ASMI hosted a delegation of seafood buyers, traders and media from China to Alaska and Seattle, July 8-13, 2018. The nine participants from Qingdao, Shanghai, Hong Kong, Shenzhen and Guangzhou gained first-hand knowledge of the wild, natural and sustainable attributes of Alaska seafood and met with industry during their tours in Kodiak and Seattle.

ALASKA SEAFOOD CHALLENGES & SUCCESSES

CHALLENGE:
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CHALLENGE:
Matching specific and or custom wild Alaska seafood products to the increasing demand for protein around the world and similarly, matching new wild Alaska seafood products to the USDA recommendations in all government programs that seafood be eaten twice a week.

Success
ASMI collaborated the Seafood Industry Research Fund to support a study by the University of Connecticut to gather key information regarding dietary fish consumption patterns in breast cancer survivors experiencing symptoms of persistent pain and fatigue. The two-year investigation uses the USDA dietary guidelines as a basis to assess the consumption of more fish consumption for improved dietary intake patterns for breast cancer survivors. Consumption of omega-3 fatty acid in fish, and not in supplements, is encouraged as a component of the Nutrition and Physical Activity Guidelines for cancer survivors.

CHALLENGE:
The strong U.S. dollar continues to make Alaska products more expensive relative to foreign competitors in overseas markets.

Success
ASMI market research identified two “super consumer” groups representing 55 percent of consumer seafood spend and tested their sentiments about the brand: 61 percent are more likely to order/buy seafood when Alaska is called out, 56 percent will return to the restaurant of retailer in the near future, and 53 percent will recommend the restaurant/retailer to friends and family.

Success
ASMI Foodservice Distributor promotions initiated activations with 114 Operating Divisions, 468,000 customers, with the cost to promote at $.034/lb.

Success
The ASMI Domestic Program partnered with 18,410 foodservice establishments in FY2018, including 27 chains and seven new partners.

Success
FY2018 U.S. consumer public relations earned media efforts resulted in 350 placements and over 1.1 billion impressions.

CHALLENGE:
Due to the Russian embargo, which began in mid-2014, farmed Norwegian salmon continues to be redirected to other markets. This has affected the U.S. and European markets, where it competes with Alaska salmon.

Success
ASMI executed custom promotions including social media, point of sale materials, demos, and merchandising in over 35,000 U.S. retail stores as well as e-commerce. A Costco promotion with 214 in-store demos resulted in 27.8 percent sales lift.

CHALLENGE:
Alaska salmon harvests have been increasingly unpredictable in recent years, putting more pressure on ASMI and the industry to expand sales of species with larger harvests and retain value for species with lower harvests.

Success
ASMI’s global food aid efforts resulted in $25.5 million in sales of Alaska seafood during FY2018.

Success
ASMI sponsored two Foodable TV episodes and the seafood section of the Foodable annual Protein Sourcing Guide. The cumulative results were 249,000 unique page views, 178,000 overall video views and 3.3 million social media impressions.

Success
ASMI sponsored three Ibotta digital coupon promotions in FY2018. The summer promotion of fresh or frozen salmon and halibut garnered 26 million impressions, 446,000 coupon unlocks and 36,000 rebates redeemed.

Success:
Despite lower ex-vessel values resulting from the strong dollar and other factors, the value of Alaska’s seafood harvest has trended higher. Adjusted for inflation, the 2017 harvest value was 17 percent higher than 2000.
CHALLENGE:
Cultured crab optimism declined significantly during the 2016/2017 season. Russian crab competes with Alaska crab and generally sells for a lower price. Encouraging consumers to demand Alaska crab at a higher price remains a major challenge. Returning value for these products will be difficult, especially given the favorable currency position of Alaska’s competitors in Canada and Russia.

SUCCESS:
ASMI collaborated with Alaska Sea Grant to offer a graduate-level internship at the Kodiak Seafood and Marine Science Center. A PhD student from Louisiana State University conducted research on the use of chitosan produced from Alaska crab shells as an edible film to act as an antimicrobial agent against Listeria monocytogenes. The study demonstrated that chitosan as edible film can be used as an alternative antimicrobial coating for crab meat.

SUCCESS:
In 2017 ASMI launched the “Ugly Crab” campaign at foodservice and retail to promote #2 crab, which sells for a lower value based on visual imperfections instead of meat quality. Raising demand for #2 crab can help increase value and potentially harvest volume for an underutilized product.

CHALLENGE:
ASMI receives approximately $4 million in federal Market Access Program funds each year for international marketing efforts. The current administration has proposed a budget that eliminates funding for the Market Access Program.

SUCCESS:
ASMI was invited to speak at Walmart’s first Sustainable Seafood Summit in February 2018. ASMI’s Sustainability Program has been actively working with Walmart on sustainability and RFM messaging for its global e-commerce website since 2017.

SUCCESS:
The RFM program continues to be a leader in demonstrating the importance of having a choice in independent, third-party certifications. ASMI continues collaborating with FAO-based RFM programs around the world and successfully completed Version 2.0 of Alaska’s Fishery Standard in 2017. This is a key accomplishment and milestone for the RFM program and represents the first full update and renewal of the standard since the program started in 2011.

CHALLENGE:
The Responsible Fisheries Management (RFM) certification program continues to work aggressively to reduce the cost of fishery certification. ASMI has realized the expected outcome of an increase in participation from the Alaska fishing industry.

SUCCESS:
The Alaska Global Food Aid Program has successfully achieved its goals. In 2017, ASMI donated $52,829,500 and projected sales are $639,000,000.

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SUCCESS:
ASMI received $61,600 to fund this mission.

Success:
ASMI Japan conducted an Alaska Seafood fair with retail grant Aeon Japan—a) as the central catalyst for the partnership was $23.5 million, which is 15 percent higher than the previous promotion period, indicating a lasting effect from this activity.

Success:
In April 2018 at Seafood Expo Global in Brussels, ASMI’s pavilion hosted a trade mission of female buyers to Dutch Harbor. Seven female European seafood buyers representing companies that import more than $60 million U.S. seafood products, collectively, traveled to Dutch Harbor from France, Germany, Lithuania, Portugal, Spain and the U.K. The group toured pollock, cod, and crab operations. The objective of the trip was not only immediate sales, but also to build a lasting bond with customers.

Challange:
With the deadline looming, the official divorce terms for Brexit are not complete and it is unclear how the separation will affect many major markets like Europe and Japan over the past decade. Grain prices, including protein for beef, pork, and chickens are generally trending lower in the U.S.

Success:
ASMI’s international program hosted a trade mission of female buyers to Dutch Harbor. Seven female European seafood buyers representing companies that import more than $60 million U.S. seafood products, collectively, traveled to Dutch Harbor from France, Germany, Lithuania, Portugal, Spain and the U.K. The group toured pollock, cod, and crab operations. The objective of the trip was not only immediate sales, but also to build a lasting bond with customers.

Challange:
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Success:
The Alaska Global Sustainable Initiative (GSSI) celebrated their 5-year anniversary and continues to have influence in the seafood certification arena. This growth and momentum includes a substantial increase in funding partners with over 20 companies now participating, and companies continue to modify their procurement policies to take advantage of GSSI recognized certification schemes, such as RFM.

Success:
ASMI continued collaborations with Group—Asia’s largest retailer—as part of the retail group’s American Fresh initiative. Aeon also reported that the sales value of Alaska Pacific cod and Alaska sujiko salmon roe sold during the promotion exceeded $223.2 million. Aeon also reported that the sales value of Alaska Pacific cod and Alaska sujiko salmon roe sold during the promotion exceeded $223.2 million. Aeon also reported that the sales value of Alaska Pacific cod and Alaska sujiko salmon roe sold during the promotion exceeded $223.2 million. Aeon also reported that the sales value of Alaska Pacific cod and Alaska sujiko salmon roe sold during the promotion exceeded $223.2 million.

Challenge:
Per capita seafood consumption has generally trended down in major markets like Europe and Japan over the past decade. Grain prices, including protein for beef, pork, and chickens are generally trending lower in the U.S.

Challenge:
Pollock typically accounts for more than half of Alaska’s annual commercial fisheries volume and about a quarter of the value. After years of depressed prices, the outlook for pollock is improving. Year to date export value of Alaska pollock through July 2018 is up about 2 percent from 2017. Global whitefish demand is trending higher while supply is lagging. Russian pollock is the primary competitor for Alaska product.

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Alaska Seafood Marketing Institute is tasked with increasing the ex-vessel value of Alaska’s fisheries by promoting the Alaska Seafood brand all over the world. ASMI measures success by the following standards:

**Goal 1:** Maintain second place ranking of Alaska Seafood among the most popular protein brands on U.S. restaurant menus.

**Methodology:** Dataessentials Research

**Analysis of Results and Challenges:**

In 2018 Alaska Seafood maintained the No. 1 ranking for the third consecutive year. In 2016 Alaska Seafood, for the first time, obtained the No. 1 most commonly named protein brand called out on restaurant menus, surpassing Angus Beef.

In another study of U.S. consumers conducted by Dataessentials in January of 2018, 85 percent of consumers reported being more likely to order a fish/seafood dish if the Alaska Seafood logo is on the menu and 94 percent of consumers reported being more likely to order a fish/seafood dish when the word “Alaska” is on the menu.
Goal 2: Increase the first wholesale value of selected Alaska salmon products by 0.5 percent annually.

Analysis of Results and Challenges:

In 2017, both wholesale and ex-vessel salmon values increased significantly from 2016, climbing 50 and 61 percent, respectively. The primary reason for the increase in value was a harvest volume that was 76 percent higher in 2017 than 2016.

- The average ex-vessel value in 2016/2017 was $613 million, compared to a $437 million average in 2007/2008. This produces a CAGR (compound annual growth rate) of 2.7 percent.
- The average first wholesale value in 2016/2017 was $1,578 million, compared to $1,060 million in 2006/2007. This produces a CAGR of 4.1 percent.
- The CAGR of ex-vessel value and first wholesale value over the past 10 years is well above the 0.5 percent annual goal.
- Historical data generally indicates ex-vessel and first wholesale prices moving together. Since 2000, in all years but one, these two values rose together or fell together.
- Higher salmon prices are likely the result of strong demand, low inventory levels, favorable competition against farmed and wild salmon, improving currency rates, and marketing/promotion efforts, among other factors.

The bullet points above use two-year averages as a basis for comparison because pink salmon harvests tend to spike significantly in odd-numbered years.

Summary of Market Challenges and Opportunities:

Challenge:

Export markets are critical to Alaska’s salmon industry. In a typical year, up to three-quarters of Alaska’s salmon products (by volume) are shipped to countries around the globe. China is the largest export market by direct exports, but much of the Alaska product is re-exported to important markets like Japan and Europe.

In July 2018 China placed an additional 25 percent tariff on seafood products imported from the United States including most salmon products. However, product brought into the country for purposes of re-processing and re-export are currently exempt from the tariffs. Because most Alaska salmon exported to China are believed to be re-exported, immediate impacts of the tariffs are not well understood at this time. The unclear trade situation with the U.K. also threatens an established market for Alaska salmon.

The 2018 trade dispute between the United States and China is ongoing at the time of this analysis. Based on public statements from the China Ministry of Finance and willingness to place tariffs on other Alaska-sourced seafood products (e.g., fishmeal), Alaska salmon remain exposed to risk of additional tariffs or exclusion to existing tariffs.

These trade issues have generally increased the level of uncertainty within the Alaska seafood industry. In the event further tariffs are enacted on Alaska salmon—whether domestic or international tariffs—the state’s production will be placed at a competitive disadvantage.

Opportunity:

Domestic demand for Alaska salmon appears to be strong. Many U.S. consumers are increasingly focused on food source and sustainability. Alaska salmon is well-positioned to capitalize on this trend as a high-quality, wild source of protein.

ASMI will continue to focus effort on traditional export markets in Japan, Northern, Western and Central Europe, and on more recently established markets in Southern Europe and China. Traditional markets are acquainted with Alaska Seafood’s core messages and tend to appreciate the differentiating attributes of Alaska Seafood (wild, natural, pure, sustainable, healthy, superior taste and texture). These markets support high-value Alaska Seafood products, helping build the Alaska Seafood “umbrella brand,” thereby increasing the value of all Alaska Seafood products.

ASMI will also continue support of emerging markets such as Southeast Asia. Emerging markets provide a broad range of product opportunities, allowing industry to achieve economies of scale by producing the full range of Alaska Seafood grades and products. Emerging markets are an opportunity to increase the overall value of the Alaska Seafood resource by increasing worldwide demand.

Goal 2: Increase the first wholesale value of selected Alaska salmon products by 0.5 percent annually.

Ex-Vessel and First Wholesale

(Millions of dollars)

<table>
<thead>
<tr>
<th>Year</th>
<th>Ex-Vessel</th>
<th>First Wholesale</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>2006</td>
<td>$500</td>
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</tr>
<tr>
<td>2007</td>
<td>$1,000</td>
<td>$2,000</td>
</tr>
<tr>
<td>2008</td>
<td>$1,500</td>
<td>$3,000</td>
</tr>
<tr>
<td>2009</td>
<td>$2,000</td>
<td>$4,000</td>
</tr>
<tr>
<td>2010</td>
<td>$2,500</td>
<td>$5,000</td>
</tr>
<tr>
<td>2011</td>
<td>$3,000</td>
<td>$6,000</td>
</tr>
<tr>
<td>2012</td>
<td>$3,500</td>
<td>$7,000</td>
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<tr>
<td>2013</td>
<td>$4,000</td>
<td>$8,000</td>
</tr>
<tr>
<td>2014</td>
<td>$4,500</td>
<td>$9,000</td>
</tr>
<tr>
<td>2015</td>
<td>$5,000</td>
<td>$10,000</td>
</tr>
</tbody>
</table>

The chart above shows ex-vessel and first wholesale values for selected Alaska salmon products from 2005 to 2017.
Goal 3: Increase the aggregate value of Alaska seafood exports to Alaska Seafood Marketing Institute program destination countries by 0.5 percent annually.

Analysis of Results and Challenges:

Export markets are critical to Alaska’s seafood industry accounting for 60 to 70 percent of first wholesale value each year. Growth in export volume and value helps maintain markets for Alaska seafood and supports higher values for the state’s annual production.

Results:

- In 2017, the value and volume of exports to ASMI program countries rebounded sharply after two consecutive years of declines, increasing 19 and 13 percent from 2016 levels, respectively.
- A weaker U.S. dollar, product innovation by processors, a much larger and more valuable salmon harvest, and price improvement for some groundfish species are the primary factors contributing to 2017’s success.
- Growth in export values to China and Japan were the drivers of the overall increase. In 2017, $989 million worth of Alaska seafood was exported to China, a 25 percent increase from 2016; exports to Japan increased 27 percent to $770 million. Growth occurred in all other ASMI program markets, except Central Europe and Brazil.
- Due primarily to fluctuations in harvest volumes, growth rates vary significantly from year to year. A long-term perspective is preferable when considering growth trends. Over the last decade, the CAGR in export value is 3.3 percent—well above the 0.5 percent annual goal.
- While export value to ASMI program countries increased 19 percent in 2017, exports to non-ASMI program countries declined 10 percent.

Summary of Market Challenges and Opportunities:

Challenge

- It will be difficult for 2018 export values to see significant improvement from 2017 levels due primarily to declines in harvest volume for key export species. Compared to 2017, pink salmon harvests are down significantly. (Although some of this decline is expected, preliminary 2018 pink salmon harvest figures are below typical even-year levels.) Reduced quota and harvest volume for Pacific cod will also challenge growth of export values, even with an increase in value.

Opportunity

- The strength of the U.S. dollar affects Alaska seafood exports. A strong dollar makes Alaska seafood more expensive on the international market, while a weak dollar makes Alaska seafood relatively affordable. Between late 2016 and the first quarter of 2018, currency rates moved in a direction favorable to Alaska seafood exports. In the second and third quarters of 2018, the U.S. dollar has strengthened, although it remains well below the peak observed in 2016.
2017 Alaska Seafood Exports By Country

Source: National Marine Fisheries Service Foreign Trade Data, compiled by McDowell Group for Alaska Seafood Marketing Institute.

* Major re-export country.
† Canada was included in the Domestic Marketing Program in 2016.

Data reflects direct exports only, product is not necessarily consumed in the country shown.


### ASMI PROGRAM AREAS

#### Export Volume (in MT) vs. Export Value ($Billions)

<table>
<thead>
<tr>
<th>Country</th>
<th>Export Volume</th>
<th>Export Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>China*</td>
<td>402,429</td>
<td>$988,638</td>
</tr>
<tr>
<td>Japan</td>
<td>206,606</td>
<td>$770,372</td>
</tr>
<tr>
<td>Europe</td>
<td>213,411</td>
<td>$716,535</td>
</tr>
<tr>
<td>– Western Europe</td>
<td>28,810</td>
<td>$399,905</td>
</tr>
<tr>
<td>– Central Europe</td>
<td>60,081</td>
<td>$310,884</td>
</tr>
<tr>
<td>– Northern Europe</td>
<td>88,325</td>
<td>$276,868</td>
</tr>
<tr>
<td>– Southern Europe</td>
<td>21,027</td>
<td>$62,536</td>
</tr>
<tr>
<td>– Eastern Europe</td>
<td>16,946</td>
<td>$66,511</td>
</tr>
<tr>
<td>Canada* †</td>
<td>60,230</td>
<td>$532,545</td>
</tr>
<tr>
<td>Brazil</td>
<td>1,519</td>
<td>$5,128</td>
</tr>
</tbody>
</table>

**TOTAL**

| | 890,237 | $2,835,216 |

#### Non-ASMI Program Areas

<table>
<thead>
<tr>
<th>Country</th>
<th>Export Volume</th>
<th>Export Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Korea*</td>
<td>118,652</td>
<td>$420,847</td>
</tr>
<tr>
<td>Thailand*</td>
<td>21,231</td>
<td>$73,800</td>
</tr>
<tr>
<td>Australia</td>
<td>6,045</td>
<td>$26,209</td>
</tr>
<tr>
<td>Taiwan</td>
<td>10,186</td>
<td>$17,007</td>
</tr>
<tr>
<td>Vietnam*</td>
<td>4,959</td>
<td>$14,833</td>
</tr>
<tr>
<td>Indonesia</td>
<td>3,34</td>
<td>$5,126</td>
</tr>
<tr>
<td>Israel</td>
<td>30</td>
<td>$5,113</td>
</tr>
<tr>
<td>Norway</td>
<td>1,159</td>
<td>$5,726</td>
</tr>
<tr>
<td>Singapore</td>
<td>100</td>
<td>$3,679</td>
</tr>
<tr>
<td>Other Countries</td>
<td>14,325</td>
<td>$61,988</td>
</tr>
</tbody>
</table>

**TOTAL**

| | 222,123 | $613,329 |

### Exports of Alaska Seafood 2005-2018

Source: National Marine Fisheries Service Foreign Trade Data, compiled by McDowell Group for Alaska Seafood Marketing Institute.

- **2005** $2.52b
- **2006** $2.56b
- **2007** $2.55b
- **2008** $2.39b
- **2009** $2.21b
- **2010** $2.49b
- **2011** $2.10b
- **2012** $2.37b
- **2013** $5.246
- **2014** $3.22b
- **2015** $3.27b
- **2016** $3.04b
- **2017** $3.45b
- **2018** $3.17b
- **2019** $3.22b
- **2020** $3.27b
- **2021** $3.04b
- **2022** $3.45b

Goal 4: Increase the ex-vessel value of key species in Alaska’s commercial harvest by 0.5 percent annually.


Analysis of Results and Challenges:
The harvest (ex-vessel) value of Alaska’s commercial seafood includes payments from processors to commercial fishermen and estimated value of product caught by catcher-processors. Increasing the harvest value of Alaska seafood benefits Alaska residents in the form of economic activity and opportunity, along with state and local taxes.

Results:
- Preliminary 2017 ex-vessel value data show key commercial seafood species totaled an estimated $2.0 billion (2017). (This value is subject to revisions). Final ex-vessel data on federal groundfish species for 2017 are not available until December 2018.
- Compared to 2016, total value of these key species expanded 12.6 percent in 2017, due primarily to a very strong salmon harvest. Halibut and sablefish values expanded slightly; preliminary figures also indicate pollock and rockfish values increased. Pacific cod, crab and flatfish values likely declined or were flat against 2016 levels.
- A CAGR of less than 0.4 percent was observed between the averaged years of 2007/08 ($1.79 billion) and 2016/17 ($1.86 billion), nearly meeting the goal of 0.5 percent. It is appropriate to average even and odd years to smooth fluctuations in salmon harvest values.

Summary of Market Challenges and Opportunities:

Challenge
- Even with a strong salmon harvest in 2017, maintaining the annual growth target has proven difficult in recent years. Over the past decade, halibut, sablefish, pollock and Pacific cod values have been slow to expand. In 2008, this group of species was valued at $1.28 billion; in 2017, preliminary numbers show a value of $1.01 billion for the group.

Unfavorable currency rates and competition with other species (primarily from Russia) are among the primary factors slowing growth in value.

Challenge
- Even with the difficult 2016 and 2018 season, the annual salmon harvest is increasingly valuable. Increasing values have been supported by factors including strong volumes in some years, strong consumer demand, and product and supply chain innovations by processors.

Opportunity
- Preliminary 2017 salmon harvest values are the highest on record. Even with the difficult 2016 and 2018 season, the annual salmon harvest is increasingly valuable. Increasing values have been supported by factors including strong volumes in some years, strong consumer demand, and product and supply chain innovations by processors.

Trade disputes and increased uncertainty could also place downward pressure on ex-vessel values for Alaska seafood. Export markets are vital to Alaska’s annual production and disruptions are likely to be felt across the state.

Goal 4: Increase the ex-vessel value of key species in Alaska’s commercial harvest by 0.5 percent annually.


Analysis of Results and Challenges:
The harvest (ex-vessel) value of Alaska’s commercial seafood includes payments from processors to commercial fishermen and estimated value of product caught by catcher-processors. Increasing the harvest value of Alaska seafood benefits Alaska residents in the form of economic activity and opportunity, along with state and local taxes.

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ASMI EXPENDITURES

FY2018 Total Expenditures
Total FY2018 Expenditures: $16,050,965
Full Time Employees: 20

Executive Office/Admin $2,096,295
Communications $783,445
Technical $387,938
Domestic Retail $1,948,071
Domestic Foodservice $1,820,542
International $6,667,991
Food Aid $351,994
Sustainability/RFM $994,689
U.S. Consumer Public Relations $1,000,000

ASMI REVENUES

FY2018 Total Revenues
Total FY2018 Revenues: $16,050,965

Federal Receipts $4,209,534
Statutory Designated Program Receipts $10,841,431
General Fund Match $1,000,000
The governor-appointed, seven-member Alaska Seafood Marketing Institute Board of Directors is allocated to five processors (four large processors, one small processor) and two commercial harvesters. Through ASMI’s system of operational and species committees, the board and staff receive input primarily from industry experts in the harvesting and processing sectors.

CONTACT

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Pinterest: pinterest.com/alaskaseafood
YouTube: youtube.com/alaskaseafood
WildAlaskaSeafood.com
AlaskaSeafood.org

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Domestic Marketing Manager
SARAH CANNARDO
Domestic Marketing Coordinator
BRUCE SCHACTER
Domestic Marketing Coordinator
LEAH GRAFFY
Assistant Domestic Marketing Coordinator

GLOBAL FOOD AID
BRUCE SCHACTER
USDA Food Aid Program Director

INTERNATIONAL
HANNAH BENNETT
International Program Director
MONICA GEORGE
International Marketing Coordinator
ASHLEY HEINIGER
International Marketing Coordinator
ALICE OTTISON-MCKEEN
Assistant International Program Coordinator

TECHNICAL
MICHAEL ROHAN
Seafood Technical Program Director
JOHN BURROWS
Technical Program Coordinator

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  Executive Director
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  HARVESTER
- Mark Palmer, President
  OCEAN BEAUTY SEAFOODS
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  HARVESTER

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- Lyman Hoffman, ALASKA STATE SENATE (ALTERNATE)
- Louise Stutes, ALASKA STATE HOUSE OF REPRESENTATIVES
- Julie Anderson, Commissioner, ALASKA DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT

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  Communications Director
- Arianna Sines
  Communications Specialist

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  Finance Director
- Matthew Arnold
  Administrative Specialist
- Michelle Kielke
  Accountant
- Nanette Solanoy
  Fiscal Assistant Intern

ADM/EXECUTIVE VACANT
Executive Director
SARA TRUITT
Executive Assistant / Board Liaison

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Communications Director
ARIANNA SINES
Communications Specialist

FISCAL

BECKY MONAGLE
Finance Director
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Administrative Specialist
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