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ALASKA GLOBAL FOOD AID PROGRAM FY 2014 UPDATE & FY 2015 MARKETING PLAN

REPORT FOR ASMI ALL HANDS MEETING, ANCHORAGE, ALASKA SEPTEMBER 2014

We are once again excited to broaden the impact of Alaska Seafood in food aid programs everywhere. This year, the ASMI Alaska Global Food Aid Program (AGFAP)¹ continued its work on behalf of the Alaska Seafood industry and the State of Alaska. We concentrated on solutions for the unprecedented 2013 Pink Salmon run with over 1.25 million cases of overstock sold to the US Government (USG). We also continued to align Alaska seafood with the priorities of domestic and international food aid markets and anticipate future trends. This report provides an update on the issues and priorities we are addressing this year.

RESPONDING TO ECONOMIC & POLITICAL ISSUES

Recent political events have defined the food aid market. The debate over the 2013 Farm Bill threw the American agricultural market into confusion and Sequestration made funding cuts across the board including the Market Access Program (MAP) and food aid programs. Under these circumstances, cost-effective nutrients are especially important. The demand for nutrient-dense quality foods has been steadily increasing in the food aid community. Canned Salmon is the only US source shelf stable fish available for USG purchase. These USDA programs do not have access to “American Made” tuna and the demand for salmon is higher than ever. With the 2013 Salmon run, there is plenty of it ready to feed malnourished people overseas and here at home, where people are going hungry. Economic constraints remind us that we need to explore new resources, and continue seeking and testing alternate products that can be added to the current pool of resources at an affordable price point. If we can incorporate new products like Canned Herring and seafood powder, we will have a food aid supply made to last and new products with global commercial appeal to boost Alaska’s fishing industries.

DOMESTIC PROGRAMS PURCHASE 1.25 MILLION CASES OF CANNED PINKS IN FY201

This year’s efforts began at home in the US. At the October 2013 All Hands Meeting, the Board requested greater attention to domestic programs in light of the Pink Salmon surplus. The AGFAP team’s collaboration with USDA, US food bank networks, and the Alaska delegation, allowed the Secretary of Agriculture to purchase Canned Pink Salmon under Section 32 for the first time in a decade. By September 22, 2014, the USDA will have made three “Bonus Buys” totaling \$33 million. Added to the purchases for the regular USDA entitlement programs, we are talking about over 1.25 million cases totaling \$37 million dollars in FY2014, bringing 75 million servings of high quality seafood to the hungry in America. In conjunction with this effort, we produced a cookbook for recipients of , healthy Canned Salmon recipes made with affordable ingredients they can find in any supermarket or food bank.

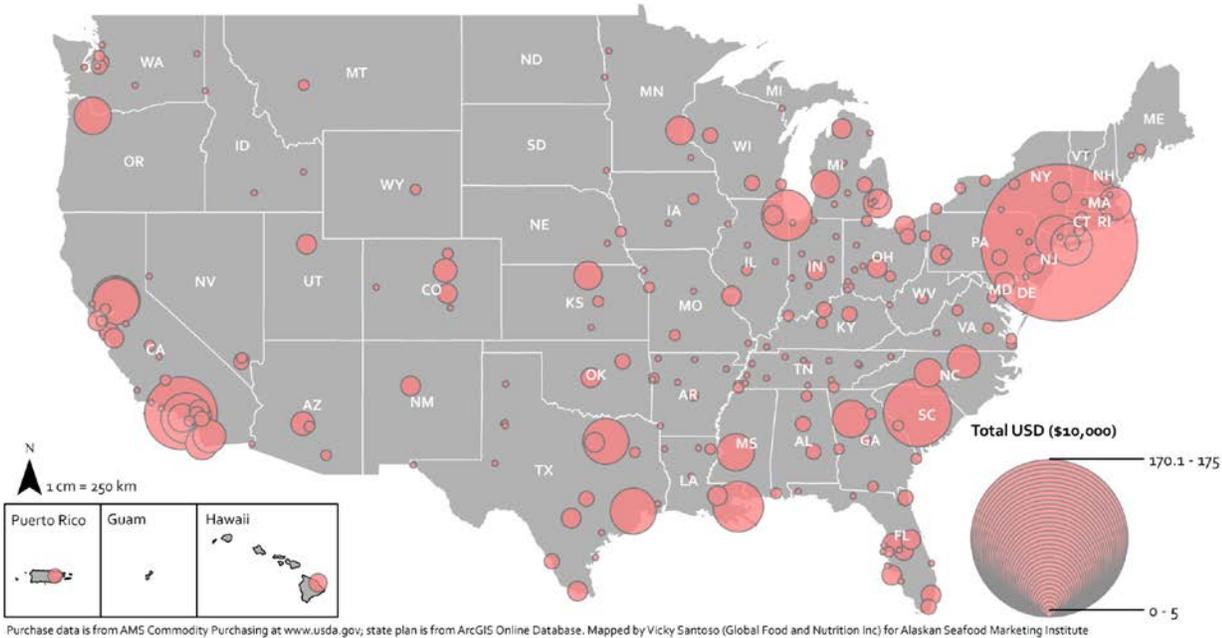
¹ The ASMI Alaska Global Food Aid Program is a ten-year effort of the Alaska Seafood industry that was initiated by the Alaska fishermen and seafood processors at the request of the State of Alaska to help expand food aid markets for canned pink salmon and other Alaska seafood.



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USDA Purchase of Canned Pink Salmon, 24/14.75 oz

Solicitation No. 2000002122, 2000002388, 2000002432, and 2000002508
Total Dollar Spent per Recipient City



Note

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|---------------------------|----------------------------|---------------------------|---------------------------|
| Solicitation 2000002122 | Solicitation 2000002388 | Solicitation 2000002432 | Solicitation 2000002508 |
| Date: October 24, 2013 | Date: February 26, 2014 | Date: April 08, 2014 | Date: June 3, 2014 |
| Total USD: \$2,152,736.00 | Total USD: \$18,534,860.80 | Total USD: \$1,364,474.66 | Total USD: \$3,855,952.00 |

A positive aspect of the sluggish Farm Bill debate is that New York Senators Gillibrand and Crowley proposed a successful amendment calling for USDA to ramp up their sourcing of Kosher and Halal foods. I am pleased to say that the Alaska seafood industry was poised and able to fulfill USDA's first order for 19,000 cases of Kosher Canned Pink Salmon in July 2014. At the same time, we succeeded to get Canned Herring specifications written for the domestic programs (working with AMS and FNS) to complement those for the export programs (working with AMS, FSA, and FAS). Right now, USDA/FNS knows that there is a large surplus of Pink Salmon and is using it to meet the need for shelf stable fish in the TFAP program for US food banks and other domestic safety net programs. We continue working with USDA to expand offerings of shelf stable Alaska seafood with Canned Herring in FY2015.

RESPONDING TO GLOBAL FOOD AID TRENDS AND PRIORITIES

The USG is engaged in an all-of-Government effort to improve the quality of its food aid programs. It has been steadily honing its food aid basket through new processes and programs. Specifically, the USDA has increased its offerings of fruit, vegetables, whole grains, and lean protein in its food and nutrition programs. The Dietary Guidelines for Americans (DGA, 2010) and the American Heart Association (AHA) are promoting at least two servings of healthful seafood weekly, which has slowly been trickling into the USDA/FNS WIC and School Lunch programs in the US child nutrition programs. Our Nutrition and Food Aid consultant, Dr. Nina Schlossman, and her Tufts University colleagues are engaged in the process of updating the DGA and we are making sure that fish consumption (at least 2-3 servings a week) remains a priority recommendation in the 2015 DGA. AGFAP continues to push for



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this policy to be implemented in all other USG food and nutrition programs and be included in all WIC food baskets and in school meals. We continue our intensive interaction with USDA other food aid stakeholders on specifications and marketing with food-aid customers and efforts to harmonize USG approaches to include only US origin shelf stable fish and seafood.

On the international side, scientific evidence is shining a spotlight on maternal and child nutrition as a key driver of impact measurement globally. Nutrition solutions for this target group are becoming growing priorities for food aid programmers. In recent years, the United States Agency for International Development (USAID) has added new nutrient dense ready to use supplementary and therapeutic foods (RUSF & RUTF) and strengthened the fortified blended cereals and oil to better support the nutrition of vulnerable people in food security and humanitarian programs. At the same time, USDA/FAS has been pilot testing new fortified food aid products like fortified rice, RUSFs and micronutrient powders to add to school meals in the McGovern-Dole international food for education and child nutrition programs (FFE). Oily fish like salmon and herring are the best sources of essential fats and high quality protein for people of all ages, in particular mothers and babies during and after pregnancy.

STRENGTHENING THE EVIDENCE BASE

At the request of USDA and other institutional food aid partners, AGFAP is exploring new marine based products (herring and seafood powder). We began testing the prototypes over the last several years with consistently high consumer ratings and broad appeal in countries as diverse as Guatemala, Ghana, Mozambique, Nigeria, South Africa, Uganda, and the United States. In 2012, ASMI launched a series of more in-depth pilot programs to strengthen the evidence in counties like Liberia, the Congo, and the Philippines to determine how effective other forms of seafood like canned herring and seafood powder could be in improving nutrition in food and humanitarian assistance programs.

In each venture, the results were encouraging. The canned salmon, canned herring, and powder were all enthusiastically accepted and successfully integrated into local dishes. But even more importantly, we found that these products had dramatic effects on the health of the people in development projects and emergency settings. In Liberia—the one long-term pilot project so far—significant blocks of the community – children and adults alike - reached safe and healthy nutrition levels with nine-months of Alaska Canned Herring consumption. Many were even better protected against deadly diseases like AIDS; the Herring was particularly beneficial for those living with HIV/AIDS. These positive results warrant further investigation and research because, while these products already have proven effective on a small scale, they could have a wider impact for people around the world.

RESPONDING TO WORLD CRISES

CANNED PINKS ARE AN EFFECTIVE EMERGENCY AID

This year we demonstrated that Canned Salmon is an efficient relief product in an emergency situation. The State of Alaska donated four containers of Canned Pink Salmon to the Philippines in response to the devastating typhoon Yolanda. The Alaskan government teamed up with ASMI and Salesian Missions to bring Canned Pink Salmon from Alaska to 100,000 Filipinos. The shelf-stable canned salmon was especially appreciated because it didn't need refrigeration or cooking and can be eaten straight from the can or mixed with local ingredients. We believe that its application should be widened to future crises, whether they are sudden moments of destruction or ongoing demands for humanitarian aid. Disaster preparation is more relevant now than ever. The world is experiencing three "large-scale emergencies" at the same time in the Central African Republic, South Sudan, and Syria. These



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unprecedented situations require swift and effective nutritional aid, and the salmon project in the Philippines has shown that Alaska seafood can help ease the hardship of victims in crisis.

THINKING AHEAD

We are continuing our successful approach of identifying promising new products, laying the groundwork with agencies and potential markets, finding partners to work with and opportunities for research and development (R&D) that promote Alaska seafood resources. Following the heartening results of the pilot project in Liberia, and given the frightening escalation of the Ebola outbreak there and elsewhere in West Africa, we have decided to conduct our next pilot projects in South East Asia – Cambodia, Laos, Viet Nam, or the Philippines. Based on the results of our pilot project with school children in Congo, we will seek improved seafood powders—with better sensory characteristics and flavor profiles that will deliver at least 20% of daily protein requirements in a serving. This R&D phase is the next step to conducting a controlled pilot project to gather evidence on the nutritional effects of the product over a period of time.

We look forward to working hard for the industry again this year to support the Board's priorities with Government purchases of Canned Salmon and Alaska Seafood while expanding opportunities for new products and applications to address the changing nutritional science here and abroad.

Bruce Schactler
Global Food Aid Program Director