



**Alaska Seafood Marketing Institute
International Marketing Committee Meeting**

May 7, 2024

9:00 AM (AKST) / 10:00 AM (PST)

Zoom link:

<https://us02web.zoom.us/j/82898807203>

Meeting ID: 828 9880 7203

Draft Minutes

I. Call to Order

A virtual public Zoom meeting of the Alaska Seafood Marketing Institute (ASMI) International Marketing Committee (IMC) was called to order by Chair Soerensen at 9:00 am AKST.

a. Roll Call & Introduction of Guests

Rasmus Soerensen, Chair

Bob Barnett, Vice Chair

Bart Lovejoy

Alan Gross

George Li

Michael McGinley

Shigeki Okano

Frank O'Hara III

Joel Peterson

Stephen Rhoads

Jeffrey Stephan

Julie Yeasting

Board Members:

Richard Riggs

Tomi Marsh

Guests:

Brody Pierson

Ron Risher

Emine Sadikoglu

Tony Macedo

Keith Singleton

Christine Fanning

ASMI Staff:

Nicole Alba, Interim International Marketing Director

Greg Smith, Communications Director

Becky Monagle, Finance Director

John Burrows, Seafood Technical Program Director

Megan Belair, Assistant International Marketing Coordinator

Susana Osorio Cardona, International Marketing Coordinator – Europe

Hannah Schlosstein, International Marketing Coordinator – Asia

Michelle Hebert, Accountant

Leah Krafft, Domestic Marketing Manager

Margie Sherman, Marketing & Communications Specialist

Sarah Wallace, Domestic Marketing Coordinator

Tanna Peters, Digital Marketing Manager

Heather Johnson-Smith, Administrative Manager

b. Approval of Agenda

Joel Peterson moved to approve the agenda; Bob Barnett seconded. No objections, motion passed.

c. Approval of Minutes from November 3, 2023

Joel Peterson moved to approve the minutes; Julie Yeasting seconded. No objections, motion passed.

d. ASMI Antitrust Statement was made available to committee members

The Alaska Seafood Marketing Institute is a marketing organization with the mission of increasing the economic value of the Alaska seafood resource. All meetings and correspondence conducted through ASMI are subject to certain legal limits imposed by state and federal antitrust laws. It is important to recognize that some of the activities of ASMI could be perceived as an opportunity for anticompetitive conduct. Any person who participates in an ASMI meeting or activity is encouraged to familiarize themselves with antitrust laws that strictly prohibit price fixing and activities such as agreements to reduce prices, standardize discounts, divide territorial markets or customers, or to promote group boycotts which may be subject to legal liability. ASMI's antitrust statement may be found in its entirety online at www.alaskaseafood.org.

e. Chair and Vice Chair Remarks

Chair Soerensen noted that the industry is experiencing difficult times continuing from 2023. However, coming out of Barcelona, market conditions are improving, and demand is picking up with lower prices. He notes that prices have adjusted on the retail shelves and with foodservice distributors, which demonstrates an increase in demand across many product forms. He notes there are uncertainties surrounding funding in this budget, given that we expect the RAPP funds to be announced within the next couple of weeks; the budget presented today

assumes that we will get about \$4 million. Chair Soerensen reminded IMC committee members that this budget may need to be reevaluated after the RAPP funding allocation announcement.

Vice Chair Barnett echoed and reinforced Chair Soerensen's comments. Barnett highlighted that there are closures, and individual communities are being affected by the market prices. He noted that the committee and industry have a lot of work to do, and additional funding allows ASMI to allocate money where it is most needed and can be best utilized. He noted that the industry must remain diligent and keep our quality and story strong.

f. Public Comment

No public comment.

II. Species Updates

a. Species Update Roundtable-

IMC Members were prompted to share their experience at Seafood Expo Global (SEG) in Barcelona

Yeasting noted there was a lot of interest in Alaska products especially given the flooding of the market with Russian raw material. Yeasting was pleasantly surprised at the number of inquiries about wild catch. She noted that being able to guide buyers to ASMI resources and tap directly into the OMRs on-site was useful. Yeasting notes that it was a busy show, and she received inquiries for a variety of product forms.

O'Hara III commented that there was a lot of energy throughout the entire show. His main takeaway was that with shake-ups in the global marketplace (Russia, retaliatory tariffs), he saw new opportunities in different markets. For example, there is interest in Atka mackerel for Poland. O'Hara III expressed his desire to continue to work with ASMI to expand these emerging markets and diversify where products can go.

Peterson noted that he was very busy at the show; he was approached by quite a few new companies, which he viewed as promising. Bering Sea cod quota, Russia, China's re-processing – all things combined created an interesting dynamic. Many organizations that have never bought cod in the past, are very interested. Existing customers aren't doing fantastic but there is another faction that are desperate to hold onto market share; and thinks many cod harvesters could be in the same situation.

Soerensen asked whether a focus is not letting things get out of control and thereby kill demand? Peterson said that many folks rely on retail process doesn't mean prices will be held steady two or three steps down the line. We don't want to create a bubble, and don't want to take on customers that won't be long-

lasting. This idea that we are pushing too hard too fast is difficult to accept given there are many factors to consider. Soerensen asked about outlook. Peterson said it is still pretty bleak, on the Bering Sea that 20% either way is the maximum you can go. Still under 600,000 tons, when they were close to a million 4-5 years ago; it is difficult to say. It's nice to have our own quota increase even though global outlook is dropping.

McGinley noted that Barcelona was very refreshing, didn't expect demand or interest that we had; especially when challenged to get prices up. Appreciated the stream of activity at the booth, and there was a nice mix of clientele coming around, which will help with diversification of markets.

Okano noted that after the show, they felt better than before the show especially with salmon. Pink and sockeye returns are expected to be less this year. Demand hit bottom and now is coming back up; so there is a double-happiness or double-trouble depending on which way you look at it. We need to remember 2022 and how difficult it was; a lot of customers returned to the market. Noted he is looking forward to the new season. Roe prices dropped hard last year compared to the year before, and now it sounds like it will begin to grow.

Pierson reiterated that prices seem to be diverging between those that have been using cod historically (heritage customers that are up against a wall with retailers pushing it down).

Lovejoy said it was a positive show; appreciated energy from OMRs and ASMI staff. See more action towards US origin sourcing, versus the talk they have seen over the last year. Seeing increased demand across the board and so we are being mindful of the price to stay measured and not create volatility in the future. All in all, very positive.

Rhoads felt optimism in Barcelona but it felt like a readjustment of perspective. It feels like there are fewer unknowns. Rhoads spoke about value-added black cod in Europe and is seeing interest from chefs, and buyers from restaurant chains. Black cod is a tale of three sizes; Japan's demand for under 4's is climbing while their currency is getting worse, and they appear to have over-bought last fall. Pressure on 4-5's is coming from every direction, Europe, Asia, domestic. Hong Kong has shifted from 5-7's down to the 4-5; the trade down process from a higher value product means that the 5-7's are in free-fall and expects that they will bounce off the 4-5's. A lot of demand from Japan on the under 4's. Soerensen asked if this is a positive for the future seeing as more smaller fish have been being caught? Rhoads responded that yes, it is a positive change for processors but it's really difficult for harvesters to see the light; and hopefully multiple year classes stick around. The speed at which these year classes move through that mid-point is going to be a big player. It looks like there isn't enough

4-5 to supply the demand. More demand than supply, but we don't know what that will bring.

Gross notes that it is interesting that tender deliveries are getting cut back from in SE salmon fishery.

Li has been speaking with customers and believes 2024 will be as challenging as 2023. His salmon portion buyers in US and Europe, and raw material re-processing packer in China are getting more and more inquiries from the market. The market is getting better because of affordable price from 2023; and he hopes the market can grow from 2024.

Soerensen notes that there was a more positive environment compared to 2023; the challenges are not behind us. The execution of the seafood show looks better every year. The booth design is amazing, the staff was very impressive, and the food showcased Alaska species. Soerensen received a lot of positive responses to the booth. David, keep up the good work!

Barnett wanted to give Nicole a big shout-out given how busy she is!

III. FY25 Budget

a. FY25 Budget Presentation and Strategy- Nicole Alba
Alba delivered the budget presentation for FY25.

b. *Budget Discussion:*

Soerensen thanked Alba for her level of detail and opened discussion of the budget to committee members.

O'Hara inquired about whether ASMI had done an outbound mission to Mexico. He commented that the mission that came through Seattle and up to Dutch in March was a contingent with quality re-processing factories in the region and would like to keep this group in mind for an outbound mission in future years. Alba said that ASMI has not yet had an outbound mission for reprocessing. Mexico is a RAPP ineligible location, so ASMI could write a mission into a MAP activity description for the future.

O'Hara asked about the Emerging Market Program (EMP) grant for Southeast Asia of \$445,000, and whether that is the total or the funds for each year of the three-year project? Alba confirmed that it will be a total of \$445,000 spent over three years.

O'Hara wondered if other committee members were finding success in the Chinese market given the high levels of taxation? Yellowfin sole is close to a 50% tariff to enter the Chinese market. He notes that he sees dwindling opportunities in that region for the species they harvest; he notes that it is extremely challenging to get fish into the Chinese domestic market.

Soerensen followed up with O'Hara about where he would like to see additional

RAPP funding placed should ASMI receive a larger allocation that detailed in the proposed budget?

O'Hara was torn between focusing on the programs that are successful already considering how challenging things have been recently and newer markets. He sees opportunity in India, Morocco, Dubai further into the future, but with the way 2024 is trending his opinion is to put more support towards increasing prices in markets that are already established in the EU (Germany, Italy, and France) and Japan.

Soerensen asked about O'Hara's opinion on MENAWA?

O'Hara said that the high freight rate is prohibitive, so he hasn't had a lot of luck in MENAWA with the caveat that this is true for the product he produces. However, for the industry (given the relatively small amount of money) he would like to investigate the region. Overall, O'Hara would put additional funding into existing markets, and if there is less funding then probably reduce China's budget.

Soerensen asked about the UK budget, there is \$272,000 additional funds that will go to Spain.

Alba notes that yes that \$272,000 number will go to support SEG. Yeasting notes that another \$100k will go to the NEU budget. Yeasting asked about which countries are eligible for MENAWA. Alba clarified that all the countries listed (Morocco, Egypt, Algeria, Tunisia, UAE, Saudi Arabia, Qatar) will be RAPP funding eligible, but that ASMI's focus will be on Morocco and the UAE specifically. Yeasting noted that she worries about spreading LATAM too thin, with the funding increase. Alba goes on to explain the tranches of RAPP Funding. Tranche one has a duration of 5 years, the budget presented today is just for FY25. Yeasting thanked Alba for her work on explaining a very complicated budget and making it understandable for committee members. Yeasting asks if ASMI is considering looking at different LATAM agencies because of the additional funding? Alba notes that because Mexico is not eligible, we don't necessarily feel that there is enough RAPP funding to dedicate to an additional agency. Yeasting asked about MENAWA, and whether there will be an OMR in the region? She notes that she felt a lot of support in Morocco during her EMP trip, and that the biggest drawback would just be the lack of knowledge of our product. Alba responded that the RFP would allow the contractor to be based in the region but would presume they would be in Morocco, or the UAE given the FAS posts support and involvement. Yeasting notes that Southeast Asia is a great program with a lot of opportunity, and echoes O'Hara's comment about supporting established markets. She is unclear on what she would cut, but if RAPP funds are less than \$4 million than cutting programs that aren't as well established. She notes she does not want to see an equal cut to all programs, or one large cut to a specific program but a focus on our established programs for how you cut the pie.

Gross asked if Alba could define the parameters for RAPP eligibility, he also

asked what happened to discussion about Dubai and exploring trade shows there, and was curious about Nigeria? Alba defined RAPP eligibility (SE Asia, LATAM, Japan, UK, Eastern EU that are not EU questions, MENAWA. Alba noted that Dubai would be part of MENAWA, she notes that we participated in Gulfood in 2024 and would love to hear feedback about the trade show. Pierson noted that Gulfood was positive, but the main benefit of the Dubai market is far more finished products versus processing except with sablefish because it can be processed in country. Alba notes there is a need for education because they don't know much about wild caught seafood. Pierson notes their wealth, and that they have no idea that there is more than one kind of salmon so education would be paramount. Alba noted that if there is interest in Nigeria from the committee then we could make that happen and could do so in future tranches through working with the posts.

McGinley agreed that China is a bigger issue and is looking to be a reprocessing market, but he would like to know if others have consumer business in China? On India, make sure to look at canned salmon there – he doesn't hear much about canned salmon being promoted in the emerging markets. McGinley notes that the Middle East market will grow, and he thinks the focus should be Dubai. However, it will not be a reprocessing location and instead will need to be an end-market user in retail and restaurants. If RAPP funding was cut, McGinley would keep SE Asia as a large market given that it is growing.

Barnett wanted to clarify that SENA will be largely funded by RAPP, and would free up money in other ASMI programs? Alba notes that by including partial funding of SENA from the LATAM budget then the domestic program could use this. Barnett notes that Southeast Asia is a growing market and would like to continue to focus there.

Soerensen commented that he is a little concerned that nothing additional has been set aside for the UK market in the new funding. The UK has been aggressive in keeping Russian product out of the market with high import duties, and this is helpful for Alaska Seafood. He notes that there is great opportunity in the UK market, and we can carve out a larger market share. If there is more funding, then let's add it to the UK. He wants to continue to support Southeast Asia. Soerensen would like to reconvene if the RAPP funding is much higher

Rhoads commented that if the RAPP funding is increased, I would like a part increase in all RAPP items with a focus on the Middle East and Japan.

c. Final Budget Recommendation to the Board

Soerensen made a motion to approve the budget as suggested by Alba as of today, with the caveat that if the funding is noticeably different once we are given our RAPP allocation, the IMC would reconvene for discussion before final approval. Barnett seconded the motion. No objections, motion passed.

IV. Good of the Order

Gross asked about the next meeting. Alba notes that we will be at the American Seafoods office Monday, August 5th and will distribute a calendar invite.

V. Adjourn

Soerensen moved to adjourn, Al Gross seconded. No objections, motion passed. Meeting adjourned at 10:57pm AKST.

DRAFT