



**Alaska Seafood Marketing Institute
International Marketing Committee Meeting
June 18, 2013
DRAFT Minutes**

Present:

Jeff Stephan
Michael McGinley
Jeff Reynolds
Torunn Halhjem
Norman Aoyagi
Greg Smith
Dean Pugh
Bob Janzing
Lance Magnuson
Duncan Fields (end of meeting)

Introduction

Chairman Stephan called the meeting to order at 8:30AM.

Approval of Minutes

Halhjem moved to approve the minutes from the previous International Marketing Committee (IMC) meeting. McGinley seconded the motion. The motion passed unanimously.

Announcements

N/A

Introduction of Guests:

Kevin Adams, Chairman, ASMI Board of Directors
Mike Cerne, ASMI
Kelly Ewen, Rose Research
Bruce Schactler, AGFAP
Ksenia Gorovaya, ASMI EEU
David McClellan, ASMI SEU
Akiko Yakata, ASMI Japan
Tomo Shimada, ASMI Japan
Jose Madeira, ASMI Brazil
Nelly Masson, ASMI CEU & WEU
Robin Wang, ASMI China
Roger Zhang, ASMI China

Andrew Brown, ASMI NEU
Steven T., Kodiak Resident
Robbie Graham, Department of Commerce, Community, and Economic Development

Public Comment

Steven T. (Kodiak) said it was great to see this meeting hosted in Kodiak, Alaska.

Chair Report - Jeff Stephan

Stephan thanked Joe Jacobson for serving as the International Program director. Halhjem thanked Joe and his team for creating an ongoing dialogue between the industry and overseas representatives.

Program Director Report - Joe Jacobson

The International Program will host several groups to Alaska this summer. Three prominent chefs from the UK recently visited Cordova and Juneau. Several food writers and a Michelin Star chef from Germany will visit False Pass and Kotzebue in July. Buyers' missions from China and Brazil will also take place in July, visiting Seattle, Petersburg, Juneau, Excursion Inlet and Cordova.

Alexa will work with FAS to host a DIPOA group from Brazil, scheduled for the first week of August. In early July, Hannah will attend the USAEDC Attaché meeting in Washington DC.

Upcoming ASMI International events include (in chronological order):

- Japan Seafood Show
- World Food Moscow
- State of Alaska delegation to Europe
- Conxemar and
- World Seafood Congress
- ASMI All Hands Meeting
- China Seafood Show

The International Program issued an RFP to have a third party conduct all research for ASMI Country Progress Reports (CPR); Rose Research won that. It is a requirement that the International Program submit CPRs directly to FAS.

An RFP was issued for the Northern Europe program. Interviews will be conducted in September.

The next program in line for a program evaluation is Japan. Jacobson suggested postponing the research until the following year to give the program more time to develop. Jacobson reminded the committee that AVIAREPS was hired just last year. If the committee agrees to postpone, the program will need approval from FAS.

The IMC confirmed the suggestion made by Jacobson to postpone the Japan program research if FAS permits. No objections by the committee were made.

Tonkovich said there is a show in South Africa in September endorsed by USDA. ASMI will not attend but external funding might be available to companies interested in participating.

McGinley said there is a high duty in that market for pacific salmon and not farmed. Halhjem suggested addressing that concern with Linda Chavez.

Executive Director Update - Mike Cerne

Cerne will travel to Bristol Bay from June 30 to July 2.

In May, Cerne met with the ASMI Overseas Marketing Representatives in Europe, along with industry, trade and media members regarding Alaska Fisheries and the Responsible Fisheries Management Certification. Cerne said that several European retailers are developing their own sustainability branding in and attempt to avoid all the eco-labels. This puts the trust of the consumer into the retailer's sourcing policy.

Alaska Global Food Aid Program (AGFAP) - Bruce Schactler

There is uncertainty regarding the direction of the Farm Bill. Schactler encouraged members of the committee to provide input to the state's representatives in Washington, DC in support of this program.

Recently, AGFAP staff visited Brazil where they attended the Global Child Nutrition Forum.

At the request of FAS, AGFAP is developing a seafood powder, specifically salmon byproduct. There are several thousand pounds of the product available and the program is receiving high interest. The program has received funding from the State of Alaska Legislature to aid in this project.

The program is also canning herring fillets, which is highly efficient at 500 fillets a minute, from fresh herring. AGFAP is working with Ocean Beauty on this project. The product is available to industry in Seattle in layer packs - 15 lb packs, three packs to a box. There is a high global demand for herring. Schactler encouraged industry to show the herring packs to clients around the world.

Halhjem asked about the cost of the product. Schactler said he would work with McGinley on a price figure.

China Program Evaluation

Kelly Ewen with Rose Research presented the findings from the China Program Evaluation via PowerPoint. *See attached report.*

Stephan asked what the program should be addressing specifically. Ewen said this is a growing market for direct consumption, with the decrease/leveling off in product being reprocessed and shipped out.

Wang said that in 1997, 100% of Alaska product entering this market was re-exported. The last five years have seen tremendous change from consumers and traders. Jacobson said the program

is looking into a global research project, which will have a larger sample size. The committee should decide on what information they want from these research efforts.

Smith asked that canned product, along with competing proteins and barriers to consumption, be included in the report.

Lindoff said the International Program has reports that focus on very targeted markets. Halhjem said there are huge discrepancies between what they (consumers, importers, traders) actually do, versus what they say. Halhjem asked if Alaska is being called out at the retail level. Wang said law in China requires packaging to indicate the origin (country). Halhjem suggested finding a leading brand/company to align Alaska Seafood with.

UES Update and Discussion - Hannah Lindoff

The Unified Export Strategy (UES) is a federal grant application submitted to FAS on an annual basis that brings approximately \$4 million to the International Program. This is a living, online document.

The UES is not a concrete binding activity description, as it is prepared two years out. The budget included initially is a placeholder number that is edited when accurate figures become available. The maximum amount that the agency is capable of matching is \$6 million; therefore, the program applies for \$6 million annually.

Lindoff discussed timeline and said strategic direction from the committee is included in the application. Lindoff asked if the committee is interested in the reinstatement of regional advisors. If so, October is when the first edits to the CPRs are made. Once those edits are complete, the documents can be sent to the regional advisors for review.

Jacobson said it is typically November before those documents are available for committee review. Jacobson suggested the committee provide feedback for the previous year UES document.

Stephan said he wanted a better understanding of the IMC involvement of the UES process. Jacobson said the committee is welcome to review the application. However, in past years, the amount of feedback from the committee received varied from year-to-year.

Smith asked how the program evaluates the committee member needs. Jacobson said they receive general feedback from the committee and funnel that into a strategy. Lindoff said the UES application discusses current marketing programs, rather than emerging markets or possible opportunities. McGinley said the Alaska industry does not show much participation as far as matching funds. McGinley asked if it helps to show more participation in the UES. Jacobson said even office expenses should be applied to industry contributions. The program redefined how these matching funds are; all of your expenses at ESE were applied as matching funds. Halhjem said last year, the committee determined that it was not accounting for even half of the matching hours. Halhjem suggested that Naresh put together a specifics/guideline document.

McGinley said if the committee directs the OMRs to take on an unsuccessful project, the committee needs to hear that from the OMRs. McGinley said the committee needs communication from the program on activities that are not working to be able to give budget recommendations.

ESE Layout and Design – Hannah Lindoff

ASMI received extra booth space for the 2013 ESE show. For the 2014 show, the table exhibitors and ASMI common area will be in the same location. The common area will have standing tables. Trident would like additional space. The old ASMI common space will be four new booths; Pacific wants two. Reynolds said consider the perception of the stand if all the majors add space to their current booth spaces. Lindoff said that ASMI is considering increasing the prices for booth spaces. Magnuson said this would put many people in the common area. McGinley suggested having an application period for companies to apply for booth space; after people do not respond, majors can fill up additional space. Lindoff said ASMI is not turning anyone away. Double booths are grandfathered in.

Lindoff said invitations for booth and table space would go out in October. McGinley said that once Pacific takes the corner booth, it would never be available again. Jacobson said endorse the existing policy, which would leave Pacific in the lottery space. If there is space available, then they can have the second. McGinley asked for space for exhibitors to store things. Magnuson said the welcome counter in front of the table exhibitors was great at the 2013 show. Stephan recommended that the 2014 booth be expanded to reflect the same amount of space for the common and table areas as the 2013 show; this might mean building an upstairs.

ATIA/ASMI Cross-Collaboration – Robbie Graham, DCCED

Graham said the Alaska tourism-marketing office moved to the Alaska Department of Commerce and is now 'Alaska Travel'. The Department directs all international and domestic marketing. The collaborative efforts, the Alaska Media Road Show and the Iceland Air conference, between Alaska Travel and ASMI have been successful.

Brown said the events in Amsterdam with Alaska Travel were great. Graham said AVIAREPS, who is ASMI's contractor in Japan, is the tourism contractor as well. Tomo said the collaboration in Japan has helped promote the Alaska brand. Graham said the program has representation in Japan, South Korea, the UK, Germany, France, Switzerland, and Australia. They are currently working on a Chinese website. Most visitors are coming from Australia, followed by the UK, then Japan.

Fields asked how the budget is broken down. Graham said most of the budget is domestic. The international budget focuses on trade and public relations. The collaboration with ASMI is typically in events, public relations and trade relations. Jacobson said ASMI has not turned down an opportunity to work with Alaska Travel.

Species Updates

Cod

Magnuson said there is an unprecedented supply of Pacific cod that is outpacing demand. Prices are low and the forecast does not look good. Magnuson said they are trying to find alternative markets. Blue North is fishing politically; if Blue North does not fish and take their quota, then parties interested in gaining a percentage of the quota will open up discussion.

McGinley said he knows of one business going into China with dressed/head-on cod and asked if there is opportunity for cod in China. Traditional markets will not work for cod right now; program needs to look into emerging markets. Halhjem said there is some interest in France and Russia for cod roe. Brazil could also create opportunities for cod. Magnuson said the EPA has been difficult with discharge overboard. If industry can retain any cod byproduct, that is a benefit for the vessel and for the cod people.

Fields said this situation is similar to the 2001 salmon issue, which was overcome by creative marketing. Fields suggested taking the same approach with cod. Halhjem said the industry recovered from the pink salmon issue through China. The challenge is every cod fishery is at peak level, along with pangasius and tilapia. Magnuson said Blue North is building a new vessel that has the ability to do value added and new product forms. However, the cost of the project will take time to dig out of this. Fields said the State provided financial assistance during the salmon situation. Aoyagi suggested targeting Japanese consumers with cod.

Chum Salmon

Stephan said salmon committee asked for increased focus on chum salmon, while maintaining sockeye promotions. SEU and WEU have done promotions with chum. Aoyagi said in past years, Japan sold half of their catch to China who, in turn, processed and shipped to Europe. Currently, Japan does not sell nearly as much chum to China and is retaining most of their catch in the domestic market. As a result, Europe is looking for good chum salmon at a reasonable price. The supply from Russia is limited as they have few plants that are EU certified. Aoyagi said chum salmon is a good product for smoking and an alternative to expensive sockeye.

McGinley said China is a traditional chum market; they have moved from chum to pink because of price. Pinks will be the stronger price but chum is a nice product. Halhjem said ASMI should promote chum in Europe as a great value product. Janzing said Atlantic prices are going back up; there should be room for chum salmon in the market.

Canned Market

Smith said more canned Atlantic product is starting to appear, primarily from Poland. In some markets, the canned Atlantic is outselling the canned product from Alaska. Smith asked if the Alaska industry would consider stamping the lid with 'Alaska', similar to Canada and the maple leaf. In Canada, the industry contributed half the cost with the government balancing out the rest. Halhjem said the horsemeat scandal has had a huge impact on canned, processed, and imported product. Smith said retailers in Europe are receiving pushback on the BPA issue. Canning manufacturers provide letters confirming BPA was not used in the canning process. However, they do not provide proof that BPA is not in the product. Smith asked if ASMI would consider testing Alaska product for BPA presence. Jacobson suggested a motion to the Board.

Smith moved that ASMI conduct testing on Alaska salmon cans for the presence of BPA. Fields seconded the motion.

Magnuson asked how the information would be released. Jacobson reminded the committee that reports, and their findings, conducted by ASMI are public documents.

Fields moved to amend the subsidiary motion by substituting the previous language with ‘request that the ASMI Board ask the Technical Committee to investigate avenues by which a third party can test for the presence of BPA.’ Smith seconded the amended motion. The motion was adopted unanimously.

Jacobson brought up Smith’s previous comment regarding the Alaska label on canned product. Fields asked about the kind of label used for this process. Smith said a graph label of the ASMI logo would be ideal and that Alaska has two can manufacturers. Currently, Alaska cans have ‘product of Alaska’ on the lids, which is difficult to see.

Fields moved that the IMC recommend to the ASMI Board a discussion relative to the use of the ASMI logo for imprint on Alaska canned salmon products. Smith seconded the motion. The motion was adopted unanimously.

Fields suggested presenting this to the Board at the All Hands meeting. McGinley encouraged the OMRs to continue pushing canned salmon. McClellan asked how the Atlantic salmon is canned. Smith said skinless/boneless fillet in olive oil.

Pollock

Halhjem said pollock is seeing the same situation as cod. Prices for roe, surimi, and blocks are down. Alaska should continue to push these products in China and Russia (roe). Surimi is down 40-50 cents a pound and the yen is significantly affecting this product. There are also great opportunities in Eastern and Western Europe for pollock. The industry should know the final decision on the Russia pollock fishery MSC certification soon. The private label producers will jump to whatever is cheapest. Alaska will succeed if the industry works with smaller producers. Continuing to tell the Alaska story will be crucial.

McClellan asked Halhjem if she is receiving interest from her Spanish customers regarding the Alaska sustainability story. Halhjem said there is not much of an interest in sustainability. However, sales of surimi products in Spain are up 30%. Halhjem said the growth is in chilled, which means more pollock is used.

Flatfish

Reynolds said there are very limited markets for halibut right now, especially for 40s. Older product is building up and prices are significantly down; there is opportunity to purchase halibut. Reynolds said black cod prices are also down.

McClellan asked where the 40# halibut traditionally go. Reynolds said a large Canadian company historically purchased large quantities of Alaska halibut. However, that company was sold. Additionally, LA producers, who were previously buying, are no longer interested in the

product. Traditionally, halibut remained in the domestic market, with some exports to the UK. Both of these markets no longer exist for halibut and a new market needs to be established. McGinley said there is a large flatfish supply from Greenland going to Europe; however, it is not a sustainable fish.

McClellan asked what format is best for refreshed yellowfin sole. McGinley said there is an intriguing marketing for flatfish right now in Asia. China is overfishing their flatfish catch and is starting to buy Alaska product. However, buyers are seeing broken tales and believe it to be a previously frozen fish. For a refresh market, block format would be ideal to avoid broken tales.

The committee discussed options for its next meeting date. It was decided that the IMC will convene on Sunday, October 27 beginning at 1:00 PM in Anchorage. The fall IMC meeting will be held in conjunction with the ASMI All Hands Meeting.

Cerne presented a plaque to Jacobson, thanking him for his service to the industry and the agency. Graham welcomed Jacobson to the Division of Economic Development.

It was moved and seconded that the meeting be adjourned. The motion was adopted unanimously.

MR