



*Wild, Natural & Sustainable*

Whitefish Committee  
Monday, October 29, 2018  
Beginning 1:30pm  
Quadrant Room, Hotel Captain Cook in Anchorage, AK

**The meeting was called to order at 1:30 by committee chair Mike Cusack.**

Members Present: Mike Cusack, Rasmus Soerensen, Dean Pugh, Frank O'Hara III, Julie Yeasting, Tim Meixner, Pat Shanahan, Merle Knapp, Ron Risher

Committee members absent: Tony Macedo

Others present: Maria Kraus, David McClellan, Victoria Parr, Katie Goldberg, Christina DeWitt, Lance Magnuson, Scott Sandvig, Dan Lesh, Carolina Nascimento, Jason Chandler, Tosha Clark, Dave Wooley, Trisha Sanguinetti, Lorin Galfiend, Mela Meixner, Joel Petersen, John Salle, Kathy Lee, Sinclair Wilt, Paula Labrash, Monica George, Becky Monagle, Katie Petherbridge, Alexa Tonkovich, Megan Rider

#### **Approval of the Agenda**

Cusack moved to add a species update to the agenda. Shanahan seconded. The motion passed unanimously.

Knapp moved to approve the agenda as amended. Soerensen seconded. The motion passed unanimously.

#### **Approval of the Minutes**

A motion was made by Pugh, seconded by Yeasting to approve the minutes from November 28, 2017. The motion passed unanimously.

#### **Chair Remarks:**

Cusack passed out an activity update from Maria Kraus on the whitefish marketing efforts in Central and Western Europe. He also drew the committee's attention to an Alaska Whitefish PR and digital support handout created by Edelman on the media mentions of whitefish in the past year.

#### **Public Comment:**

There was no public comment

#### **Old Business:**

Cusack asked for feedback from ASMI staff about the whitefish seminar the committee had organized in January. Ottoson-McKeen said the training was helpful, especially considering how many new staff started at ASMI last year, and that she could see it being done annually with a different focus each time. Cusack requested

ASMI let the committee know what type of additional whitefish trainings would be most helpful. Shanahan noted the pollock roe auction could be a good learning opportunity.

Knapp asked what had been done since the last All Hands to increase communication about ASMI activities to the industry. He stated he was disappointed not to know about the Food Aid work with pollock sooner, explaining that if the industry knows about activities in advance they can do more to support the ASMI team. Soerensen and Cusack agreed, requesting information about promotional activities be sent to the industry as early as possible. Cusack emphasized the need to be strategic about marketing and said it was important to track sales from activities. Cusack noted the domestic team puts their marketing activities on a calendar on the ASMI website.

### **New business:**

#### **KEY QUESTIONS:**

The whitefish committee discussed the questions for the operational committees.

#### **1. What concerns or marketing needs, specific to your species, would you like ASMI Operational Committees to discuss and/or address? Are there areas of need with which ASMI can assist?**

The committee agreed ASMI should provide more advance communication about promotional activities. Members stated if they knew about activities in advance they could be more helpful in the planning and execution.

Shanahan brought up consumer research GAPP had conducted in Japan that showed Japanese consumers did not associate Alaska or Alaska pollock with the main pollock products available in the market. Shanahan suggested ASMI incorporate questions into their annual research to measure consumer awareness of the origin of certain products and species sold in their markets.

Knapp recognized that in some places consumers were already associating Alaska origin with specific products, but supported more research to find out where the branding was coming up short.

O'Hara was unsure whether Atka mackerel would benefit from greater origin awareness among consumers, or if the product did better when Japanese consumers assumed it was from Hokkaido.

The committee brought up the importance of creating short and long-term species strategies for each market. McClellan noted that ASMI's Unified Export Strategy (UES) outlined strategies by species. The Committee requested copies of the UES. Ottoson-McKeen noted they were posted on the ASMI website, but said they could also be sent to the committee.

*The discussion was summarized in the following bullets and given to the operational committees:*

- More advance communication on global promotional activities – when they are happening, what is being promoted, etc.
- GAPP conducted consumer research in Japan and was concerned to learn that Japanese consumers don't associate Alaska or Alaska pollock with pollock roe. With that in mind, the whitefish committee recommends the International Marketing Committee incorporate questions into their consumer research to measure consumer awareness of Alaska products sold in specific markets, particularly questions about awareness of Alaska origin.

- What are we doing to connect consumers to Alaska origin and species?
- Requested an executive summary of strategies by species and market.

**2. What have been the impacts (so far) of the U.S./China trade dispute and subsequent tariffs on your species groups? Have there been shifts (product form, processing location, new markets) that ASMI should be aware of? Are there opportunities you would like to see explored by Operational Committees?**

O'Hara stated 25-35% of the O'Hara Corporation's product came back to the US from China and as a result they had been hit hard by the tariffs. He said an additional 25% tariff on January 1, 2018 would result in significant negative impacts. He reminded everyone that flatfish had not been removed from the tariff list, unlike many other Alaska seafood products.

O'Hara reported no shifts yet in product form, but said that since the tariffs there had been an increase in processing in Poland, the East Coast of the US and Southeast Asia. He stated it would take years to replace China as a processing location for H&G flatfish. He recognized processing product in the US as an opportunity for the domestic market because it meant the products could be marketed as a product of the USA instead of China. The committee recognized this as an opportunity in other places too, and agreed ASMI should be promoting products in the markets they were processed in, especially products processed in Europe.

Risher stated that even with the exemptions on certain products, there was uncertainty about what would happen next, causing customers to not buy Alaska products or buy from Russia instead. He said buyers that did custom processing for the US markets were going to new markets.

Soerensen stated that investment in the quickly growing domestic Chinese market was on pause, but that the tariffs presented opportunities to invest in other countries with huge potential for Alaska seafood, including those in Southeast Asia such as Vietnam, Indonesia and Thailand.

Meixner stated that other products from other countries were moving in to China and that now as much as ever was the time to push the Alaska brand.

Yeasting echoed earlier sentiments that the tariffs were an opportunity to explore new markets and urged ASMI to go after any emerging markets funding to promote Alaska products.

O'Hara noted that it was an opportunity for the Alaska seafood industry that salmon and cod were off the list, but tilapia and other competing products were still on.

It was asked what ASMI could do politically to help get items off the list. Tonkovich stated the Alaska senators were aware of the tariffs and their impact on Alaska seafood, and the Alaska governor's office was working on it.

*The following answers were provided to the operational committees:*

- Overall, the tariffs have created a massive amount of uncertainty surrounding Alaska seafood in China. Many buyers are looking to buy from other countries such as Russia. Tariffs essentially put a pause on sales into the domestic Chinese market.
- Fish meal is a product that is consumed in China leading to price increases by the amount of the tariff versus a reprocessed and exported product.
- Flatfish has not been removed from the US tariff list
- Companies are looking at new locations for processing such as Vietnam, Thailand, Poland and Northeast USA.

- Some products that were custom processed in China are now being processed in the US and Europe. There is an opportunity there to promote these items in the market they are being processed in. For example, promoting products processed in the Northeast as processed in the USA. **(Domestic & International)**
- ASMI should continue to explore new markets for species traditionally reprocessed in China (flatfish, pollock, etc). Any opportunities to obtain additional funding for emerging markets should be capitalized on. **(International)**

**3. 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?**

The committee agreed there needed to be more coordination from the Food Aid program on government programs so there were no issues with timing.

O'Hara brought up warming waters and fish moving further north and asked how the industry should be communicating potential or current environmental changes.

Cusack requested more information on how ASMI was leveraging popular species to promote underutilized species.

*The following answers were provided to the operational committees:*

- China tariffs can provide opportunities to promote products as harvested and processed in the USA.
- How do we communicate about current or potential environmental changes, such as ocean temperatures in the Bering Sea and Gulf of Alaska rising.
- How is ASMI leveraging the more popular/well known species to promote underutilized species. This was brought up at last year's meeting with no specific follow up. If there has been follow up please communicate clearly to the committees.

**4. What trends or opportunities can you identify that ASMI Programs can capitalize on?**

The committee reiterated that the China tariffs had caused more products to be processed in the US and that this was an opportunity for ASMI to promote more products as processed in the USA.

There was a discussion on how full traceability was a growing trend and the group recommended ASMI incorporate traceability more into the Alaska seafood message.

The committee recognized the need for more high quality fishing video content to be used on social media and other online platforms, as well as in stores and restaurants. Cusack posed the question to the industry of whether the different companies would be willing to share their video content with ASMI.

Shanahan commended ASMI on recent cooperative efforts between GAPP and ASMI in Japan to conduct educational seminars for pollock customers. She informed the committee that the seminars included new research on protein conversion rates that showed Alaska pollock as having one of the highest levels of protein conversions among all proteins. Shanahan thought this would be great information to incorporate into ASMI's nutrition marketing.

The committee recognized opportunities for consumer education, specifically for Pacific cod, which was suffering because of bad press about Atlantic cod. The committee asked ASMI to continue to work to designate Alaska seafood as the sustainable option and differentiate it from other fisheries with similar products.

A member brought up a story about the Rock, who had apparently stopped eating cod because of bad press about Atlantic cod. Katie Goldberg of Edelman informed the group that they had reached out to the Rock with information about the differences between Pacific and Atlantic cod and offered to send him Pacific cod, and were waiting to hear back.

*The following answers were provided to the operational committees:*

- China tariffs can provide opportunities to promote products as harvested and processed in the USA.
- There is an opportunity in telling the full traceability story.
- High quality fishing video content is needed to humanize the actual harvesting of seafood. This helps in all markets worldwide.
  - Pose the question to industry – are people willing to share the content they have with ASMI?
- New research on protein conversion rates Alaska pollock as one of the highest levels of protein conversion among all proteins. Would be great to incorporate this into ASMI nutrition marketing.
- There is an opportunity for consumer education as well. For cod specifically, bad press about Atlantic cod hurts reputation of Pacific cod because the stories don't make the distinction. Opportunity to designate Alaska seafood as the sustainable option and differentiate from other fisheries with similar products.

### **Species Update:**

#### **Mackerel, Frank O'Hara**

- 71,000 metric tons of mackerel caught in the Aleutian Islands. 157 million pounds round weight caught in 2018. Quota doubled in 2015.
- Most product going into Japan and sent to small reprocessing plants to be made into hiraki. Sold roughly 50/50 to retail and foodservice. Available at chains, such as 7/11, and popular at Izakaya bars. A popular item with young people. Main competitor is saba, a Norwegian mackerel.
- Not being called out as a product of Alaska, but O'Hara was unsure if it would benefit from consumers knowing the origin or if they would prefer to assume it was caught domestically.
- O'Hara expressed concern that mackerel only had one market, Japan, and suggested ASMI look into opportunities to market mackerel in places with large Japanese populations such as the US and Brazil.
- McClellan asked how buyers in Spain could get ahold of mackerel to sell to restaurants. O'Hara said it was available in the market and came boneless or with bones, and was usually coming in from China.
- Working to get Atka mackerel RFM and MSC certified before the Tokyo Olympics.

#### **Flatfish, Frank O'Hara**

- High prices for the five main flatfish species, with raw material prices increasing 50% since the start of 2016.

- Total catch down about 70,000 tons since 2014, mainly due to the Atka mackerel quota being increased.
- Majority of Alaska flatfish is being reprocessed in China and sent to Europe, where 70% is sold at the retail level. O'Hara requested ASMI's help determining whether the items available at retail were listed as made in China or made in Europe.
- In the US, flatfish is marketed as both flounder and sole, depending on what the customer wants. Flounder is the more common name on the East Coast, and sole the more common name on the West Coast.
- Strong market for yellowfin sole in Japan, where 80% is sold in supermarkets. Similar to Atka mackerel, O'Hara believed the majority was not called out as a product of Alaska.
- Soerensen stated there had been an increase in flatfish processing in Europe and reminded the group that the duties did not kick in until 10,000 MT. Yeasting commented that processing in Europe was still much more expensive than processing in China.
- O'Hara requested feedback from the ASMI domestic team and OMRs about what information they needed to market flatfish, such as who was selling the product or who the industry's customers were.
- The question came up of how much of the flatfish coming out of China was Russian and how much was from Alaska. No one knew exactly, but O'Hara said he did not think it was anywhere near the amount coming from Alaska.

#### **Pollock, Rasmus Soerensen**

- Soerensen reported strong demand for pollock based products, with demand outpacing supply in the fillet block and surimi markets.
- Sales are up in all regions thanks to good sales into traditional markets as well as growth in new markets and with new formats.
- The European market is the main driver for fillet blocks and Japanese/Asian market is the strongest market for surimi.
- The US market was flat for the past year, but demand is starting to increase.
- Soerensen stated there had been a push from the domestic producers to increase the quality of Alaska pollock products and process less in China.
- Demand for pollock is growing in Southeast Asia.
- Soerensen urged ASMI to continue to promote pollock roe and surimi products, especially considering Japan's aging population. He said the need to develop new markets for roe products should be priority number one.
- Soerensen reiterated that pollock demand was on track to outpace supply and that this would be especially true if Russia reduced their supply, as had been reported. Soerensen called on ASMI to build the value proposition for pollock so the consumer would not switch to other proteins if the prices increased.
- Pollock industry is increasingly invested in marketing, as is shown by their increased contributions to GAPP.

#### **Cod, Tim Meixner:**

- Following the quota cuts at the beginning of 2017, many members of the cod sector stepped back to protect core customers, regardless of the region.

- Prices are stable but will not be rising. They have hit the ceiling of what people are willing to pay and inventories are not growing.
- Russia is offering product at 60% the price of Alaska product.
- There is a need to start pushing to new markets because industry had to pull back from ones they spent years building. Time to broaden. Meixner acknowledged this seemed counterintuitive.
- Industry is expecting further quota cuts this year in the Bering Sea, from 10-25%. No changes expected in the Gulf and Aleutian islands.
- In EU and US, people are switching to Atlantic cod from Iceland. In Japan and Asia, the switch is to Russian cod.
- News stories reporting major investment from Russia in vessels and processing facilities. Starting an agency called “Russian Fish” that will operate similarly to ASMI.
- Russian fisheries will soon be MSC certified, which will affect all whitefish species.
- Merle commented that a challenge for the at-sea sector was the Jones Act because it means it costs more to build a vessel in the U.S.
- Risher stated from the shore side, the main markets had been Southern Europe and China for reprocessing, but rising prices would cause changes. He predicted cod would be shut out of the market.

#### **Rockfish, Julie Yeasting**

- 2018 BSAI quota is 65,000 MT with about 85% caught so far.
- Majority of the product sent to Japan, China and Korea. In other markets, it loses its identity.
- Majority of the rockfish is Pacific Ocean perch, which Yeasting described as a little known but a good volume fish.
- Risher asked if it would be helpful to differentiate Pacific Ocean perch from Atlantic Ocean perch. Yeasting felt there was not an overwhelming need to differentiate. O’Hara commented they were different colors.
- Round products going into China for the domestic market have basically ended. Despite that, prices have only dropped 6%. The uncertainty is what will make things difficult in China.
- Industry is working on MSC certification for Pacific Ocean perch. POP is expected to be MSC certified in a year and a half.
- There was a discussion about how to get retailers to ask for Pacific cod. McClellan commented that in Southern Europe, a large Atlantic cod market, his strategy was to find innovative companies willing to try something new. Knapp noted that many retailers did not want to differentiate between Pacific and Atlantic cod so they could just call it “cod” and use either. Cusack reiterated the need for consumer education to differentiate Alaska products.

**A motion was made by Knapp, seconded by Shanahan to adjourn the meeting. The motion passed unanimously.**

**The meeting adjourned at 3:11pm.**