



Alaska Seafood Marketing Institute

Whitefish Committee Meeting

October 11, 2023

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

Virtual

Draft Minutes

I. Call to Order

Vice Chair O'Hara III called the meeting to order at 9:03 am.

a. Roll Call & Introduction of Guests

Vice-chair Frank O'Hara III

Daniel Kusakari

Rebecca Skinner

Julie Yeasting

Mike Cusack

Joel Peterson

Hyunok (Lisa) Lee

Kieth Singleton

Merle Knapp

Ron Rogness

Julia Ying

Other guests attending: Sam Friedman- McKinley Research, Tomi Marsh- F/V Savage, ASMI BOD, Craig Morris- GAPP, Ron Risher- Grobest, Brody Pearson- Bristol Wave Seafoods, Simon Marks- McKinley Research, Larry Christensen

ASMI staff and contractors present: Nicole Alba, Megan Belair, Jann Dickerson, Margie Sherman, Mark Jones, Greg Smith, Sarah Wallace, Megan Rider, Hannah Schlosstein, Jeremy Woodrow

b. Approval of Agenda

Knapp motioned to approve the agenda. Kusakari seconded. Motion passed.

c. Approval of Minutes from February 16, 2023

Knapp motioned to approve the minutes from February 16. Peterson seconded.
Motion passed.

d. ASMI Antitrust Statement

Vice Chair O'Hara III noted that Alba posted the anti-trust statement in the chat and indicated that all attendees should read and understand it.

e. Vice Chair Remarks

Vice Chair O'Hara III thanked Ron Risher for his time as Chair of the whitefish committee. He hopes to see him continue to work in the Alaska seafood industry and expressed that he was pivotal in growing emerging marketing, especially in Southeast Asia. His contacts are so valuable to Alaska Seafood and members of the industry.

Risher thanked Vice Chair O'Hara III for all the support he received from ASMI.

Vice Chair O'Hara III welcomed new members to the whitefish committee: Lisa Lee with Westward, Merle Knapp of C Star LLC, Ron Rogness with GAPP, and Keith Singleton with Alaskan Leader Seafoods.

Vice-chair O'Hara III explained the purpose of this meeting is not to write answers to the board questions but to discuss them openly, share species and market information with each other, and converse about how the Alaska whitefish species are doing overall. The committee members can then use this information to help review the board questions on their own. He would like the committee members to come to the All Hands meeting prepared to answer the questions with well-thought-out and concise answers. Vice-chair O'Hara III explained that this is the one opportunity to work with ASMI and tell them how they can help market Alaska whitefish.

f. Public Comment

No public comment.

II. New Business

a. Species Update Roundtable

Cod:

Singleton thanked the group for the opportunity to serve on the committee. He said the hook-and-line business is doing quite well and is strong overall. There is competition from foreign interests. Internationally, Japan, Italy, and France are buying. Not large quantities, but they haven't turned off the valve. Domestically, he encouraged the promotion of "product of USA" with the Alaska Seafood logo.

Peterson said they are more optimistic about pricing and markets this time of year. He further noted that the Bering Sea will close soon for cod fishing, but people are moving through their inventories even without that. So that is somewhat optimistic in a year that's been otherwise bleak.

Pierson explained that the export markets are relatively strong and moving through inventory. He noted that even shore plants are moving through product, and most long liners have everything spoken for through the end of the year.

Peterson brought up that there still seems to be somewhat of a disconnect between ex-vessel prices and retail pricing. **Does ASMI have a way to compare ex-vessel prices to retail?**

Lee said she is still experiencing a soft market in the US for the once frozen shatter-pack market compared to last year. Noting it was at least 30-40% slower and shared that the difference from last year is that customers don't want to take any inventory. The product was moving but held inventory.

Alaska pollock:

Cusack explained that most species are coming off record high market prices globally, and markets have corrected, and when markets correct, they overcorrect. There's a lot going on in the world, and it changes daily, but he noted optimism. He also highlighted that ASMI can only do so much; consistent messaging is key. Keep beating the drum of USA/Alaska origin. Consistent messaging is the best route forward and amplification of messaging.

O'Hara III noted he heard things are softening from the peak. He explained that it was the perfect world for Alaska whitefish species during the pandemic, with a huge retail market and not much foodservice, with everyone spending at retail or quick service.

Knapp said he saw this coming long ago; there will be a market shift as things go on. He asked Morris to explain the e-mail sent to GAPP members about NMFs numbers as they pertain to Alaska pollock.

Rogness said NMFs were reporting around 161,000 tons of surimi in the September 16th weekly production report. On the September 23rd report, that jumped to 185,000 tons. Given the fact that the fishery was largely completed at the time and catch rates were low, that was a pretty surprising event. PBO production numbers also jumped by about 7,000 tons. In a good week with high catches, surimi production will be around 4-5,000 tons, and PBO fillet production will be around a couple, maybe 3,000 tons. Rogness inquired with NOAA about these jumps, and NOAA responded that there was an error. Surimi production

through September 30th is 189,000 tons, up from 161,000 tons compared to last year. Deep skin is 57,000 tons compared to 49,000 tons last year. PBO fillets up 91,500 tons compared to 88,300 tons. Those increases are around 17%. The overall quota went up 19%, which is consistent with the increase. This is the second time there has been an error in NOAA numbers.

Knapp asked what does that do to the market? Is it confusing the market or is it a leverage point?

Cusack explained that there is a perceived over-supply issue, especially on surimi, which has driven market prices down. Globally, this will sort itself out. It may take until late Q1 or Q2 for this to sort out in volume harvested globally and in Alaska regarding surimi and fillet block.

Knapp then expressed that he thought this was a topic for the GAPP board and that we wouldn't have to address it in this committee.

Flatfish, Mackerel, POP:

Kusakari provided an update on Alaska yellowfin sole. He said this year has been tough. Production was quite good last year, so there was likely more supply than demand. There was a small price increase. Processors were optimistic after the pandemic, but after this year started, orders were not coming in from the end buyers in Europe and the US. He noted the exact reason to be unknown. Alaska cod and pollock prices are coming down. Consumers may be choosing those species over yellowfin, or with inflation issues, they are choosing cheaper protein sources altogether. Companies are limiting their production volume and catching other species if possible. He noted that there is hope things will get better next year, but it may be another tough year.

Atka mackerel and POP were slightly more stable. Atka mackerel is a very niche market, and last year, the production volume wasn't as high. There were some areas that were left unharvested, so we left some quota in the water. This helped to stabilize the demand for this year. Prices have been stable. POP was a little harder. The price was a little high last year, and production was good.

O'Hara III said he was seeing some Alaska companies put effort into diversifying the POP market out of Japan.

Kusakari added that the Japanese Yen is very weak, negatively impacting the market.

O'Hara III explained that WASA (Wild Alaska Sole Association) was finalizing its branding and that it should have it ready by the end of the year. He highlighted that they would work together in collaboration with ASMI to promote wild

Alaska sole, flounder, and plaice.

Singleton complimented Symphony of Seafood and urged others to participate.

Herring:

O'Hara III asked Skinner to give an update at the All-Hands meeting.

Peterson discussed opportunities for herring as bait.

b. Brief Discussion of questions by the Board of Directors

O'Hara III opened the discussion of board questions by asking if anyone had any thoughts on opportunities for the whitefish species in international markets?

Cusack expressed that with what's going on in the world, we need to continue to push the message of USA and Alaska. This will resonate now more than ever on the international front.

O'Hara III explained that from the species updates, he noted that markets were getting softer for all the whitefish species. Yes, fish were moving, but coming off the pandemic, people had more money, prices were skyrocketing, prices had decreased, and markets softened. Generally, cost-effectiveness is one of the biggest strengths of the whitefish species. He noted an opportunity for AK whitefish species is that the products are reasonably priced and very high quality. He believes this will answer quite a few of these questions.

Ying noted the opportunities for YFS in the Chinese domestic market. While there is an extra tariff now for YFS exports to China, the Chinese government has the regulation to exempt YFS and every US species tariff if the company applies and is qualified. Most Russian fish received priority in the Chinese market this year because it is safe for them, but not YFS. Because of the superior quality of the Alaska products, Alaska is the major resource for YFS in China. YFS's price compared to other species is reasonable, and the taste is more favorable to Chinese consumers than pollock and cod. There is an international market for YFS in China in the near future. Chinese consumers will be very conservative on spending, and YFS has an accessible price. If WASA and ASMI can promote YFS more in China, she sees this species strong in the Chinese market.

Yeasting discussed an opportunity for the domestic market to develop how traceability can be managed. She explained that with everything in the news about origin and reprocessing through China, we lose the identity of YFS coming into the US. Other than SIMP for cod, the US doesn't have a large-scale way to manage traceability. There are opportunities to call out products from China

made from US raw materials. There is an opportunity for ASMI to gather more source information and how we can trace and track it and identify it in the US market.

Ying discussed the forced labor issues in the Shandong province of China and that she believes this issue will have at least a short-term effect on processing and US importers that buy from Shandong province. Some congressmen and senators have called for a total stop to buying from China until they can prove they are not using forced labor. In the short term, it is not good for Alaska to sell fish to China. The leaders of these countries are meeting in person, but we will see if this political issue gets larger or if it will be controlled within the Shandong province. For the long term, because of the geopolitical risk, she believes processing will somehow need to move outside of China to the Southeast Asia market. Diversification is important for Alaska seafood.

Rogness added that GAPP conducts a year-over-year survey tracking the awareness of wild Alaska pollock and its attributes. In 2023, GAPP did have questions about the importance of country of origin. That data is available.

O'Hara III added that WASA did the same – surveyed consumers in the US and European consumer markets about the perception of origin.

O'Hara III discussed the need for technical support to highlight the positive aspects of Alaska seafood. Coming off SEG and Conxemar, he was asked by several people what O'Hara Corp is doing for social and environmental responsibility. This is becoming increasingly popular, especially in Europe. There is a new study from the University of Washington about the low carbon footprint of whitefish fisheries. This is something ASMI could help summarize, especially the technical committee. This is one of the biggest strengths of the whitefish fisheries. We can catch fish and process it so efficiently it is one of the lowest carbon footprint ways to produce protein on the planet.

Rogness explained that GAPP conducted a life cycle assessment and environmental impact of wild Alaska pollock. It's very well publicized, and it's showing our carbon footprint with that of other proteins. Those materials can be shared with anyone who would like to see them.

Skinner wanted to amplify what was just said about emphasizing that Alaska fisheries are sustainably managed and the aspect of the carbon footprint of Alaska fisheries. She sees a strong role for ASMI to help get this message out. If it comes from ASMI, it will be perceived differently than if it comes from other entities. ASMI is viewed as a more neutral and reliable source. When we have these undisturbed facts about the benefits of consuming Alaska seafood,

consumers will be more inclined to purchase the product.

O'Hara III asked if there are any general comments on how ASMI can help with messaging and/or outreach.

Skinner said she would like to see ASMI's website differentiate the flatfish species. Right now, it says flounder/sole; she noted her understanding that this might need to be discussed because, in some markets, you want the product to be named sole and not confuse it with other names. The different species have different qualities, and this should be reflected on the website.

O'Hara III asked if there were any challenges or threats for next year.

Singleton expressed that we should keep promoting the country of origin and product of USA messaging. Traceability, chain of custody, social and environmental impacts, and responsibility are all important.

Knapp asked if the situation with Alaska king crab affects the messaging of sustainability of other species out of Alaska. Do we need to clarify the sustainability message?

O'Hara III answered that one of the strengths of the Alaska fishery is that they shut the king crab fishery down, which shows responsibility and successful fisheries management.

Yeasting also explained that cod in the Gulf of Alaska is an example of sustainability in action. It was shut down for three years and is back open again. It's a testament to the management of the Alaska fisheries. Federally managed waters are very well managed as well.

Knapp expressed that we need to be more proactive instead of reactive.

Julie Ying discussed the Russian-origin ban proposed by Senator Sullivan. She said this will benefit US-origin pollock and salmon. For cod, the supply of US cod will be more than the demand in the US. Alaska cod will have to compete with Russian cod in other markets like the EU. Russian companies have been profitable because of the exchange rate despite historically low prices. The Russian government is charging a tax to export based on exchange rate levels. This means they could adjust the price. If the Russian price was lower, how would Alaska cod compete? She asked how we use this to protect US species.

O'Hara III said it would be important to update staff and the rest of the committee on tariffs from Russia into the EU and update on Senator Sullivan's proposal at All Hands.

Lee added that it's not officially announced, but the EU is considering implementing a 13.7% tariff on Russian products starting January 1st. It is not just limited to products from Russia directly but also Russian-origin Chinese double-frozen products. She noted her company imports mainly loin and fillet form from China, at 40,000 MT. Based on that, that is way over what we can produce with Alaska cod. The US domestic market can handle the Alaska-origin cod.

O'Hara III asked what resources can ASMI provide to best help harvesters?

Cusack answered that being proactive on general market updates to harvesters is a good starting point.

c. Alaska Whitefish Marketing Activity Highlights: Nicole Alba & Megan Belair
Nicole Alba

Alba and Belair presented whitefish marketing activities both internationally and domestically. Highlighting the following international partnerships: Bring! App in Central Europe, Moldova-based importer Ocean Fish, Family Mart's onigiri rice balls with Alaska pollock roe in Japan, Long John Silver's in Singapore and Indonesia, Seafrost brand in Peru, Costco and Casa Ley in Mexico, Costco UK, Iceland, and Sweden, and Waitrose in the UK. Belair discussed Conxemar 2023 and highlighted the upcoming Trade Mission to Thailand taking place February 25-March 1, 2024. Alba discussed Gulfood 2024 in Dubai and explained that formal invites for both events will be sent out soon. Belair presented recent domestic partnerships and events including: College and University roadshow "Good Food Culinary Day" events highlighting pollock and surimi products, FY 23 and 24 retail promotions including new partnerships with Brookshire, Sizzlefis, Sendik's, Dierbers, and Fresh Market, foodservice trade publications like Plate Magazine, FY23 foodservice promotions, operator promotions and distributor partnerships including Taco John's using Alaska flounder in their original tacos, Popeye's calling out wild-caught Alaska flounder in their fish sandwich, and new distributor partnership with UniPro.

d. Committee Chair & Vice Chair Elections

The committee discussed Chair and Vice Chair elections. Knapp said he was willing to chair. Vice-chair O'Hara III asked that committee members to e-mail their votes to Alba. Skinner asked if O'Hara III was willing to continue as vice-chair. He responded that he was willing to do either Chair or vice-chair. Knapp asked if Cusack or Rogness wanted to be chair or vice chair. Cusack asked Skinner if she would be interested because he viewed her perspective as a Kodiak area whitefish producer as valuable and different from many others' expertise in the Bering Sea. Skinner said she did have interest.

III. Good of the Order

Vice-chair O' Hara III thanked the group and said he looked forward to seeing everyone in Anchorage at All Hands.

IV. Adjourn

Vice Chair O'Hara III asked for a motion to adjourn. Knapp made a motion to adjourn and was seconded by Singleton. The meeting was adjourned at 10:30 AM AKST.