

ASMI Alaska Seafood Marketing Institute
Whitefish Committee Meeting
Monday, September 29, 2014, 9:00AM
Downtown Marriott Hotel
Anchorage, Alaska

The meeting of the ASMI Whitefish Committee was called to order at 9:05 at the Downtown Marriott Hotel, Anchorage, Alaska. A quorum was not established.

Present: Mr. Merle Knapp, Chair
Mr. Torunn Halhjem
Mr. Julie Yeasting
Mr. Tony Macedo
Mr. Al Burch – absent
Mr. Sylvia Beaudoin – called in
Mr. Rasmus Sorensen
Mr. Jason Anderson
Mr. Tim Meixner
Mr. Mike Cusack
Mr. Lance Magnuson

Staff: Mr. Matthew Arnoldt, minutes; Mike Cerne, Executive Director

Chair Knapp opened the meeting with ASMI staff introduction and has sought a roll call for attendees. It was stated that committee members received summary from the prior meeting and a set of questions for discussion. The whitefish committee has a focus on industry whitefish species such as cod, pollock, flatfish, and rockfish.

Chair Knapp has sought any challenges to the schedule. There were no challenges.

Mike Cerne announces the presence of Senator Begich and Senator Murkowski to the All Hands on Deck meetings. With a noon time gathering for lunch and speeches from both the Senators.

Knapp: Will Global Trust come in to talk with us?

Cerne: They are here.

Chair Knapp reports on the activities of the GSSI. He had the chance to listen to David Garforth speak on GSSI. Mr. Garforth has a document of general activity that he will forward to Chair Knapp. Chair Knapp will likely distribute it to the committee. The timeline for GSSI is on a set timeline and will have a conclusion by next September.

Knapp: Has requested the approval of the minutes.

Halhjem: approves

Sorensen: seconds the approval

Knapp: provides time for public comment – None given.

Old Business Agenda Items:

Knapp:

Encourages committee members to reach out to younger employees or interested parties to come to the meetings in order to grow the committee and to reinvest with younger members for the future of the various committees.

Election for Chair and Vice Chair will occur today.

Knapp: requests committee members that are active on different species comment on those species at this point.

Cod

Sylvia Beaudoin: We are back into the fresh cod season. East coast demand is more refresh than fresh. On the west coast there is more demand for fresh cod, but, the prices were comparable to a couple of months ago. Icelandic fresh cod has taken over many of the markets that have been penetrated before. Which is a source of difficulty to sales. By-products continue to be developed. Cod stomachs are down in price, but, Cod heads are up in price.

*Questions/Comments are open to the floor.

Various Comments:

Prices were low last year – up 25% this year. Low prices encourage greater purchases; no one will have enough cod going forward.

We are in a healthy cod market.

Need help in the salted macorselfinon (SP/Define issue)

Russians are cutting into market.

However, Russia is not importing Cod right now due to politics, so, they will have to serve themselves first.

Is there progress in Brazil?

Cod Sales into Brazil is a difficult prospect.

I've sold Cod into Brazil, but, it requires a lot of work with little return. Other markets are better/easier.

ASMI & USDA should work on simplifying the labeling process.

We've had success in selling AK Pollock in Brazil using the salted form.

White fish in Brazil often comes from Chile. AK Cod is a better product than the Chile product.

If you put them next to each other on a plate a did a comparative taste test you would be able to tell.

Prices for S. American White fish are climbing.

Brazil believes that there is no such thing as fresh Cod – just salted. Negotiate with Brazil to differ between fresh and salted.

Tariff into Brazil is SO high.

Work with processors association and seek FDA to assist in testing meat.

Cod Cont.

Can we differentiate fresh from salted?

A term bacalao means salted fish-generally used for Cod fresh or otherwise.

Fillets may be a better way to compete against other white fish in the Brazilian market.

ASMI may be able to help differentiate fresh from frozen or salted.

Knapp: Cod quota is up. All White Fish species look healthy. The only thing that is going to keep fisherman from catching more is the cap – 2 million metric tons. Let's move on to Rock Fish.

Rock Fish

Julie Yeasting: Rock Fish has a stronger market with prices up by 20%. Japan and China up. European red rock fish quotas are down creating more of a demand.

JA: Rock Fish might have smaller quotas in the near future. May not fish certain species.

Knapp: How should we direct ASMI to promote Rock Fish?

JY: It is a hard product to promote. Promoting in Japan is good. In Alaska I don't know.

Knapp: For the ASMI reps. perhaps using Rock Fish to promote other fish in a combination marketing scheme because it is such a limited resource. Our job in ASMI is to increase the value of the Alaska fish. So, not just try to increase the value of Rock Fish, but, use it as a tool to increase the value of other fish and products. Otherwise we could be out promoting a product that we can't get.

Does anyone know which rock fish species is the most predominate Rock Fish in Alaska?

JY: POP aka Pacific Purch is the #1 caught rock fish. Dusky is central gulf. POP in Aleutians.

Knapp: POP-That is the one we catch the most, but, there is a lot of Dusky.

Kodiak processes more Dusky. This is due to being the pre-dominate fish species in the area.

JY: Akta mackerel does not feel like it is being represented by ASMI.

Flounder/Sole

Julie Yeasting: This is something we can promote as the price per pound is at a ten year low. There is an IMC issue related to sole as every species of sole and flounder that is sent overseas is just being referred to commonly as sole. Opening domestic markets are a challenge due to the work that goes into cleaning/filleting the fish and making it presentable to serve.

LM: We need to find another market for flatfish besides China. Send it as a raw material to Brazil and process it there. I think we can sell it down there.

Knapp: Even product in the domestic market goes through China to be processed and comes back twice frozen. We don't have in our country – Alaska or lower 48 – a place that is capable of cleaning/filleting flat fish like they have in Holland or China. The cost of filleting flat fish in America is why we are unable to provide fresh or once frozen product.

JA: There may be less flat fish fishing as fishing fleet re-gear for mackerel.

JY; various: Amendment #80 – CDQ groups.

Taken from Groundfish Forum.org:

AMENDMENT 80

Amendment 80 (Program) and the implementing regulations continued initiatives by the North Pacific Fishery Management Council (Council) and National Marine Fishery Service (NMFS) to reduce bycatch and discard of fish species in the Bering Sea/Aleutian Islands (BSAI) non-pollock trawl groundfish fisheries. The Program (1) extends the application of the Groundfish Retention Standard (GRS) to non-AFA trawl catcher/processor (CP) vessels of all sizes by including CP vessels less than 125 ft. length overall (LOA); and (2) reduces the amount of halibut and crab bycatch, known as prohibited species catch (PSC), that may be taken while non-AFA trawl CPs are groundfish fishing in the BSAI. These measures improve the utilization of fishery resources, minimize costs, and further minimize bycatch to the extent practicable, thereby meeting the objectives of the Magnuson Stevens Act (MSA) National Standards (NS) 5, 7, and 9. The Program facilitates this improved retention and utilization of groundfish resources through specific economic incentives provided by a Limited Access Privilege Program (LAPP). It was anticipated that the LAPP would improve retention and utilization of fishery resources by allocating specific amounts of certain non-pollock groundfish species, halibut PSC, and crab PSC to non-AFA trawl CPs; and facilitates the formation of cooperatives that will receive exclusive harvest privileges for a portion of these fishery resources.

The Non-Pollock Trawl Groundfish Fisheries (pre Amendment 80)

One of the primary reasons for the relatively high discard rates of groundfish by non-AFA trawl catcher/processors was the nature of the non-pollock Groundfish fisheries in which those vessels participated. These fisheries are primarily comprised of groups of species that share similar habitat (e.g., flatfish fisheries such as rock sole, flathead sole, and yellowfin sole so the species occur together, and are typically harvested together. Thus, the

multi-species nature of these fisheries makes it difficult for vessels operators to target only one species, and an economic incentive is created to discard less valuable fish.

NMFS establishes a total allowable catch (TAC) for each of the non-pollock groundfish fisheries based on the species' annual biomass. Vessels competed for the TAC, resulting in a "race for fish," attempting to maximize harvest in as little time as possible. This race for fish increased the economic incentive to discard less valuable species in a multi-species harvest, and accelerated the harvest rate for the more valuable species. All this in effect, created strong incentives to harvest fish as quickly as possible, and discard less valuable species before the TAC limit was reached because all vessels were competing for a limited TAC.

Additionally, non-pollock groundfish fisheries were constrained by catch limits for non-target species, such as halibut, red king crab, Tanner crab (*Chionoecetes bairdi*), and snow crab (*C. opilio*). NMFS establishes PSC limits for halibut in the entire BSAI, and red king crab, *C. opilio* crab, and *C. bairdi* crab in specific areas of the BSAI to limit the adverse impact of harvesting on the longterm productivity of these species. NMFS monitored these PSC limits, and closed or otherwise restricted trawl harvests if PSC limits were projected to be reached thus limiting the harvest of the groundfish TAC and reducing overall revenue to vessels. A "race for PSC" further exacerbated competition and the incentives to harvest rapidly, resulting in greater potential waste and higher discard rates of less valuable Groundfish species.

JA: Will send email to group to explain amendment #80. As well as a six minute video is available for viewing.

Knapp: This amendment will provide continuity and supply.

LM: The elephant in the room in developing new markets with flat fish is the EU duties. The EU duties keep our fish out of EU. If this was modified I think you would see more flat fish going to the EU.

JY; group: Group discusses Caps in EU. The EU duties cost makes the sale of fish cost prohibitive for the consumer to buy it.

SB: Comments on the uptick in sales she has noticed coming in from Korea. She is not sure if ASMI has had a hand in this, but, if not then, perhaps some additional marketing in that region would prove beneficial.

RS: The EU is starting negotiations on foreign food caps and quotas. The last agreement ends in 2015. They are setting up for caps/quotas that will be in place over the next three years. Now is the time to push the agenda in Europe. Get someone inside. Seek an ally with EU processors

Knapp: selecting an EU representative might prove to be difficult. The EU is likely in a political bind as they want Alaska seafood, but, need to support their local fisheries as well.

*Rasmus will contact the EU association to assess the overall feeling and to see where they stand.

Pollock

Torunn: speaks about a report on Pollock that outlines the key challenges and key opportunities of each market.

Knapp has requested that that report is sent to him for distribution to the committee as well as to the heads of all the operating committees.

TH: Alaska Pollock is called Alaska Pollock regardless if it is caught in Russian water. That is the biggest problem that is faced in all markets. The suggestion being a name change to just Pollock. Other challenges are that frozen fish is viewed as lesser quality, so, the consumer will look for fresh even though the fresh fish that is being sold might be a lesser fish such as farmed salmon. So, products like frozen Pollock is ignored.

TH: The Alaska brand is valued in all markets. Seek alternate markets for row. High quotas in US and Russia are putting a squeeze on

RS: Keep momentum going.

TH: Not mush Pollock being kept in Russian products. Russians want to provide for need using other fish. Pink Salmon situation in Russia is bad as well and we could see turbulence in the market. Pink Salmon is not be exported from Russia which makes China nervous.

RS: Russia export duty from 5% up to 50% which will discourage exports.

Knapp: seeks any other conversations on species for the good of the order. Let's talk about the workshop. Julian did a workshop type thing for the OMRs.

LM: It has always been my belief that people need to see the animal. He has displayed fish with OMRs in the past. Having them see the animal, cut into the animal, review/inspect the quality of the creature in which they are trying to market. I don't think anyone has done a workshop like that with flat fish yet. Until now.

JY: Workshop was good. Hands on fish review and comparison to other species was a positive learning experience for all involved. She was appreciative of those that spent time doing that.

Knapp: The fish never lie, which is why buyers do inspections. Which is why it is important to get product presented to OMRs for greater understanding of what they are trying to market. There should be an expansion to get rock fish and other whitefish.

JY: ASMI needs to market fish besides salmon.

Knapp: Should Whitefish meet more?

All: Yes. Quarterly. The Whitefish group covers so many species it is hard to disseminate all the information in just one sitting.

MC: The workshop is necessary for committee and ASMI alike. KNOW YOUR PRODUCT. You can't expect ASMI staff to be successful without knowing the animals. If they can't make the workshop, then, those who went will need to share their experiences and review/discuss with pictures from the presentation. Pass around reports.

TH: The Pollock workshop was successful due to single vision on presentation. Someone in the industry needs to step.

Knapp: Ask what works for Pollock, for instance, to help guide what should be presented for the other species. Knapp will look into quarterly gatherings.

Pat: In addition to seeing product forms knowing what it tastes like is valuable in species education.

Knapp: Would like to applaud Claudia and the Food Service group for the expansion of the school lunch program. Food Service Committee will provide presentation at 8am.

We have eight questions for species committees to consider:

Q1: Yes, workshops for all specie should be provided every year or two.

Q2: Brazil has seen dismal sales. There is a need to improve labels. Brazil: focus on filet market. Rockfish: resource is limited catch; do not play up limited supply. Flounder/Sole: exports to China is strong supply, need to develop new markets besides China. Flat fish flexibility management scheme. Onerous duty situation in the EU: recognize ASMI can't do much there, but, perhaps USDC can assist. Korean market: ASMI requested to provide an extra push in that market. Pollock quota strong: follow the hardwork that ASMI and GAP have provided with the workshops–need to continue. Fresh vs. Frozen opportunities. Other Whitefish products should be considered for use in the Global Food Aid (besides canned salmon). Bruce Schactler is point of contact on Food Aid. Need to discuss quarterly Whitefish meetings.

Q3: ASMI should be aware of nomenclature changes – like Alaska Pollock to just Pollock. ASMI should be aware of and be familiar to all the species within Whitefish. And plan on continuing the education. Continue the work on the USDA nutritional data base to ensure that all the data that needs to be corrected is corrected and ensure that the up to date data is presented yearly.

Q4: Yes, satisfied (although Yeasting has not received them). Karl Uri has stated that he will make sure all committee members receive EBlasts.

Q5: Fantastic job. Members are receiving advertisements whenever out on the web. Incredible pictures, but, more flat fish and Pollock. Whitefish is seeking more balance on the site, specifically Whitefish. Would like a greater understanding of the social media strategy. Rasmus was wondering who do committee members provide pictures and site related subject matter to. How can industry participate in website?

Q6: Whitefish is under served. Please highlight what fishery is open and emphasize what fish is in season on the ASMI website.

Q7: Wild, Natural, and Sustainable slogan should be updated to fit the time we are in. The slogan is tired. The value of the Alaska brand is stronger today than it was ten years ago.

Push it. Push local sales – AK for AK; buy local. On a regular basis consider the ASMI branding be reviewed for change.

Q8: In State promote specie education. Get the word out to non-coastal Alaska about seafood. Get the word out to fishermen about what ASMI does. Tyson to the UFA to speak. Expand the media library. Getting ASMI staff in front of a broader group of people. Perhaps prior to season openers.

Whitefish discusses terms of committee members. Julie Yeasting and Lance Magnusson will be added to the committee. Election of Chair and Vice Chair of the Whitefish Committee begins.

Results: Merle Knapp Chairman and Lance Magnusson is Vice Chair.

Meeting adjourned.

