

Alaska Seafood Marketing Institute
International Marketing Committee
July 22, 2014
Nordby Conference Center
DRAFT MINUTES

A regular meeting of the Alaska Seafood Marketing Institute (ASMI) International Marketing Committee (IMC) was called to order at 9:13 AM on July 22, 2014 at the Nordby Conference Center at Fishermen's Terminal in Seattle, Washington.

INTRODUCTION

Committee members present:

Jeff Stephan
Bob Janzing
Merle Knapp
Dean Pugh
Norman Aoyagi
Lance Magnuson
Julie Yeasting
Michael McGinley
Torunn Halhjem

Members absent:

Duncan Fields (excused)
Bruce Wallace (Board)

Staff:

Nelly Masson, Overseas Marketing Representative
David McClellan, Overseas Marketing Representative
Robin Wang, Overseas Marketing Representative
Akiko Yakata, Overseas Marketing Representative
Jon Harmon, Overseas Marketing Representative
Sarah Johnson, Overseas Marketing Representative
Ksenia Evdokimova, Overseas Marketing Representative
Jose Madeira, Overseas Marketing Representative
Tyson Fick, ASMI
Michael Cerne, ASMI
Alexa Tonkovich, ASMI
Megan Rider, ASMI
Mary Rehfeld, ASMI

Guests:

Brad Burrows, Deep Sea
Pat Shanahan, GAPP

Approval of Previous Minutes

Pugh moved to approve the draft minutes from the previous ASMI IMC meeting, February 12, 2014. Knapp seconded the motion. The committee unanimously approved the motion.

REPORTS

Chairman's Report

Stephan welcomed guests and ASMI's Overseas Marketing Representatives (OMRs). Stephan thanked Magnuson and Yeasting for hosting the OMRs at SureFish for cod and flatfish demonstrations. Stephan thanked Genuine Alaska Pollock Producers (GAPP) for inviting the OMRs to their strategic planning workshop. Stephan thanked ASMI staff for coordinating the logistics of the meeting and trip.

Program Director's Report

Tonkovich provided the Board-approved FY15 budget to the committee. Tonkovich discussed recent trade visits, coordinated by the international staff, and thanked the industry members who assisted in the execution of the trips. Tonkovich discussed upcoming trade visits (Brazil group and culinary retreat) and provided a list of the trade shows in which ASMI will participate in 2014/2015.

Stephan provided a summary of the German trade group. Masson stated that Transgourmet can promote Alaska Seafood but cannot promote the Responsible Fisheries Management Certification program.

Stephan provided a summary of Jon Harmon's recent visit to Kodiak. Stephan thanked Icycle and Westward for plant tours.

Knapp asked about international actionable items from the ASMI Board of Directors following the Customer Advisory Panel meeting in early July. Tonkovich said there are no actionable items at this time for the International program.

SALMON COMMITTEE SUGGESTIONS FOR THE IMC

Tonkovich stated that the ASMI Salmon Committee met this summer and made recommendations to the IMC:

1. The committee recommends working to develop new markets for roe, particularly pink roe, in light of the situation in Russia and Ukraine
2. The committee supports the hiring of an OMR for Russia and Ukraine
3. The committee would like to see a renewed effort on sockeye in Europe (both frozen and canned, and including the UK)

Tonkovich said Crisp Consulting had been hired as the OMR in Russia/Eastern EU, which addresses the second recommendation from the Salmon Committee. The IMC welcomed and congratulated Ksenia Evdokimova, OMR for the ASMI Eastern Europe program.

Addressing the first recommendation from the Salmon Committee, Tonkovich asked the committee for direction. Tonkovich said there is market potential for salmon roe in Brazil and China. Evdokimova recommended two potential markets for salmon roe, Kazakhstan and Azerbaijan. Halhjem suggested China and France. Masson requested a revised version of the salmon roe

brochure. Masson stated every company has their own grading system, but buyers need to be educated.

Halhjem said with a 30-percent import duty, roe would not enter the Russian market. Halhjem asked if anyone has DIPOA for roe in Brazil. Madeira said no companies have the DIPOA certification for roe. However, Alaska roe is entering the Brazilian market, DIPOA approved, through California.

McGinley said Japanese cuisine is trending in China; any of the Asia markets are a good option. McGinley said the Russian market is a traditional pink market, which is a problem. Aoyagi said Japan could not compete with pink roe because of the exchange rate. Japan prefers chum to pink, but the price must be affordable. Janzing said when you drop below pink grades one and two, there is no interest from Japan.

Tonkovich suggested developing short-term and long-term goals. Pugh suggested defining and categorizing product that the industry needs assistance with. The industry does not need help with the high grades, but rather, the low-end grades. Pugh suggested the OMRs identify low-end roe as an ingredient.

Halhjem said the program's short-term goals should be France, China, and Germany. The program's long-term goal should be Brazil. Masson asked how the OMRs should work with retailers to substitute high quality grades with low quality roe. Knapp said the high chum roe price will help pink low grades sell. McGinley said half of the roe is low grade and it cannot be promoted at the foodservice level. McGinley suggested working with manufacturers who can clean it up.

Action item: ASMI staff will explore additional opportunities and markets for pink roe and low-end salmon roe.

Addressing the third recommendation from the Salmon Committee, Tonkovich asked the committee for direction. McGinley said there is currently demand for sockeye in Europe. Burrows said the biggest issue is the RFM/MSC battle. Masson said everyone has sockeye. Halhjem said the industry is seeing strong growth in domestic and export markets. Halhjem said everyone wants 6-9s; the industry needs help finding homes for smaller sizes. Pugh said the perception is with large runs, the market price will drop. The OMRs need to communicate that there are a ton of small fish, but the demand for big fish will remain high and prices will remain stable for bigger fish. Pugh suggested promoting 2-4s as a good size for a meal for two. Pugh asked Wang if a 2-4 fish could be used for the traditional Chinese fish preparation. Wang said the Chinese prefer the whole fish, not just a portion. Wang said this size fish could possibly work for quick every-day consumption.

Action item: ASMI OMRs will explore opportunities for smaller sockeye with the overseas trade.

Harman said John West has made large commitments for canned salmon, one of which is producing an Alaskan video, in addition to PR placement activities. Harman said the real problem is the decline in the market (sockeye) due to pricing. Harman said the industry should collectively address this issue before the market is lost. Harman said the UK has moved to 'Pacific Salmon' and not 'Alaska'.

OMR PRESENTATIONS AND DISCUSSIONS

CEU/WEU Presentation and Discussion

Masson gave a presentation on ASMI marketing activities in Central and Western Europe.

SEU Presentation and Discussion

McClellan gave a presentation on ASMI marketing activity in Southern Europe. McClellan asked the committee how to get buyers to use RFM and not MSC. Harman said GSSI would eventually help to eliminate confusion. Halhjem said the RFM is an alternative. Knapp suggested educating on management through visuals. McGinley suggested using price as a selling point for the RFM.

China Presentation and Discussion

Wang gave a presentation on ASMI marketing activities in China.

NEU Presentation and Discussion

Harman gave a presentation on ASMI marketing activities in Northern Europe. Masson asked Harman if Sodexo is buying exclusively MSC product. Harman said not exclusively. Knapp said suppliers will use different types of seafood if they do not have enough product. Knapp asked Harman how they are communicating with the consumer to ask for Alaska. Harman said that roughly 15 percent of consumers in this market have an appreciation for origin-labeled fish. Halhjem asked if consumers believe that all 'Alaska pollock' comes from Alaska. Harman said they do believe 'Alaska pollock' is from Alaska.

Japan Presentation and Discussion

Yakata gave a presentation on ASMI marketing activities in Japan. Yakata said there are a few surimi processors who call out 'Alaska.' Aoyagi said it is difficult to identify or call out 'Alaska' because a variety of fish is used in the surimi production process. Halhjem said the OMRs should communicate the Alaska story to a variety of department stores. Halhjem said the situation with roe is almost as convoluted as surimi. Knapp suggested ASMI partner with GAPP to address the growing school lunch program in Japan.

Action Item: ASMI Japan will explore options for collaboration with GAPP on the school lunch program.

Brazil Presentation and Discussion

Madiera gave a presentation on ASMI marketing activities in Brazil. Halhjem asked what the industry should do to reduce the import duty on salmon. Madiera suggested the committee build a case and work with the USDA; Madiera will work with the local processors association. Stephan asked how the program plans to differentiate cod and bacalhau. Madiera said through education and retail promotions. Madiera said his staff is also working to include language on packaging. Yeasting asked if sole and flounder will be included in marketing activities moving forward. Madiera said yes as it is a good value product. Madiera said the buyers group from Brazil visiting Alaska in July would tour a flatfish vessel.

EEU Presentation and Discussion

Evdokimova gave a presentation on ASMI marketing activities in Eastern Europe.

OMR - IMC Industry Calls

Stephen noted that the industry conference calls were an opportunity to discuss strategy issues. Tonkovich said it was a chance during the interim time period to exchange information between OMRs and industry (similar to the pre-Brussels meeting) and that the calls were split up between Asia and Europe. Stephens asked if the division of Europe and Asia productive and discussion ensued.

Knapp suggested there be more focus on specific items. He felt Tonkovich or Stephen should decide on which issues should be covered. For example, the call could discuss whitefish and then Masson could include the update in her newsletter. McGinley said it should be species specific. Harmon recommended scheduling the conference calls and then deciding if the call is needed when the time comes. Yeasting stated that she'd prefer a summary after the call.

Stephen suggested sending out a one page summary in advance of the calls and keeping the calls to one hour. He suggested a rough agenda be sent out in advance and then ASMI staff could see who is interested in participating.

McGinley noted that the Go to Meeting program is very effective. He stressed that calls are important, for example, if OMRs are conducting a chum promotion and industry is having a bad chum year it does not make sense.

Stephen asked for ideas from the IMC for suggestions. Knapp recommended that to make calls more efficient the call should be broken into segments so, for example, if there are whitefish people on phone and that part of discussion is over, they can move on.

INTERNATIONAL STRATEGIC ANNEX

Stephen will report to the board that the committee has begun to discuss the annex but due to lack of time will wait until the next meeting.

SPECIES UPDATES

COD – Lance Magnuson, Blue North Fisheries

Magnuson said it is important for people handling phone calls to see the animal and see it opened up; learn about the quality. McClellan mentioned volumes of cod coming out of Norway and putting product into Southern and Western Europe and therein lays the opportunity for pacific cod. Consumption is rising due to availability and quotas will go down. There is a lack of availability of frozen fish and we will continue to see sales go up due to promotions in Europe. Cod is an inexpensive, high quality protein. He said there is not enough money in the industry to promote but a reduction of quotas in Russia and Norway makes the market optimistic.

WHITEFISH – Julie Yeasting, Iquique U.S. LLC

Yeasting discussed yellowfin sole (amendment 80), plaice (by catch) and arrowtooth flounder (by catch) and how ten years ago it was a completely different fishery. Domestic sales into China or Brazil force the industry to get creative and be able to produce a good quantity from amendment 80. Julie enjoyed visiting the team in Brazil and China was encouraging and productive and gave them educational tools. Arrowtooth flounder reprocessed in China and Japan is something to note.

McClellan stated that the Groundfish (GF) Forum is difficult as it pulls people away from CONXEMAR due to a time conflict but he would like a report after GF Forum. Magnuson said you must be invited – recommended people ask Torunn.

Tonkovich suggested an industry conference call to share information after forum. Knapp said that the GF forum is a productive and informational meeting that is key to the industry and closed with no press. Every Tuesday he receives a report from NOAA with stats so he knows exactly which product forms have been produced by competitors. Harmon noted that AMC is another good report produced

SALMON – Michael McGinley, Ocean Beauty and Dean Pugh, Peter Pan Seafoods

McGinley said undervalued species do not get enough promotion but pinks are big part of the run. He said there is not a need for fresh chum advertisements due to low volume run.

Pugh said the run out of Canada is going to set world records. Preliminary reports say fish are small. Cost of goods does not reflect market value.

McGinley said smokers may want to smoke 2-4s and then a promotion would be possible. Some smokers want family sized salmon.

McClellan said the refreshed market may use small reds if prices are low.

HALIBUT – Merle Knapp, Glacier Fish Company

Knapp said quotas are down so prices will continue to rise

McGinley said halibut is domestically oriented so the quota system hurts export markets. He noted there is competition out of Russia and Greenland.

BLACK COD – Dean Pugh, Peter Pan Seafoods

Pugh said prices will rise and five pounds and larger will be taken. He noted there will not be any fish to promote.

HERRING and HERRING ROE – Norman Aoyagi, Pyramid Island Seafoods LLC

Aoyoga discussed bankruptcy problems as Canada controls the market with 65% of total share but needs a processor. He noted product must be resold to Hokkaido for reprocessing.

China, Japan or Vietnam pose possibilities for reprocessing and noted shelf life is very short. The industry must study how to process this product -- maybe more strategy sessions with Japanese would help.

EXECUTIVE DIRECTOR'S REPORT – Michael Cerne, Executive Director ASMI

Cerne said there has been turnover in fiscal staff; four of five have resigned or departed in the last month. He asked for patience and instructed the OMRs to contact Tonkovich or her team if payment is getting to point that it needs to be paid, for example the UK. At the April board meeting there were several board directives for RFM measures, such as hiring Dr. Alexandra Alavara to replace Rice as Technical Director. Additionally, Peter Marshall will be contracted to take ownership of the RFM program. The Board decided on an RFM pilot tested against GSSI in November. Indicators are out for public comment – Marshall is going to Germany and Quebec for stakeholder workshops. Info papers ready for distribution will be available next week to educate and address

queries regarding program changes. Benefits of the new RFM measures are that entities like SCS (other certification bodies) can come in.

McGinley wants to keep costs low for certification.

Cerne said OMRs can encourage bodies in their regions to get certified. Marshall has an employee that does nothing but certification training.

ADOJOURN

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