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ALASKA SEAFOOD MARKET UPDATE

Southwest Municipal Conference – Juneau, Alaska
March 6, 2020

*Ashley Heimbigner, Communications Director
Alaska Seafood Marketing Institute*

WHAT IS THE ALASKA SEAFOOD MARKETING INSTITUTE?



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As Alaska's official seafood marketing arm, **ASMI maximizes the economic value of the Alaska seafood resource** by:

- building and protecting the Alaska Seafood brand
- developing and creating markets for Alaska seafood products
- working directly with the seafood industry to maximize efforts

ASMI is a **public-private partnership** directed by a Governor-appointed Board of Directors: five processors, two commercial harvesters, and **10 Species and Operational Committees**.





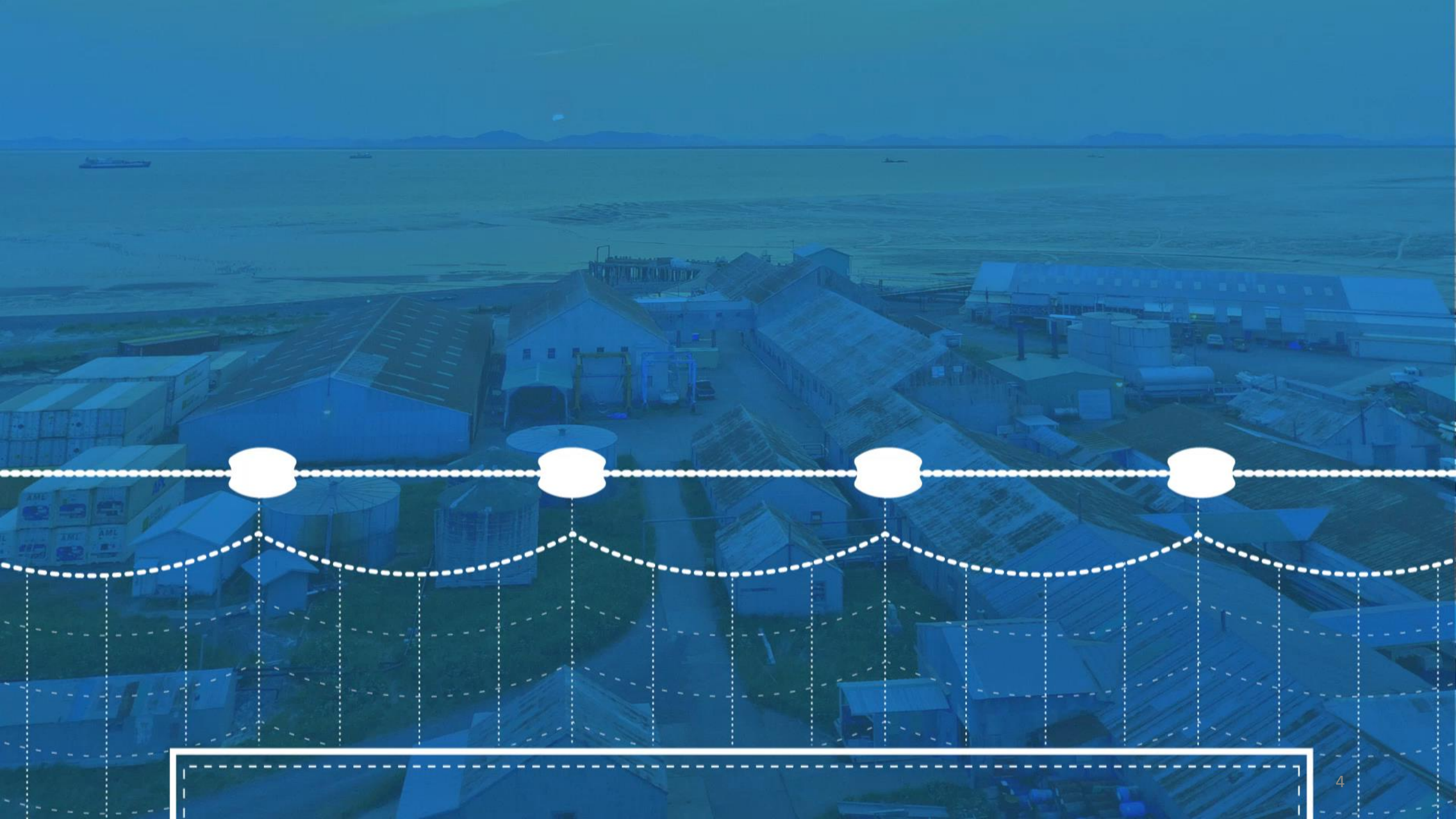
THE ECONOMIC VALUE OF ALASKA'S SEAFOOD INDUSTRY

JANUARY 2020

Prepared by:

McDowell
GROUP



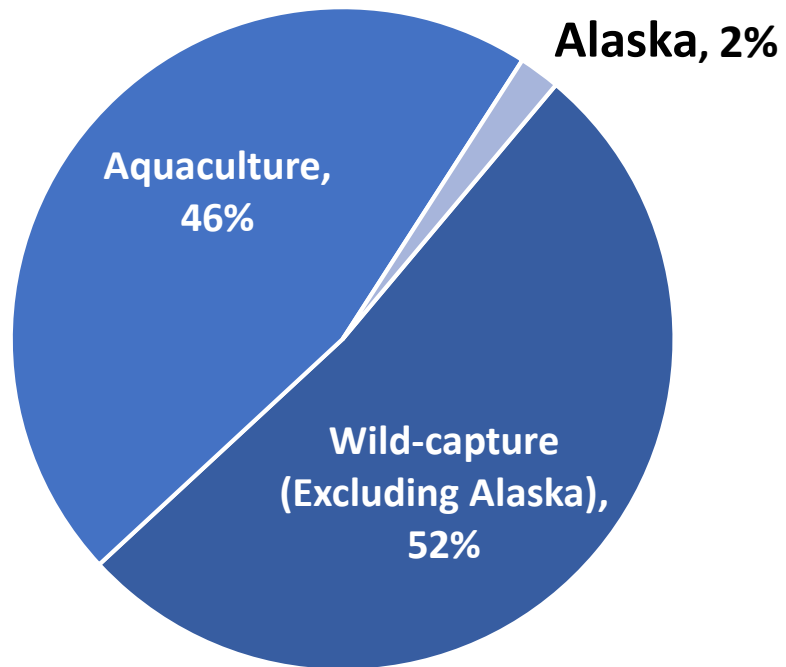


ALASKA VS THE WORLD



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% of Global Production Volume



Global Seafood Production by Source, 2017

Source	% of Global Volume
Wild-capture (Ex. Alaska)	52%
Aquaculture	46%
Alaska	2%
Total	100%

Source: McDowell Group estimates; FAO.

FACTORS IMPACTING VALUE



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Supply

- Large harvests
- Inventory
- Competition w/other species

Demand

- Consumer preferences
- New markets/products

Global Markets

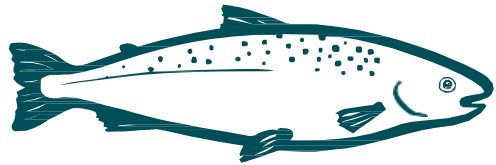
- US Dollar vs Foreign Currencies
- Trade Policies



PRODUCT TYPE



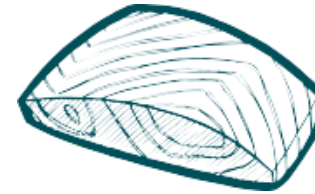
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H/G & Whole Fish 41%



Surimi 13%



Fillets 20%



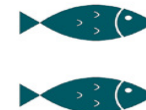
Roe 10%



Canned 5%



Meal & Oil 3%



Other 7%

EXPORT MARKETS
~66% (value)

DOMESTIC MARKET
~33% (value)

Alaska produces mostly primary and intermediate products

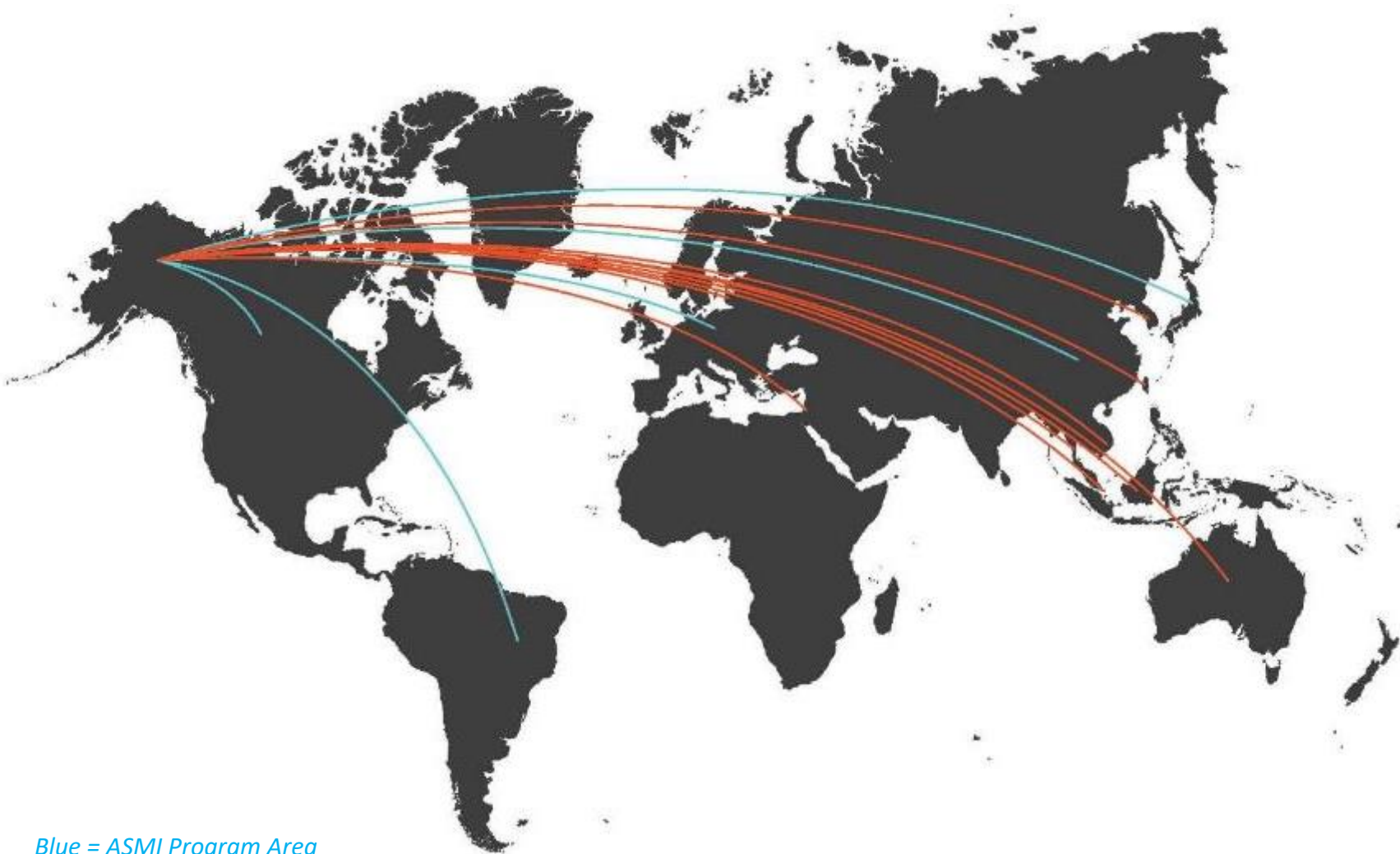
Note: Percentage of first wholesale value, estimated 2017-2018 avg.

Source: NMFS and ADF&G, compiled by McDowell Group.

MARKETS FOR ALASKA SEAFOOD



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Blue = ASMI Program Area
Red = Non-ASMI Program Area

About 75% (volume) of Alaska seafood production exported annually to 100 countries

U.S. usually largest market: 25-30%

China/South Korea largest trading partners; primarily reprocessing

Japan/Europe largest direct foreign markets

90% of pollock, pink/keta salmon, and A80 species exported

GLOBAL COMPETITION



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<u>Alaska Species</u>	<u>Primary Competition or Substitute</u>
Pollock	Russia Pollock, Hake
Pacific Cod	Atlantic Cod & Haddock
Snow Crab	Atlantic Snow Crab
Pacific Ocean Perch /Rockfish	Redfish & Non-AK Sebastes
Atka Mackerel	Russia Okhotsk Mackerel; Japan Atka Mackerel
Black Cod	Sea Bass
Pacific Halibut	Canada Pacific Halibut & Atlantic Halibut
Salmon	Chile/Norway farmed salmon; other wild

TRADE IN KEY EXPORT MARKETS



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China *(as of Jan 22, 2020)*

- 30%+ tariffs on Alaska seafood into China
- Phase One Trade Deal: retaliatory tariffs unchanged for Alaska; other potential impacts on Alaska seafood still unclear

Russia

- Leading global competitor for Alaska seafood
- Russia market closed to Alaska since 2014, but increasing exports to U.S.
- Significant government investments in seafood industry infrastructure, technology and marketing

European Union

- Significant trade barriers on U.S. seafood into EU; near free-market access of EU products into U.S.
- U.S. seafood caught in Boeing/Airbus dispute
- Brexit

Japan

- Leading export market for U.S. seafood sector
- Recently enacted FTAs with several U.S. seafood competitors
- Recent “Phase One” agreement did not level playing field for U.S. seafood

EXPANDING ASMI'S IMPACT

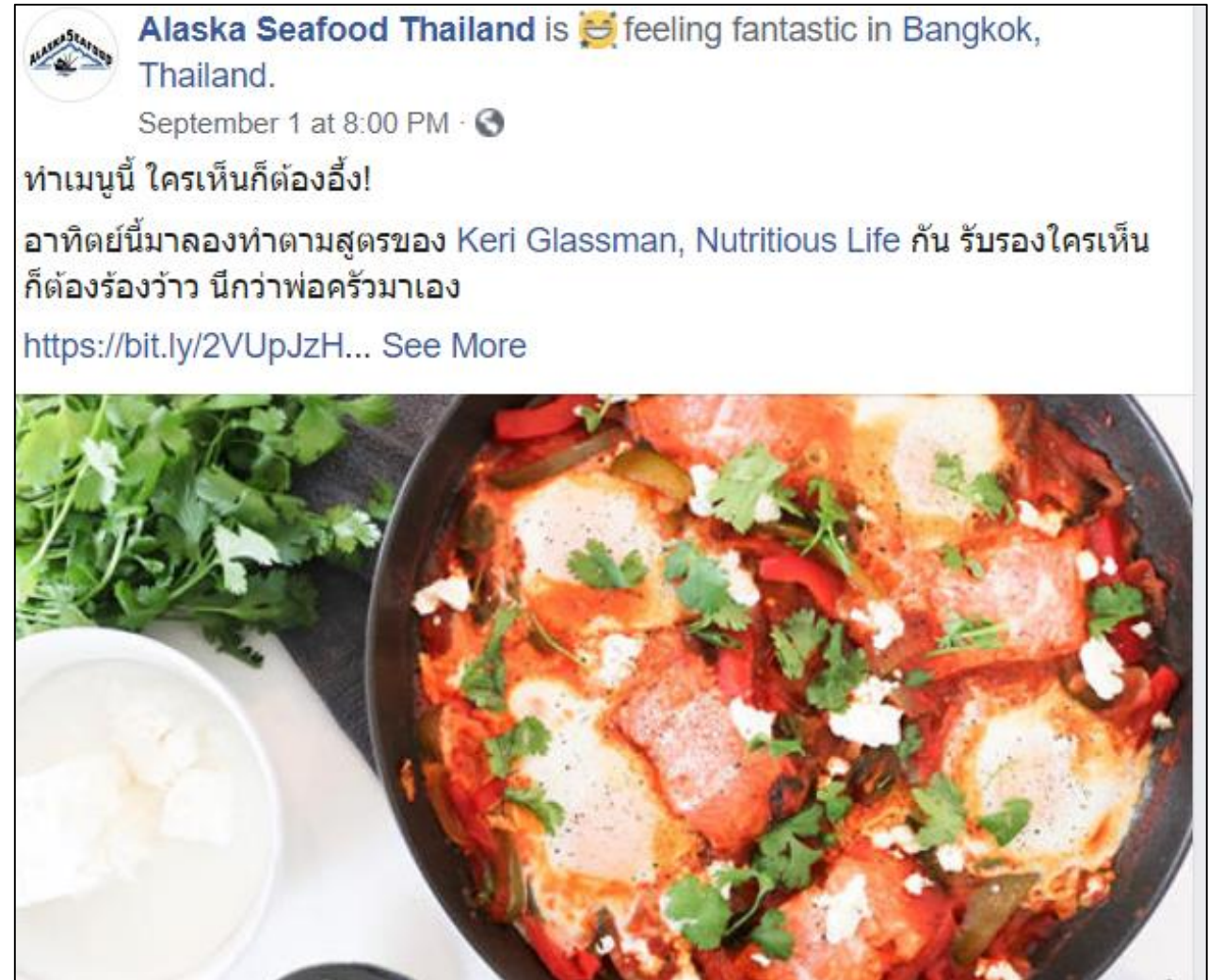


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USDA United States Department of Agriculture
Foreign Agricultural Service

Agricultural Trade Promotion Program

- To mitigate harmful effects of tariff and non-tariff trade barriers
- ASMI received a combined award of \$7.5 million to spend across three years



ASMI EFFORTS – GLOBAL FOOD AID PROGRAM



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**ASMI Global Food Aid Program:
Record USDA purchases of Alaska seafood in FY19.**



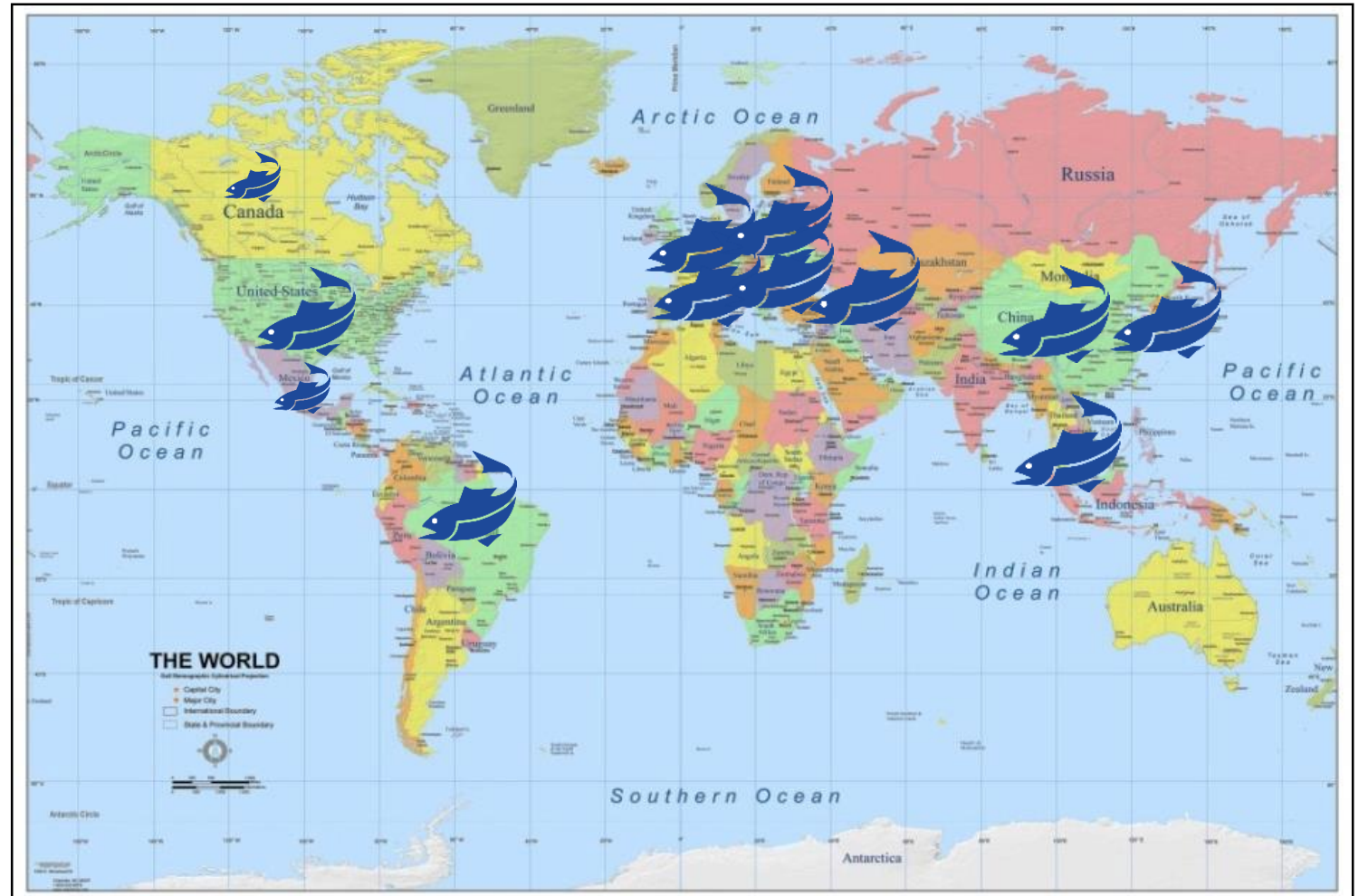
INTERNATIONAL MARKETING



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Nine Program Areas in 41 Countries

- Japan
- China
- South America
- Northern Europe
- Central Europe
- Southern Europe
- Western Europe
- Eastern Europe
- Southeast Asia



E-COMMERCE PROMOTIONS see good rate of return in China and EU.

TRADE MISSIONS bring buyers from key markets to Alaska, including a *Millennial Trade mission to Kodiak*. *Outbound missions create connections for industry.*

SEAFOOD EXPO GLOBAL 2019 onsite sales at the ASMI Pavilion exceeded \$112M; Projected sales from the show to exceed \$1 billion.



HIGHLIGHT

TAGLINE TRANSLATION



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UNITED STATES



Natural, Pure, Delicious
天然 洁净 美味

CHINA



天然のおいしさを、アラスカから。
サステイナブルシーフード

JAPAN

THREATS AND OPPORTUNITIES



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Opportunities:

- Alaska Provenance
 - #1 protein brand on U.S. menus
- Global Gold Standard for Sustainable Management
- Changing Consumer Preferences
 - Sustainable foods
 - Healthy protein

Norwegian Seafood Exports to China Grew 40% in 2019

January 14, 2020

According to the Norwegian Seafood Council, the Norwegian seafood sector reached record-level export value in 2019.

The Council reports that in 2019 Norway exported 2.7 million tons of seafood, with a value of NOK 107.3 billion. Although a 3% decrease in value from 2018, value increased 8%, or NOK 8.3 billion.



Threats:

- Consumer Confusion
 - Farmed vs wild
 - Health of the oceans
- Increased Foreign Investment
 - Russia
 - Norway
- Alternative Proteins
 - Plant-based meat & seafood
 - Lab grown meat



CONSUMER TRENDS - Sustainability



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VIDEO DESTINATIONS ▼ TOPICS ▼ travelstoke



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SUSTAINABILITY

Alaska is the sustainable fishing model the world needs



Photo: dani shlom/Shutterstock



WHAT'S HAPPENING WITH **PROTEIN**

1/3

OF CONSUMERS LIMIT OR
AVOID MEAT
CONSUMPTION
YOUNGER GENERATIONS
LEADING THE WAY



TOP 2 CONSUMER
BENEFITS OF
Eating Seafood

IT'S HEALTHY 69%
IT'S DELICIOUS 60%



THE MOST PREFERRED WAY TO REDUCE MEAT CONSUMPTION IS WITH SEAFOOD

Preferred Ways To Limit Meat

Replacing meats
with seafood 34%

Replacing meats
with vegetables 23%

Replacing meats with
plant-based proteins 20%

Replacing meats
with beans 11%

Replacing meats
with whole grains 12%

SEAFOOD CONSUMPTION
INCREASE IS DRIVEN

by desire for

HEALTHY PROTEIN

Asda to replace fish counters with 'food to go', including sushi

By [Undercurrent News](#) Jan. 9, 2020 17:50 GMT



ALASKA SYMPHONY OF SEAFOOD



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Alaska Symphony of Seafood is a competition for new value-added products made from Alaska seafood.

Goal is to inspire innovative ways to fully utilize and increase the value of Alaska's seafood.



2020 Foodservice Category Winner:
Alaska Wild Wings (Pollock)
Highliner Seafoods



2020 Grand Prize Winner:
Bullwhip Kelp Hot Sauce
Barnacle Foods



PARTICIPATE



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ALL HANDS ON DECK

**NOVEMBER 2020
GIRDWOOD, ALASKA**

#ASKFORALASKA



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