

SCOMM

126:29

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: HB 390
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: DCED
 Title Reauthorization of the 1% Salmon Tax BRU Alaska Seafood Marketing Institute (126)
 Component Alaska Seafood Marketing Institute
 Sponsor Representative McGuire Component No. 393
 Requester _____

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services	226.0	226.0	226.0	226.0	226.0	226.0
Travel	74.0	74.0	74.0	74.0	74.0	74.0
Contractual	1,467.0	1,467.0	1,467.0	1,467.0	1,467.0	1,467.0
Supplies	32.0	32.0	32.0	32.0	32.0	32.0
Equipment	1.0	1.0	1.0	1.0	1.0	1.0
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	1,800.0	1,800.0	1,800.0	1,800.0	1,800.0	1,800.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1156 Receipt Supported Services	1,800.0	1,800.0	1,800.0	1,800.0	1,800.0	1,800.0
TOTAL	1,800.0	1,800.0	1,800.0	1,800.0	1,800.0	1,800.0

Estimate of any current year (FY2002) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal: ☒ X

POSITIONS

Full-time	18	18	18	18	18	18
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

The Receipt Supported Services fund source stated here is derived from the collection of the 1% Salmon Marketing Tax. The 1% Salmon Marketing Tax is calculated on the actual Annual Harvest ex-vessel value of all salmon harvested in Alaska in any given year. Because of the varying cyclic nature of the salmon harvests from year to year, an average salmon ex vessel harvest value of \$180,000,000 per year of which 1% Salmon Marketing Tax equals \$ 1,800,000 has been used as the estimated collectable revenue for ASMI.

The estimated expenditures are based on a percentage ratio .

Prepared by: Barbara Belknap, Director
 Division: Alaska Seafood Marketing Institute
 Approved by: Deborah B. Sedwick, Commissioner
 Agency: Department of Community & Economic Development

Phone 907-465-5570
 Date/Time 2/11/02 4:26 PM
 Date 2/11/2002

Alaska State Legislature

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Chair, House Special Committee
on Economic Development, Trade
and Tourism

Chair, Joint House and Senate
Administrative Regulation and
Review Committee

Member
Resources Committee
Rules Committee

Representative Lesil McGuire *House District 17*

SPONSOR STATEMENT

HB 390

"An Act extending the termination dates of certain activities and salmon marketing programs of the Alaska Seafood Marketing Institute and of the salmon marketing tax; expanding the allowable use of that tax for the salmon marketing programs of the Alaska Salmon Marketing Institute; relating to the Alaska Seafood Marketing Institute's salmon marketing committee; and providing for an effective date."

HB 390 extends the termination date of certain activities and salmon marketing programs of the Alaska Seafood Marketing Institute, and the salmon marketing tax.

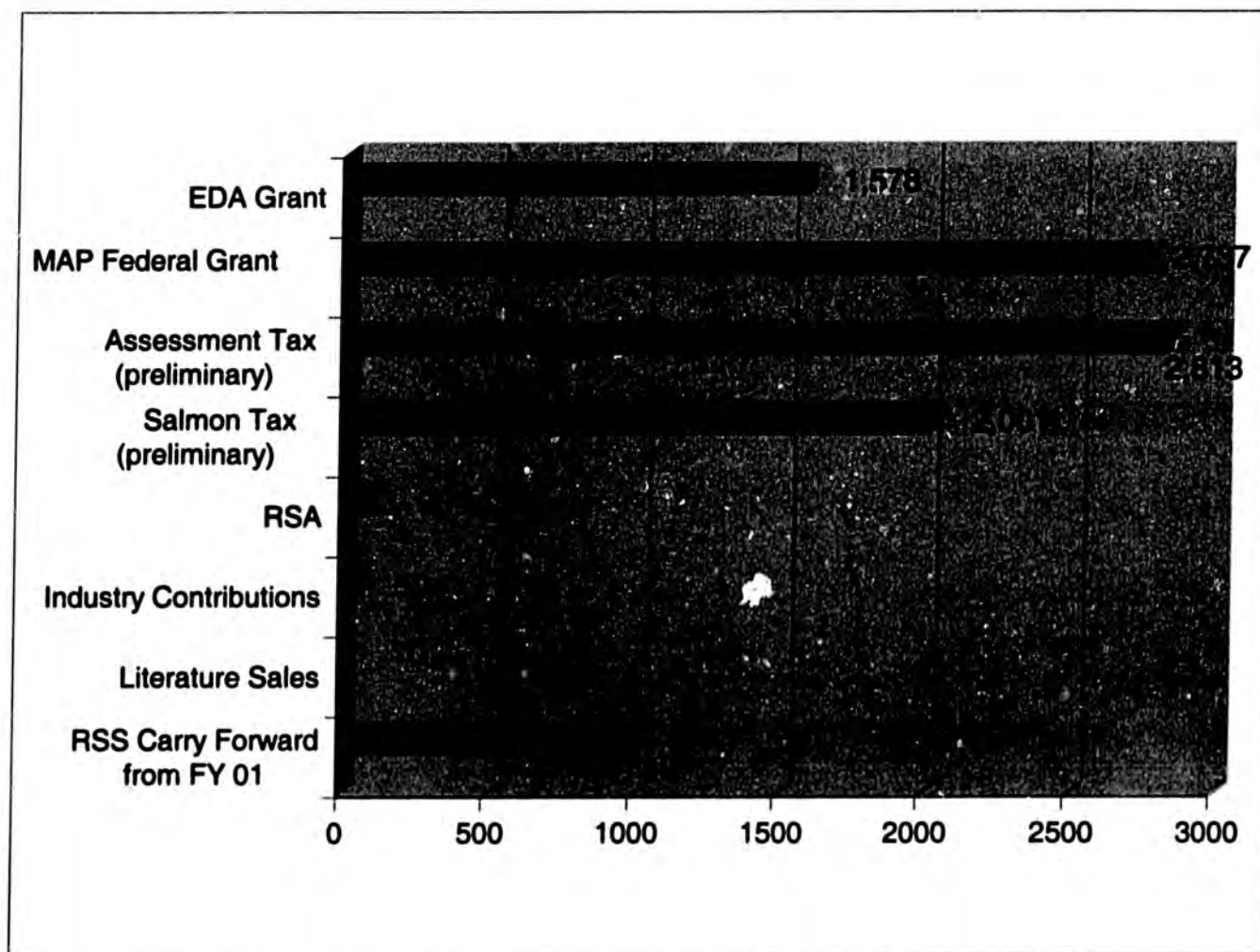
Under current uncoded law, the salmon marketing activities and programs of the Alaska Seafood Marketing Institute described in AS 16.51.100 (7) – (9) terminate on June 30, 2004. The salmon marketing tax described in AS 43.76.110 – 43.76.130, which supports certain ASMI activities and the ASMI's domestic salmon marketing program, terminates June 30, 2003. HB 390 would extend those activities and programs, and the tax for an additional five years.

In addition, HB 390 amends AS 43.76.120 (d) to permit salmon marketing tax revenue to be appropriated for use in ASMI's international salmon marketing program as well as for use in its domestic salmon marketing program. These changes would assure the continuation of the important work of ASMI and would provide greater flexibility in the marketing of Alaska salmon in the international marketplace.



Sources of ASMI Revenue FY 02

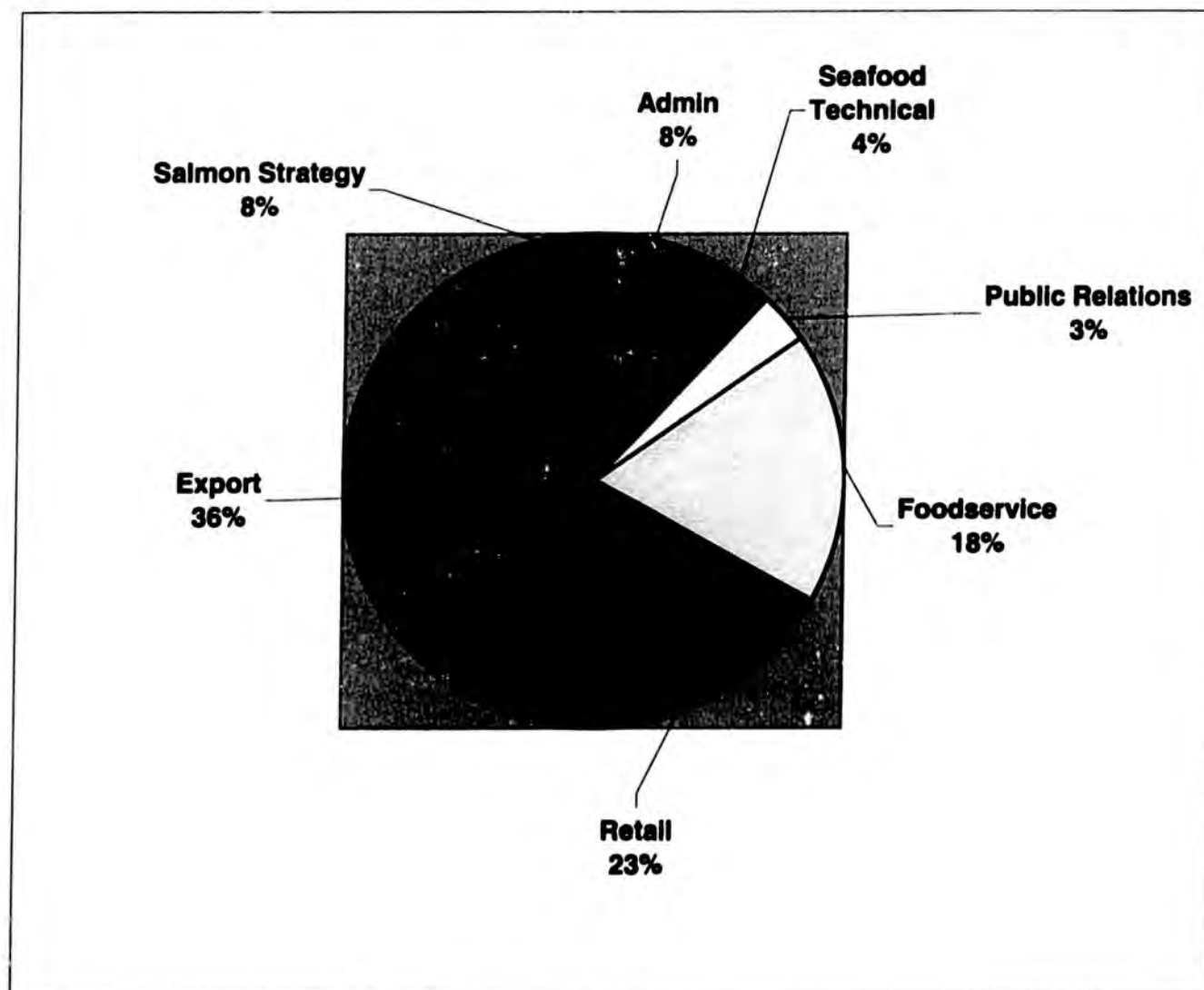
RSS Carry Forward from FY 01	972	9%
Literature Sales	10	0%
Industry Contributions	50	0%
RSA	90	1%
Salmon Tax (preliminary)	2,001	20%
Assessment Tax (preliminary)	2,813	27%
MAP Federal Grant	2,737	27%
EDA Grant	1,578	15%
	10,251	100%





Allocation of ASMI Revenue FY 02

Admin	739	8%
Seafood Technical	439	4%
Public Relations	335	3%
Foodservice	1,728	18%
Retail	2,266	23%
Export	3,582	36%
Salmon Strategy	753	8%
	9,842	100%





Last year more than 50,000,000 pounds of Alaska Seafood was sold directly through ASMI foodservice and retail promotions

Export Foodservice

1,307,061 pounds of Alaska seafood sold through ASMI export foodservice promotions overseas in FY 01

9,912 chefs exposed to Alaska seafood through promotions and seminars overseas

248 promotional partners for export foodservice program

22 new promotional partnerships established

38.8% increase in pounds of value-added seafood sold

Export Retail

23,864,957 pounds of Alaska seafood sold through ASMI export retail promotions overseas in FY 01

8,617 stores conducting ASMI promotions overseas

272 new promotional partners for export retail program

38.8 change in pounds of value added seafood sold at retail

+76% volume and percentage change in sales of canned salmon (UK)

Domestic Foodservice Program

More than 11.5 million pounds of Alaska seafood sold through domestic foodservice promotions in FY 01

35 working accounts, with 4,786 units (excludes those served by broadline foodservice distributors)

15 new promotional partners

35,000 chefs exposed to ASMI and Alaska seafood through promotions and educational seminars

Domestic Retail Program

More than 13 million pounds of fresh and frozen Alaska seafood sold through domestic retail promotions in FY 01

3 million pounds of this was value-added product

58 grocery chains with 7,103 stores involved in ASMI promotions

Added six new retail chains (1,443 stores) as partners for promoting all species of Alaska seafood

Sales figures were up 6.8% over last year for sales of value-added Alaska seafood items through national home delivery service promotion

U.S. marketing efforts are enhanced by a strategic salmon initiative funded by federal EDA grant funds. In FY 01 this initiative achieved 145 million impressions: key messages about Alaska Salmon were delivered that many times through radio, newspaper, magazine, and TV. An expenditure of \$900,000 generated media coverage valued at \$19.7 million.

Did you know that....

- **In 2000, the Alaska Seafood brand ranked Number 3 among branded food items on menus of the top 500 restaurant chains in the U.S.**
- **The Marine Stewardship Council (MSC) validated Alaska's salmon fishery management in September 2000, certifying Alaska salmon fisheries as sustainable. Promotions of MSC-certified Alaska salmon were held in Europe and the United States in the summer of 2001. Alaska's salmon fishery is the largest fishery certified to date and the only salmon fishery in the world to be certified.**
- **More fresh and frozen sockeye than ever before entered the U.S. market last year.**
- **Alaska seafood valued at \$67.8 million was sold as a direct result of ASMI retail promotions in Japan during FY 01.**
- **A single ASMI event in the Japanese port city of Shioyama drew 9000 consumers and 170 representatives of the Japanese seafood trade.**
- **New laws in effect in Japan and the European Union require seafood labels at the retail level to state the country where the product originated and whether it is wild or farmed. This aids ASMI's effort to differentiate and reposition Alaska products in the market.**
- **New markets are opening up for fresh and fresh/frozen Alaska salmon. In the UK, major retailer Tesco is using frozen Alaska keta salmon to create kabobs with two types of sauce that are sold at chilled retail service counters.**
- **At the world's largest seafood tradeshow, the European Seafood Exposition, ASMI's Alaska pavilion generated \$50 million in seafood sales and over 400 trade leads.**
- **In France, four national foodservice distributors now carry Alaska keta and pink salmon fillets and portions on a year-round basis. Surimi consumption is at an all-time high.**
- **European salmon smokers are beginning to return to wild Alaska salmon after years of using farmed salmon. In 2001, the biggest salmon smoker in Germany, a company that has been using coho and king, is considering adding sockeye salmon to the range of products.**

(b) If the owner of salmon is liable for payment of the salmon enhancement tax under (a) of this section, the owner shall comply with the requirement of AS 43.76.025(b) to report the owner's liability for payment of the tax. (§ 18 ch 117 SLA 1981; am § 7 ch 33 SLA 1989)

Effect of amendments. — The 1989 amendment inserted the reference to "43.76.012" and made stylistic changes in subsection (a).

Sec. 43.76.030. Accounting of financing received as a result of the salmon enhancement tax. [Repealed, § 19 ch 6 SLA 1998.]

Sec. 43.76.035. Exemption. AS 43.76.010 — 43.76.040 do not apply to salmon harvested under a special harvest area entry permit issued under AS 16.43.400. (§ 2 ch 152 SLA 1988; am § 8 ch 33 SLA 1989)

Effect of amendments. — The 1989 amendment deleted "to a regional association established under AS 16.10.380" at the end of the section.

Sec. 43.76.040. Definition. In AS 43.76.010 — 43.76.040, unless the context otherwise requires, "buyer" means a person who acquires possession of salmon from the person who caught the salmon regardless of whether there is an actual sale of the salmon but excluding a transfer to a person engaged solely in interstate transportation of goods for hire. (§ 19 ch 117 SLA 1981)

Article 2. Salmon Marketing Tax.

Section

- 110. Salmon marketing tax
- 120. Collection of tax
- 130. Definition

Effective date of article. — Section 11, ch. 55, SLA 1993, as amended by § 1, ch. 111, SLA 1998 repeals this article effective July 1, 1993.

Delayed repeal of article. — Section 9, ch. 55,

SLA 1993, as amended by § 1, ch. 111, SLA 1998 repeals this article effective June 30, 2003.

Sec. 43.76.110. Salmon marketing tax. A person holding a limited entry permit or interim-use permit under AS 16.43 shall pay a salmon marketing tax at the rate of one percent of the value, as defined in AS 43.75.290, of salmon that the person removes from the state or transfers to a buyer in the state. The buyer shall collect the salmon marketing tax at the time the salmon is acquired by the buyer. (§ 7 ch 55 SLA 1993)

Sec. 43.76.120. Collection of tax. (a) A buyer who acquires salmon that is subject to a salmon marketing tax imposed by AS 43.76.110 shall collect the salmon marketing tax at the time of purchase and shall remit the total salmon marketing tax collected during each month to the Department of Revenue by the last day of the next month.

(b) A buyer who collects the salmon marketing tax shall

- (1) maintain records of the value of salmon purchased in the state;
- (2) report to the Department of Revenue by March 1 of each year the total value, as defined in AS 43.75.290, of the salmon that the buyer has acquired during the preceding year.

(c) The owner of salmon removed from the state is liable for payment of a salmon marketing tax imposed by AS 43.76.110 if, at the time the salmon is removed from the state, the tax payable on the salmon has not been collected by a buyer. If the owner of the



UNITED FISHERMEN OF ALASKA

February 21, 2002

211 Fourth Street, Suite 110
Juneau, Alaska 99801-1172
(907) 586-2820
(907) 463-2545 Fax
E-Mail: ufa@ufa-fish.org
www.ufa-fish.org

Representative Gary Stevens
Representative Peggy Wilson
Co-Chairs
House Special Committee on Fisheries
Alaska State Legislature
State Capitol (MS 3100)
Juneau, AK 99801-1182

Re: HB 390 ASMI Salmon Marketing

Dear Co-Chairs:

United Fishermen of Alaska supports passage of this bill to allow renewing the harvester salmon 1% assessment for marketing, authorizing ASMI to lobby for federal funds, and allowing the ASMI board to spend the assessment for marketing worldwide.

As you are aware, the Alaska salmon industry is facing challenges due to imports of farmed fish, the value of the Japanese yen, the lagging Japanese economy, and inefficiencies in the present harvesting structure. It is import to signal to Alaska's fishery markets and our competitors that we are serious about marketing our product; renewing the assessment now rather than waiting until the last minute in 2003 sends the right message.

The twenty-nine member groups of UFA would appreciate your support in passing this bill.

If you have any questions about our position or if you need additional information, please feel free to contact me.

Sincerely,

Thomas M. Gemmell
Executive Director

Copy: Representative Lesil McGuire

MEMBER ORGANIZATIONS

Alaska Longline Fishermen's Association • Alaska Trollers Association • At-sea Processors Association • Bristol Bay Reserve
Chignik Regional Aquaculture Association • Concerned Area "M" Fishermen • Cook Inlet Aquaculture Association
Copper River Salmon Producers Association • Cordova District Fishermen United • Douglas Island Pink and Chum
Kenai Peninsula Fishermen's Association • Kodiak Regional Aquaculture Association • Kodiak Seiners Association • North Pacific Fisheries Association
Northern Southeast Regional Aquaculture Association • Old Harbor Fisherman's Association • Petersburg Vessel Owners Association
Prince William Sound Aquaculture Corporation • Purse Seine Vessel Owners Association • Seafood Producers Cooperative
Southeast Alaska Regional Dive Fisheries Association • Southeast Alaska Seiners Association • Southern Southeast Regional Aquaculture Association
United Cook Inlet Drift Association • United Salmon Association • United Southeast Alaska Fishermen

Cordova District Fishermen United

Celebrating 65 Years of Service to Commercial Fishermen in Cordova, Alaska

P.O. Box 939 Cordova, Alaska 99574 / phone (907) 424-3447 / fax (907) 424-3430 /

e-mail cdfu@ptialaska.net

February 23, 2002

House Special Committee on Fisheries
Alaska State Legislature
State Capitol (MS 3100)
Juneau, AK 99801-1192

SENT VIA FACSIMILE TO 907.465.3517

RE: HB 390 - ASMI 1% Reauthorization

Dear Members,

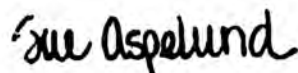
CDFU, representing the fishing fleets of Area E - the Copper River and Prince William Sound - supports HB 390. Involved in the successful promotion of Copper River salmon as we are, we feel qualified to comment on the absolute importance of seafood marketing. Our efforts to promote Copper River salmon would not have met with nearly the success that we have were it not for the excellent framework of generic salmon promotion that ASMI provides, as well as their constant support with materials, information, etc.

We support reauthorization of the 1% salmon assessment to ASMI. The salmon industry needs generic, non-branded marketing support for Alaska salmon, and ASMI has proven its expertise, commitment, and ability to provide it. The impacts of farmed fish production in the global marketplace and Japan's faltering economy have heightened the importance of the role that ASMI plays in the marketing of Alaska seafood, especially in salmon.

We also support a lifting of the domestic marketing restriction of the 1%. An example of potential benefits resulting from expanding ASMI's ability to respond to changing market dynamics is the Mad Cow Disease outbreak in Europe. Use of our 1% assessment to respond to that opportunity for salmon marketing would've been helpful.

We would like to see HB 390 amended in order to allow ASMI to lobby for federal marketing funds. We would be pleased to this issue with you further. Thank you.

Sincerely,



Sue Aspelund
Executive Director

Cc: Representative Lesil McGuire



Alaska Trollers Association

130 Seward St., No. 505
Juneau, Alaska 99801
(907) 586-9400
(907) 586-4473 Fax

February 25, 2002

Representative Gary Stevens, Co-Chair
Representative Peggy Wilson, Co-Chair
House Fisheries Committee
Alaska State Legislature
Juneau, AK 99811

Dear Representatives:

The Alaska Trollers Association (ATA) strongly supports HB 390, which extends the salmon marketing tax through 2008 and allows ASMI the option to use this money on both domestic and foreign marketing programs.

Recent years have brought a series of challenges for those who harvest and market Alaska seafood. For instance, fishermen have seen their bottom line ravaged by the rapid rise of cheap subsidized farm salmon in the marketplace, combined with numerous regulatory policies restricting their access to salmon. Processors have struggled to maintain old markets, and develop new, in the face of increased production costs and the glut of farmed salmon.

In year 2000, Chile increased its export of farmed salmon by 57%. Canada's new government has just lifted its moratorium on new salmon farms. A look to Norway, Scotland, Ireland, New Zealand, Iceland, and even the US, makes the future painfully clear - salmon farming is here to stay and we must find a way to compete. More farmed species and product forms are in development and will further test our marketing skills. Now more than ever the salmon industry needs to identify its wholesome array of wild-caught fish as uniquely different in the marketplace.

September 11 has proved a fateful day for nearly every business across the globe and brought with it unexpected trials and tribulations for the seafood community. If your firm specializes in security, you're racing to accommodate an unanticipated demand. If you sell trips to far away places, you're dealing with consumer angst and inconvenience. If you sell seafood, you're coping with increased security measures as you transport your fish and try to sell them to people tightening their belts in the face of economic uncertainty. Food safety concerns are heightened. In sum, people just aren't spending as much or eating out as often these days, and that will likely continue in the near term. We must find a way to increase consumer confidence in US harvested salmon and educate them about the advantages of all that Alaska has to offer. This is why precisely why we support continuing our cooperative marketing efforts with ASMI.

ATA supports the salmon marketing tax. Alaska fishermen are digging deep into their pockets during this very lean time and choosing to support ASMI through reauthorization of the marketing tax. Our 1% contribution makes up a significant portion of ASMI's budget and we believe this would be the worst time to lose these critical marketing dollars. Of course, we also hope that the legislature will choose to help bolster the state's seafood marketing efforts with a separate appropriation to ASMI.

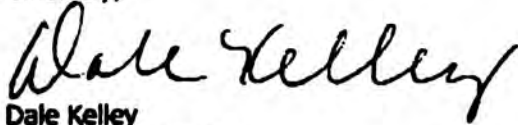
Seafood is Alaska's first industry. It is the business that has directly and indirectly provided more jobs and income than any other to Alaskans and the state for well over 100 years. When the fishing industry loses market share the entire state feels the pain of reduced employment and income for our communities and the general fund. We harvest more fish in this state than most countries and are competing head to head with entire nations that invest millions and millions of dollars to market fisheries product. This year the Norwegian fish farm industry estimates it will need \$100 million to market in the face of some of the problems it faces. Norway is already known to invest \$40 million plus each year to help their industry move fish. Obviously they recognize a strong reliance on seafood. I can't imagine that you don't see a similar link between Alaska seafood and the economic success of this state. In the face of significant market challenges, the seafood industry still contributed \$52 million dollars to the general fund in FY01.

ATA supports allowing ASMI the opportunity to use salmon marketing tax money in foreign markets. We think that providing ASMI the flexibility to search out the best marketing opportunities just makes good business sense. ATA doesn't view this provision as contrary to our long term goal of expanding markets in the USA, but as a necessary element to the successful design of strategic marketing plans that best serve Alaska's interest now and into the future.

Let's work in partnership to ensure the long-term health of this industry that has been, and can continue to be, a cornerstone of Alaska's economy.

Thanks in advance for your support of HB 390. If I can be of assistance on this or other issues, please don't hesitate to contact me.

Sincerely,



Dale Kelley
Executive Director



Feb. 25, 2002

Rep. Peggy Wilson, Co-Chair
Rep. Gary Stevens, Co-Chair
House Special Committee on Fisheries
State Capitol
Juneau, Alaska 99801

Dear Rep. Wilson and Rep. Stevens:

Thank you for considering House Bill 390, extending the domestic salmon marketing programs of the Alaska Seafood Marketing Institute, and the salmon marketing tax.

The measure as proposed would expand the allowable use of that tax. Currently expenditure of the tax is restricted to domestic marketing, however if the proposed legislation is adopted the board would have the flexibility to spend the funds in both domestic and overseas marketing programs. The ASMI board of directors at its meeting this month in Juneau formally stated its support for these provisions. The board stated that its priority is reauthorization of the 1% salmon marketing tax, and that its preference is to have flexibility in expenditure of the funds.

We appreciate your considering House Bill 390 and look forward to it being approved by the 22nd Alaska State Legislature. I am happy to provide you with information on our marketing programs. In ASMI, the State of Alaska has an international marketing program--- funded by the seafood industry---of which it can be very proud.

Sincerely,

Barbara Belknap
Executive Director

Southeast Alaska Fishermen's Alliance

9369 North Douglas Highway
Juneau, AK 99801



Phone 907-586-6652

Fax 907-586-5648

E-mail: seafa@gci.net

February 25, 2002

Representative Gary Stevens, Co-Chair
Representative Peggy Wilson, Co-Chair
Special House Committee on Fisheries
Alaska State Legislature
State Capitol, Room 124
Juneau, AK 99801

RE: Support HB 390

The Southeast Alaska Fishermen's Alliance supports the renewal of the 1% ASMI marketing tax. While some fishermen still do not fully support this tax as they have continued to see the value of their salmon decline, they are willing to admit that ASMI has changed its strategy in the last several years and are more willing to support them at this time than they were willing to in the past. While marketing can't fix all the ills in the salmon industry to not continue marketing at this time would be devastating.

This legislation also allows for the expanded use of the 1% marketing tax. We favor this concept, which would allow ASMI to use some of these funds as matching funds for marketing and federal grant money. ASMI has been very successful in using their unencumbered funds and finding match money at the rate of \$9-\$12 per every dollar they contribute. The expanded use of the 1% money will allow ASMI to apply for these grants and expand their marketing efforts through the funds generated by grants.

Please pass this legislation in support of the continuation of the 1% ASMI marketing tax on salmon fishermen. If you need any additional information, please feel free to give our association a call.

Sincerely,

Kathy Hansen
Executive Director

MarketLine

Get in the pink

For the first time, a new consumer advertising campaign promotes Alaska canned salmon as healthier than canned tuna, and easy to use in your favorite tuna recipes. The ads will run in issues of *Women's Day*, *Cooking Light* and *Catholic Digest* magazines this spring. In addition, recipes and photos will run in newspapers across the nation. The promotion will be supported with retailers in target markets and at the Southern Women's Shows in Memphis, Richmond, Raleigh and Nashville.

More on canned salmon....

Alaska canned salmon will be featured on end-aisle displays throughout the month of February at Albertsons Northern California (190 stores). This co-op promotion with Felzer Vineyards features a consumer sweepstakes and will be aggressively promoted in newspaper ads.

Canned salmon demonstrations are scheduled at Fred Meyer (Portland; 147 stores) "Cook and Tell Cooking Schools" and by store chefs at Raley's/Bel Air (149 stores) in Northern California.

King Soopers issues canned salmon coupon. Many grocery stores issue their customers receipts with redeemable coupons printed on them. For the first time ever, ASMI has arranged for a generic canned salmon promotion utilizing these coupons, at the 122 King Soopers stores, from mid-February through March. The coupon is good for \$1.00 off the price of a tall can of sockeye salmon. Canned pink salmon sales at the chain are being supported by three newspaper ads during the same time period.

More than 13 million pounds of fresh and frozen Alaska seafood was sold through ASMI retail promotions during the last fiscal year. Three million pounds of this was value-added product. 58 grocery chains with 7,103 stores were involved in ASMI promotions last year.

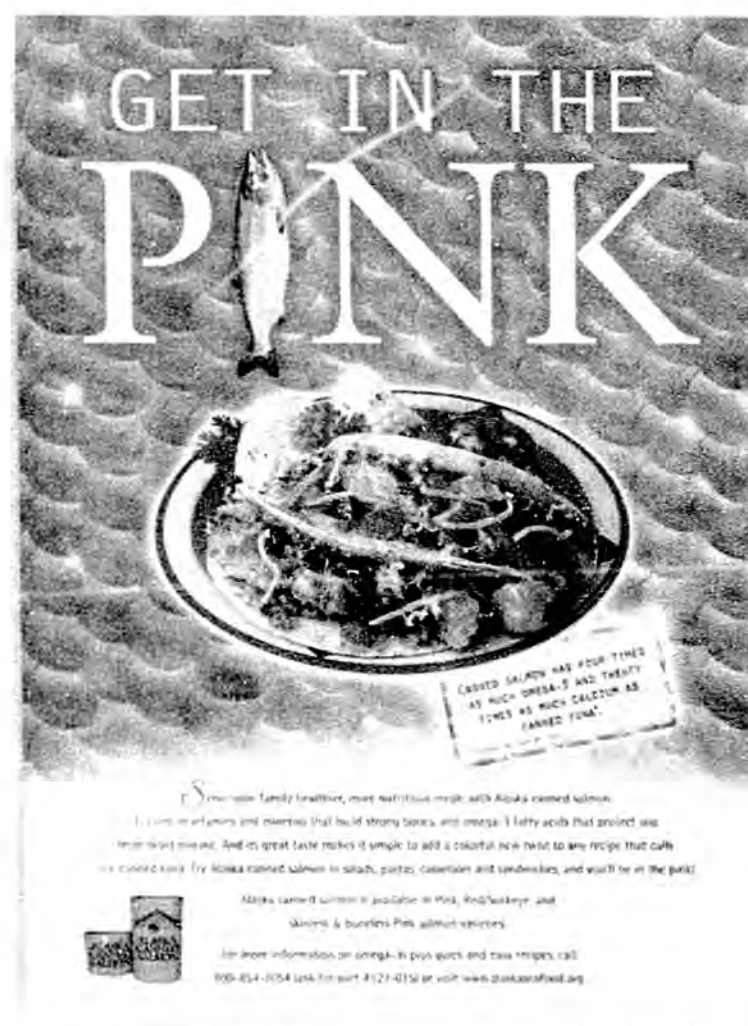
ASMI has a full program of retail promotions throughout the year, of which only a few are mentioned here. Contact ASMI for more a more detailed account of promotional activities, and be sure to check out the annual report in the About Us section of the ASMI website: www.alaskaseafood.org.

Alaska Seafood delivered to the door!

This is the fourth year ASMI has worked with the nation's largest frozen food home delivery service, Schwan's. The company's newsletter/catalog features Alaska seafood on the cover, two pages of products branded "Alaska" and two pages about a sweepstakes open to customers ordering Alaska seafood. Posters and fliers with selling tips were developed by ASMI to help inform Schwan's fleet of thousands of route drivers. Last year sales figures for Alaska seafood items rose 6.8%.

Southwest goes for cod, pollock, halibut and surimi

Several supermarket chains in the southwestern U.S. will be drawing attention to Alaska whitefish varieties this spring with ASMI counter cards, signs in the fresh counter, posters and recipe leaflets. H.E.B. (268 stores) and King Soopers (122 stores) will be promoting cod, halibut, pollock and surimi seafood; Smith's (116 stores) and Raley's NM (9 stores) will promote cod, halibut and surimi. ♪



GET IN THE PINK

Canned salmon has four times as much Omega-3 and twenty times as much calcium as canned tuna.

Alaska canned salmon is available in Wild, Red/Sockeye, and Silver/Sockeye. Pick up your salmon today!

For more information on Alaska Seafood, call 800-454-3054 or visit www.alaskaseafood.org

Chef Mike Monaghan and The Great Chefs of Atlanta promoted Alaska halibut in Publix stores in Atlanta (122 stores) last fall. Partnership with California Almonds and Felzer Vineyards stretched ASMI dollars. Chef Mike is a strong supporter of Alaska seafood, featuring the Alaska Seafood logo on his website, and regularly recommends Alaska product on his weekly radio show.

How about that "Alaska Seafood" section in the store? Cub Foods is installing a special "Alaska Seafood" section for fresh and frozen Alaska seafood products. This is a boon to the branding effort, and the pilot program will be running in all 120 Cub stores by March.



Invite a wild guest to dinner for the holidays!

Buy one pound of Alaska King Crab legs and receive a FREE Sea Sheller crab opener.

Offer valid while supplies last. Limit one per customer.

Smith's

One of ASMI's holiday retail promotions brought Alaska king crab, surimi seafood products and smoked salmon to the attention of shoppers at Smith's (116 supermarkets). Eye-catching signs in the stores offered shoppers a free Sea Sheller crab opener with every pound of Alaska king crab legs purchased.

Bits 'N Bytes

Several proposals relating to funding

for seafood marketing are before the Alaska State Legislature, and lawmakers are learning more about ASMI programs. In mid-February the Fish Caucus, chaired by Sen. Alan Austerman of Kodiak, invited ASMI to make a presentation on aspects of the State of Alaska's seafood marketing program. Some of the fisherman and processors serving on the ASMI board, having convened in Juneau for the board meeting in mid-February, visited legislators on Capitol Hill to support state funding for ASMI. In recent years ASMI has been funded only by seafood industry and federal dollars.

TIME's free-roaming salmon

TIME magazine's Jan. 21 issue featured a lot of information on the topic of

staying healthy, including the article "10 Foods That Pack a Wallop." Alongside a huge photograph of a salmon steak, the copy

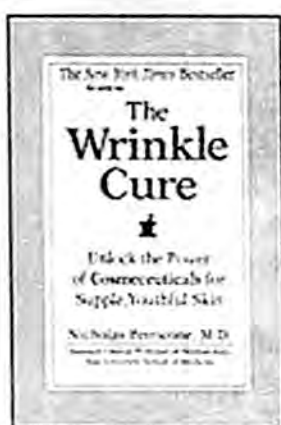
describes the health benefits of eating salmon, with its omega-3 fatty acids. "Salmon that are free to roam the ocean enjoy a diet of fresh fish, which have eaten smaller fish, which in turn have eaten still smaller fish." This reflects progress in ASMI's efforts to educate magazine writers and editors.

Salmon are Fountain of Youth

Dr. Nicholas Perricone is author of "The Wrinkle Cure," #5 on the New York Times bestselling non-fiction paperback list for a number of

weeks. His one-hour TV special of the same name is airing on PBS. Part of his prescribed regimen for better health — and a youthful appearance — is eating lots of fish. He recommends salmon in particular, including canned salmon. A story on Dr. Perricone in January's *Vogue*

magazine opens, "Calling it a salmon diet might be misleading. Because it's not about weight loss, it's about skin care." He has appeared on TV (*The View*, *Good Morning America*, *Today*), is working on his second book, and taping his next TV special. He was favorably impressed with the materials ASMI sent him about abundant, wild Alaska salmon, and we look forward to his incorporating it into upcoming appearances and publications.



Carving Alaska seafood a bigger slice of the foodservice pie Part II: foodservice distributors

(Part I: restaurants appeared in the June 2001 issue of MarketLine)

- Every year, ASMI's foodservice program strives to secure new partnerships with foodservice operators (such as national restaurant chains) and foodservice distributors. Since 1996, ASMI has worked with 34 new distributor accounts, including the largest broadline distributors in the country.
- ASMI works with broadline distributors, because they represent about half the distributor market, are experiencing faster growth, and deal with a lot of frozen products. More than half the country's restaurant operators also buy their fresh fish through broadline distributors.
- The top four broadline distributors account for 27% of their industry's market share, and their influence is increasing. The foodservice distribution industry, like the retail grocery sector, is being affected by consolidation.
- One of ASMI's distributor partners, industry leader Sysco, boasted 2000 sales of more than \$20 billion: a 12% increase over the previous year. Over \$1 billion of that is seafood sales.
- Foodservice distributor sales are expected to climb to \$210 billion by 2005 with "super distributors" controlling about a third of the market.

How does ASMI arrange a promotion with a distributor? When ASMI field representatives set up a distributor

promotion they start by identifying the best foodservice distributor in the target area, then arrange to meet with the company's merchandising and marketing departments. Taking into consideration the selection of Alaska seafood items offered by the company and the monthly movement of the items, they determine the best time to promote the Alaska seafood items carried by the company, and the number of sales districts and sales people to participate. ASMI has done promotions for crab, whitefish varieties, and salmon (fresh/frozen and canned pouched).

A sales contest is developed to increase the interest of the sales force, and the sales people are educated in the use of the ASMI logo, and the rules for the contest. The promotion usually lasts 1-3 months, and ASMI offers merchandising materials for use by the sales force. The weeks of Lent and the spring season are popular times for these promotions.

A special tool ASMI developed just for foodservice distributors, a CD-ROM on Alaska Seafood, is widely used in the industry. Sysco put it on its intranet site so that its sales force of over 10,000 would have access to detailed information about Alaska seafood products.

Current broadline distributor partners during the Lent and spring promotional period:

Foodservices of America (Corporate, and Portland)

Sysco (L.A., Louisville, Miami, Atlanta, Minnesota, Modesto, Baltimore, Alabama) &

More than 11.5 million pounds of Alaska seafood was sold through ASMI foodservice promotions during the past fiscal year. ASMI's foodservice program had more than 35 working accounts, including 15 new promotional partners. This represented 4,786 units, excluding the units serviced by broadline foodservice distributors.

For more details on ASMI performance in Fiscal Year 2001, see the FY '01 Annual Report, available on-line (www.alaskaseafood.org), as well as through the ASMI headquarters office or the Catalog of Literature and Sales Aids (on-line and in booklet form).



Fresh Alaskan Halibut is the theme of a spring promotion at Marie Callender's Restaurant and Bakery. This is ASMI's third promotion with the 155-unit chain. Four different preparations are offered on the menu: cajun style, scampi style, lemon-pepper crusted, and artichoke & mushroom.

Other foodservice operator partners the foodservice program is working with at this time include Long John Silvers, Sodexho, Hyatt Hotels, Hilton Hotels, Interstate Hotels, Chicama/Pipa Restaurants, Sizzler, Rubio's Baja Grill, TGI Friday's, Red Fish Restaurants, Patina Restaurant Group, Walt Disney World - Fulton's Crab House, Carrow's and Andronico's (Deli).



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Toll Free: 1-800-478-2905

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1200 - 112th Avenue NE, Suite C-226
Bellevue, Washington 98004-3708
Toll Free: 1-800-806-2497 Fax: 425-451-9795
<http://www.AlaskaSeafood.org>
Send e-mail to: Info@AlaskaSeafood.org

Pursuing emerging markets: China

Dave Wilder, a salmon fisherman from Bristol Bay (and past Chair of the ASMI board) and Julie Decker, Executive Director of the Southeast Alaska Regional Dive Fisheries Association, recently participated in an ASMI trade mission to China. They made presentations to 140 people at trade seminars in Dalian and Qingdao. They met with Chinese seafood traders in Shanghai and Beijing. Together with the representatives of the processing sector accompanying the mission, Phil Yohann of E&E Foods, and ASMI board member Bob Waldrop (founding member and board member of NorQuest), Decker and Wilder worked the Alaska Seafood booth at the China Fisheries and Seafood Expo. Other representatives of Alaska industry who helped out with the ASMI booth at the Expo were ASMI board member Bob Nickinovich, Norman Aoyagi, and Marty Bunn of Wards Cove Packing.

Julie Decker observed that although much of the seafood exported to China is re-processed and re-exported, the sea cucumbers and geoducks remain in the country. She also noted that there is a growing segment of middle and upper class in China.

"These consumers understand the health benefits of products like salmon and sea cucumbers, wild seafood versus farmed, and clean waters versus polluted waters. These consumers are also willing to pay a higher price for these kinds of products. ... The Shanghai ASMI office has also done a good job of educating many seafood buyers of the health benefits of Alaska seafood and doing supermarket, newspaper and TV promotions on this issue. Now is a prime time to be marketing Alaska products and their health benefits to these consumers."

The potential of the Chinese market commands attention, and so does the growth rate of certain seafood exports to that country. The volume of frozen chum exports to China from the U.S. has tripled in the last three years; the volume of frozen pink salmon has more than

quadrupled. Pollock exports to China moved from less than 400,000 pounds in the late '90s to more than 1.7 million pounds in 2000. While much of the product is re-processed and re-exported, it appears that the amount remaining within the country is increasing; a reflection of the increased buying power of the Chinese consumer. The outlook for Alaska seafood exports is expected to continue improving as trade restrictions relax.

ASMI has been working for several years to open up Chinese markets by building bridges between Alaska producers and Chinese buyers. ASMI also trains chefs, arranges promotions of Alaska Seafood at restaurants and grocery stores, participates in trade shows, circulates trade leads to the Alaska seafood suppliers, and conducts educational seminars to acquaint the seafood traders and the media with the variety of Alaska products available.

The Alaska industry representatives who journeyed to China distributed thousands of pieces of literature and product samples, gathered 500 trade leads for distribution to the industry, and talked with many Chinese business people. The process of building relationships is essential to doing business in China, and the relationships ASMI has built are beginning to bear fruit. ♪



Julie Decker meets with representatives of the Chinese seafood trade during the recent ASMI trade mission to China.



Julie Decker, Executive Director of the SEAK Regional Dive Fisheries Assoc., works the ASMI booth at the China Fisheries & Seafood Expo.

Bits 'N Bytes

Where Does Your Tax Dollar Go?

Want to know more about how seafood industry tax dollars are spent by ASMI for seafood marketing? Read the new ASMI FY '01 Annual Report, released this month. The report is available on the ASMI website (www.alaskaseafood.org) in the About Us section.

It is available in printed form through the Catalog of Literature and Sales Aids (you can order by phone, fax, or on-line), or through contacting the ASMI office. The report is sent to the Governor of Alaska and members of the Alaska State Legislature, members of ASMI's board and committees, and numerous seafood industry organizations.

Bilingual recipe booklets debut in Southwest

Fiesta Mart's 41 supermarkets in the southwestern U.S. promote a wide variety of Alaska seafood products, and are now distributing a bilingual version of the ASMI recipe booklet "Fiesta Alaska." ♪

• Last year at the European Seafood Exposition, the world's largest seafood trade show, the ASMI "Alaska Pavilion" generated \$50 million in seafood sales and over 400 trade leads.

• Alaska Seafood is exported all over the world, including Japan, China, Taiwan, the European Union, and Australia/New Zealand. ASMI has overseas representatives who execute promotions in supermarkets and restaurants, conduct trade seminars, oversee advertising and public relations activities, and participate in trade shows.



Weight Watchers Magazine is popular in the United Kingdom with people who are "slimming." ASMI promotes canned salmon in the February issue with a four-page editorial-style ad for Alaska Salmon (Wild, Sustainable, Pure) including five recipes in tune with the latest food trends.

Ninth Alaska Symphony of Seafood

Every year the Alaska Fisheries Development Foundation puts on the Alaska Symphony of Seafood New Products Contest and Gala Soirée, an event that ASMI has sponsored since its inception. This year Chicago hosted the New Products Contest where selected seafood experts judged entrants according to criteria of taste, marketability and price. In addition to the respected decision of the judges, the Symphony issues the People's Choice Award — one in Anchorage and one in Chicago. The Anchorage Gala 2002 People's Choice Award went to Alaska Seafood International's Shredded Cheddar Halibut Medallions. The New Products Contest results will appear in the next issue of MarketLine, and are posted at www.symphonyofseafood.com. ♪



Getting the jump on farmed halibut and cod

ASMI is conducting research to focus on the impact that farmed halibut and cod will have on Alaska seafood. The objectives are to identify and anticipate the impact of farmed halibut and cod marketing campaigns, determine Alaska products' greatest strengths, and build key messages for wild Alaska halibut and cod. During the next five years and beyond there is a key opportunity to establish market presence before farmed products arrive on the scene in large volume. ASMI will have the opportunity to differentiate Alaska halibut and cod as premium, wild white fish. ♪



Strategic Salmon Initiative

A federal grant to ASMI for strategic marketing of Alaska Salmon in the U.S. has helped partially offset a downturn in seafood tax revenues that fund the agency, and has made it possible to conduct more public relations activities. "Return on Investment" for the Alaska Salmon public relations effort is being tracked: last fiscal year \$900,000 expended on public relations activities achieved 145 million impressions and resulted in Alaska Salmon media coverage with an equivalent advertising value of \$19,700,000. (An "impression" is each instance of the Alaska salmon message reaching a consumer.)

Public perceptions about Alaska Salmon are also being tabulated in order to measure campaign results. For this fiscal year the goal was established of 100 million impressions with an advertising value of \$2.1 million. During the first half of this fiscal year, the number of consumer impressions achieved was 103 million, with an advertising value of \$15.2 million — and this is prior to the airing of the planned public service announcement.

As a direct result of the ASMI campaign, prominent U.S. newspapers, radio programs, morning TV talk shows, consumer magazines and trade publications are bringing Alaska Salmon to the attention of the public. The stories carry key points: Alaska salmon is healthy, high in omega-3, easy to prepare. Its natural color, texture and taste set it apart from industrially-produced farmed salmon; the salmon are harvested by Alaska fishing families, and the fishery is certified as sustainable by the Marine Stewardship Council. These messages will take to the airwaves in the form of a television commercial starring an Alaska fishing family that begins airing as a public service announcement this year, bringing the Alaska message to millions more Americans. ♪



Media tours support new markets for Alaska seafood

Magazine editors and food writers hailing from New York, Los Angeles, and Tokyo clambered aboard Alaska salmon fishing vessels this past summer, getting a hands-on Alaska seafood education. They were thrilled seeing salmon spawn and eagles feed, eager to learn the names and characteristics of the five salmon species as the catch was carefully brought aboard gillnet vessels near Taku River in Southeast Alaska. They popped questions about fisheries management at state biologists, watched harvests delivered to seafood processing plants, walked processing lines, and tasted delectable seafood.

ASMI arranged the media tours to stimulate awareness of Alaska seafood, and open new markets for a variety of Alaska products including salmon, crab, whitefish varieties like cod, pollock, halibut, and black cod. The public relations activities help support promotions of Alaska seafood taking place in thousands of supermarkets and restaurants across the country. Top consumer magazines in the U.S. were represented, as well as publications read by foodservice professionals. Stories inspired by the media tours have already appeared in *Woman's Day*, *Flex* and *Bon Appetit*, *Nation's Restaurant News*, *duncyu* and *ID* magazine, with more expected in the months ahead. ♪

Upcoming events

- Feb. 15-16: Alaska Symphony of Seafood New Products Contest and Chicago Gala, Downtown Marriott Hotel, Chicago. Alaska Fisheries Development Foundation, 907•276•7315 or visit the event website at www.symphonyofseafood.com. **ASMI is a sponsor** of the Ninth Annual Alaska Symphony of Seafood.
- Feb. 21-25: Athens Food Show, Athens, Greece. **ASMI Booth.**
- Feb. 23-27: 32nd MIA International Food Show - Mediterranean Seafood Exhibition & Seafood Processing Mediterranean, Rimini, New Expo Centre, Rimini, Italy. **ASMI booth.** See the website at www.fierarimini.it/mia/inglese/index_k.html
- March 5-6: Business of SeaFOOD Conference and Trade Show, Egan Convention Center, Anchorage, AK. info@wtcak.org, 907•278 •7233, or visit www.wtcak.org. **ASMI is a sponsor.**
- March 12-14: International Boston Seafood Show, Hynes Convention Center, Boston, MA, **ASMI booth**, www.bostonseafood.com, food@divcom.com, 207•842•5599.
- April 4-6: ComFish, Alaska's only seafood industry trade show, Kodiak, AK, U.S. Coast Guard Base Hangar III, **ASMI booth**, Kodiak Chamber of Commerce, www.comfish.org, chamber@kodiak.org, 907•486•5557.
- April 23-25: European Seafood Exposition, Brussels, Belgium, Brussels Exhibition Center, www.euroseafood.com, ASMI and a dozen Alaska seafood companies will have booths under **ASMI's Alaska pavilion.**
- April 27: American Heart Association, Alaska Affiliate's 24th Annual Anchorage Daily News Heart Run, Anchorage, Alaska. **ASMI is a sponsor.** For registration information contact the American Heart Association, 907•263•2014 ♪



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Alaska Seafood Marketing Institute

ANNUAL REPORT FY '01



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FY 2001 Board of Directors

Sandro Lane	Chair from 3/7/01, appointed 9/13/00 Taku Fisheries, small processor
James Kallander	Chair to 3/7/01, Vice-chair from 3/7/01 Cordova, commercial fisher
Jack Amon	Co-owner/chef, The Marx Bros.Café; layperson
Gloria Chythlook	Dillingham, commercial fisher
Barry Collier	Peter Pan Seafoods, large processor
Greg Favretto	FAVCO, Inc., small processor
Justine Gundersen-Pride	Nelson Lagoon, commercial fisher
Rose M. Heyano	Dillingham, commercial fisher
Larry Hill	Icicle Seafoods, Inc., large processor
John Iani	UniSea Foods, Inc., large processor
Gordon Jackson	Kake Fisheries, small processor
Ron Jolin	Kodiak, commercial fisher
Heather McCarty	At-Sea Processors, large processor
Bob Nickinovich	Wards Cove Packing, large processor
Rodger Painter	Tenass Pass Shellfish Co., small processor
Jamie Ross	Homer, commercial fisher
Jack Schultheis	North Alaska Fisheries, small processor (served to 9/13/00)
John R. Sevier	North Pacific Processors, Inc., large processor
Mitchell Seybert	Port Heiden, commercial fisher
Gary Slaven	Petersburg, commercial fisher
Jay Stinson	Kodiak, commercial fisher
Sherry Tuttle	Sitka, commercial fisher
Doug Van Devanter	Trident Seafoods, large processor
Michael Van Note	Haines, commercial fisher
Bob Waldrop	NorQuest Seafoods, large processor

Ex-officio Members

Sen. Alan Austerman	Alaska State Senate
Rep. Drew Scalzi	Alaska State House of Representatives
Jeff Bush	Deputy Commissioner Dept. of Community and Economic Development



Message from Sandro Lane, Chair, Board of Directors

WHETHER I AM in Asia, Europe, Canada, or the lower forty-eight, when I talk to people I meet about Alaska's pristine and natural state, I get a lot of attention. I never get an argument. Alaska's unspoiled nature is one of the most universally agreed upon subjects that I know of, and everybody seems to take a personal pride in knowing about it.

All the printed materials used for ASMI promotions in the lower forty-eight and overseas focus on the pristine image that Alaska embodies. These images reassure consumers that their vision of natural, clean abundance is a reality. This bond with our potential customers makes the job of marketing Alaska and its products much easier.

This year, a new source of pride was added to Alaska's marketing war chest: the Certification of Sustainability for Alaska's salmon fishery by the Marine Stewardship Council (MSC). This certification showed that our salmon populations are indeed healthy, and that they are managed for long-term survival. The MSC certification is timely, as we need as many tools as possible to differentiate our wild salmon from the farmed salmon so readily available in the market.

This couldn't come at a better time as many people in the world are asking serious questions about the origin, safety, and sustainability of food products. Concerns in Europe with "mad cow" and "hoof and mouth" diseases, and news stories about the safety of farmed salmon have increased interest in alternative protein sources. Alaska salmon represents a safe, healthy, delicious, and eco-friendly source of protein. This is a strong message, one we must disseminate throughout the world.

The revenues we have available to disseminate this message declined by 21% in one year. This is primarily due to erosion of Alaskan salmon prices brought on by the glut of farmed salmon. Lower salmon prices mean lower industry contributions to ASMI's budget. Nearly all of our funding comes from processors and fisherman who are asked through resource taxes to fund this state's generic seafood marketing programs.

By proving to the federal government the negative impacts that imported farmed salmon have had on Alaska's salmon industry, we became eligible for grant funding from the U.S. Economic Development Administration (EDA). This is our first year with EDA grant funding, and the funds enabled ASMI to continue existing salmon marketing programs as well as start new strategic initiatives. This funding couldn't have come at a better time, and I thank the agencies and all the industry members who participated in the grant process.

ASMI's total budget for fiscal year 2001 was \$11.3 million. By comparison, our farmed salmon competitors in Chile and Norway spent in excess of \$120 million! We are seeking additional sources of revenue to more effectively broadcast key messages about Alaska seafood. We are hopeful this industry effort will be matched by additional public support to increase the stability of our seafood industry for the benefit of all the people of Alaska.

Sincerely,

Sandro Lane
Chair, Board of Directors

Board Chairs

PAST TO PRESENT

Dick Pace
Darryl Pedersen
William P. Woods
Dan O'Hara
Victor Horgan, Sr.
Bob Waldrop
David Wilder
Alec Brindle
John Sevier
Jim Kallander
Sandro Lane



Message from Barbara Belknap, Executive Director

THIS YEAR, the Alaska Seafood Marketing Institute celebrated its 20th anniversary. In 1981, ASMI was founded by forward-thinking members of the seafood industry and the Alaska State Legislature. After a visit to the Faroe Islands, several Alaskans came back convinced that Alaska shared many of the same characteristics as these remote islands. Alaska was rich in seafood yet far from the world's consumers. The Faroe Islands had a marketing program that was making a difference and the Alaskans decided that the country's largest seafood producer needed one as well.

Those who crafted the statute provided a framework that has worked well with very little adjustment in 20 years. The biggest changes have been in funding. In 1988, ASMI tapped into USDA funds earmarked for the export market. In 1993, a 1% tax on salmon fishermen was passed to develop the United States market for salmon. The board grew from eighteen to twenty-five, evenly split between fishermen and processors with one public member. In 1995 state funding support began to wind down; two years later state funding had ceased and ASMI became totally supported by the industry and federal grants.

While funding has fluctuated, the mission has remained the same: increase the consumption and awareness of Alaska seafood and enhance the state's seafood through voluntary quality education. Little is known, however,

about the role ASMI plays as the industry's advocate. Twice in its history, ASMI has pulled the industry through cataclysmic events — the canned salmon scare in 1982 and the Exxon Valdez Oil Spill in 1989. In both cases, ASMI launched massive public relations campaigns to avert market disasters. Hardly a week goes by that ASMI isn't correcting a misperception, educating a reporter, or setting the record straight on a seafood story somewhere in the world.

Having been with ASMI since 1989, I have seen a lot of changes. What hasn't changed is the pride I have in this organization and its accomplishments — both heralded and unknown. In an industry that has had more than its share of ups and downs, particularly over the past couple of years, ASMI has remained the only organization where fishermen and processors sit down at the same table for the common good of all.

Happy 20th Anniversary to ASMI, and thank you to those who value the Alaska seafood industry enough to support it. I hope you enjoy this Annual Report for the fiscal year 2001 — there's a lot of history behind it.

Sincerely,

Barbara Belknap
Executive Director

Executive Directors

PAST TO PRESENT

Eric Eckholm

Bill Hudson

Merry Tuten

Lennie Gorsuch

Kim Elton

Art Scheunemann

Barbara Belknap

anniversary
20th
1981-2001

Serving Alaska's Seafood Industry



ASMI WAS ESTABLISHED IN 1981 AS A COOPERATIVE ENDEAVOR OF INDUSTRY AND STATE GOVERNMENT TO STABILIZE THE ECONOMICS OF THE SEAFOOD INDUSTRY.

SEAFOOD PROCESSING companies elected to tax themselves to fund the program, and their assessment currently stands at .3% of the value of all seafood species. In 1993 the legislature enacted a 1% salmon marketing tax to be paid by commercial salmon fishers. The tax must be reinstated by legislative act every five years, and in 1998 was renewed for a second five-year period.

The first federal funds to support the overseas marketing program were received in 1988, allowing expansion from the United Kingdom (U.K.) to Japan and France. By 1992, it had expanded to Australia, Italy, Korea, and the Netherlands. Belgium, China, Taiwan and Hong Kong were added to the program in 1996.

As industry contributions to ASMI increased, state and federal participation decreased. The most recent state contribution to ASMI was in FY '97. Reduced government support resulted in budget cuts. With the guidance of U.S. Senator Ted Stevens, Congress appropriated \$5 million in funding

under the Trade Adjustment Assistance Act to help the salmon industry in Alaska. The Economic Development Administration (EDA) awarded the funds to ASMI, and FY '01 marked the first year of a three-year Alaska salmon campaign in the U.S.

In recognition of HUNDREDS OF VOLUNTEERS

More than eighty seafood industry experts currently serve on ASMI's Board of Directors and advisory committees. During the past two decades, this system has harnessed the talents of hundreds of industry volunteers to advance the goal of a stable and profitable seafood industry in Alaska.

SENATOR FRED ZHAROFF

ASMI would like to recognize the many contributions to the Alaska seafood industry made by Senator Fred Zharoff of Kodiak, a longtime ex-officio member of the ASMI board, and a powerful advocate for the industry during his many years of public service in the Alaska State Legislature.

(above) Part of the first ASMI Board of Directors: left to right, Alec Brindle, Jay Gage, Dan O'Hara, Bob Morgan, executive director Eric Eckholm, Chairman Dick Pace, Darryl Pederson, John G. Peterson, Bob Brophy, John K. Sjog, Bob Blake and Ron Jolin. Members of the original Alaska Seafood Foundation board not listed in the above caption are: Frederic Bolthouse, Denton Sherry, William Woods, John B. Martin, Jim Beaton, David Osterback, and Jake Phillips. Nick Nichols, Dan Rear, and Nels Anderson, Jr. also served on the first ASMI board.

Photo courtesy of The Alaska Fisherman's Journal, originally published in The Journal, January 1981.



ASMI's first executive director, Eric Eckholm, used his vision and creativity to steer a steady course for the new organization. He was later appointed to a seat on the Board of Directors, and remained involved in seafood industry issues throughout his life.

Mission and Measures

THE MISSION OF ASMI IS TO INCREASE CONSUMPTION OF ALASKA SEAFOOD AND PROMOTE THE QUALITY AND SUPERIORITY OF ALASKA SEAFOOD PRODUCTS.

MEASUREMENTS OF SUCCESS INCLUDE DEVELOPMENT OF NEW MARKETS, AND THE NUMBER OF POUNDS OF ALASKA SEAFOOD SOLD THROUGH ASMI PROMOTIONS.



Productive partnership of public and private sectors

Alaska Seafood Marketing Institute (ASMI) was created twenty years ago as a unique partnership between the seafood industry and state government. It is Alaska's official seafood marketing agency, and functions as a promotional council for our state's seafood products, promoting the "Alaska" brand.

Government and industry share the same goal

A stable, prosperous seafood industry is in the best interest of both private enterprise and state government. The seafood industry remains the state's largest private-sector employer, and provides more than \$52 million in industry taxes and license fees to the state treasury. (This excludes property tax assessments on vessels and seafood plants, corporate income tax, locally levied fish and sales taxes, and marine motor fuel tax.) An estimated \$250 million a year is funneled into the Anchorage economy by the seafood industry. Entire local and regional economies are based on the sustainable harvest of renewable fisheries resources. Transportation, fuel and financial service industries rely on the business the seafood industry generates. A healthy seafood industry plays a leading role in Alaska's long-term economic health.

Global marketing effort

ASMI markets Alaska's seafood resources in the U.S., Japan, the European Union, China/Hong Kong, Australia/New Zealand and Taiwan. Around the globe, ASMI markets the "Alaska" brand, and emphasizes the unique characteristics of the state's seafood products. Promotions in the U.S. are conducted primarily through national supermarket and restaurant chains. Export activities in both mature and developing markets include retail and foodservice promotions, trade missions, trade shows and educational seminars for Alaska's trade partners.

Structure

The board of directors sets policy, provides direction for ASMI marketing efforts, and approves the budget. Alaska law provides for the Governor of Alaska to appoint twenty-five voting members to the board: twelve commercial fish harvesters, one lay person representing the Alaska business community, and twelve seafood processors. The board receives recommendations from several advisory committees (executive, salmon marketing/canned salmon, whitefish, shellfish, and seafood technical,) enriching the marketing effort with the expertise of eighty industry members.

Eight of the processor members on the board are from firms that have an annual payroll in Alaska of more than \$2,500,000, and four are from firms that have an annual payroll in the state between \$50,000 and \$2,500,000. The number of fish harvesters selected from a particular fisheries management area of the state correlates roughly with the level of the 1% salmon marketing tax revenue derived from that region. Seven members of the board comprise an executive committee that sets policy and exercises fiscal oversight.

Ex-officio board members represent the State of Alaska: a member each from the House and Senate, and a representative of the Department of Community and Economic Development, the department with which ASMI is linked.

Funded by the seafood industry with help from federal grants

ASMI is supported by taxes on Alaska seafood processors and salmon harvesters. In addition, a federal grant of \$3 million from the USDA Foreign Agricultural Service is earmarked for overseas marketing of all species of seafood in more than a dozen countries.



The
CAN DO
SOLUTION





Return on investment:

Expenditure of \$900,000
generated media coverage valued
at \$19.7 million*

*equivalent ad cost — the cost of buying
advertising space/time to reach that
many people

Achieved 145 million "impressions."

(Each instance of the Alaska salmon message
reaching a consumer is referred to as an
impression.)

Secure placement of feature stories in
leading newspapers about wild
Alaska salmon that distinguish it from
farmed salmon

Reach consumers through TV and
radio to spread key messages about
Alaska salmon



THE FEDERAL ECONOMIC DEVELOPMENT
Administration (EDA), U.S. Department of Commerce,
awarded ASMI a \$5 million grant to help the Alaska
salmon industry cope with the negative impact of
farmed salmon imports. After conducting the
required research, ASMI developed a three-year
strategic marketing plan to reposition Alaska salmon
in the U.S. marketplace. The majority of the grant
supports a national public relations campaign for
Alaska salmon.

Salmon marketing campaign

The first year of the three-year public relations
campaign succeeded in carrying key messages about
Alaska salmon to U.S. consumers through newspaper,
radio and TV.

- Press kits sent to newspaper food editors across
the country generated stories about Alaska salmon
in newspapers across America, among them *The
Washington Post*.
- Radio news releases for Earth Day featured
interviews with U.S. Senator Ted Stevens of Alaska
and Julia Novy-Hildesley of the World Wildlife
Fund. The interviews highlighted the advantages
of choosing sustainable Alaska salmon, and aired
on 803 stations across the country reaching
6.2 million listeners.
- Over 20 million television viewers watched Alaska
salmon grilled outdoors by nationally known chef
Graham Kerr in a segment ASMI produced for
morning talk shows.
- Local chefs making appearances on TV and radio
programs are educating the audience about the
superiority of Alaska salmon versus farmed
salmon.

A national research project was fielded, interviewing
1,000 target consumers on attitudes and awareness of
Alaska salmon and industry issues. These data,
together with the results of past research, helped
shape the campaign and were incorporated into a
Salmon Index. The Salmon Index, with an assigned
value the first year of 100, was created to track
changes in public awareness and perception relating
to Alaska salmon. It will be recalculated annually to
measure results of the campaign, and will appear as a
performance measure in FY '02.

THE FIRST YEAR OF THE THREE-YEAR PUBLIC RELATIONS CAMPAIGN SUCCEEDED IN CARRYING THESE KEY MESSAGES ABOUT ALASKA SALMON TO U.S. CONSUMERS THROUGH NEWSPAPER, RADIO AND TV:

- THE HEALTH BENEFITS OF ALASKA SALMON/OMEGA-3
- THE SUSTAINABILITY OF ALASKA SALMON/ENVIRONMENT
- RECIPES AND USAGE OF ALASKA SALMON
- THE BUSINESS AND INDUSTRY OF ALASKA SALMON

The public relations campaign also reaches out to seafood buyers in the foodservice and retail sector with newsletters and ads in trade publications emphasizing the unique characteristics of Alaska salmon. It provides support for local marketing programs put together by ASMI's field marketing representatives in four regions of the United States. This can range from securing press coverage, like arranging local media appearances for Alaska fishermen promoting Alaska seafood for ASMI promotions, to purchasing newspaper and radio advertising for a spring canned salmon promotion in the southeastern U.S.

Additional marketing programs

The EDA grant also provides additional funding for retail and foodservice marketing programs:

- A retail field marketing representative for the West Coast was hired to set up promotions with grocery store chains.
- "Alaska Salmon" was placed on more restaurant menus as a branded item.
- Value-added Alaska salmon products in delis and restaurants achieved increased exposure through ASMI's takeout initiative.



Chef Graham Kerr



As a result of ASMI press releases, feature stories are appearing in major newspapers of the United States, including The Washington Post. These stories are educating the public on the difference between Alaska salmon and farmed salmon.

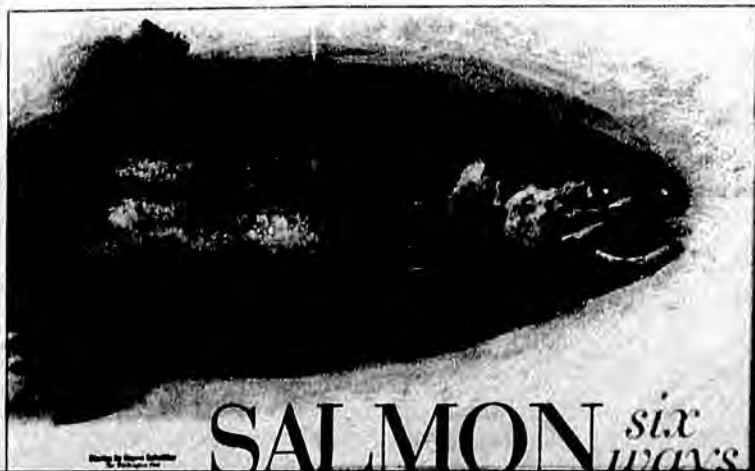
THURSDAY, MAY 31, 2001

The Palm Beach Post

FOOD & DINING

RECIPES FOR DIABETICS

Looking for help with diabetic recipes and other tips for diabetics? Check out a new Web site by cookbook authors Frances Tupper Clark and Bonnie Smathers Patti, winners of the renowned James Beard Cookbook Award for their *Julia's Diabetes Cookbook* (Quarry Books). Go to www.diabeticrecipes.com and find recipes and news to help you take a diet that's low-carb, with balanced proteins. Other tips are on their companion site, www.diabeticlifestyle.com.



SALMON six ways

The Washington Post

Food

WEDNESDAY, MAY 9, 2001

Salmon School

Everything You Need To Know About Buying It and Cooking It

Everything you need to know about buying and cooking salmon is here. From the best ways to buy salmon to the best ways to cook it, this guide has it all. Salmon is a delicious and healthy fish that is easy to cook and eat. It is a great choice for a healthy meal. This guide will help you choose the best salmon for your needs and show you how to cook it perfectly. Whether you are a beginner or an experienced cook, this guide has something for everyone. It includes information on how to select the best salmon, how to store it, and how to cook it using a variety of methods. You will also find recipes for some of the most popular salmon dishes. So, if you are looking for a healthy and delicious meal, look no further than Salmon School.



Grill salmon fillets on a barbecue or grill. Cook for 10-15 minutes, turning once.



Pan-fry salmon fillets in a skillet. Cook for 10-15 minutes, turning once.



Boil salmon fillets in a pot of water. Cook for 10-15 minutes.



Microwave salmon fillets in a microwave-safe dish. Cook for 10-15 minutes.



Slow-cook salmon fillets in a slow cooker. Cook for 4-6 hours.



Crockpot salmon fillets in a crockpot. Cook for 4-6 hours.



- More than 13 million pounds of fresh and frozen Alaska seafood sold through retail promotions — 3 million pounds of this was value-added product
- 58 grocery chains with 7,103 stores involved in ASMI promotions
- Added 6 new retail chains (1,443 stores) as partners
- Sales figures were up 6.8% over last year for sales of Alaska seafood items through national home delivery service promotion
- \$2,704.0 budget
- 3 full-time staff, 4 full-time contractors in the field

- Placed greater emphasis on Alaska canned salmon
- Expanded omega-3/health benefit message for all Alaska seafood products, particularly for Alaska canned salmon
- Developed "meal solutions," quick & easy meals made at home

Smart Simple

Meal Solutions



THE RETAIL PROGRAM increases awareness and use of Alaska seafood products by grocery retailers, wholesalers and consumers. Promotional partners include the nation's leading supermarket chains and the largest home delivery service.

Merchandising ideas, coupon and sweepstakes offers, clip art, colorful posters and banners, recipe leaflets and support for advertising were components of these three seasonal promotions. Recipe leaflets typically feature salmon as the lead item, and include recipes for salmon, whitefish varieties (cod, halibut, pollock, sole and surimi seafood), and shellfish (king, snow and Dungeness crab, scallops and more).

Distinctive promotions for canned salmon were conducted in the fall and the spring, building on the theme of canned salmon as an ideal "meal solution." A new consumer recipe booklet with sixteen recipes was created, as well as a Healthy Meal Planner.

Healthy Meal Planner

Consumer interest in the health benefits of omega-3 fatty acids prompted ASMI to create the *Healthy Meal Planner*. The booklet communicates the health benefits of omega-3 fatty acids in simple terms. It was written by Dr. Joyce Nettleton, a leading authority on omega-3 research. The *Healthy Meal Planner* explains that omega-3s may be easily added to the diet by eating two meals of Alaska canned salmon each week. A total of 33 easy-to-assemble recipes are provided, including recipes for children and for entertaining. The *Healthy Meal Planner* has been offered to consumers through retail promotions, and has also been distributed to 12,500 dieticians and nutritionists.

Seasonal promotions

ASMI provides retailers with tools to increase Alaska seafood sales. Creative new promotions for all species of Alaska seafood were developed for use by retailers during peak consumption periods in fall, spring and summer during this fiscal year:
Fall 2000 Ocean of Flavor
Spring 2001 Smart Yet Simple
Summer 2001 Wild About Flavor



ALASKA SEAFOOD MARKETING DOLLARS HELP LEVERAGE DOLLARS FROM THE PRIVATE SECTOR. PROMOTIONAL PARTNERS CONTRIBUTE RESOURCES, INCLUDING NEWSPAPER AND RADIO ADVERTISING, DISPLAYS IN THE GROCERY STORE, CONTESTS, FOOD SAMPLING AND COOKING DEMONSTRATIONS.

SOCKEYE SALMON STEAK
From The Icy Waters Of Bristol Bay Alaska.

3.99
lb.

VALUE CARD PRICE

MORE FRESH AND FROZEN SOCKEYE THAN EVER BEFORE ENTERED THE U.S. MARKET.



THE MARINE STEWARDSHIP COUNCIL (MSC) VALIDATED ALASKA'S SALMON FISHERY MANAGEMENT IN SEPTEMBER 2000, CERTIFYING ALASKA'S SALMON FISHERY AS SUSTAINABLE. PROMOTIONS OF MSC-CERTIFIED ALASKA SALMON WERE HELD IN EUROPE AND THE UNITED STATES IN THE SUMMER OF 2001. ALASKA'S SALMON FISHERY IS THE LARGEST FISHERY CERTIFIED TO DATE AND THE ONLY CERTIFIED SALMON FISHERY IN THE WORLD.

Budding partnerships: Trading up to sockeye

WHOLE FOODS A collaboration between Whole Foods, the Marine Stewardship Council (MSC) and ASMI led to a month-long promotion at Whole Foods stores nationwide. Whole Foods, the world's largest natural and organic supermarket, used the promotion to educate customers about sustainable fishing practices and the importance of buying fish from MSC-certified sources. Alaska's wild salmon fishery is to date the largest MSC-certified fishery and Alaska salmon was aggressively promoted at all 125 Whole Foods stores. The promotion included national public relations, celebrity chef endorsements, eye-catching materials in the stores (posters, recipe cards, informational brochures, etc.) and a chain-wide Alaska salmon sampling day June 30th. King, sockeye and coho salmon from Alaska were available throughout the summer months.

SAM'S CLUBS ASMI conducted its first promotion with this 500-unit club store during the Summer 2001 "Wild About Flavor" promotion. Alaska fisher Joy Martin was on hand to promote wild Alaska salmon and halibut. Alaska sockeye and coho salmon, halibut and crab were featured.

KING SOOPERS Alaska sockeye salmon was carried for the first time at King Soopers, a 122-unit chain in Denver, Colorado.



More than 11.5 million pounds of Alaska seafood sold through foodservice promotions

35 working accounts, with 4,786 units

(This figure for number of units does not include those serviced by broadline foodservice distributors.)

15 new ASMI promotional partners

35,000 chefs exposed to ASMI and Alaska seafood through promotions and educational seminars

\$2,128.0 budget

2 full-time staff; 3 half-time contractors in the field

Secure new partnerships with foodservice operators and distributors

Expand use of the "Alaska" brand on restaurant menus

Position value-added products in takeout food operations

Provide special Alaska seafood training for chefs in cruise ship industry

THE FOODSERVICE PROGRAM works with restaurant chains, hotel chains, cafeterias and foodservice distributors in the U.S. to build awareness of Alaska seafood products. The benefits of using Alaska seafood are outlined for each type of business. Through this program, ASMI expands usage of Alaska seafood and gets it branded "Alaska" on the menus of national chain restaurants.

The resources offered to promotional partners include menu and recipe development and creation of attention-getting collateral materials. Education is also a key component of the foodservice program; ASMI provides training videos, information about the various seafood species, and tips on how to protect the quality of seafood products through proper handling and storage.

The foodservice program has worked with every major hotel chain in the U.S. The number of restaurants featuring Alaska seafood increases every year. ASMI marketing dollars leverage support from promotional partners, including customized table tents, menus, waitstaff training, advertising, and other means of boosting sales. Promotional partnerships this year helped spur sales of canned salmon and fresh/frozen products including salmon, cod, halibut, surimi seafood, pollock, and crab.

MORE THAN 11.5 MILLION POUNDS OF ALASKA SEAFOOD SOLD THROUGH FOODSERVICE PROMOTIONS.



"Flavor as Big as All Outdoors"

A new design has been added to the family of generic promotion materials ASMI offers to foodservice operators. "Flavor Big as All Outdoors" materials include a poster, table tent, menu sheet and button for waitstaff. The "retro" flavor of the illustration reflects current trends. The generic materials are widely available, and the artwork can be customized for promotional partners.

"THE ALASKA SEAFOOD PROMOTION WAS THE BIGGEST COMPANY-WIDE PROMOTION SUCCESS WE'VE EVER HAD."

— LARRY LONG, DIRECTOR OF MEAT AND SEAFOOD OPERATIONS IN LUNDS AND BYERLY'S STORES

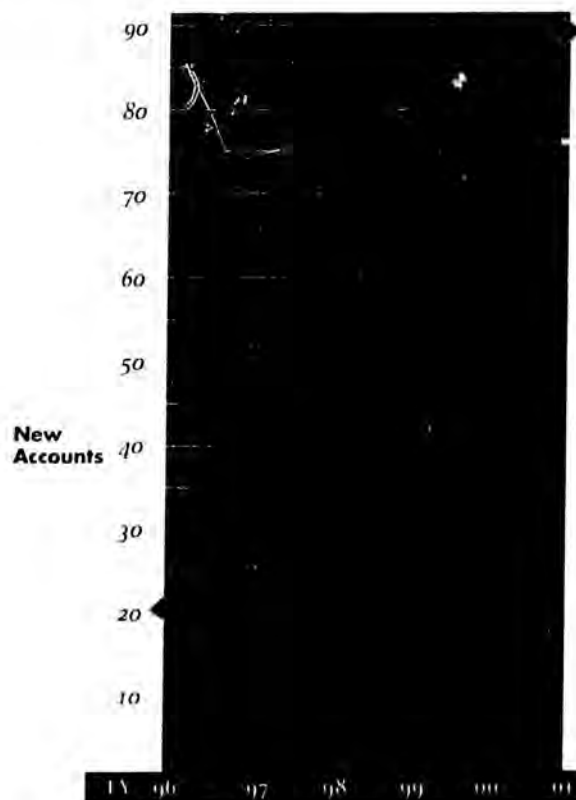
A promotion at 19 Lunds and Byerly's stores in Minnesota showcased Alaska seafood in the meat/seafood departments, in-store restaurants, delicatessens and bakery areas. Alaska fishermen helped with the promotion, preparing seafood for customers and doing media interviews.



ASMI promotional partners in foodservice

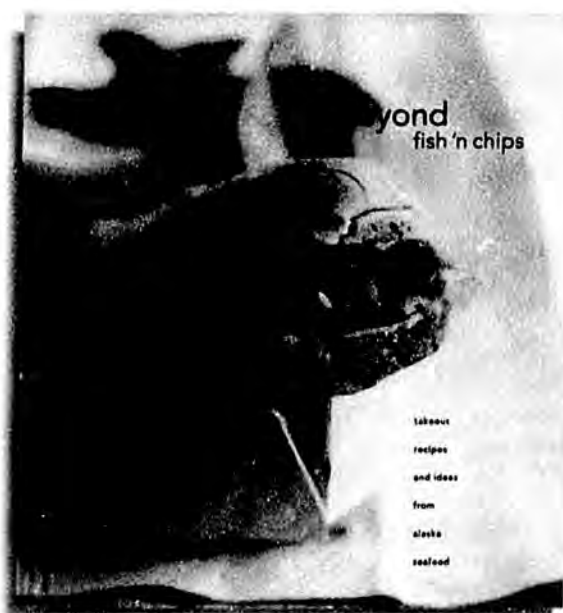
ALLIANT FOODSERVICE: broadline foodservice distributor
BILL KNAPP'S RESTAURANTS: over 50 units based in Michigan
BYERLY'S/LUNDS: 19 upscale retail stores in midwest
C.A. MUER: upscale seafood chain based in Detroit, Michigan
CARROW'S: 141-unit family-style restaurant chain
CHART HOUSE: 58-unit steakhouse
CULINARY INSTITUTE OF AMERICA (CIA): California and New York campus sponsorships
CLUB CORPORATION: 120 private clubs across the U.S.
DENNY'S: more than 1,700 restaurants nationwide
FRESH FISH COMPANY: largest seafood restaurant in Denver, Colorado
FOOD SERVICES OF AMERICA: broadline foodservice distributor, corporate headquarters, Seattle, Washington; Portland, Oregon
FULTON'S CRAB HOUSE: annual Seafood Alaska month; Orlando, Florida
HOLLAND AMERICA CHEF'S FORUM: seafood training at CIA
HYATT HOTELS: 135 properties
IVAR'S: Pacific northwest seafood chain
LINDBLAD EXPEDITIONS: five 70-passenger cruise ships
LONG JOHN SILVER'S: 33 restaurants based in southeast
MCCORMICK & SCHMICK'S: 25-unit seafood chain nationwide
MALLARD'S RESTAURANT: joint promotion with O'Brien's Supermarkets, Modesto, California
MARIE CALLENDER'S: 155 units across the Western U.S.
MARRIOTT HOTELS: 215-property promotion extending into Canada
MAX & ERMA'S: based in midwest, more than 61 units
PAPPAS: 52-unit restaurant chain in Houston, Texas
PENNSYLVANIA STATE UNIVERSITY: training seminar for multi-sector dining facilities
RUBIO'S BAJA GRILLE: based in San Diego, California, 125 units, expanding to new markets including Portland and Denver
RUBY'S DINER: 31 units based out of Southern California
RYAN'S: 312-unit chain in Greer, South Carolina
SERVICEMASTER: seafood training at CIA
SODEXHO: non-commercial sector with over 4,900 outlets
STILLWATER GRILL: independent restaurant in central Michigan
SYSCO: broadline foodservice distributor, corporate headquarters plus 15 regional divisions
WALT DISNEY WORLD: on-going multi-property training
WESTIN HOTELS: 70 properties
WYNDHAM HOTEL: 200-property hotel chain based out of Dallas, Texas

IN 2000, THE "ALASKA SEAFOOD" BRAND RANKED NUMBER 3 AMONG BRANDED FOOD ITEMS ON MENUS OF THE TOP 500 RESTAURANT CHAINS IN THE U.S.



Growth of Foodservice Partnership Accounts:

1996 - 21 new accounts (8 distributors)
 1997 - 14 new accounts (4 distributors)
 1998 - 15 new accounts (4 distributors)
 1999 - 15 new accounts (8 distributors)
 2000 - 11 new accounts (3 distributors)
 2001 - 15 new accounts (7 distributors)



Takeout initiative boosts value-added seafood

ASMI helps position Alaska seafood products, including value-added products, in takeout food operations, ranging from restaurants to the deli counters at grocery stores.

Sandwiches, salads, sushi and soup are all incorporated in *Beyond Fish 'n Chips: Takeout Recipes and Ideas from Alaska Seafood*, a collection of recipes developed to encourage use of Alaska seafood in the delicatessen section of retail grocery stores and restaurants preparing takeout orders. The publication was mailed to over 5,000 menu decision makers and opened the door for new partnerships with deli managers.

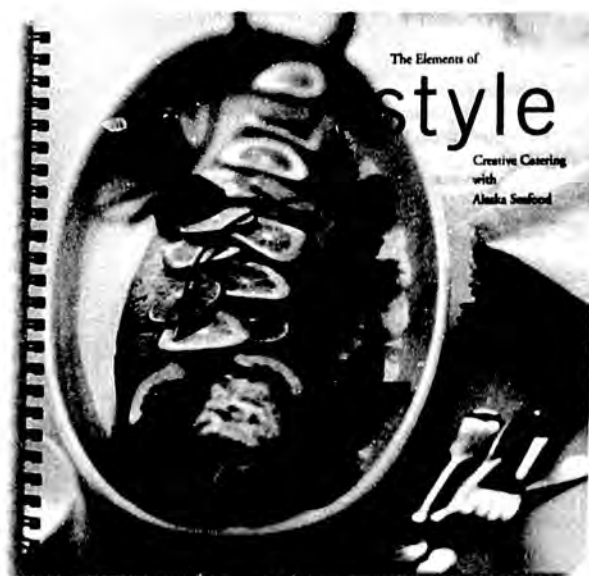
Ahead of the catering curve

Catering is on the upswing. A new recipe book for restaurants and caterers, *The Elements of Style: Creative Catering with Alaska Seafood*, showcases the characteristics of Alaska seafood that make it ideal for inclusion in catering menus. It made its debut at the National Association of Catering Executives annual conference.

Training key chefs

Alaska seafood seminars are conducted at the prestigious Culinary Institute of America (CIA) in California. These events lead to Alaska seafood being added to the menus of national chain restaurants. Alaska seafood education was provided at a special session for chefs working in the cruise ship industry.

2001 CIA SEMINAR PARTICIPANTS: U.S. Army, Phoenix Restaurant Group, H.E.B. Grocery, Sea World Adventure Park, Darden Restaurants, California Sushi Academy, Disney's Wilderness Lodge, Royal Caribbean Cruise Lines, P.F. Chang's China Bistro, Ameristar Casinos, O'Charley's, Bristol Bar & Grill



25 MILLION POUNDS OF ALASKA SEAFOOD SOLD THROUGH ASMI EXPORT PROMOTIONS

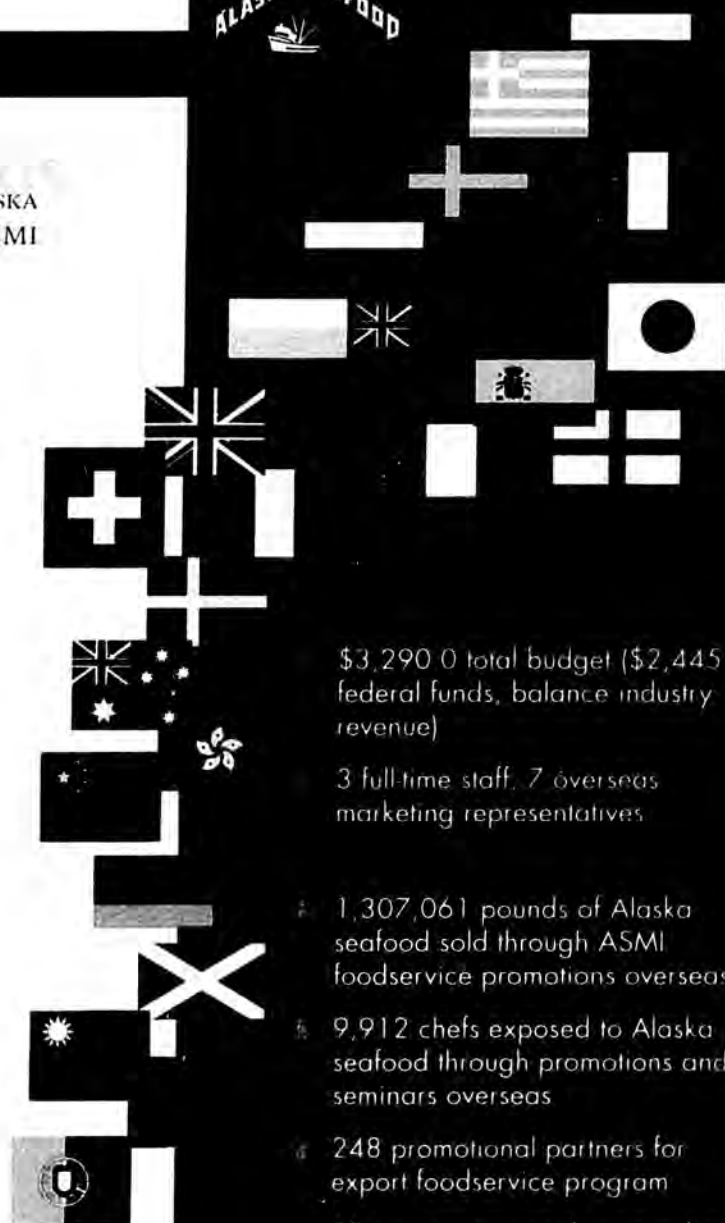
THE EXPORT PROGRAM conducts promotional activities in more than 15 countries. The primary source of funding for this program is the U.S. Department of Agriculture (USDA) Market Access Program, which assists U.S. commodity groups in maximizing foreign trade opportunities. ASMI began receiving support from this federal program in 1988, and activities were originally limited to promoting salmon, however FY '01 marked the fourth year that a full range of Alaska seafood products has been promoted overseas.

ASMI is active in key traditional markets including Japan, the United Kingdom (U.K.) and central Europe, as well as emerging markets in southern Europe and China. The U.K., primarily a market for Alaska canned salmon, is now importing fresh/frozen Alaska salmon, and offering it in value-added forms at retail stores. The reduced availability of cod in the European Union (E.U.) has resulted in increased demand there for Alaska whitefish varieties; one example is the surge in demand for surimi seafood, made from whitefish including Alaska pollock. New markets opened for value-added Alaska salmon as four foodservice distributors in France added portions and fillets to their product offerings on a year-round basis.

Foodservice and retail promotions, public relations, industry seminars, trade and consumer advertising, trade education, and the promotion of the "Alaska" brand are key elements of the export program in each region. Trade leads collected overseas are electronically forwarded to all interested Alaska seafood industry members.

ASMI also participated this year in trade missions of the Governor to Japan and China, organizing seafood receptions, meetings with trade representatives, and promotional activities.

Governor Tony Knowles highlights Alaska seafood at trade show in Beijing, China.



\$3,290.0 total budget (\$2,445.0 federal funds, balance industry revenue)

3 full-time staff, 7 overseas marketing representatives

1,307,061 pounds of Alaska seafood sold through ASMI foodservice promotions overseas

9,912 chefs exposed to Alaska seafood through promotions and seminars overseas

248 promotional partners for export foodservice program

22 new promotional partnerships established

38.8% increase in pounds of value added seafood sold

23,864,957 pounds of Alaska seafood sold through ASMI retail promotions overseas

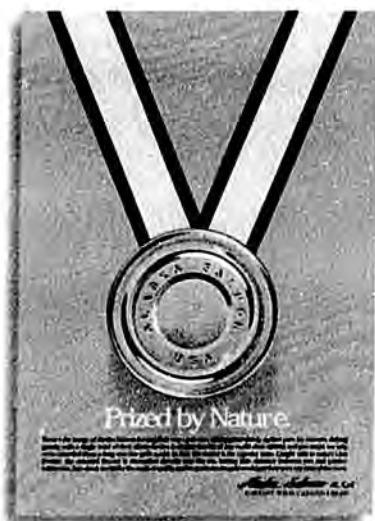
8,617 stores conducting ASMI promotions overseas

272 new promotional partners for export retail program

38.8 change in pounds of value added seafood sold at retail

176% volume and percentage change in sales of canned salmon (U.K.)





Export Program Highlights

Each export region has a complete, year-round program of activities. More details on activities overseas are available through ASMI.

JAPAN

- Alaska seafood valued at \$67.8 million was sold as a direct result of ASMI retail promotions in Japan.
- ASMI conducts retail and foodservice promotions and trade education, and participates in wholesaler and consumer trade shows. More emphasis is being placed on communicating directly with consumers. Promotions are supported by TV advertising, trade and consumer advertising in print publications, public relations, and consumer cooking classes.
- Retail promotions sold 4,857 MT of product valued at \$67,776,330.
- Retail promotions ran for 25,704 store days (a cumulative total of the days a promotion is running multiplied by the number of participating stores).
- Generated \$183,000 free media coverage, 4,500 consumer requests for more information.
- 5 metric tons of king salmon moved in a single foodservice promotion.
- A hotel promotion in Osaka served over 6,000 meals during its Alaska Seafood Fair: 14% increase over the previous year.
- A single public relations event in Shioyama, the Alaska Seafood Rendezvous, drew 9,000 consumers and 170 trade members.

CHINA

- The main focus in China is on expanding knowledge of Alaska seafood among seafood customers, particularly seafood traders, to encourage imports of Alaska seafood. Newsletters to the trade and educational seminars are important tools for this effort.
 - Trade shows in Beijing and Hong Kong are key events. More than 750 trade leads were collected at these two shows alone. Consumer awareness of the taste, healthfulness and aesthetic virtues of Alaska seafood are increasing, through foodservice and retail promotions.
 - Retail promotions sold 52 MT valued at \$344,459 during promotions at 109 stores (achieved 1,781 store days).
 - Conducted 8 foodservice promotions resulting in sales of 6 MT, and attracted 1,200 chefs to attend 4 training events. A chef contest resulted in creation of 100 new recipes and \$100,000 worth of free media coverage.
- ### TAIWAN
- Market development is the top priority, and trade education to explain the benefits of Alaska seafood is the primary activity. Trade leads are also gathered at trade shows for circulation to the Alaska seafood industry.
 - Foodservice promotions sold 19 MT of seafood worth \$134,624.
 - Participated in "2000 American Food Festival" in three major cities.
 - A retail promotion at Yumouwu Supermarket chain resulted in sockeye salmon offered year-round.



NORTHERN EUROPE

- This remains the strongest export market for canned salmon, but new interest in fresh and frozen Alaska seafood has been kindled. Focus in this market is on increasing consumer and trade awareness of canned Alaska salmon, as well as other product forms and species.
- In the United Kingdom, 21,220,068 consumers have been reached through Alaska Seafood Information Service activities, and \$252,002 worth of free media coverage was generated through public relations efforts.

CENTRAL EUROPE

- ASMI participates in the European Seafood Exposition in Brussels. Last year the ASMI Alaska pavilion generated \$50 million in seafood sales and over 400 trade leads. ASMI met with 80% of buyers.
- Retail promotions in central Europe resulted in sales of 514 MT valued at \$28,568,000.
- In France, four national foodservice distributors now carry Alaska keta and pink salmon fillets and portions on a year-round basis.
- 18 foodservice promotions in central Europe resulted in sales of 583 MT valued at \$7,195,777.
- European salmon smokers are beginning to return to wild Alaska salmon after years of using farmed salmon. In 2001, the biggest salmon smoker in Germany, a company that has been using coho and king, is considering adding sockeye salmon to the range of products.

SOUTHERN EUROPE

- Alaska seafood exports to this region are enjoying a rapid growth rate. The education of the foodservice sector goes hand in hand with reaching consumers. ASMI attracts trade attention with innovative booths at leading trade shows, and is winning the approval of key food decision makers with public relations activities, including live interviews on radio and TV with Alaska fisher Joy Martin.

AUSTRALIA/NEW ZEALAND

- The embargo on fresh and frozen Pacific salmon was lifted, and new product forms have joined canned salmon on the agenda "down under." ASMI continues to target consumers through magazine placements, public relations, national school canteen activities, and retail promotions. At large fairs and trade shows, thousands of product samples and recipes are distributed. One especially innovative promotion offered families visiting a major museum an opportunity to roll their own sushi, made with canned salmon. Education of the trade is also an integral part of the promotional effort.

NEW LAWS IN EFFECT IN JAPAN AND THE EUROPEAN UNION REQUIRE SEAFOOD LABELS AT THE RETAIL LEVEL TO STATE THE COUNTRY WHERE THE PRODUCT ORIGINATED AND WHETHER IT IS WILD OR FARMED. THIS WILL AID ASMI'S EFFORT TO DIFFERENTIATE AND REPOSITION ALASKA PRODUCTS IN THE MARKET.

ALASKA SEAFOOD VALUED AT \$67.8 MILLION WAS SOLD AS A DIRECT RESULT OF ASMI RETAIL PROMOTIONS IN JAPAN.

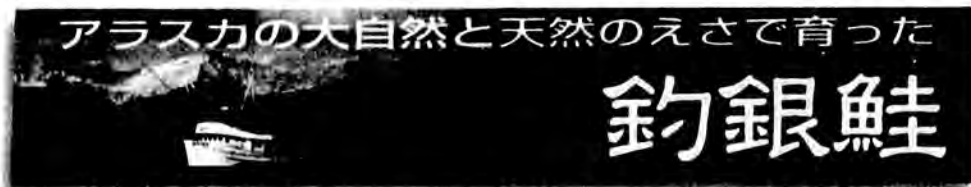
A SINGLE ASMI EVENT IN THE PORT CITY OF SHIOGAMA DREW 9,000 CONSUMERS AND 170 REPRESENTATIVES OF THE JAPANESE TRADE.

AT THE WORLD'S LARGEST SEAFOOD TRADESHOW, ASMI'S ALASKA PAVILION GENERATED \$50 MILLION IN SEAFOOD SALES AND OVER 400 TRADE LEADS.

IN THE U.K., MAJOR RETAILER TESCO IS USING FROZEN ALASKA KETA SALMON TO CREATE KABOBIS WITH TWO TYPES OF SAUCE THAT ARE SOLD AT CHILLED RETAIL SERVICE COUNTERS.

A CONSORTIUM OF SALMON SMOKERS IN ITALY PUT "SALMONI SELVAGGIO D'ALASKA" (WILD SALMON FROM ALASKA) ON THEIR LOGO AND LABELS.

IN FRANCE, FOUR NATIONAL FOODSERVICE DISTRIBUTORS NOW CARRY ALASKA KETA AND PINK SALMON FILLETS AND PORTIONS ON A YEAR-ROUND BASIS.





Fielded 134 interviews and media requests resulting in media coverage in leading trade and consumer publications

National recipe release for Alaska cod generated more than 260 newspaper articles and attained readership of more than 20 million

Food editorial for Alaska seafood achieved readership of 24.6 million (equivalent ad space would cost \$984,212)

Internet traffic surpassed the previous year with 246,040 hits and 16,571 sessions representing a peak in March

\$415 0 budget

1 full-time staff

Developed chart with omega-3 values for Alaska seafood, distributed at nation's largest conference of dietitians and nutritionists

Increased number of visitors to ASMI website

Produced internet-based electronic newsletter about Alaska salmon for seafood customers during the 2000 salmon season

Created educational materials for children about Alaska salmon abundance

Added children's section to website

PUBLIC RELATIONS activities foster positive public perceptions of Alaska seafood products and the Alaska seafood industry. The staff works with seafood industry representatives, fishers, processors, news media, food professionals, the business community, government agencies, policy makers and the public. Tools include press kits, press releases, recipe releases, underwriting, sponsorships, booths at conferences and trade shows, and the ASMI website.

www.alaskaseafood.org

New features include:

- on-line catalog of literature and sales aids;
- targeted information and resources for export, retail and foodservice market segments;
- "Small Fry" section for kids with educational materials about the salmon lifecycle and curriculum for teachers;
- video clips of bears feeding on salmon, and chefs grilling seafood; and
- updated features for the *Directory of Alaska Seafood Suppliers* database, the most popular destination on the website

Seafood industry trade shows are an important means of communicating with the taxpayers who fund ASMI programs. Booths and presentations at *Fish Expo*, in Seattle, and *ComFish*, in Kodiak, are an effective way to inform fishermen and processors about marketing and quality assurance activities.

The Salmon Market Information Service

One of ASMI's statutory responsibilities is to provide information to the salmon fleet about world markets. The Salmon Market Information Service produces seven bulletins, and during the salmon season provides in-season price tracking information. A commercial salmon harvester's database, research services, and educational presentations are among the services provided.

Symphony of Seafood

ASMI is the leading sponsor of the annual Symphony of Seafood, a value-added product contest held each year by the Alaska Fisheries Development Foundation. The *Eighth Annual Alaska Symphony of Seafood* attracted a wide variety of Alaska seafood products developed for retail, foodservice and specialty markets. Top winners receive a boost in the marketplace through media exposure, a booth at the Boston Seafood Show, and the right to use the Symphony of Seafood logo on their winning product.



Seafood on the Town

MarketLine

MarketLine newsletter is published six times per year to inform the fishing fleet, processors, and policy makers about ASMI marketing activities. It is distributed by mail to 15,000 people and is also available on the website.

Educating the media and public

Activities to educate the media and the public about Alaska salmon abundance included distribution of information to key national conservation organizations involved in influencing consumer seafood choices, generating articles in newspapers and magazines, creation and distribution of an Alaska Salmon Life Cycle interactive poster for students in grades K-5 (with supporting curriculum and materials on the website). *Alaska's Harvest: Alaska Salmon*, a video rich in images of Alaska wildlife and commercial fishing, was widely distributed during the spring and summer, and was viewed by many visitors to Alaska.

Selective underwriting of radio programming, industry news websites, and public television segments showcasing Alaska's seafood products and seafood industry bring Alaska seafood messages into millions of homes. For example, the longest running show on public television, *Creative Living*, broadcast a program on more than 100 stations featuring information on health benefits and preparation of surimi seafood and canned salmon from Alaska. ASMI helped sponsor a television program about Kodiak and the fishing industry for the Discovery channel that reached millions of viewers with important messages about the Alaska seafood industry and sustainable management of fisheries resources.

ASMI works to educate the people who influence people's meal choices, including chefs, food writers, dietitians and nutritionists. Booths at annual conferences of the International Association of Culinary Professionals and the American Dietetic Association allowed ASMI staff to share information about Alaska seafood with thousands of key professionals. Participation in the National Association of Press Women conference in Anchorage resulted in feature stories about Alaska salmon reaching more than one million Americans.



The Alaska Salmon Life Cycle interactive poster for students in grades K-5 has supporting curriculum and materials on the website: www.alaskaseafood.org



NATIONAL RECIPE RELEASE FOR ALASKA COD GENERATED MORE THAN 260 NEWSPAPER ARTICLES AND ATTAINED READERSHIP OF MORE THAN 20 MILLION



Now, Live From Alaska, It's King Crab





- 35,236 requests filled for technical materials
- 686 industry personnel trained in salmon quality handling through 14 workshops
- 6 training seminars conducted in HACCP 63 students trained
- 8 salmon roe products training sessions conducted
- 1 full-time staff
- \$363.0 budget

- Developed multimedia seafood quality CD
- Conducted salmon quality seminar, *The View from the Marketplace*, with experts from the U.S. salmon market, in Kenai, Dillingham and Kodiak
- Aired more than 3,000 radio messages on coastal Alaska radio stations emphasizing the importance of salmon quality and salmon handling tips
- Conducted ASMI's third 5-year Salmon Quality Survey, polling some 3,100 fishermen, 200 tenders, and more than 500 processors



PROMOTING EFFORTS TO ENSURE SAFE, high quality Alaska seafood is the focus of ASMI's seafood technical program. Following its mandate under state law, ASMI develops market-oriented quality specifications that support a high quality image for Alaska seafood in the marketplace; it also adopts and disseminates recommendations regarding the handling of seafood from the moment of capture to final distribution.

Education and training are the primary tools of the seafood technical program. Seafood quality and handling information is produced for harvesters, processors, transporters, foodservice distributors and retailers. Training is provided for the seafood industry workforce. Technical materials for use by Alaska seafood suppliers and buyers are developed and widely distributed. All agency marketing programs rely on the expertise and materials of the seafood technical program to address scientific and regulatory issues including food safety, seafood quality, federal labeling regulations, importation requirements in overseas markets, and environmental concerns.

HACCP training seminars

All seafood processing in Alaska is regulated under federal standards known as HACCP (Hazard Analysis Critical Control Point). Alaska took the lead in offering state education and training regarding HACCP requirements. ASMI and the University of Alaska Marine Advisory Program continue to offer HACCP training each year. Six seminars were conducted in FY '01 at which 63 students were trained. HACCP requirements are enforced by the federal Food and Drug Administration, and State of Alaska Department of Environmental Conservation.

This year ASMI again sponsored pre-season salmon quality handling training sessions around the state in response to industry requests. The training sessions held this year trained 686 industry personnel in proper seafood handling, chilling and storage, all key elements in maintaining seafood quality. The education of the seasonal workforce is an ongoing process.

Salmon Sauvage d'Alaska is the French version of the Salmon Buyer's Guide.

How to Handle your Halibut

— HELPFUL TIPS TO PRESERVE & INCREASE THE VALUE OF YOUR CATCH —

The materials developed by the seafood technical program for all species of Alaska seafood are widely used by the seafood industry, including brokers, seafood distributors, retailers, and broadline foodservice distributors. More than 35,236 pieces of technical literature were sent out this year. They include the ecology brochure (*Alaska's Harvest: Natural, Sustainable, Pure*), seafood handling guides for harvesters and processors, training tapes for processing workers and harvesters, a comprehensive *Alaska Seafood Buyer's Guide*, and an *Alaska Salmon Buyer's Guide*, now translated into several languages for use in European and Asian markets.

CD-ROM for seafood quality training

A new resource created this year is a multimedia training CD for seafood quality handling. The CD contains three program tracks for personnel in the harvesting, tendering, and processing sectors. Studies show interactive training programs result in better retention than traditional classroom or video training. The CD has been produced in limited quantities for "roadtesting" and will be revised and improved before mass production.

Salmon Quality Survey

This year ASMI conducted its 5-year Salmon Quality Survey, the third industry survey initiated since 1991. The survey helps ASMI assess the effectiveness of training initiatives. It also tracks quality and handling changes within the industry over time.

Quality handling and market expectations

As a result of a one-time grant of USDA grant funds, the seafood technical program this year carried out two additional initiatives:

- *Delivering the Message*, a series of salmon quality handling and reminder messages, was broadcast on Alaska radio stations serving coastal communities.
- *Salmon Quality: the View from the Marketplace*, a seminar offering insights on quality expectations of the marketplace, was held in Kenai, Kodiak, and Dillingham. Experts from the U.S. salmon market highlighted what buyers look for in salmon products, and suggested strategies for addressing buyer concerns.

IN FY '01,
35,236 REQUESTS FOR
TECHNICAL MATERIALS
WERE FILLED.



Gaffing

Do —

- gaff in the head or under the gills
- if you use two gaffs, put both in the head

Don't —

- gaff in the body or tail
- lift by the tail

Why —

- gaffing in the body disfigures the meat
- gaff wounds allow bacteria to enter the meat
- lifting by the tail breaks the spine and blood vessels
- broken blood vessels discolor the flesh



Stunning & Bleeding

Do —

- strike the fish on the head *only*, in the area of the eyes
- stun the halibut as soon as they're brought on board
- bleed as soon as possible
- cut one or more of the gill arches

Don't —

- allow the fish to struggle or flop around
- allow the fish to remain unbled

Why —

- struggling fish will damage the flesh, and cause bruising
- the heart continues to beat after stunning, pumping out the blood
- if not, blood will pool in the meat, causing bruising



Gutting

Do —

- cut around and remove gills, viscera and connective tissue as one mass
- scrape out the gonads, kidneys, and sweetmeats
- wash out the gut cavity and remove all traces of blood and organs
- use plenty of clean water while cleaning

Don't —

- cut into the meat
- use a dull knife
- use a dry scraper
- allow any internal organs to remain in the fish
- allow slime and waste to build up on the dressing table

Why —

- this method minimizes bacterial contamination
- any remaining organs and tissue will decompose and sour the flesh



Special workshops trained more than 170 people in proper roe handling. Posters promoting sanitary handling of caviar were printed in several languages.



FY '01 Revenues (in 000s)

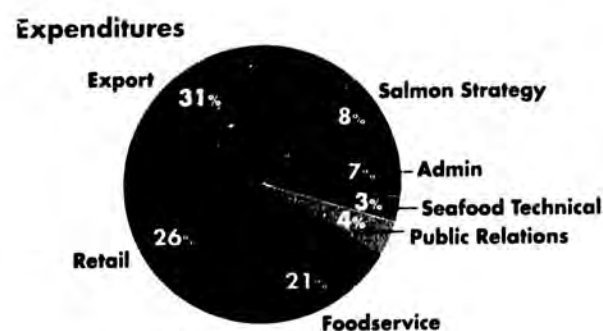
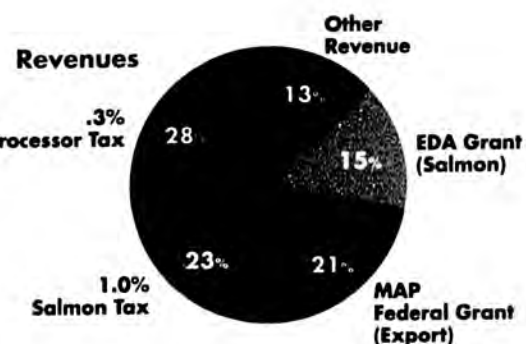
1.0% SALMON TAX	2,555
0.3% PROCESSOR TAX	3,156
MAP FEDERAL GRANT (EXPORT)	2,400
EDA GRANT (SALMON)	1,722
OTHER REVENUE	1,502
TOTAL	11,335

FY '01 Expenditures (in 000s)

ADMIN	754
SEAFOOD TECHNICAL	358
PUBLIC RELATIONS	413
FOODSERVICE	2,125
RETAIL	2,663
EXPORT	3,159
SALMON STRATEGY	866
TOTAL	10,338

RECEIPT SUPPORTED SERVICES REVENUES (RSS)

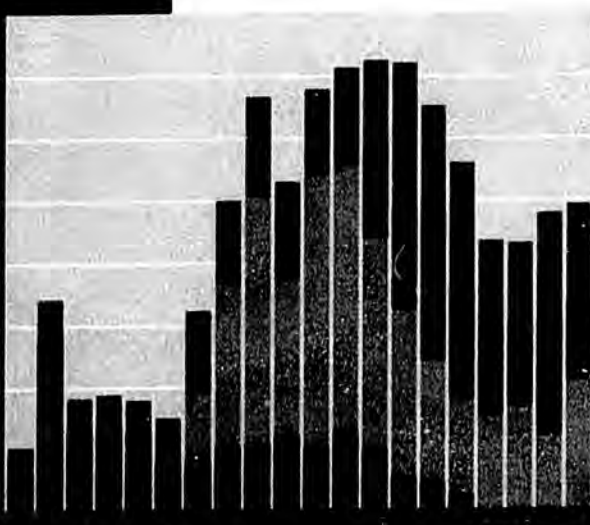
CARRY FORWARD TO FY '02: 972



ASMI Revenue from FY '82 to FY '02

State FY	General Fund/GF Match	Federal Grants	Salmon Mktg Tax	Processor Tax	Total Fish Taxes
82	\$2,073	\$0	0	0	0
83	\$5,656	\$54	0	\$1,148	\$1,148
84	\$2,570	\$0	0	\$1,105	\$1,105
85	\$2,746	\$0	0	\$1,040	\$1,040
86	\$2,601	\$0	0	\$1,000	\$1,000
87	\$1,566	\$0	0	\$1,460	\$1,460
88	\$1,624	\$2,200	0	\$2,653	\$2,653
89	\$2,078	\$5,243	0	\$2,700	\$2,700
90	\$2,171	\$7,953	0	\$3,244	\$3,244
91	\$2,470	\$5,000	0	\$3,153	\$3,153
92	\$2,069	\$8,774	0	\$2,751	\$2,751
93	\$2,612	\$8,545	0	\$3,127	\$3,127
94	\$1,996	\$6,782	\$3,019	\$2,725	\$5,744
95	\$1,090	\$5,408	\$3,242	\$4,690	\$7,932
96	\$890	\$3,973	\$4,804	\$3,396	\$8,200
97	\$517	\$3,089	\$3,523	\$4,100	\$7,623
98	0	\$3,069	\$2,809	\$2,829	\$5,638
99	0	\$3,372	\$2,615	\$2,656	\$5,271
00	0	\$2,394	\$3,687	\$3,515	\$7,202
01	0	\$4,167	\$2,555	\$3,156	\$5,711

\$0 \$2,000 \$4,000 \$6,000 \$8,000 \$10,000 \$12,000 \$14,000 \$16,000



- General Fund/GF match
- Salmon Marketing Tax
- Federal Grants
- Processor Tax

How to get more information

ASMI offers quality assurance and promotional materials to assist anyone handling Alaska seafood, from the moment of harvest to the consumer's plate.

Please contact ASMI for more information on programs and materials. Two of our most popular publications are the *Directory of Alaska Seafood Suppliers* and the *Catalog of Literature and Sales Aids*, both available via website and in booklet form.

The *Salmon Market Bulletin* provides in-season price tracking information. The *MarketLine* newsletter informs the fishing fleet, processors and policy makers about ASMI marketing activities.



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2001 Season Projection

In the last decade, the annual 2001 season projection is the highest ever after the 1997 season. The 1997 season was the highest ever after the 1997 season. The 1997 season was the highest ever after the 1997 season.

2001 Season Alaska Salmon Harvest Projection

Region	2001 Season	2000 Season	1999 Season	1998 Season	1997 Season
Alaska	1,100,000	1,000,000	900,000	800,000	700,000
British Columbia	1,200,000	1,100,000	1,000,000	900,000	800,000
Washington	1,300,000	1,200,000	1,100,000	1,000,000	900,000
Oregon	1,400,000	1,300,000	1,200,000	1,100,000	1,000,000
California	1,500,000	1,400,000	1,300,000	1,200,000	1,100,000
Idaho	1,600,000	1,500,000	1,400,000	1,300,000	1,200,000
Montana	1,700,000	1,600,000	1,500,000	1,400,000	1,300,000
Wyoming	1,800,000	1,700,000	1,600,000	1,500,000	1,400,000
Utah	1,900,000	1,800,000	1,700,000	1,600,000	1,500,000
Arizona	2,000,000	1,900,000	1,800,000	1,700,000	1,600,000
Colorado	2,100,000	2,000,000	1,900,000	1,800,000	1,700,000
Nebraska	2,200,000	2,100,000	2,000,000	1,900,000	1,800,000
Kansas	2,300,000	2,200,000	2,100,000	2,000,000	1,900,000
Oklahoma	2,400,000	2,300,000	2,200,000	2,100,000	2,000,000
Missouri	2,500,000	2,400,000	2,300,000	2,200,000	2,100,000
Illinois	2,600,000	2,500,000	2,400,000	2,300,000	2,200,000
Indiana	2,700,000	2,600,000	2,500,000	2,400,000	2,300,000
Michigan	2,800,000	2,700,000	2,600,000	2,500,000	2,400,000
Ohio	2,900,000	2,800,000	2,700,000	2,600,000	2,500,000
Pennsylvania	3,000,000	2,900,000	2,800,000	2,700,000	2,600,000
Delaware	3,100,000	3,000,000	2,900,000	2,800,000	2,700,000
Maryland	3,200,000	3,100,000	3,000,000	2,900,000	2,800,000
Virginia	3,300,000	3,200,000	3,100,000	3,000,000	2,900,000
North Carolina	3,400,000	3,300,000	3,200,000	3,100,000	3,000,000
South Carolina	3,500,000	3,400,000	3,300,000	3,200,000	3,100,000
Georgia	3,600,000	3,500,000	3,400,000	3,300,000	3,200,000
Florida	3,700,000	3,600,000	3,500,000	3,400,000	3,300,000
Alabama	3,800,000	3,700,000	3,600,000	3,500,000	3,400,000
Mississippi	3,900,000	3,800,000	3,700,000	3,600,000	3,500,000
Louisiana	4,000,000	3,900,000	3,800,000	3,700,000	3,600,000
Arkansas	4,100,000	4,000,000	3,900,000	3,800,000	3,700,000
Texas	4,200,000	4,100,000	4,000,000	3,900,000	3,800,000
New Mexico	4,300,000	4,200,000	4,100,000	4,000,000	3,900,000
Nevada	4,400,000	4,300,000	4,200,000	4,100,000	4,000,000
Utah	4,500,000	4,400,000	4,300,000	4,200,000	4,100,000
Arizona	4,600,000	4,500,000	4,400,000	4,300,000	4,200,000
California	4,700,000	4,600,000	4,500,000	4,400,000	4,300,000
Oregon	4,800,000	4,700,000	4,600,000	4,500,000	4,400,000
Washington	4,900,000	4,800,000	4,700,000	4,600,000	4,500,000
British Columbia	5,000,000	4,900,000	4,800,000	4,700,000	4,600,000
Alaska	5,100,000	5,000,000	4,900,000	4,800,000	4,700,000



Alaska Seafood

WHAT'S FRESH!
Welcome! We invite you to explore and discover the exceptional quality and superior flavor of Alaska seafood.

Recipe of the month:
Alaska Salmon with Lemon Dip

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Seafood Industry Information

SMALL FRY!
A Special Section Just For Kids

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