

Proposal to the Gulf States Marine Fisheries Commission



Submitted: February 14, 2011

Applicant Name: National Seafood Marketing Coalition

Title: Long Term Funding Strategy for the
GOM Seafood Marketing Coalition

Budget Period: March 1, 2011 – December 31, 2012

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Title: Long Term Funding Strategy for the GOM Seafood Marketing Strategy

Objective: This proposal aims to secure a long term source of funds for the Gulf of Mexico (GOM) Seafood Marketing Coalition for the purposes of marketing seafood from the GOM with a goal of approximately \$20 million annually. This proposal is specific to this one particular objective under the goals of the GOM Seafood Marketing Coalition.

Narrative Description: The National Seafood Marketing Coalition, a 501(c)6 non-profit organization, is actively engaged in an initiative to create a long term, consistent source of funds for marketing U.S. produced seafood and a regional structure through which to administer those funds with local control. The Coalition is targeting \$100 million annually to be distributed to five Regional Seafood Marketing Boards; approximately \$20 million annually would be distributed to the Gulf of Mexico Region Marketing Board. The attachment ***“Proposal to Create a National Seafood Marketing Fund”*** provides greater details regarding the Coalition’s efforts.

Since January 2010, the National Seafood Marketing Coalition has grown to over sixty supporting organizations, including two State Legislatures and under consideration by several other Legislatures. The effort was initiated by the United Fishermen of Alaska through a grant provided by the Alaska Fisheries Marketing Board. There has been tremendous acceptance of the concept within the industry and among coastal communities to date. The success of the proposed structure has been demonstrated through the pilot project on which it is based. As a result of the pilot project, the Alaska salmon industry experienced ***increases*** in the following areas:

- ex-vessel value
- wholesale values
- quality on vessels
- product forms
- re-tooling in processing plants leading to increases in efficiency & quality
- cooperation between harvesters, processors & government
- active fishermen
- industry infrastructure
- jobs in processing sector
- jobs in support sectors
- economic activity in coastal communities

- revenues to local, state & federal governments

Job Titles: 1) Coalition Building & Outreach, 2) Economic Data as Support

Job Objectives & Procedures: The creation of a National Seafood Marketing Fund will require the passage of a bill through Congress. In order to accomplish this, the Coalition will need to complete the following two jobs.

- ***Coalition Building & Outreach:*** The Coalition needs a broad base of supporters who are willing to explain the Coalition's concept and express their support for it to their Members of Congress. Support is critical from the seafood industry (including harvesters, growers, processors and retailers), the support industry, and the coastal communities and states. The Coalition will continue to hold meetings, give presentations to new potential supporters, and collect letters or resolutions of support. The Coalition will also continue to form a Steering Committee comprised of approximately three representatives from each of the five identified regions. The Steering Committee will be responsible for developing a strategic plan and guiding the activities of the Coalition. The Coalition will also continue to raise matching funds.
- ***Economic Data as Support:*** Members of Congress who are supportive of creating a National Seafood Marketing Fund will need third party documentation of the positive economic effects and job creation of this new program. The Coalition proposes to hire a contractor to conduct an economic study of the seafood industry and support sectors across the U.S. and project the economic effects of a National Seafood Marketing Fund. The study may include a historic look at the trends in the seafood industry over the past twenty years, as well as a current summary of the jobs associated with the seafood industry and support sectors by state. The study will include a future projection of the economy with the National Seafood Marketing Fund in place. For more details of activities for this job, see the attachment "***Milestone Schedule***".

Location: The personnel will be based out of Alaska as directed by the Coalition members during our last meeting of the Coalition in December, 2010. However, the activities will be accomplished throughout all of the coastal states as well as inland seafood producing states.

List of Key Personnel:

- ***Bruce Schactler, Coalition Director:*** Bruce is primarily responsible for public relations for the Coalition. Bruce is also responsible for building Coalition support, formation of the Steering Committee, and management of the Steering Committee. Bruce is currently on staff at the Alaska Seafood Marketing Institute primarily responsible for development of special projects, such as the inclusion of Alaska seafood in the

International Food Aid Program. Bruce also is a commercial fisherman in Alaska and formerly on the Board of the Alaska Fisheries Marketing Board. Bruce is working at no cost to the project.

- **Kevin Adams, Government Relations:** Kevin is primarily responsible for developing strategic direction. Kevin is also responsible for building Coalition support and fundraising. Kevin is a commercial fisherman in Alaska, on the Board of the Alaska Seafood Marketing Institute, formerly staff at the Alaska Fisheries Development Foundation, and has held various other positions in the area of development of the Alaska seafood industry.
- **Julie Decker, Coalition Coordinator:** Julie is primarily responsible for communication between Coalition members. Julie is also responsible for reporting submissions, developing Coalition materials, building Coalition support, and meeting preparations. Julie is a commercial fisherman in Alaska, has held various executive positions in the seafood industry, and is completing her Master in Public Administration.

This team is experienced in successfully passing fisheries marketing and development legislation in the Congressional processes. Past examples of their work include the last Farm Bill, the 2008 TARP legislation, and the 2002 legislation creating the Alaska Fisheries Marketing Board (the pilot project on which this national program is based).

References:

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Project Budget: The total project budget requested is \$396,000, which breaks down into Personnel (\$220,000), Travel (\$60,000), Supplies (\$16,000), and Contractual (\$100,000). The attachment *“Project Budget”* provides detailed information, including matching funds, regarding the projected budget for this project. The units used for personnel are number of months. The units used for travel are number of trips. The Coalition also understands these are federal funds and therefore would not use them for any lobbying activities which are prohibited.

Milestone Schedule: The attachment *“Milestone Schedule”* provides detailed information regarding the projected timeline of this project over the next twenty-two months. This is a realistic timeline considering the present budget climate in Congress which necessitates the Coalition prepare its supporting documentation and constituency base during this period.

Additional Information: The attachment *“Proposal to Create a National Seafood Marketing Fund”* provides further information regarding the concept and those supporting it. The attachment *“Meeting Summary, December 1-3, 2010”* documents the decisions made and actions taken by the Coalition during its last meeting in Seattle.

Attachments:

- Project Budget (1 pg)
- Milestone Schedule (1 pg)
- Proposal to Create a National Seafood Marketing Fund (27 pgs)
- Meeting Summary, December 1-3, 2010 (5 pgs)

Project Budget

Title: Long Term Funding Strategy for the GOM Seafood Marketing Coalition

Applicant: National Seafood Marketing Coalition

Project Budget: National Seafood Marketing Coalition

3/1/11 - 12/31/12

Category	Unit Rate	# of Units	Subtotal
Personnel			
Decker	\$ 5,000	22	\$ 110,000
Adams	\$ 5,000	22	\$ 110,000
Travel			
Outreach meetings/presentations (includes airfare to/from AK, hotel, \$75/day per diem)	\$ 5,000	12	\$ 60,000
Supplies			
Printing	\$ 15,000	NA	\$ 15,000
Misc Office Supplies	\$ 1,000	NA	\$ 1,000
Contractual			
Economic Study	\$ 100,000	NA	\$ 100,000
Total			\$ 396,000

Matching Funds from Other Sources to Date

1/1/10 - 6/30/11

Source	Amount
United Fishermen of Alaska	\$ 300,000
Alaska Bering Sea Crabbers	\$ 22,500
Alaska Seafood Marketing Institute*	\$ 50,000
Ocean Beauty Seafoods*	\$ 30,000
Total Matchig Funds to Date	\$ 402,500

*in-kind

Milestone Schedule

Title: Long Term Funding Strategy for the GOM Seafood Marketing Coalition

Applicant: National Seafood Marketing Coalition

Activities	Month 1 = March 2011																					
JOB TITLE: Coalition Buidling & Outreach	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Submit written reports to GSMFC																						
Plan & hold Coalition meetings																						
Form Steering Committee																						
Plan & hold Steering Committee meetings																						
Raise additional matching funds																						
Give presentations to potential Coalition supporters																						
Manage Coalition contacts & communications																						
Develop Coalition materials																						
Encourage communication between supporters & Congress																						
JOB TITLE: Economic Data as Support																						
Develop RFP for economic study																						
Proposal submission deadline																						
Review proposals from contractors & award contract																						
Contractor develops draft methodology for review																						
Contractor conducts draft study & submits for review																						
Submission of final study by contractor																						

*NOTE: These timelines & activities are estimates and subject to change.

National Seafood Marketing Coalition



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REVISED VERSION
February 1, 2011

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Executive Summary

The National Seafood Marketing Coalition (Coalition) supports the creation of a National Seafood Marketing Fund (Fund) administered by Regional Seafood Marketing Boards (Boards) and funded by long-term, consistent sources. Several potential funding sources are under consideration, including duties and tariffs on imported seafood and other sources.

The basic concept is to consistently invest a portion of revenues into the marketing of domestic U.S. seafood products. Broad and sustained marketing over time will grow demand for seafood, increase its value, grow the economy, increase jobs related both directly and indirectly to the industry, and increase tax revenues across local, regional, state and federal levels. These economic benefits will also be accompanied by an increase in the health of Americans as domestic consumption of seafood increases.

The Boards, created to administer the Fund, will include representatives from all sectors of the seafood industry, including, but not limited to, wild harvesters, aquaculture producers, processors, retailers, and distributors. The Boards will develop regional marketing goals and priorities for the distribution of the federal funds through a grant process. Funded marketing activities may include quality improvements, product development, market research, education, or promotion. Further, the Boards will meet annually to collaborate and address national issues or other issues of common interest. The need for a collaborative approach to seafood marketing has been dramatically magnified by the recent oil spill in the Gulf of Mexico.

The Coalition has support from industry members across the Gulf of Mexico, up the East Coast, and over to the West Coast, including Hawaii, Alaska and the U.S. aquaculture industry.

A similar pilot program in Alaska resulted in job creation and sustained economic growth. **Investment in a national seafood marketing program will create economic growth and jobs in U.S. communities and energize the U.S. seafood industry which is based on a healthy and renewable resource.**

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Job Creation

Throughout history, the U.S. Congress has found that:

- (1) The commercial fishing industry of the U.S. significantly contributes to the national economy, and could make a greater contribution if fish resources were more fully utilized;
- (2) The commercial fisheries of the U.S. provide significant employment in coastal areas and in processing and distribution centers;
- (3) Fish contribute an important nutritional component to the American diet;
- (4) Increased consumption of seafood in the U.S. could significantly lower the risk of many cardiovascular diseases;
- (5) Federally supported development programs for commercial fisheries are unable to meet present and future marketing needs; and
- (6) Many fish species are underutilized by the U.S. fishing industry because of underdeveloped markets.*

In 2008, the U.S. seafood industry generated approximately \$104 billion in sales, \$45 billion in income, and supported 1.5 million jobs. In 2008, the seafood industry landed 8.3 billion pounds of commercially harvested seafood, and 0.8 billion pounds of aquaculture seafood, for a total ex-vessel value of \$5.6 billion. The U.S. seafood industry includes the commercial harvest sector, aquaculture producers, seafood processors and dealers, seafood wholesalers and distributors, and seafood retailers.**

The economic impacts listed above do not include the indirect jobs related to the support businesses, such as mechanics, refrigeration, machine fabrication, shipbuilding, fishing gear, hardware, construction, fuel supply, packaging, transportation, and more. If the economic impacts of the U.S. seafood industry were extended to the support businesses and beyond, the impacts would significantly increase.

Investment in a sustained national seafood marketing program will increase profits, jobs and economic activity, as demonstrated by a pilot project in Alaska. Encouraging marketing activities such as quality improvements, market research, product development, infrastructure, and promotion, will increase the consumption and demand for seafood in the U.S., increase the value of the industry, grow the economy and increase U.S. jobs related both directly and indirectly to the industry. This economic growth will also increase tax revenues across local, regional, state and federal levels.

*U.S. Congress, *Fish & Seafood Promotion Act of 1986*, Section 4001

**Data sources: U.S. Dept. of Commerce, NOAA, NMFS, *Fisheries Economics of the U.S. 2008*, pgs. 11-13;

U.S. Dept. of Commerce, NOAA, *U.S. Commercial Landings, 2007 & 2008*; U.S. Dept. of Agriculture, *2007 Census of Agriculture*, pgs. 436-440.

Proposal to Create a National Seafood Marketing Fund

Introduction

U.S. seafood producers have common interests. These common interests are often overshadowed by a variety of conflicts, such as access, allocation and competition. However, U.S. seafood producers can and must set aside conflicts in order to focus on areas of common interest for the benefit of the whole.

U.S. seafood producers need parity with other U.S. food producers. The bottom line is that U.S. seafood producers are food producers and struggle with the same issues as other U.S. food producers. U.S. seafood producers also compete directly with other U.S. protein sources and imported seafood for market share. However, seafood producers are excluded from the USDA programs which currently benefit other food producers. Also, importers do not bare the same costs of doing business required by U.S. standards. Therefore, the U.S. seafood industry does not have a level playing field and must unite in order to affect change and bring parity in the marketplace.

Marketing addresses areas which are critical to the survival and success of the U.S. seafood industry and increases the contribution of the industry to the national economy. A broad and sustained national seafood marketing program will increase the general demand for seafood products and increase the value of the industry. The goals of a national marketing program are to increase the demand for and the value of U.S. seafood, and to strengthen the U.S. seafood industry, which includes harvesters, aquaculture producers, processors, wholesalers, distributors, dealers, retailers, and the support businesses.

As sustained investment in marketing activities continues over time, industry participants will begin to see measurable results, such as increased demand, increased number of product forms, increased quality, increased value and increased profits. As economic activity grows around the seafood industry, local communities, support businesses and governments will also begin to see measurable benefits, such as increased jobs, tax revenues, and investment in new infrastructure.

The result of a sustained investment in seafood marketing will also benefit consumers. The multiple health benefits of seafood have been proven many times. Consumers who eat more seafood will be healthier, with less chronic diseases. Recently, the French health security agency, ANSES, adopted a new health message to eat fish twice a week, embracing the role of seafood in good physical and mental health and disease prevention. With concerns over the future of health care costs in the U.S., promotion of healthy diets is an important policy issue.

Concept

The Coalition proposes to develop national legislation which directs a long-term and sustainable source(s) of funds into a National Seafood Marketing Fund (Fund). Secondly, the legislation will establish Regional Seafood Marketing Boards (Boards) to receive, manage and direct these dedicated funds.

Need

American seafood products are increasingly forced to compete with both imported seafood and many other sources of protein in the domestic marketplace. Consequently, the U.S. seafood industry struggles to maintain a healthy business profile. Ex-vessel prices are too low to sustain many domestic fisheries. Fishing jobs are being lost and fishery dependent communities are in decline, promoting an unbalanced consolidation of the industry and continuing to shrink waterfront-based economies. Frequently, processors do not have the funds available for market research and development of new products demanded by consumers. Americans are confused by a variety of messages regarding the health and safety of seafood, and therefore, turn away from seafood toward other forms of protein. It is in the interest of the U.S. to maintain a strong domestic seafood industry for both the health of its population and the health of the economy.

The seafood industry suffers from repeated disasters, both natural and man-made. During these times, the damages to the seafood markets are significant. A mature and long-term marketing program allows for a timely and effective response during times of disaster which minimizes market damages.

Historic Support

The seafood industry is the oldest industry in the U.S. The Saltonstall-Kennedy Act of 1956 and the Fish and Seafood Promotion Act of 1986 demonstrate support for the U.S. seafood industry and the intent to “promote and develop” seafood products. However, over time, both Acts have fallen short of their original intention for a variety of reasons. A National Seafood Marketing Fund will revive the original intent of these Acts and address the needs of the industry.

Potential Funding Sources

A variety of funding sources exist which could be used to create a National Seafood Marketing Fund (Fund) on the order of \$100 million annually. The Coalition has discussed a variety of options over the past twelve months and has decided to focus on the duties and tariffs levied on imported seafood and fishery products. Several options exist for accessing these funds. For example, in 2010, approximately \$380 million was collected as tariffs and duties on imported seafood and fishery products. Thirty percent (30%) of these funds are transferred to NOAA to capitalize the Saltonstall-Kennedy Fund. A portion of the remaining seventy percent (70%) could be used to capitalize a National Seafood Marketing Fund.

However the needed seafood marketing funds are accessed, the Coalition does not intend to reduce the Saltonstall-Kennedy Fund (NOAA) or the Section 32 Funds (USDA).

Other funding sources may be available and all options are still under consideration by the Coalition. The key point of agreement on funding among Coalition members is that the greatest benefit from marketing will be achieved through long-term and consistent funding.

Structure & Responsibilities of Regional Seafood Marketing Boards

Representation on Boards: Boards will reflect the expertise and interest of the seafood industry located within the region of each Board. Representatives will include harvesters, aquaculture producers, processors, support businesses (i.e. transportation and logistics, food distribution, retail, and food service), and regional or state marketing organizations.

Appointment to Boards: Boards may be appointed by either the Secretary of Commerce or Agriculture, depending upon which department is given the authority. The Secretary could make the appointments from a list of nominees provided by the governors of the coastal states in each region or other nominating structure developed within the various regions.

Five Regions: Different scenarios may exist for the number of regions and their boundaries. Included in this proposal are several potential scenarios based on discussions with Coalition members. The Coalition thoroughly discussed the positive and negative attributes associated with each of the various scenarios and reached a consensus to support five regions as identified in the attachment titled, "Map of Regional Boundaries".

Allocation of Funds: Several options exist for distributing the funds to the Boards. The preferred allocation supported by the Coalition distributes eighty percent (80%) equally among the Boards, and twenty percent (20%) based on the volume of landings in each region. Determining an equitable and reasonable allocation is linked to the size of the industry in the regions, the number of regions, and the amount of total funding (see "Regional Allocation Scenarios").

Scope of Work: Boards will report annually to the Secretary, however, the Secretary shall not have the authority to override funding decisions by the Boards. Boards may prepare annual marketing plans which include the selection procedures and criteria to be used for solicitation and awarding of grants. Boards may require matching grants in some form.

Coordination between Boards & Consideration of National Issues: The Chairmen and two additional designated Board members from each region shall meet biannually to coordinate their activities and consider projects of mutual interest (e.g. a national generic marketing campaign).

Coalition Activity

The Coalition met in December, 2010, regarding this initiative and developed a strategic plan to move forward. The Coalition will begin to form a Steering Committee and raise funds to continue the Coalition's activities into the future. The Coalition will continue to build support

for the initiative within the seafood industry, support businesses and communities affected as the Coalition looks forward to sponsored legislation in Congress during 2011.

For over a year, this proposal has been considered and debated among the seafood industry across the U.S. Throughout all this discussion and scrutiny, the proposal has maintained its focus while incorporating minor changes by Coalition members, which is a testament to its strength and validity.

The Coalition invites all those economically affected by the U.S. seafood industry to come together in support of this proposal to Congress. It is important to voice your support at every opportunity. This proposal is the key to bringing jobs back to our working waterfronts, and once again creating vibrant economies in coastal communities across America.

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List of Supporting Organizations - As of January 27, 2011

- 1) Alaska Bering Sea Crabbers (AK, WA)
- 2) Alaska Crab Coalition (AK, WA)
- 3) Alaska Scallop Association (AK, WA)
- 4) Alaska Seafood Marketing Institute (AK)
- 5) Alliance of Communities for Sustainable Fisheries (CA)
- 6) American Albacore Fishing Association (WA, OR, CA)
- 7) American Tuna, Inc. (WA, OR, CA)
- 8) California Sea Urchin Commission (CA)
- 9) Catfish Farmers of America (LA, MS, AL, AR)
- 10) Catfish Institute (LA, MS, AL, AR)
- 11) Chesapeake Bay Seafood Industries Association (MD)
- 12) City and Borough of Wrangell (AK)
- 13) City of Unalaska/Dutch Harbor (AK)
- 14) City of Cordova (AK)
- 15) Copper River / Prince William Sound Marketing Association (AK)
- 16) Crab Boat Owners Association (CA)
- 17) Dare County (NC)
- 18) Downeast Lobsterman's Association (ME)
- 19) East Coast Shellfish Growers Association (ME, NH, MA, RI, CT, NY, NJ, DE, MD, VA, NC, SC, GA, FL)
- 20) Fishermen's Marketing Association (CA, OR, WA)
- 21) Florida Aquaculture Association (FL)
- 22) Garden State Seafood Association (NJ)
- 23) Georgia Shrimp Association (GA)
- 24) Governor Sean Parnell (AK)
- 25) Gulf & South Atlantic Fisheries Foundation, Inc. (TX, LA, MS, AL, FL, GA, SC, NC, VA)
- 26) Hulls Seafood (FL)
- 27) Louisiana Crab Task Force (LA)
- 28) Louisiana Seafood Promotion & Marketing Board (LA)
- 29) Louisiana Shrimp Task Force (LA)
- 30) Maine Lobster Promotion Council (ME)
- 31) Maine Lobstermen's Association (ME)
- 32) Maryland Department of Agriculture (MD)
- 33) Maryland Seafood Marketing Advisory Committee (MD)
- 34) Maryland Watermen's Association (MD)
- 35) Massachusetts Lobstermen's Association, Inc. (MA)
- 36) Oregon Albacore Commission (OR)

- 37) Oregon Dungeness Crab Commission (OR)
- 38) Oregon Trawl Commission (OR)
- 39) Organized Fishermen of Florida (FL)
- 40) Pacific Coast Federation of Fishermen's Associations (CA, OR, WA, AK)
- 41) Pacific Coast Shellfish Growers' Association (CA, OR, WA, AK, HI)
- 42) San Diego Fishermen's Working Group (CA)
- 43) *Seafood* OREGON (OR)
- 44) South Carolina Seafood Alliance (SC)
- 45) Southeast Conference (AK)
- 46) Southeastern Fisheries Association, Inc. (TX, LA, MS, AL, FL, GA, SC, NC)
- 47) Southern Shrimp Alliance, Inc. (TX, LA, MS, AL, FL, GA, SC, NC)
- 48) St. Bernard Parish (LA)
- 49) State of Alaska (AK)
- 50) State of Florida - resolution in progress (FL)
- 51) State of Maine (ME)
- 52) Texas Shrimp Association (TX)
- 53) United Fishermen of Alaska (AK)
- 54) Virginia Marine Products Board (VA)
- 55) Washington Trollers' Association (WA)
- 56) West Coast Seafood Processors Association (CA, OR, WA)
- 57) Western Fishboat Owners Association (CA, OR, WA, AK, HI)

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States Represented by Supporting Organizations

As of September 20, 2010

- 1) Louisiana
- 2) Mississippi
- 3) Alabama
- 4) Florida (*draft Resolution of Support by Legislature*)
- 5) Texas
- 6) Arkansas
- 7) Maine (*Resolution of Support by Legislature*)
- 8) Alaska (*Resolution of Support by Legislature & Letter by Governor*)
- 9) Massachusetts
- 10) New Hampshire
- 11) Rhode Island
- 12) Connecticut
- 13) New York
- 14) New Jersey
- 15) Delaware
- 16) Maryland
- 17) Virginia
- 18) North Carolina
- 19) South Carolina
- 20) Georgia
- 21) Washington
- 22) Oregon
- 23) California
- 24) Hawaii

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Regional Allocations for the National Seafood Marketing Fund

5-Jan-11

5 Regions (Preferred Scenario)

Region Name	2008 Data		
	Volume (000 lbs)	Value (000 \$)	NSMF (%) Split 80% equally, 20% landings
NE Atlantic/Great Lakes	633,007	908,566	17.36
Mid & South Atlantic	838,499	745,040	17.80
Gulf/Caribbean	2,039,153	1,444,952	20.39
Pacific	1,183,882	828,025	18.55
Western Pacific/Alaska	4,602,647	1,836,292	25.90
Total	9,297,188	5,762,875	100.0

Notes: The column titled, "NSMF (%)" refers to a distribution of 80% of the Fund equally between the regions, and 20% of the Fund based on the volume of landings in each region.

Data based on "U.S. Commercial Landings 2007 & 2008" by U.S. Dept. of Commerce, & "2007 Census of Agriculture" by U.S. Dept. of Agriculture

Data are preliminary. When data for 2008 are not available (for aquaculture & U.S. territories), data from 2007 are used.

The entire state of Florida is placed in the Gulf Region

Aquaculture production is accounted for within each region where produced.

CRS Report for Congress

Received through the CRS Web

Saltonstall-Kennedy Fishery Funding

Eugene H. Buck
Specialist in Natural Resources Policy
Resources, Science, and Industry Division

Summary

The Saltonstall-Kennedy Act established a fund that, among other things, has supported fishery research and development projects, with funding awarded annually on a competitive basis. Recent congressional “earmarks” have preempted the competitive process for awarding funding for industry projects. This report will be updated as this issue evolves.

The Saltonstall-Kennedy (S-K) Act, as amended (15 U.S.C. §713c-3), established a fund (known as the S-K Fund) that the Secretary of Commerce uses to finance projects and cooperative agreements for fishery research and development. Under this authority, projects or cooperative agreements are selected annually on a competitive basis to assist NOAA Fisheries (previously known as the National Marine Fisheries Service) in addressing concerns related to U.S. commercial and recreational fisheries. The S-K Fund is capitalized through annual transfers under a permanent appropriation to the Secretary of Commerce of 30% of the gross receipts collected by the Secretary of Agriculture under the customs laws on imports of fish and fish products.¹

The objective of the S-K program is to address the needs of fishing communities in providing economic benefits for rebuilding and maintaining sustainable fisheries, and in dealing with the impacts of conservation and management measures.² The S-K program has become very important in addressing issues of immediate concern to the commercial fishing industry, by producing many new gear innovations, markets, and management options. Issues addressed have included fish harvesting, seafood quality improvements, domestic and foreign market development, efficiency and productivity improvements, and the costs/profitability of potential fishing industry investments.³

¹ Because of progressive reductions and eliminations of tariffs on edible fisheries products, most of these customs duties come from non-edible products, such as pearls, coral jewelry, etc.

² U.S. Dept. of Commerce, National Marine Fisheries Service, *The Saltonstall-Kennedy Grant Program: Fisheries Research and Development*, Report 2003 (Aug. 1, 2003), p. 2.

³ U.S. General Accounting Office, *Uses of Saltonstall/Kennedy Fisheries Development Funds*, (continued...)

Customs receipts have increased substantially during the life of this program, with almost \$80 million currently being transferred annually to the Secretary of Commerce. **Table 1** summarizes program funding. In 1980, Congress enacted formal program authority to fund fishing industry development projects and expanded this authority in 1983, establishing a minimum percentage of S-K funds to be used to provide financial assistance to projects. The balance of S-K funds were to be used by the Secretary of Commerce for a national program of fisheries research and development to address aspects of U.S. fisheries not adequately addressed by funded industry projects. Beginning in FY1979, increasing amounts of S-K dollars have been transferred to the Department of Commerce's National Oceanic and Atmospheric Administration's (NOAA's) *Operations, Research, and Facilities* (ORF) account, reducing the funds and percentage of funds available for fishing industry projects and the national program. Since FY1982, the S-K program has never allocated the minimum amount (50% after FY1980 and 60% after FY1983) specified by law for industry projects. For example, in FY2002, slightly more than \$79.1 million in customs duty receipts were transferred to the Department of Commerce from the Department of Agriculture. Of this amount, P.L. 107-77 transferred \$68 million to NOAA's ORF account "for necessary expenses of activities authorized by law for the National Oceanic and Atmospheric Administration."⁴ A total of slightly more than \$11.1 million (14.1% of the customs receipts transferred to the Department of Commerce) remained for commercial fishing industry projects, the national program of fisheries research and development, and S-K program administration.

In FY2004 appropriations (P.L. 108-199, 118 Stat. 73, §208 of "General Provisions — Department of Commerce"), congressional earmarks designated funds for specific activities outside the regular competitive award process, and the competitive program was cancelled for FY2004.⁵ A similar situation occurred in FY2003. Regardless of the merits of the activities funded through the congressional earmarks, some elements of the commercial fishing industry have expressed frustration when the competitive process is circumvented and projects are funded outside a competitive selection process.⁶

Since the S-K program requires no periodic reauthorization, no recent congressional oversight hearings have been held to review the department's rationale for allocating S-K funds between industry projects and agency base funding; how specific project areas to be funded are selected; how this program is administered and at what cost; how the results of funded projects are reviewed, disseminated, and used; and to what extent the program continues to meet its statutory objectives. Additional questions include whether the S-K

³ (...continued)

GAO/RCED0-85-145 (Washington, DC: Aug. 30, 1985), p. ii.

⁴ 115 Stat. 774-775.

⁵ In several earlier instances, congressional "soft" earmarks were specified in report language associated with annual appropriations. Although such language is not legally binding, NOAA followed the direction in making funds available noncompetitively for various specific projects. Examples include the Interstate Shellfish Sanitation Conference for an education program on naturally occurring *Vibrio vulnificus* in shellfish and the Alaska Fisheries Development Foundation for a report entitled *An Ocean of Answers*.

⁶ Discussions among commercial fishermen on the internet discussion group "Fishfolk" fishfolk@mitvma.mit.edu on Mar. 22-25, 2004.

program might be considered a continuing subsidy for the commercial fishing industry, whether the funding of industry projects continues to be useful, how the utility of the S-K program authority may have changed over time, and whether critical research might be done by industry if it were not funded by the S-K program.

Criticism of S-K program management generally comes from elements of the commercial fishing industry. Some critics of S-K Fund management question whether the administration of both regulation and research within the same agency raises questions about objectivity; they suggest that researchers might be hesitant to criticize the agency for its regulatory actions because they might lose access to future or continued project funding. Others suggest that the selection (i.e., restriction) of what types of projects will be funded also may administratively “ earmark ” funds, such as occurred in FY2003 when about half of all industry project funding (\$5 million of an anticipated \$10.3 million) was identified for direction to Atlantic salmon aquaculture development. Others suggest that the narrow agency identification of projects that would be funded in FY2003 actually prompted the subsequent congressional earmarks to specify projects that are to be funded.

The following chronology presents the development of this program. Key references are identified in footnotes by links to where they may be viewed, with care taken to select those resources that may be least transient. Full citations are not provided to these footnoted documents because of the lengthy organizations and titles for them.

Chronology

- 07/01/1954 — President Eisenhower signs the Saltonstall-Kennedy Act (68 Stat. 376; 15 U.S.C. §713c-3) into law.
- 06/15/1961 — Senate Commerce Subcommittee on Merchant Marine and Fisheries holds a hearing on fishery research and rehabilitation amendments to the S-K Act.⁷
- 10/01/1978 — NOAA’s National Marine Fisheries Service (NMFS) begins receiving S-K dollars as annual budgetary transfers to NOAA’s *Operations, Research, and Facilities* account.
- 12/22/1980 — Section 210 of the American Fisheries Promotion Act (P.L. 96-561) amends the S-K Act to require that not less than 50% of each fiscal year’s funds be used to provide financial assistance for projects.
- 01/06/1983 — Section 423 of P.L. 97-424 amends the S-K Act to require that not less than 60% of each fiscal year’s funds be used to provide financial assistance for projects.

⁷ U.S. Congress, Senate, Committee on Commerce, Subcommittee on Merchant Marine and Fisheries, *Fishery Research and Rehabilitation (Amendments to Saltonstall-Kennedy Act)*, 87th Congress, 1st session, hearing on S. 1230 on June 15, 1961 (Washington, DC: GPO, 1961), 103 p.

- 08/30/1985 — The General Accounting Office (GAO) releases a report on the *Uses of Saltonstall/Kennedy Fisheries Development Funds* (GAO/RCED0-85-145), reviewing both NMFS in-house activities and competitive industry projects supported by S-K dollars. GAO examines the adequacy of the project selection process, project monitoring procedures, and the dissemination of project results. GAO presents views on the benefits of this program to the U.S. commercial fishing industry but makes no recommendations.⁸
- 11/14/1986 — The enactment of §209 of P.L. 99-659 creates the Fisheries Promotional Fund, to be capitalized with S-K funds.⁹
- 05/14/2002 — NOAA Fisheries announces the FY2003 S-K Program, allocating \$5 million of an anticipated \$10.3 million for Atlantic salmon aquaculture development.¹⁰
- 02/20/2003 — President Bush signs P.L. 108-7, wherein §209 (Division B; General Provisions — Department of Commerce) appropriates \$10 million in S-K dollars for the Alaska Fisheries Marketing Board for FY2003.¹¹
- 06/30/2003 — NOAA Fisheries announces the FY2004 S-K Program, suggesting that about \$4 million would be available for projects.¹²
- 08/01/2003 — NOAA Fisheries publishes its 2003 S-K Report to Congress.¹³
- 01/23/2004 — President Bush signs P.L. 108-199, wherein §208 (Division B; General Provisions — Department of Commerce)¹⁴ appropriates \$17 million in S-K dollars for various specified fisheries programs for FY2004;¹⁵ a “soft” earmark (H.Rept. 108-221, p. 89) identifies an additional \$250,000 for the Gulf and South Atlantic Fisheries Foundation to continue a *Vibrio* education program.
- 03/19/2004 — NOAA Fisheries announces that the FY2004 competitive S-K Program is being canceled due to insufficient funding and all

⁸ See [<http://161.203.16.4/d11t3/127795.pdf>], visited Mar. 24, 2004.

⁹ 16 U.S.C. §4008.

¹⁰ 67 *Federal Register* 34427-34434 (May 14, 2002).

¹¹ 117 Stat. 78.

¹² 68 *Federal Register* 38678-38690 (June 30, 2003).

¹³ See [http://www.nmfs.noaa.gov/ocs/sk/pdf/03report_wsite.pdf], visited Mar. 24, 2004.

¹⁴ 118 Stat. 73-74.

¹⁵ \$10,000,000 to the Alaska Fisheries Marketing Board, \$2,000,000 to the Gulf and South Atlantic Fisheries Foundation, \$2,000,000 to the South Carolina Seafood Alliance, \$1,500,000 to the Oregon Trawl Commission, and \$1,500,000 to the Oregon State University Seafood Laboratory.

applications are being returned to the applicants without further consideration.¹⁶ On its S-K website, NOAA Fisheries notes that the President's budget request for FY2005 also does not provide sufficient funding for the competitive S-K Program.¹⁷

¹⁶ 69 *Federal Register* 13021 (Mar. 19, 2004).

¹⁷ See [<http://www.nmfs.noaa.gov/ocs/skhome.html>], visited Mar. 24, 2004.

Table 1. Financing History of Saltonstall-Kennedy Account
(thousand \$)

FY	Import duties collected	Transfer from Agriculture	Funds to NOAA ORF	Fishermen's Promotional Fund	Congress. earmarks ^a	Remainder available ^{aa}	Earmarks and remainder as % of transfer
1978	43,280	12,984	0	0	0	12,984	100%
1979	58,120	17,436	5,000	0	0	12,436	71%
1980	88,930	26,679	5,000	0	0	21,679	81%
1981	116,600	35,000	17,500	0	0	17,500	50%
1982	87,300	26,200	10,000	0	0	16,200	62%
1983	102,100	30,600	22,600	0	0	8,000	26%
1984	119,900	33,600	23,600	0	0	10,000	30%
1985	116,500	34,900	25,900	0	0	9,000	26%
1986	145,600	43,700	34,100	0	0	9,600	22%
1987	191,400	57,400	51,600	750	0	5,050	9%
1988	187,800	56,300	44,400	2,600	0	9,300	17%
1989	178,900	53,600	45,600	3,000	0	5,000	9%
1990	206,500	61,900	55,000	2,000	0	4,900	8%
1991	235,900	70,800	60,900	2,000	0	7,900	11%
1992	213,700	64,100	63,100	0	0	1,000	2%
1993	204,700	61,400	55,000	0	0	6,400	10%
1994	206,500	61,944	54,800	0	0	7,144	12%
1995	215,885	64,765	55,500	0	0	9,265	14%
1996	242,977	72,893	63,000	0	0	9,893	14%
1997	221,270	66,381	66,000	0	0	381	1%
1998	219,110	65,730	62,380	0	0	3,350	5%
1999	221,420	66,430	63,380	0	0	3,050	5%
2000	233,070	69,920	68,000	0	0	1,920	3%
2001	242,760	72,830	68,000	0	0	4,830	7%
2002	263,770	79,130	68,000	0	0	11,130	14%
2003	250,750	75,220	65,000	0	10,000	220	14%
2004	265,747	79,724	62,000	0	17,250	474	22%

^a.Except for FY2004, this column does not include the “soft” earmarks as previously discussed.

^{aa}.This amount includes funds for industry projects, the national program, and NMFS/NOAA Fisheries expenses for administering the industry projects. In FY2003, these administrative expenses were estimated at \$500,000.

Table 1. Financing History of Saltonstall-Kenney Account (con't)
(thousands \$)

FY	Import duties collected	Transfer from Agriculture	Funds to NOAA ORF	Fishermen's Promotional Fund*	Congress. Earmarks**	Remainder available	Earmarks and remainder as % of transfer
2005	\$ 258,460	\$ 77,539	\$ 65,000	\$ -	\$ 10,000	\$ 2,540	16%
2006	\$ 264,280	\$ 79,284	\$ 67,000	\$ -	\$ 7,000	\$ 5,280	15%
2007	\$ 276,050	\$ 82,817	\$ 79,000	\$ -	\$ -	\$ 3,820	5%
2008	\$ 281,980	\$ 84,595	\$ 77,000	\$ -	\$ -	\$ 7,590	9%
2009	\$ 361,703	\$ 108,511	\$ 108,511	\$ -	\$ -	\$ -	0%
2010	\$ 377,903	\$ 113,371	NA	\$ -	\$ -	NA	NA

Notes:

*Related to the Fish & Seafood Promotion Act of 1986

**Related to promotional & development activities

NA = data not yet available

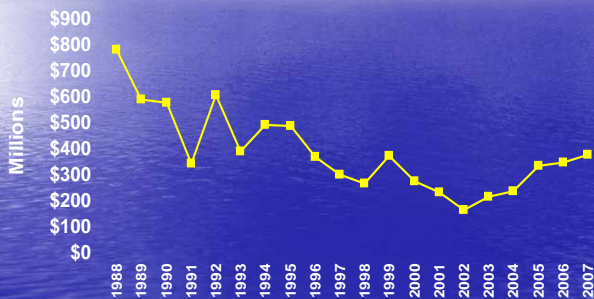
Why Marketing?

An Example from the Alaska Salmon Industry

Salmon Makes a Great Example

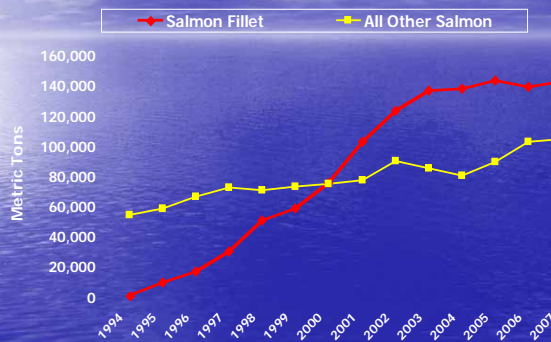
- Good data for Ex-vessel and First Wholesale salmon values
- Salmon accounts for 58 percent of all commercial permits fished in Alaska
- Most active salmon fishermen (75%) are Alaska residents and spend earnings all over the state. 600 just in Anchorage and Mat-Su
- Salmon Fisheries are highly visible to public and policy makers

Alaska Salmon Harvest Value 1988-2007



Source: ADF&G

U.S. Salmon Imports



Source: NMFS

In 1991, the Alaska salmon industry suffered from a huge influx of imported farmed salmon in consumer-friendly forms.

From 1991 to 2002, the value of Alaska salmon continued to drop as the import of farmed salmon continued to rise.

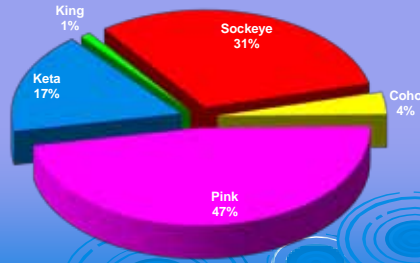
As the demand for Alaska salmon fell, so did the funds used to market Alaska salmon through the Alaska Seafood Marketing Institute (ASMI). ASMI is funded based on a percent tax on the industry.

As the value of the fishery declined, the marketing funds desperately needed to pull the industry out of the tail-spin were also declining, furthering the downward trend.

During this time, approximately two-thirds of the fishermen and processing companies went out of business across Alaska.

In 2002, the Alaska salmon industry hit the lowest point of profitability in history.

Salmon Harvest Species Composition by Weight, 2005 - 2009 Average



Source: ADF&G

Direct Impacts of Salmon Value Growth

2002 - 2009 Harvest Tonnage Increase 17%

	2002	2009	Growth
Permits Fished	6,645	7,378	733
Ex-Vessel Value	\$163	\$452	\$289
Peak Harvesting Empl.	13,536	16,611	3,075
Monthly Avg Harvesting	3,073	3,830	757
Wholesale Value	\$554	\$992	\$438
Peak Processing Empl.	13,965	19,387	5,422
Monthly Avg Processing	7,406	9,147	1,741

Source: CFEC, ADF&G, ADOL

Results

- Sustained increase in funding from increased value of Alaska Seafood
- Recognition that marketing works
- Increased consumer awareness
- Product form shift to valued-added products
- FY02 ASMI budget = \$ 8M
- FY09 ASMI budget = \$17M

Also in 2002, Governor Frank Murkowski and his Salmon Cabinet designed and implemented the Alaska Salmon Revitalization Plan, funded with approximately \$40 million, plus an equal amount of matching funds from private industry.

At this same time, Senator Ted Stevens created the Alaska Fisheries Marketing Board (AFMB) out of frustration in trying to meet the intent of Congress to use 60% of the Promote & Develop Fisheries Account funds to "promote and develop fisheries products." AFMB is considered a pilot project to the current proposed National Seafood Marketing Fund.

The AFMB was funded with \$36 million between 2002 and 2007.

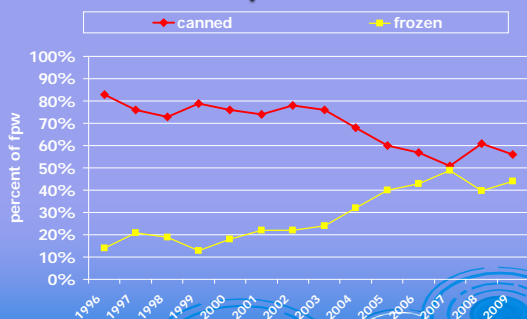
The combination of these funds, over \$116 million, was used for marketing, product development and infrastructure with an emphasis on the failing salmon industry.

The positive results of these investments are significant.

Results

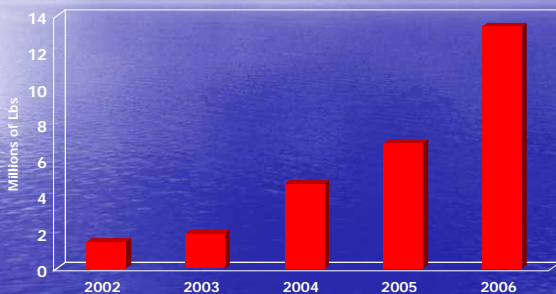
- United industry, fishermen and processors to work way out of the salmon crises
- Improved competitive position for Alaska seafood products
- Increased brand awareness
- Improved quality
- Alignment between ASMI and Processors in the marketplace...new, smaller board

Pink Salmon Product Form Composition



Source: ADF&G, AK Dept of Revenue, 2007 SMIS Estimate

Alaska Sockeye Fillet Production



Source: AK Dept of Revenue

Results of Investments in Marketing:

--Increased the general demand for salmon products.

--Increased quality on vessels and in processing plants.

--Increased the number of new product forms, such as fillets, portions, and consumer-ready products.

--Decreased the number of old product forms, such as canned and headed-and-gutted salmon & resolved chronic oversurplus.

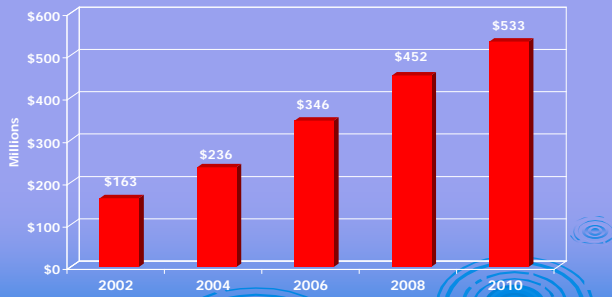
--Changed from focusing on the primary processing industry to the secondary processing industry.

--Changed from focusing on the salmon market to focusing on the food market.

--Changed from a commodity-driven market to a consumer-driven market.

--Brought fishermen, processors, wholesalers and government agencies to the table to determine what was needed as market conditions were dynamically changing.

Alaska Salmon Ex-Vessel Value



Source: ADF&G

Average First Wholesale Value Primary Pink Salmon Products

	Froz H&G	48-tall case
• CY 2003	\$.41	\$35.57
• CY 2004	\$.52	\$36.94
• CY 2005	\$.62	\$41.00
• CY 2006	\$.82	\$46.12
• CY 2007	\$.77	\$56.48
• CY 2008	\$.93	\$59.77
• CY 2009	\$.93	\$75.93
• YTD 2010	\$1.27	\$78.29

Source: AK Dept of Revenue

Results of Wholesale Value Growth

Harvest, Ex-Vessel Value AK Pink Salmon

	Harvest, Million lbs	Price/lb
• 2003	445	\$.09
• 2004	382	\$.10
• 2005	556	\$.12
• 2006	270	\$.16
• 2007	505	\$.19
• 2008	293	\$.35
• 2009	309	\$.26
• Prelim 2010	398	\$.35

Source: AK Dept of Fish & Game, 2010 preliminary

As a result of the investments in marketing (quality, product development, infrastructure and advertisement), the value of Alaska salmon began to rise almost immediately.

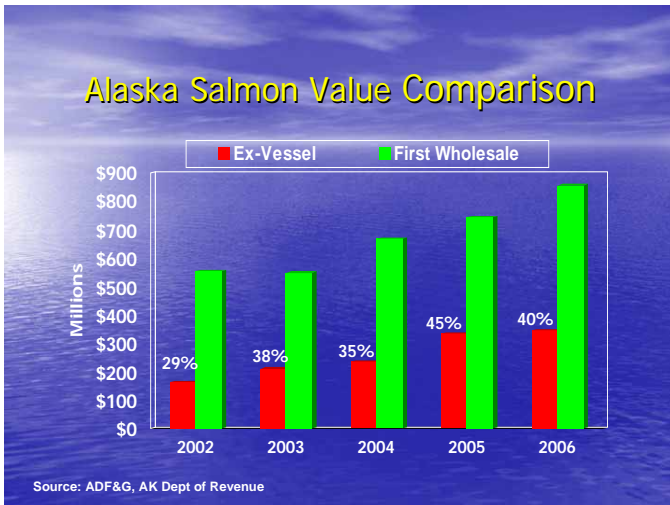
From 2002 to 2010, the ex-vessel values increased from \$163 million to \$533 million, an increase of over 300%.

From 2002 to 2009, the first wholesale value of salmon increased from approximately \$550 million to \$967 million, an increase of over 175%.

From 2002 to 2010, the price of canned pink salmon rose from \$35.57 to \$78.20 per case, an increase of over 200%.

The amount of sockeye fillets produced continued to rise from approximately 2 million pounds to almost 14 million pounds.

Many of the costs for processors are fixed. Therefore, as profitability began to rise, the percentage of profits that could be shared with fishermen also rose. The price paid to fishermen, as a percentage of the first wholesale value, increased from 29% to 40%.



Impacts of Pink Salmon Product Form Shift

- Sustains demand growth for frozen in emerging markets
- Resolved chronic surplus of canned salmon inventory, restoring balance of supply and demand
- Strong demand = full utilization of harvestable salmon surplus

Market Activity

- Despite factors that normally erode value, Alaska salmon value shows strong growth. Per-pound wholesale value is up, driven by several factors including marketing activity.
- Processing has a high fixed cost load, so wholesale value growth beyond the fixed-cost "tipping point" translates largely into profit
- Profitability increases ex-vessel value and stimulates product-form shifts that position Alaska products for further value growth

The rise in value of Alaska salmon continued even in the face of increased production of farmed salmon, record harvests of Alaska salmon, increased competition from other sources of seafood, and increased marketing efforts from foreign countries. For example, Norwegian salmon companies have budgeted \$15 million for marketing in the U.S. for 2010.

The Alaska Seafood Marketing Institute (ASMI) continues to receive funding for marketing from taxes assessed on the industry. ASMI's budget from assessments is between \$5 million and \$10 million per year to market *all* Alaska Seafood. These assessments allow ASMI to leverage a variety of grants.

Since 2007, the influx of millions of federal dollars in marketing funds is no longer available. However, the ex-vessel value of salmon continued to rise. The changes in the industry catalyzed by the federal funds had sustained, positive economic impacts.

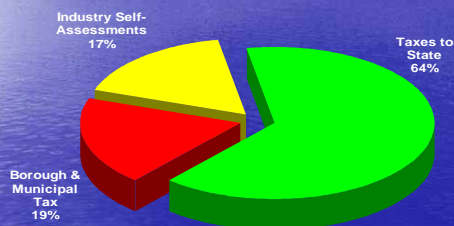
Impacts on Salmon Industry

- Restored faith in salmon industry, bringing new investment
- Increased value to harvesters and processors; increased value of tax base
- Increased employment in salmon fishing industry
- Drove product form shift to more value-added products
- Restored competitive position for Alaska

Impacts of Value Growth

- Drives economic activity into remote areas of the state
- Maintains critical mass for transportation infrastructure
- Increased participation in salmon fisheries, especially for AK residents

Tax & Assessments Paid by Seafood Industry \$81 Million in FY 2007



Source: AK DOR, AK DGED, NOAA

These marketing investments in the Alaska salmon industry resulted in pure economic development.

As the value of the industry increased, economic activity also increased from rural areas of Alaska to urban centers, and even extending to other states which support the industry.

For example, as the industry began to be profitable again, upgrades were made in both the processing and harvesting sectors. Airlines invested in additional cargo capacity as more fillets and high quality salmon were shipped by air. Freight and trucking companies invested in upgrades as distribution lines changed.

Quality improvements and product development meant investments in equipment and machinery (i.e. ice machines, flash freezers and fillet machines) purchased through supply companies all over the country.

Ex-Vessel Value

- Salmon earnings migrate all over Alaska
 - 75% of active permits held by Alaskans
 - Salmon earnings return to many non-coastal areas of Alaska and elsewhere
- Basis for state taxes & revenue sharing
- Basis for municipal & borough taxes not captured in state data

Spending on Goods & Services

- Labor & Materials
 - Processing labor
 - Skilled labor, service providers, etc.
- Utilities, economies of scale
 - Potable water
 - Solid waste
 - Electricity
- Shipping, economies of scale
 - Backhaul rates & activity
 - Usage of public infrastructure

As the salmon industry increased in value, the tax revenue from the industry also increased. Salmon industry taxes support the continued marketing of Alaska seafood, the enhancement of the industry, state activities and municipal activities, such as schools and harbors.

This chain of economic impact continues to trickle down and is seen on local, regional, state and federal levels.

The investment in marketing Alaska salmon is a success story; it is also an example of what marketing can do for any product and the value of aggressive and continued marketing support, such as a *National Seafood Marketing Fund*.

*Note: Slides are excerpts from the McDowell Group's presentations to the Alaska Fisheries Marketing Board (Jan. 21, 2008) titled, "Alaska Salmon Industry: Value Growth Drivers, Secondary Impacts" & to the Alaska Seafood Marketing Institute (Feb. 21, 2008) titled "Value of the Alaska Fishing Industry to the State of Alaska" & from Ray Riutta's presentation to the National Seafood Marketing Coalition on December 2, 2010.



National Seafood Marketing Coalition

Work Session in Seattle, Washington
December 2 & 3, 2010

Meeting Summary

The list of participants (see end of document) met in Seattle for a work session regarding the initiative to create a new National Seafood Marketing Fund.

The first half-day was dedicated to presentations by the Alaska seafood industry regarding the structure and results of a 5-year pilot project on which the national concept is based. Presenters were Duncan Fields, Bruce Schactler, Ray Riutta, Mark Palmer and Joe Bundrant. Dick Gutting also gave an overview of draft legislation with emphasis on the following areas which needed further discussion by the Coalition: funding options, disbursement proposal, establishing regional boards, regional board activities, and purposes to be achieved by the regional boards.

The second half-day was dedicated to discussions regarding regional needs and marketing efforts (past, current and future). Ewell Smith gave a presentation regarding the LSPMB's recent issues and efforts to address them.

The final half-day was dedicated to discussions regarding how to move the Coalition's efforts forward in the near future and providing input on the specifics outlined in the draft legislation.

The following is a summary of the decisions/actions of the Coalition during this work session.

1. Should we go ahead with the National Seafood Marketing Coalition effort?

Yes. General consensus to move forward with the Coalition's initiative which will create jobs in the seafood industry. A few association representatives said they could not commit to the effort without taking a report back to their membership. No group or individual indicated they could not support the NSMC effort.

2. How should the National Seafood Coalition Marketing Creation effort proceed?

- a. Consensus to form a Steering Committee of 2 or 3 delegates from each region or interest area that would meet to develop a specific plan and budget for moving forward.
- b. Consensus that the Steering Committee should meet in February in Baltimore for one or two days and then report back to the Coalition in Boston in March.

- c. Consensus that the Steering Committee should be briefed regarding the effort to date and then focus on these tasks:
 - 1. Organizational structure – membership, bylaws etc.
 - 2. Refine draft legislation.
 - 3. Assess research needs and prepare a plan to address them.
 - 4. Assess Congressional support for the initiative and prepare a plan for pursuing the initiative with Congress and the Administration.
 - 5. Prepare a budget and explore initial funding commitments.

3. The Steering Committee should be composed of whom?

- a. Individuals with broad industry ties that can commit financial support
- b. Individuals that have organizational/political expertise
- c. Individuals that can set regional and species priorities aside and focus on industry marketing needs
- d. Individuals that will be “active” in their participation

4. Who should continue to co-ordinate and organize for the National Seafood Marketing Coalition?

Consensus that Bruce Schactler and his team should continue to act as co-coordinator and the coalition organizers in planning the Steering Committee meeting and the Boston meeting. It was further unanimously confirmed that Bruce Schactler would be the media spokesperson for the Coalition effort and that he would co-ordinate media contacts.

5. What are the specific tasks that Bruce and his team should accomplish before the Steering Committee meeting

- a. Distribute a Summary of the first Coalition meeting to participants by December 10
- b. Draft a press release regarding the Coalition meeting, solicit individual quotes for the release, and circulate to meeting participants for comments before release with 48-hour deadline for comments.
- c. Prepare a list of Steering Committee members in consultation with Coalition members in the regions. Target date for completion is December 31.
- d. Enhance electronic media exposure for coalition and inner-coalition electronic communication
- e. Prepare a list of “political contacts” of Coalition members to assist the Steering Committee in preparing a legislative strategy.
- f. Revise the draft legislation paper to incorporate the discussions during the meeting for further review of the Steering Committee and Coalition members.
- g. Prepare a draft legislative strategy and budget for review by the Steering Committee.
- h. Locate forum, plan event logistics, provide notice to participants of Steering Committee meeting in February and to Coalition for the meeting at the Boston Seafood Show.

- i. Continue membership outreach efforts to fill in the blanks, for example Delaware, RI TX, HI, GA, NC, New England.

6. How should the National Seafood Marketing Coalition legislation be funded?

- a. Delete the option for funding from the Oil Pollution Act
- b. Delete the option of using S-K Funds
- c. Agricultural type “check off” system was discussed as well as voluntary “industry” contributions (i.e. ASMI matching money) and minimum match ideas. These options were deferred for future discussion.
- d. Consensus that matching fund requirements should apply at the individual grant level.

7. How many regions should be established?

- a. Consensus that there should be 5 regions (W. Pacific/Alaska, Pacific, Gulf/Caribbean, Atlantic Coast (combines SE and Mid-Atlantic) and N.E. Atlantic)
- b. Preliminary consensus that freshwater and aquaculture should be included in their respective regions pending further discussion.
- c. Preliminary consensus that Great Lakes/Midwest states should be included with the N.E. Atlantic region pending further discussion with fishermen & processors in the region
- d. Various mechanisms to coordinate regional programs were discussed for national marketing efforts. Consensus that coordination at the national level would be discussed further based upon specific wording that should be included in the draft legislation.

8. How should the Federal funding of the Seafood Marketing and Jobs Creation initiative be distributed?

- a. Consensus that several options should be considered by the Steering Committee.
 - 1. Current 80/20 language should stay. (80% distributed equally among the regions and 20% based on volume)
 - 2. Option for a 10% set aside for national marketing projects.
 - 3. Option for 50/40/10 split (50% distributed equally among the regions, 40% on volume and 10% to national marketing fund)
 - 4. Consensus that these options covered the range of choices and that they would be refined as the legislative strategy was developed.
- b. Consensus that the Steering Committee should consider some sort of “use it or lose it provision”.
- c. Consensus that all funds should be allocated in a “transparent” manner.

9. Do the current funding guidelines need to be edited or expanded?

- a. Consensus to replace references to “U.S. companies” with “U.S. seafood products.”

- b. Consensus to edit the Consumer Education section to provide more specific direction.
- c. Consensus to include product development as part of marketing.

Closing Statement: As you have read above, the Coalition reached a consensus on a strategy for moving forward which is comprehensive and inclusive. While the Coalition has broad support from every region, outreach efforts will now focus on expanding the profile of the seafood industry represented by the Coalition. Coalition members should increase support for this initiative in his/her respective region at every opportunity.

The seafood industry in each region is very broad and includes the harvesting and processing sectors, retailers, food service, supply sectors, Chambers of Commerce, communities, regions, and States. Can you imagine the impression we could make on Congress if we had resolutions of support from all of these sectors in all coastal states? Congressional support is key to this effort; and a unified national image will help to garner congressional support.

As discussed, additional funding for the Coalition is also necessary as we expand our reach and increase our activities. Combined contributions from a partnership of industry in Alaska have already supported the Coalition with approximately \$400K. These funds may be sufficient to continue basic outreach for another six months. However, considering the additional future work outlined during this meeting, it is apparent that significant additional funding is necessary. We must all be challenged to begin looking to all sectors of the industry and in other areas for this additional funding.

The Coalition's outreach team will support your efforts in any way possible and we are standing by to help you to broaden support (both political and financial) for this huge effort. Contact the Team below if you have any future needs:

Bruce Schactler (907-738-6451)

Kevin Adams (907-830-0304)

Julie Decker (907-305-0586)

Meeting participants: Bruce Schactler, Duncan Fields, , Kevin Adams, Julie Decker (United Fishermen of Alaska), Arni Thomson, (Alaska Crab Coalition & United Fishermen of Alaska), Frank Blum (South Carolina Seafood Alliance), Joe Bundrant (Trident Seafoods), Mark Palmer, Richard Gutting (Ocean Beauty Seafoods), Ray Riutta, Bruce Wallace, Tyson Fick, Nina Schlossman (Alaska Seafood Marketing Institute), Beth & Dave Casoni (Massachusetts Lobstermen's Assoc.), Julianne Curry (Alaska Bering Sea Crabbers' Assoc.), Joe Dazey (Washington Trollers' Assoc.), Noreen Eberly (Maryland Aquaculture & Seafood Programs & Chesapeake Bay Seafood Industries Assoc.), Arne Fuglvog (Aide to Senator Lisa Murkowski), Irvin Jackson (Mississippi Dept. of Marine Resources), Rene LeBreton, Ewell Smith, Marc Jones (Louisiana Seafood Promotion & Marketing Board), Mike McCall (Catfish Farmers of America), Rod Moore (West Coast Seafood Processors Assoc.), Brad Pettinger (Oregon Trawl

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Commission), Tom Pfister (Oregon Albacore Commission), Elizabeth Poole (Copper River Marketing Assoc.), Dane Somers (Maine Lobster Promotion Council), Michael Stephens (Bama Sea Products), Nils Stolpe (Garden State Seafood Assoc.), Jim Stone (Alaska Bering Sea Crabbers & Alaska Scallop Assoc.), Elliott Thomas (Maine Lobstermen's Assoc.), David Veal (American Shrimp Processors Assoc.), Richard Vendetti (Southern Shrimp Alliance), Natalie Webster (American Albacore Fishing Assoc.), and Jim Yonker (Redmond, Peyton, Braswell).