

# Surimi crisis: How bad will it get?



FISH SHORTAGE: Reduced harvests of Alaska pollock mean surimi seafood producers will have to fight to get affordable raw material.

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BACK TO SCHOOL: Oregon State University professor Jae Park has been recognized for the work of his world renowned Surimi School and Surimi Industry Forum, which educates top surimi executives about the most urgent topics in the surimi industry.

PHOTO: JAE PARK

For an understanding of what's around the corner for the struggling surimi sector we turn to the professor of Surimi School.

BY JOHN FIORILLO

With shorter supplies of Alaska pollock available and process-

ing choosing to produce larger amounts of pollock fillets, surimi manufacturers are feeling pinched.

Analysts expect to see consolidation in the surimi seafood sector, as raw material costs push up producers' costs and eat into already thin margins.

To get a better understanding of the current conditions in the surimi market, IntraFish spoke with Jae Park, a professor with Oregon State University's Food

Science and Technology department and director of OSU's world renowned Surimi School.

**IntraFish: First, tell us about the Surimi seafood school. Who attends, and what is its significance to the surimi seafood industry?**

**Jae Park:** Since its establishment in 1993, (OSU Surimi School) and 2001 (Surimi Industry Forum), I feel confident we've covered the hot and

urgent topics that the U.S. surimi and surimi seafood industry faces in a rapidly changing market.

We have 120-140 attendees at the forum and 60-90 attendees at the school.

At the forum, more than 40 attendees are decision-maker level (CEO, VP, directors).

Even though I offer surimi school Asia (every even year) and surimi school Europe (every odd year), 20-25 attendees at the U.S. surimi forum and/or surimi school are from Europe, Japan, Korea, and other countries.

To develop topics to be covered at the forum, I offer a program development luncheon meeting in Seattle every October. Almost all the U.S. industry leaders have participated in the meeting.

**IF: Surimi seafood suppliers are very concerned about a raw material shortage this year because of a decrease in the Alaska pollock harvest. What are you seeing so far, and what do you expect will happen to surimi seafood prices and production?**

**JP:** This surimi supply crisis gives extremely tough situations to surimi seafood manufacturers.

The price has been more than double compared to 2006-2007. We had a surimi crisis in 1991. However, it did not last long because the crisis was created due to trade conflicts between the U.S. surimi makers and the

Japanese buyers. With the development of surimi from non-pollock species, the crisis in 1991 disappeared within a year.

The new crisis we are facing today is different. In my view, this crisis has been created by reduced fish landings around the world and the strength of Euro.

I think surimi manufacturers in the United States continue to make more fillets and H&G simply due to better margins than making surimi.

This crisis is not going to go away soon.

Even if the U.S. pollock situation gets better next year, fish landings of warmwater species in Southeast Asia have been down by almost 40 percent compared to 2003-2004. This warmwater species (30-50 g/fish) have no value unless they are made into surimi.

To stay competitive in the tough situation, surimi seafood manufacturers have to consolidate their operations and make the products that provide reasonable margins.

Therefore, products with poor quality and no/low margin should be removed from the market.

Consumers would have to accept the price increase like others products, such as vegetable oils, sugar, flour, etc.

**IF: What will the typical consumer in the United States or Europe notice about their surimi seafood purchases? Will they see prices rise? Or will they notice a quality change?**

**JP:** The U.S. manufacturers have already raised the price and plan to have another raise in summer. I am not sure if the manufacturers will go for poor quality to keep the customers.

If I see this crisis a little positively, it would force all poor quality products (no margin or low margin) to be removed from the market and maintain high quality products (even with the increased price) in the market.



INNOVATION? Short of a few packaging changes, the U.S. surimi seafood industry has struggled because of a lack of innovation and consumer apathy. It's unclear if a new eco-label will have any positive impact on sales.

PHOTO: JOHN FIORILLO.