SURIMI FORUM 2010 - ASTORIA

Opening Remark

Allen Kimball (VP-White Fish, Trident Seafoods Corp.)

Good Morning friends and colleagues….. It is a real honor to provide some opening remarks for this year's surimi forum. I consider myself lucky to be part of a dynamic industry made up of great people who share the passion for surimi and surimi seafoods.

I wanted to re-live a bit of the glory days with you as I ask you to reflect upon your life experience so far in the surimi business. We can learn from our heritage. Many of us started trying to secure some understanding of the Americanization of this science and often understood it or learned it as an art. I commend Jae and many other technical minds that helped advance the technology over 20 years ago by bringing a greater understanding of the science.

My first recollection and introduction for many of us into surimi came in 1983-84 time frames with AFDF in Kodiak. There were also others who established relationships with Taiyo (Maruha), Nissui, Nichimo, Hoko, Abuai Kabo, Nichiro, Dae Rim, and Oyang who learned to test and develop what was ultimately come to be known as "white gold". Prior to 1984 surimi was only commercially produced in US waters by the Japanese and Korean operations at Sea. It became almost impossible to purchase surimi processing equipment let a lone try and make it or navigate through the Import Quota process in Japan. We didn't eat it or know really what this product was other than the Japanese and Korean cultures loved to eat it. Some made lines out of PVC pipe or aquired old surimi lines from retired surimi trawlers to throw together lines to make this stuff.

The Magnus Stevens act took full swing at excluding foreign fishing fleets from Alaska from 1984 - 1987. Following the commission of the Arctic Trawler, the first surimi trawler, came others and within the next 5 years between 1988 and 1993 came 15 more factory trawlers, 3 motherships and 3 floating processors, 6 onshore surimi processing plants in Alaska along with multiple operations on Vancouver Island BC and the Oregon Coast all who were making surimi to supply markets primarily in Japan and Korea, but began full support of building markets in Europe and in the US. The boom of capitalization from courageous pioneers in the US and Canada simultaneously with Japanese and Korean companies who had previously had access to the resources made new alliances, developed business relationships and accessed technical help for many operations to begin the process of how to make surimi for the market. During this same time work from North Carolina State and other technical associates were introducing fish protein processing techniques that gave us greater ability to fuel the vehicle for this incredible industry. All fisheries with the exception of the Hake fishery in Canada was an "Olympic" race for fish. Product yields often averaged 12-15% and significant quantities of SA and perhaps one or two other sub grades were produced for the market. The application and use of Pacific Whiting surimi was introduced and readily worked in many surimi applications with use of enzyme inhibitors such as beef plasma. Which practice ended with the onset of mad cow hysteria in 2003 but known by work from many of the technical leaders here that Pacific Whiting surimi could be used in fast cook operations

without the addition of inhibitors. This enabled the growth of use of Pacific Whiting surimi from North America.

1993 – 1999 was what I would call the overcapitalization period. More money and greater market share was gobbled up by bigger, better, faster, more capacity with more power. Seasons of 1.0 M MT of Alaska Pollock ended in weeks not months until 1999 when the American Fisheries Act passed and rationalized fishing came to Alaska. Many onshore operations had already started efforts to become better at yielding up surimi and seafood companies were given quota rights for fish histories. This began an entirely new way of thinking about fish processing. From the year 2000 and on for the next 10 years innovation and a race to efficiency instead of a race for fish came into perspective and even greater value for the surimi school and access to many different disciplines and equipment helped us make even more advancements beyond the traditional processes. Baader technology, Decanter technology, how we cut up fish…scalps, pectoral girdles (chins), flank strips, frame meat as well as deboning and refining processes launched another set of new grades and surimi qualities. Diversification to using fish differently became a reality. New types of equipment not really known in the traditional surimi processing industry now was taking hold in our industry. Fish yields moved from 12-15% to close to 50% including all the fish byproducts. Many of us learned from screw up learning (most costly) in the early days.

Just 10 years ago surimi plants bridged the barriers of making fillets and blocks. Coinciding with large demand in Europe and building options for variable market conditions provided a more appropriate supply of fish to the market. Surimi in North America has unfortunately become a product made after fillets or H&G fish are cut and packaged for sale. Also, during this time frame an entire shift of production of world surimi volumes were developing and began coming out of SE Asia, China, and other parts of the world to meet the demand in growing markets in Europe and Asia. Our participation in our local fisheries has evolved where we must be concerned with Global markets where we have to know what is happening around the world to be successful. How ironic we have come full circle from what was done literally 100s of years ago where the Japanese cut fillets and used the other parts of the fish to grind in a stone bowl and wash to make into surimi.

A similar story of innovation and leadership could be told with Surimi seafood in the US…Jac/ Seafest, Sugiyo, Transocean, Shining Ocean, L&M, Ocean Beauty, Aquamar, etc. Fried surimi – agemono, kamaboko – gamenaho – cat tail

Where do we go from here? I believe we all move forward by being courageous pioneers with new technologies, new innovation and remembering where we came from and what we have been part of in a fairly new trade business. We talk each year about what we can learn from growing surimi seafood businesses in Europe and SE Asia. This is still something we must continue to investigate and model. New speccies applications, new products ….Fried surimi, surimi sausage, healthy snacks, not imitation but surimi seafood.

I believe our future is bright. Why is Europe and Asia consumption growing? I think it is quite simple. They are eating more fish. We need to eat more fish!

I believe in ……from Aquamar. We also need to make good products that people want to eat. And even in troubled times we have to innovate. Markets go up and down but we are vested in this business. If we are the leaders we must innovate raw material and innovate new finished products for the purpose to make value added products that are better and will be chosen over other proteins.

For the US we basically eat fish once a month. Chicken 7X /month, Beef 6X/month, Pork 5X/month, Turkey 1.4X/month and fish 1.3X/month and if you take canned tuna and shrimp out we eat fish once every two months. People have stated to leave restaurants and eat more at home. We must capitalize on this. We must collectively work through the trade to market better.

We are a healthier choice. Jurden Reis – obesity in America. We have to bring this value and realization to the customer so they will choose fish and as a category of fish "surimi seafoods" more than once every other month. It is up to us…Thank you!