



Wild Alaska Pollock Industry Update

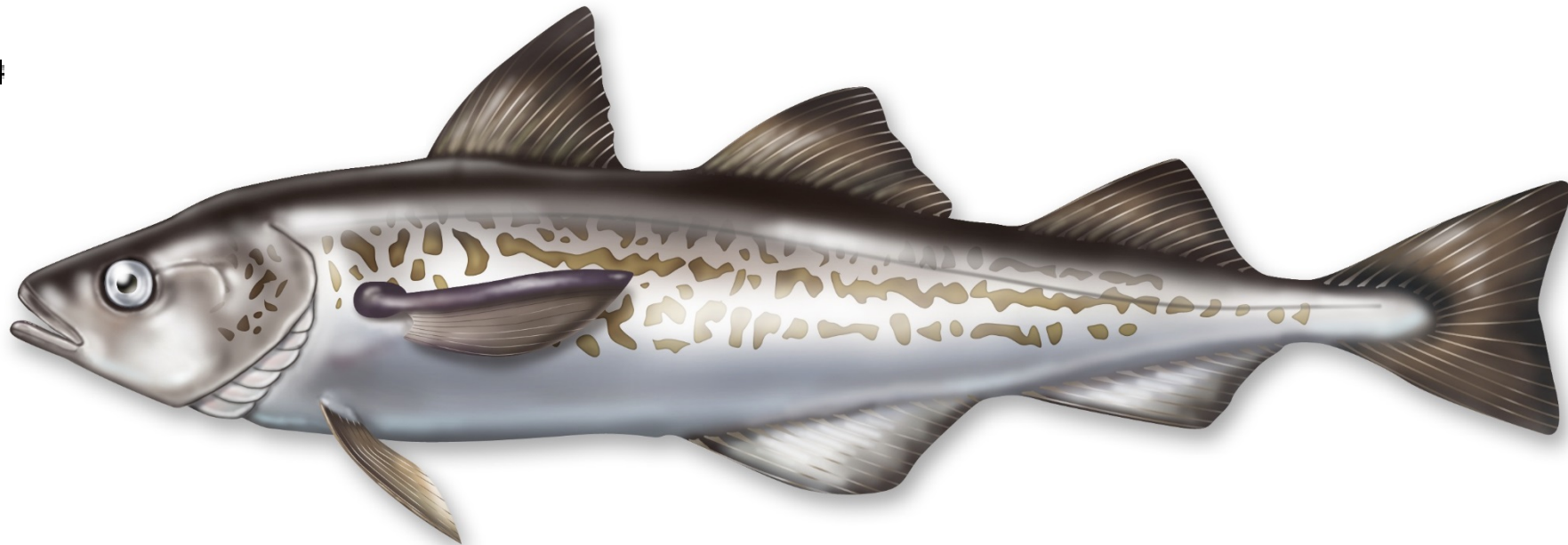
October 16, 2019

Presentation

1. **GAPP History & Structure**
2. **Impacts of U.S. – China trade war**
3. **Changes in primary product production**
4. **Partnership Programs & Announcement**



There's never
been a better
time for Wild
Alaska Pollock!





2018: WAP Industry leadership unites to redouble efforts and creates standalone GAPP.



GAPP Mission Defined in 2019 Strategic Plan

Build Awareness of WAP/Increase Demand for the Fish

Encourage new channels and value-added product innovations

Build inherent customer loyalty for WAP

Wild Alaska Pollock Brand, Presence & Recognition



Current GAPP Priorities

- **Wild Alaska Pollock Narrative Development**
 - New GAPP Website & Social Media Strategy
 - Communications Toolkits
- **GAPP Partnership Programs**
- **Foreign Market Research & Strategy Development**
 - Japan Consumer Study
 - European Stakeholder Analysis
- **Comprehensive Life Cycle Assessment**
- **Member and Associate Member Engagement**



Following the Trade War Between U.S. and China has been a Substantial Burden on Companies

Key Dates

- 8/14/2017—President directs USTR to consider investigation on China's laws, policies, practices, or actions affecting U.S. intellectual property and forced technology transfers.
- 3/22/2018—USTR releases Section 301 report and finds that China's policies are "unreasonable or discriminatory, and burden or restrict U.S. commerce." President signs memorandum proposing to (1) implement tariffs on certain Chinese imports; (2) initiate a WTO dispute settlement case against China's discriminatory technology licensing; and (3) propose new investment restrictions on Chinese efforts to acquire sensitive U.S. technology.
- 4/6/2018—USTR publishes proposed list of products to be subject to additional 25% tariff.
- 5/19/2018—United States and China release joint statement as initial negotiations held to resolve U.S. concerns.
- 5/29/2018—President announces U.S. plan to proceed with Section 301 actions, including 25% tariff on \$50 billion of U.S. imports.
- 6/15/2018—USTR releases two-stage plan to impose 25% tariffs on approximately \$50 billion of Chinese imports.
- 4/18/2018—President directs USTR to propose additional list of imports (stage 3) valued at \$200 billion to be subject to 10% tariff if China retaliates against Section 301 tariffs.
- 7/6/2018—United States imposes stage 1 tariffs (25% tariff on \$34 billion of U.S. imports).
- 8/23/2018—United States imposes stage 2 tariffs (25% tariff on \$16 billion of U.S. imports).
- 9/24/2018—In response to Chinese retaliatory tariffs, United States imposes stage 3 tariffs (10% tariffs on \$200 billion of U.S. imports initially set to increase to 25% on January 1, 2019).
- 12/1/2018—President announces new negotiations with China to resolve U.S. concerns and declares stage 3 tariffs will remain at 10%.
- 5/5/2019—President tweets negotiations are moving too slowly, and plans to increase stage 3 tariffs to 25% and to prepare tariffs on remaining Chinese imports (stage 4).
- 5/10/2019—United States imposes stage 3 tariff increase to 25%.
- 5/17/2019—USTR publishes proposed stage 4 tariff list (up to 25% tariff on \$300 billion of U.S. imports).
- 4/18/2019—President Trump tweets that he plans to meet with President Xi during G-20 and resume staff-level talks with China.
- 8/1/2019—President Trump tweets that China has not followed through with commitments to buy U.S. agricultural products and announces a 10% tariff on remaining U.S. imports from China (stage 4) will take effect September 1, 2019.
- 8/14/2019—USTR releases a two-part plan to impose 10% tariffs on approximately \$300 billion of U.S. imports (stage 4). The first part (4A) will take effect on September 1, 2019; the second part (4B) will take effect on December 15, 2019.
- 8/23/2019—In response to Chinese retaliatory tariffs, President Trump directs USTR to further increase tariffs on approximately \$550 billion worth of U.S. imports from China by 5%, raising stage 1-3 tariffs to 30% on October 1, 2019, and stage 4 tariffs to 15% on their effective dates (September 1, 2019 - 4A, December 15, 2019 - 4B).
- 9/1/2019—United States imposes stage 4A tariffs of 15%.
- 9/3/2019—USTR issues request for comments on proposed tariff increase from 25% to 30% on stage 1-3 tariffs.
- 9/11/2019—President Trump tweets that the United States will delay the proposed increase from 25% to 30% on stage 1-3 tariffs from October 1 to October 15.

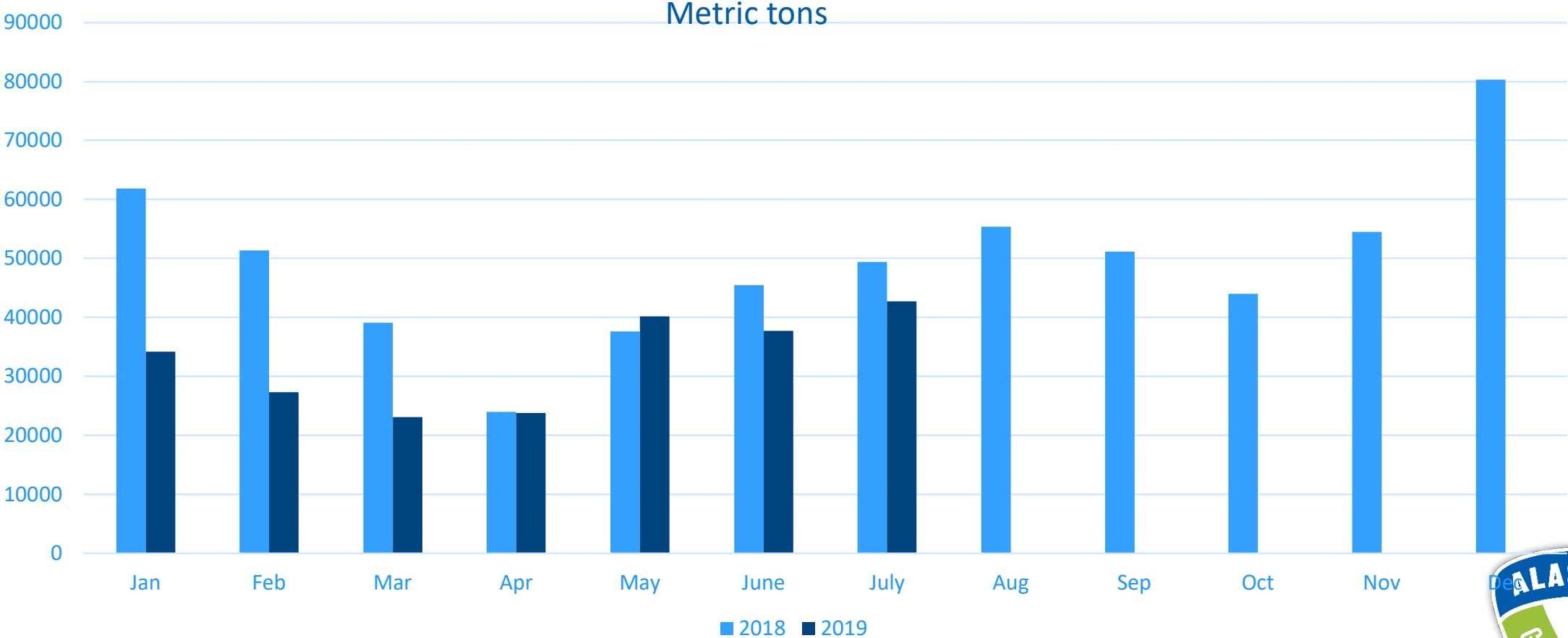


Status and Impacts of U.S. China Trade War on U.S. Wild Alaska Pollock Producers

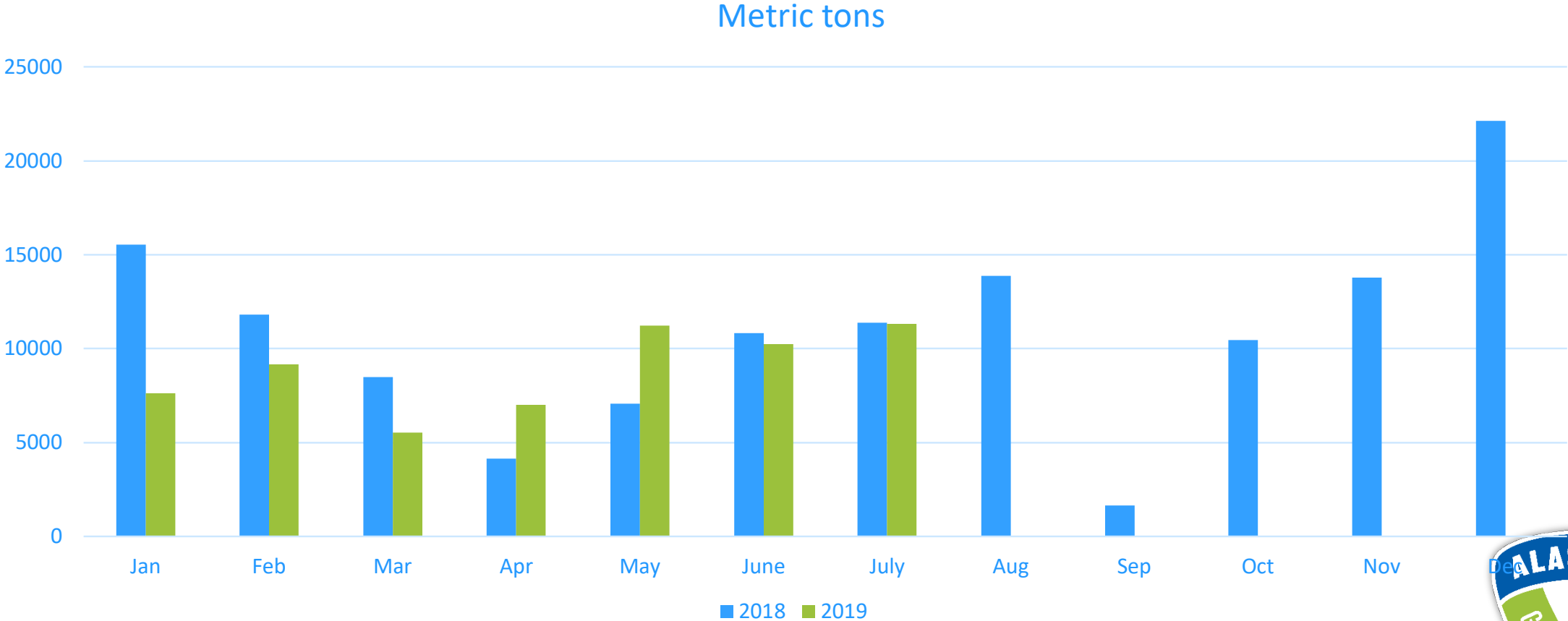
- Tariffs on Pollock products into China increased from 25% to 35% in on September 1. U.S. Pollock products that are further processed and re-exported are excluded.
- China waives tariffs on fish meal made from Wild Alaska Pollock for one year, starting September 17, 2019.
- U.S. removed Pollock and cod fillets from tariff lists early in process, but Pollock to have 15% tariff effective December 15, 2019.
- U.S. importers started importing frozen Pollock fillets from Vietnam in October 2018 to avoid U.S. tariffs on Chinese product.
- U.S. Tariffs on competitive products from China (e.g. tilapia) from 25% to 30%, currently delayed but uncertainties remain.



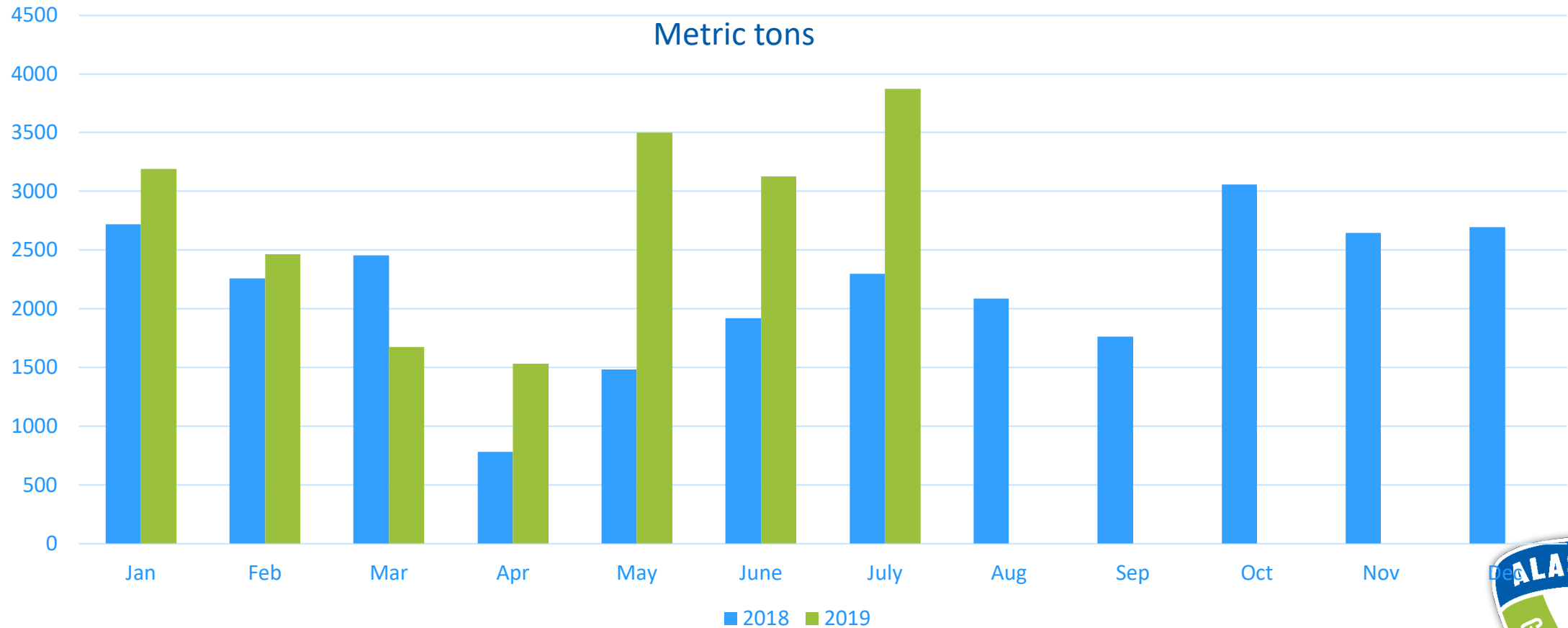
U.S. Imports of All Seafood Products from China are Down 22.6% through July



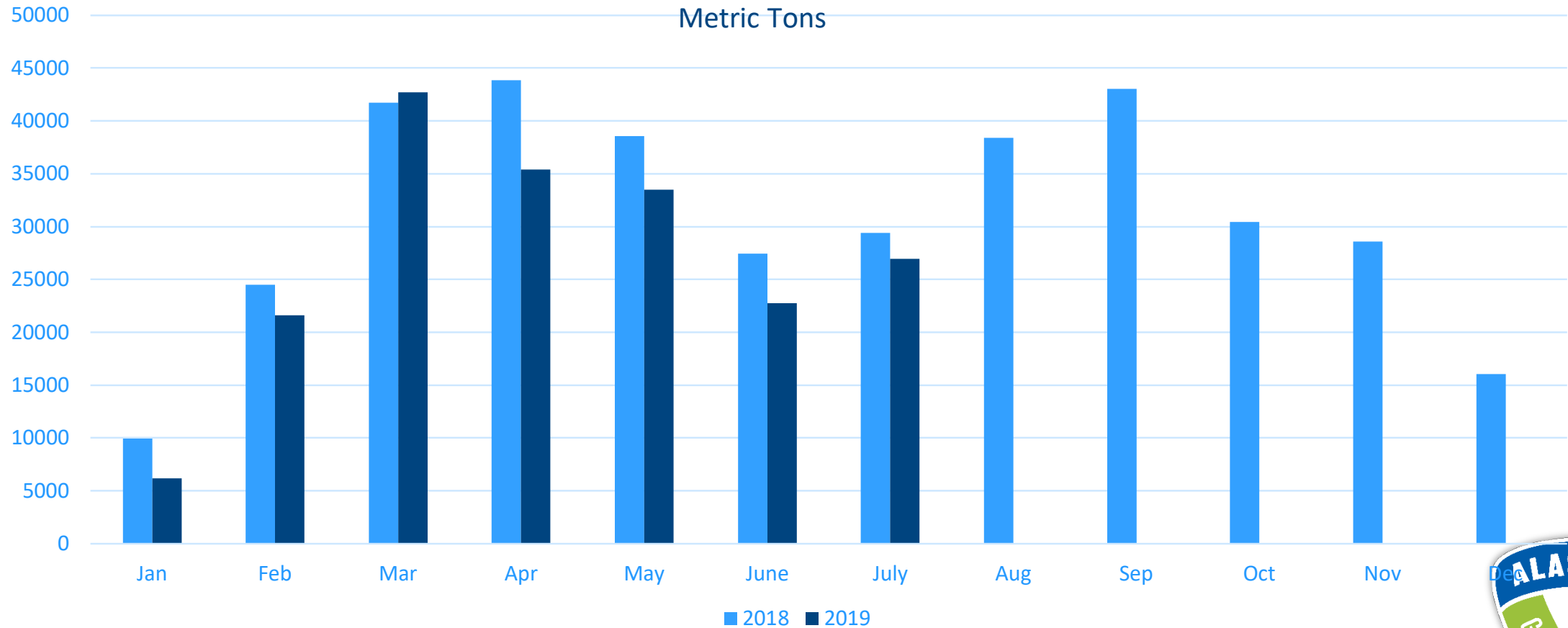
U.S. Imports of Frozen Tilapia Fillets from China are Down 10.4% Through July



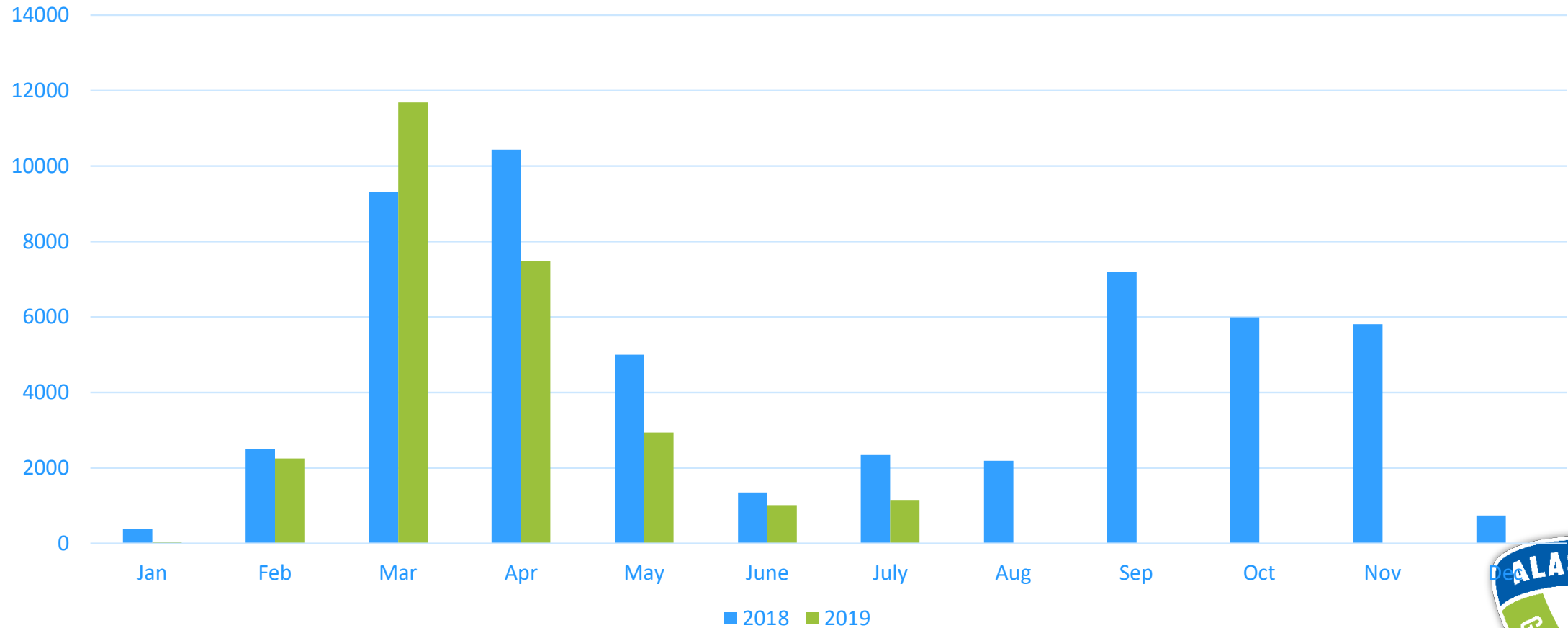
Conversely, U.S. Imports of Pollock products from China are up 39.2% through July



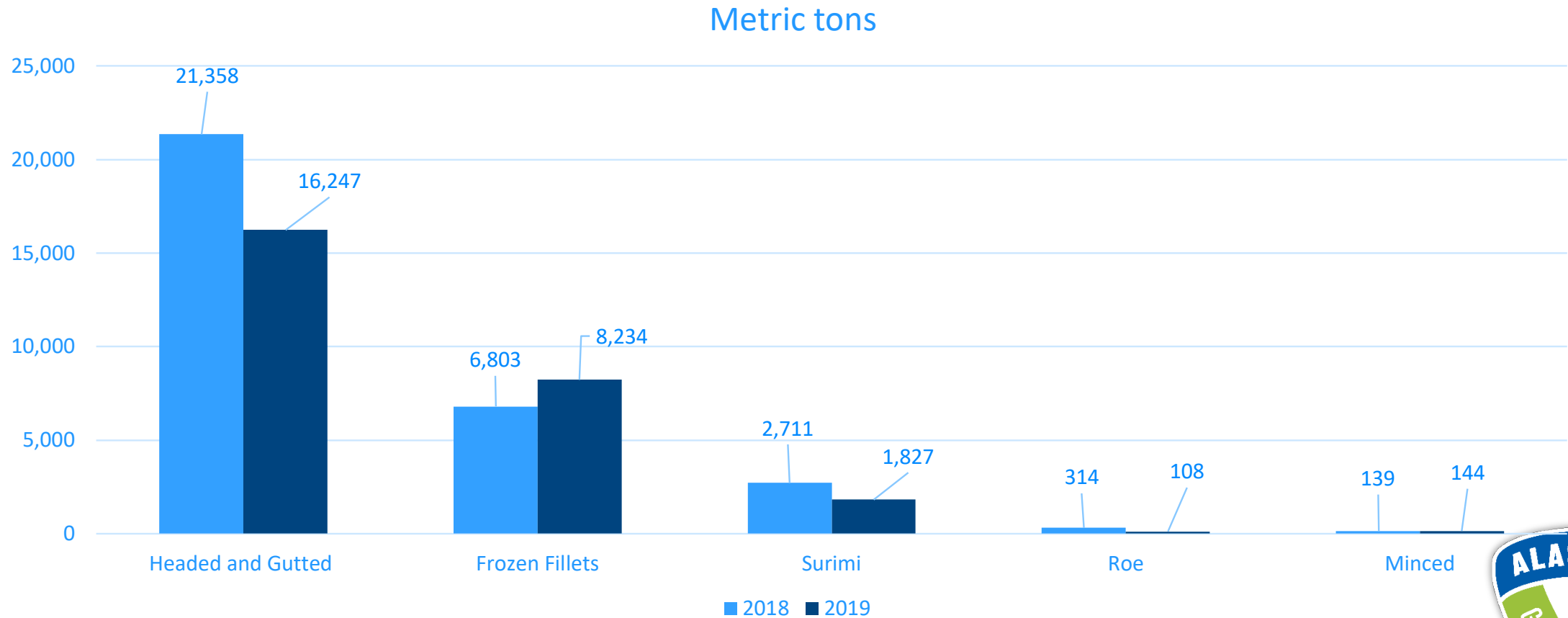
U.S. Exports of All Seafood Products to China are Down 12.3% through July



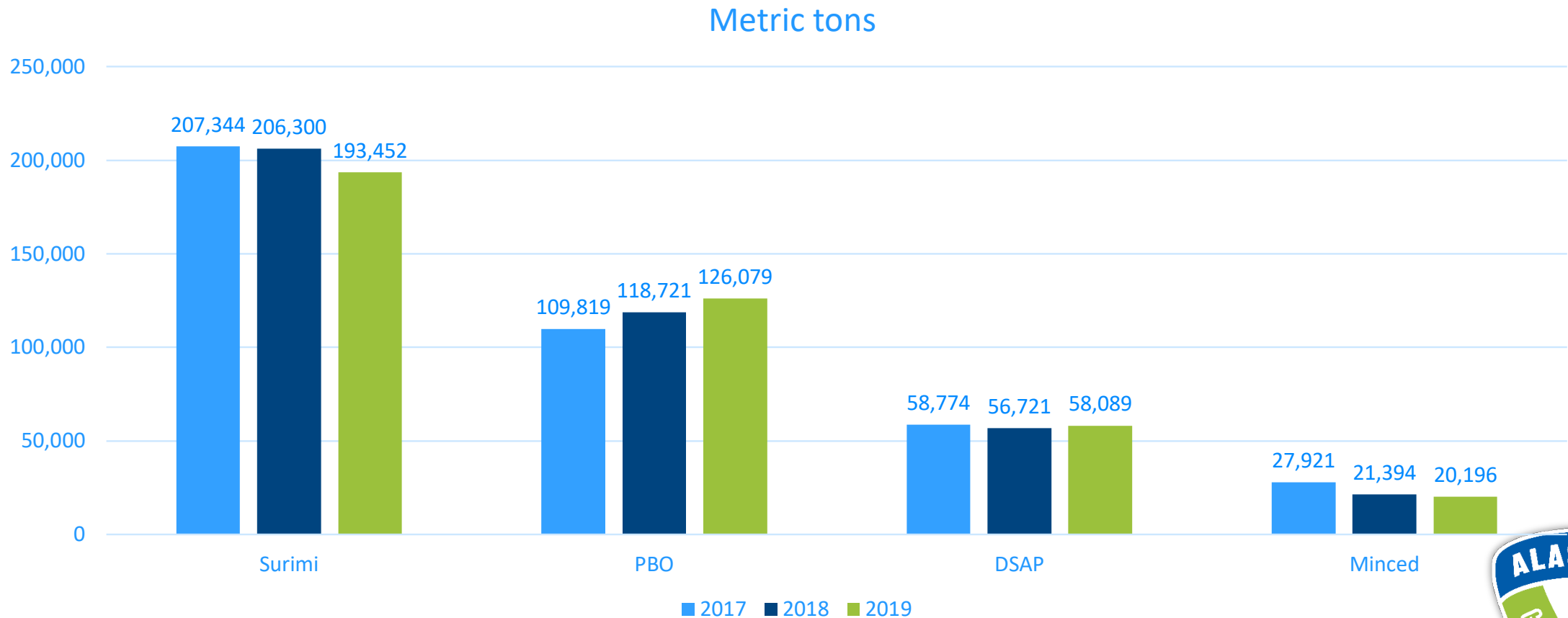
U.S. Exports of All Wild Alaska Pollock Products to China are Down 15.3% through July



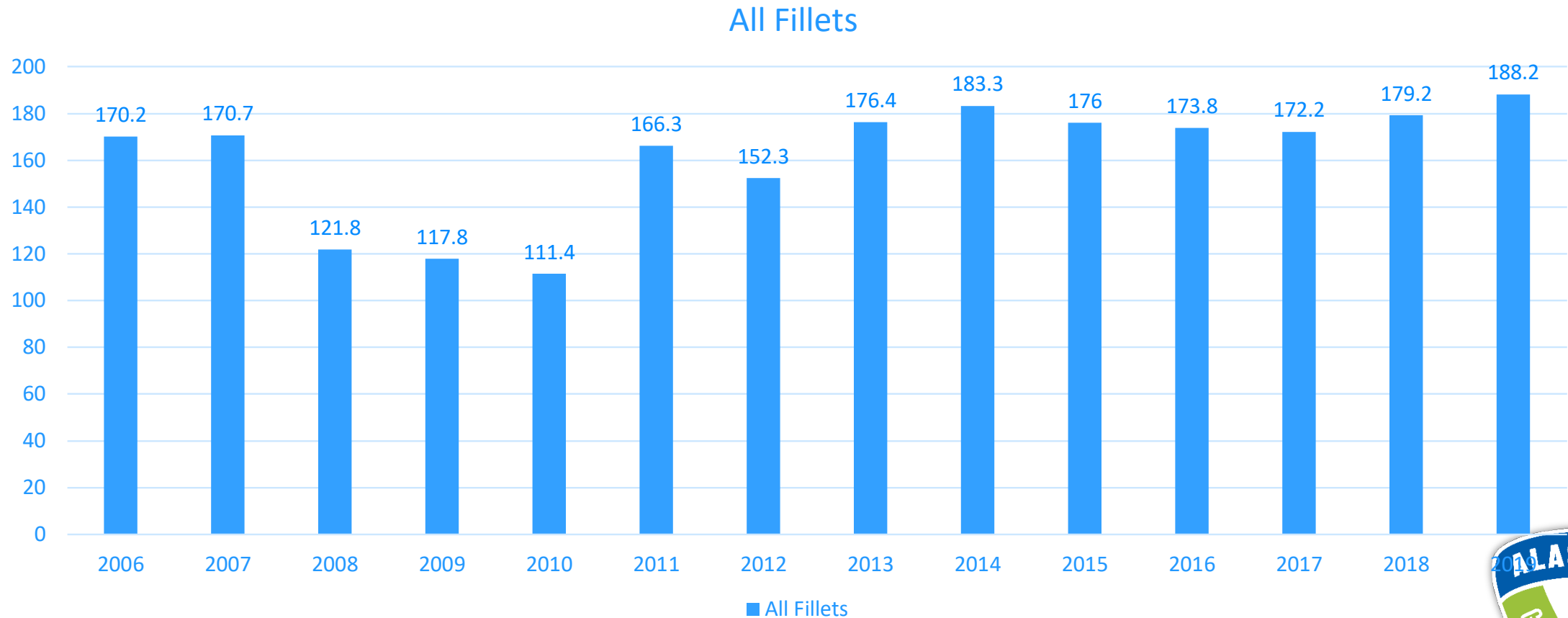
The decline in exports is attributable to reduced Headed and Gutted and Surimi exports



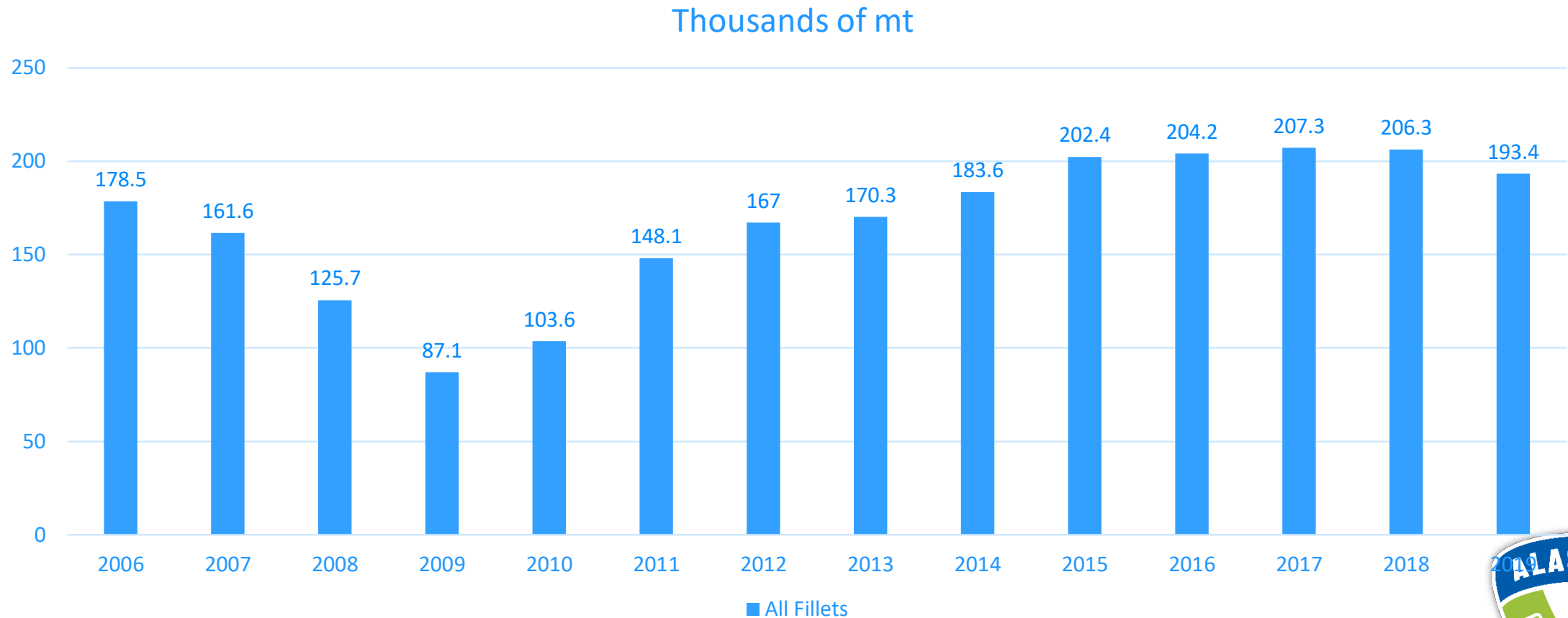
U.S. Wild Alaska Pollock Production (2019 through October 5)



Fillet production through October 5 is already most in last 14 years

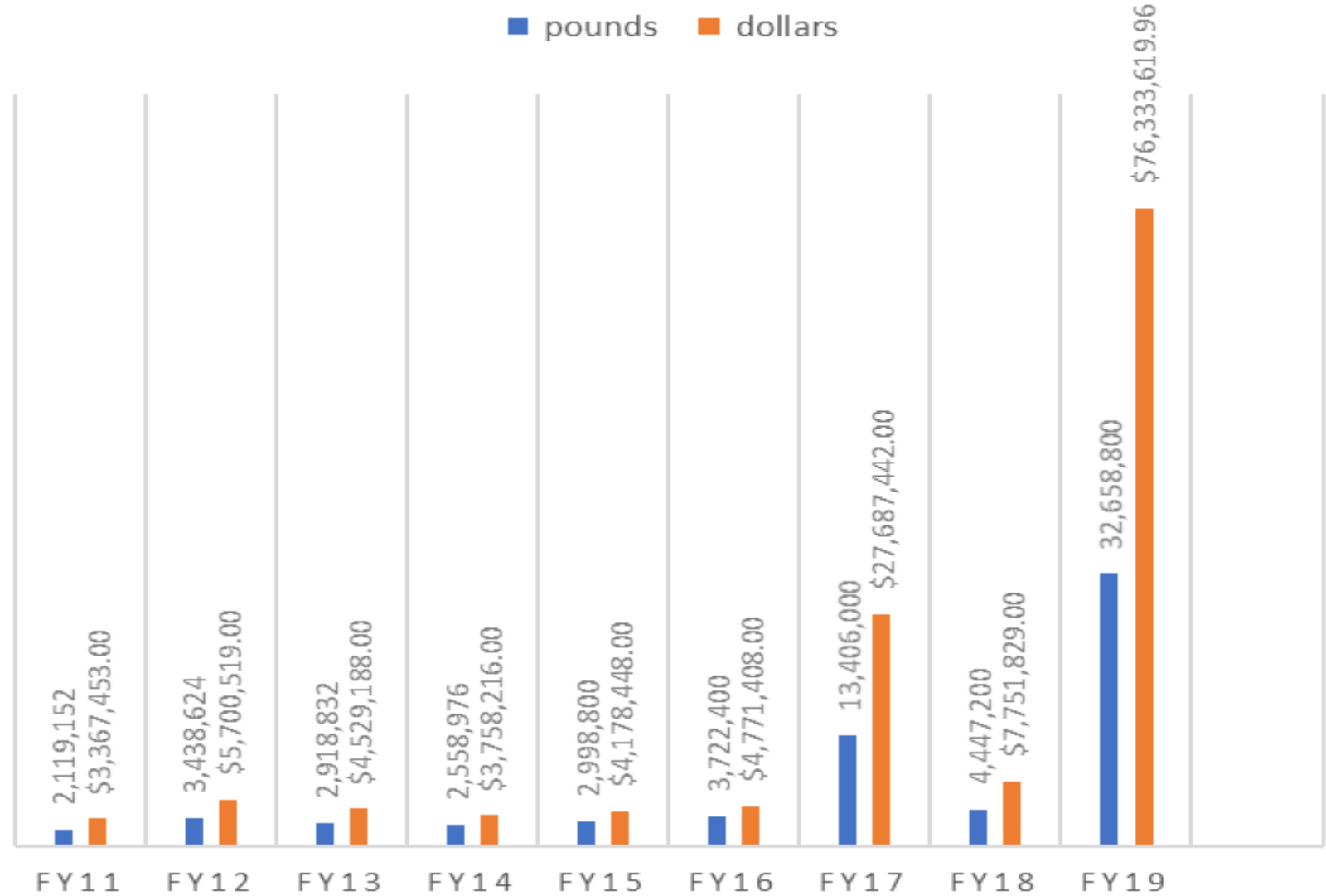


Surimi production in 2019 will likely end up close to last five year average



Significant
Growth in U.S.
Government
Purchases of Wild
Alaska Pollock

USDA PURCHASES OF WILD ALASKA POLLOCK



Successful North American Partnerships: New Channels, New Consumers



Available at select
Costco® locations



Introducing: European Partnership Program 2020

- Investment into bringing Wild Alaska Pollock to **NEW CHANNELS** and **NEW CONSUMERS** in European market;
- **ALL PRODUCT FORMS** will be considered: Fillet, Surimi, Roe, Meal and Oil;
- Applications due March 15, 2020.

GAPP wants to be your partner!



**First Ever
Annual Meeting**

Save the Date!

Pollock

ASSOCIATION OF
GENUINE ALASKA POLLOCK PRODUCERS



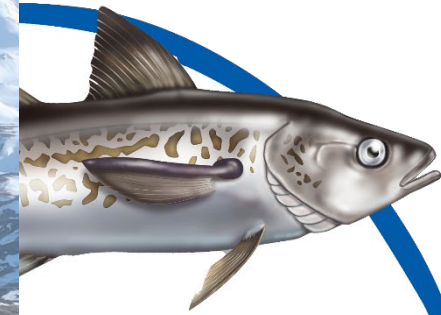
CLOTH

Annual Meeting

OCTOBER 12, 2020



WWW.ALASKAPOLLOCK.ORG



L D
S K A
O C K
Annual Meeting





Thank You!

