

Progress Report for January 2002 Markets for Alaska Pollock Products

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Objective

Alaska pollock is (*Theragra chalcogramma*) is by far the largest U.S. fishery in volume of landings. U.S. landings of Alaska pollock account for about one-fourth of total U.S. landings of all species combined. In 2000, U.S. Alaska pollock landings had an ex-vessel value of \$161 million, ranking third behind only American lobster and Gulf shrimp.

The major objective of this project is the preparation of a report describing and analyzing markets for Alaska pollock products, which can serve as both an introduction to this important topic as well as a reference source for managers and industry. Other objectives are to collect and explain available pollock market data sources, to develop a database of historical and current pollock market information which will be posted on the Internet, and to serve as a starting point for longer term analysis and tracking of pollock market conditions.

Methodology

The first step in this research (and a large part of the effort) was to collect and understand pollock market data. As planned, I have collected a wide variety of data from numerous different sources. I have attempted to understand and describe, as best possible, what the data mean and how reliable they are, and to explain inconsistencies between different data sources. These data, assembled in Excel spreadsheets, form the basis not only for the report for this project but also for future tracking and analysis of pollock market conditions.

After collecting data, the next step was to describe long-term trends in harvests, production, trade and prices for different products in different end-markets.

The third step was to attempt to explain trends in production, trade and prices over time. My analysis was limited to relatively simple comparisons of trends for different data sources and how they appear to relate to each other. I did not attempt formal econometric analyses for several reasons: this project is intended as an introduction to rather than a comprehensive analysis of pollock markets; the markets are too complex and available data are generally insufficient for statistically valid results, and the work required would have been beyond the scope of the project.

The fourth step was a review of available literature on pollock markets, as well as discussions in industry publications.

Based on this research, I am preparing a draft report on “Markets for Alaska Pollock Products,” which will be completed in January 2002. The report chapters are listed below:

1. Introduction
 2. World Pollock Harvests
 3. United States Pollock Harvests
 4. United States Pollock Production
 5. U.S. Pollock Fillet And Block Markets
 6. Pollock Surimi Markets
 7. Pollock Roe Markets
- Appendix: Pollock Market Data Sources

I will prepare a final report by the end of February 2002 incorporating comments on the draft report. I am also preparing to post much of the pollock market data collected for this project (except for proprietary data) on the Internet.

Selected Results

Pollock markets are too complex to describe in this short document. Here I provide five brief examples of the kinds of information presented and discussed in the Report.

Figure 1 shows data on harvests of pollock in Alaska waters—showing a significant decline between 1994 and 1999, followed by a significant increase (which will continue in 2002). Surprisingly, it was not easy to assemble the data for this figure. Several different official NMFS sources report significant different data for total pollock harvests. There are no published data for CDQ program pollock harvests.

Figure 2 shows that there was a significant increase in total reported U.S. production of pollock products between 1999 and 2001. This increase resulted from a combination of factors, including not only the increase in total harvest volume shown in Figure 2 but also increased recovery rates resulting from changes in production associated with the American Fisheries Act.

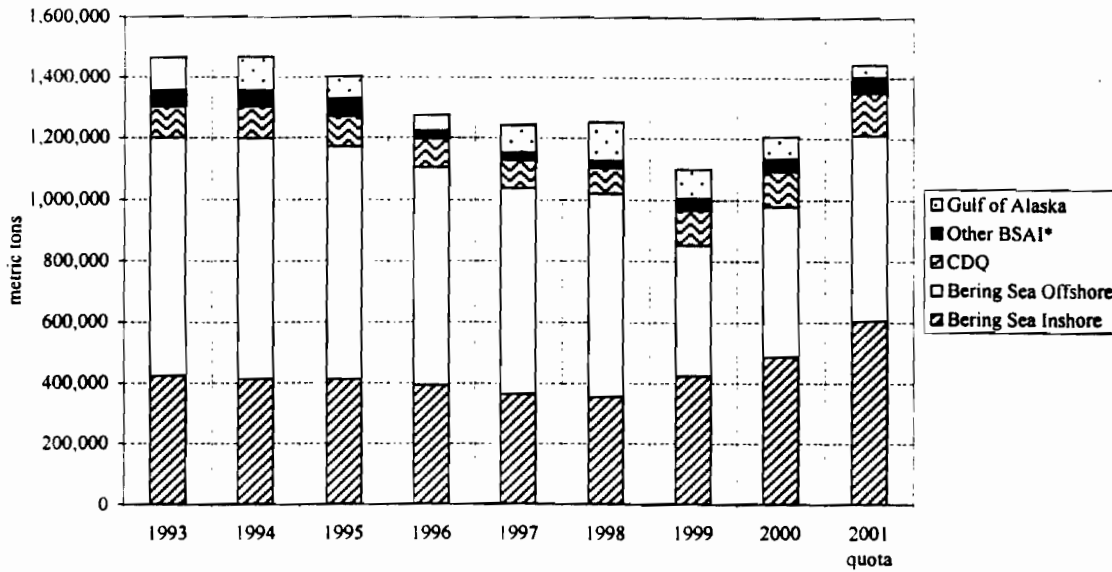
Figure 3 shows that the ratio of surimi to fillet production—an important factor in determining total supply of both surimi and fillets—has been closely correlated with the ratio of fillet prices to surimi prices. This is what economic theory would lead us to expect.

Figure 4 shows that reported U.S. pollock surimi production is well above U.S. pollock surimi exports (or total surimi exports). This figure gives some indication of the potential scale of the U.S. domestic surimi market.

Figure 5 shows that there has been a clear inverse relationship between Japanese wholesale prices for pollock roe and total pollock roe supply.

Figure 1

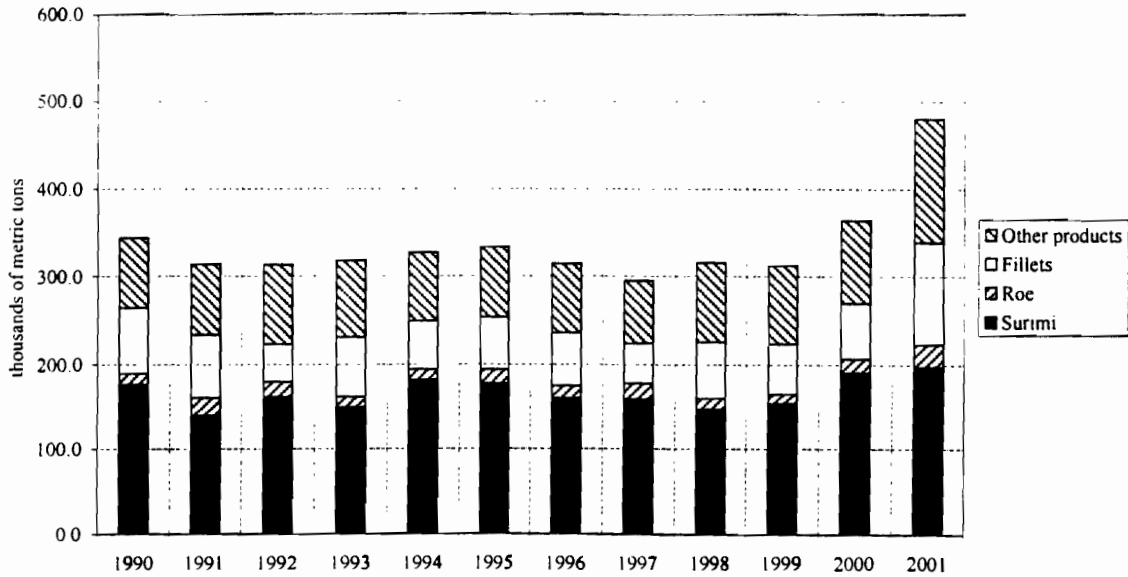
Harvests of Pollock in Alaska Waters



Source: NMFS, Alaska Region. **"Other BSAI" includes Aleutian Islands, Bogsirov, and Bering Sea Incidental Catch.

Figure 2

Volume of Production of Pollock Products from Alaska Waters



Sources: 1990-94: NMFS, "Economic Status of the Groundfish Fisheries off Alaska" reports. 1995-2001: NMFS Alaska Region "Pacific Cod and Pollock Products reports," www.fakr.noaa.gov. Data for 2001 through November 24 only.

Figure 3

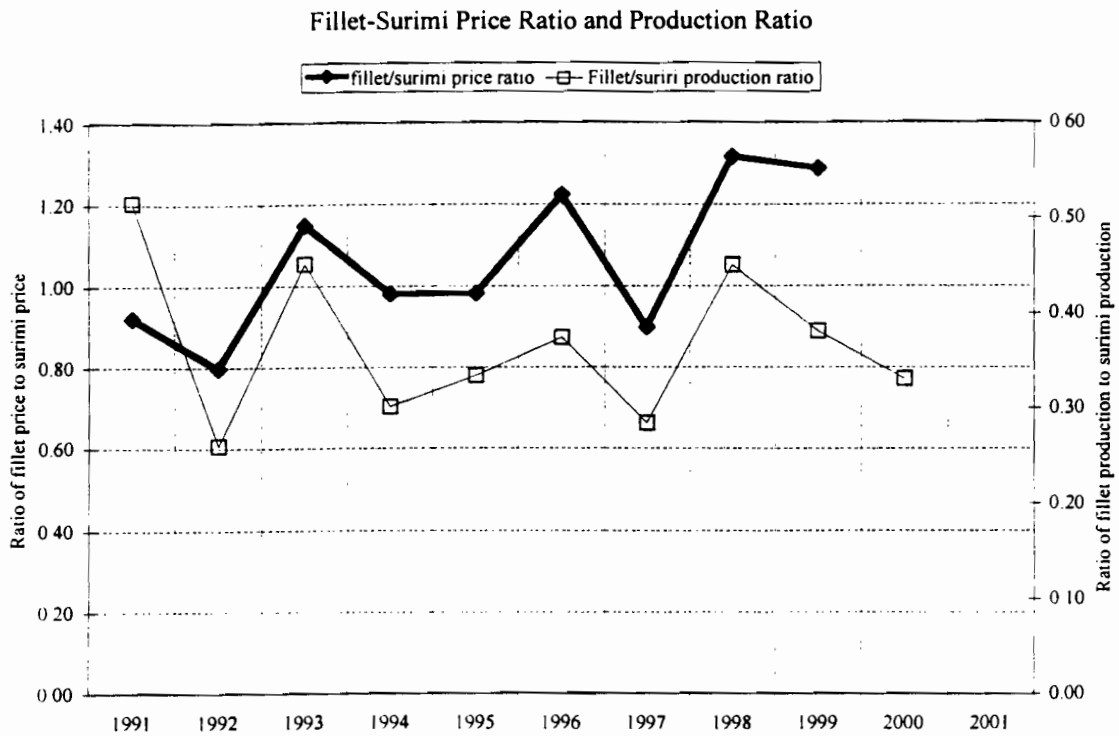
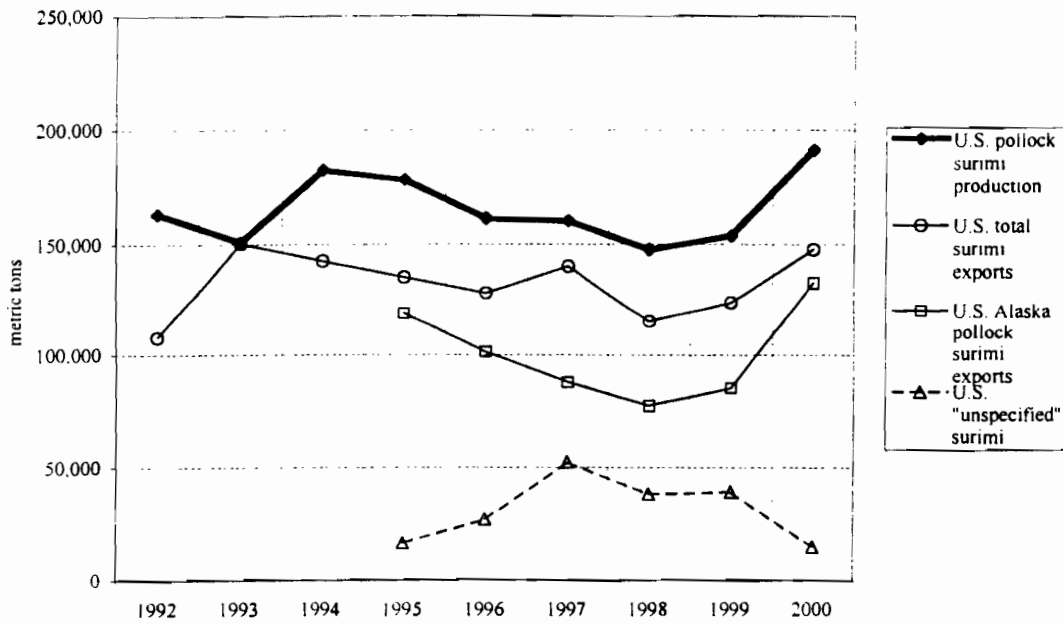


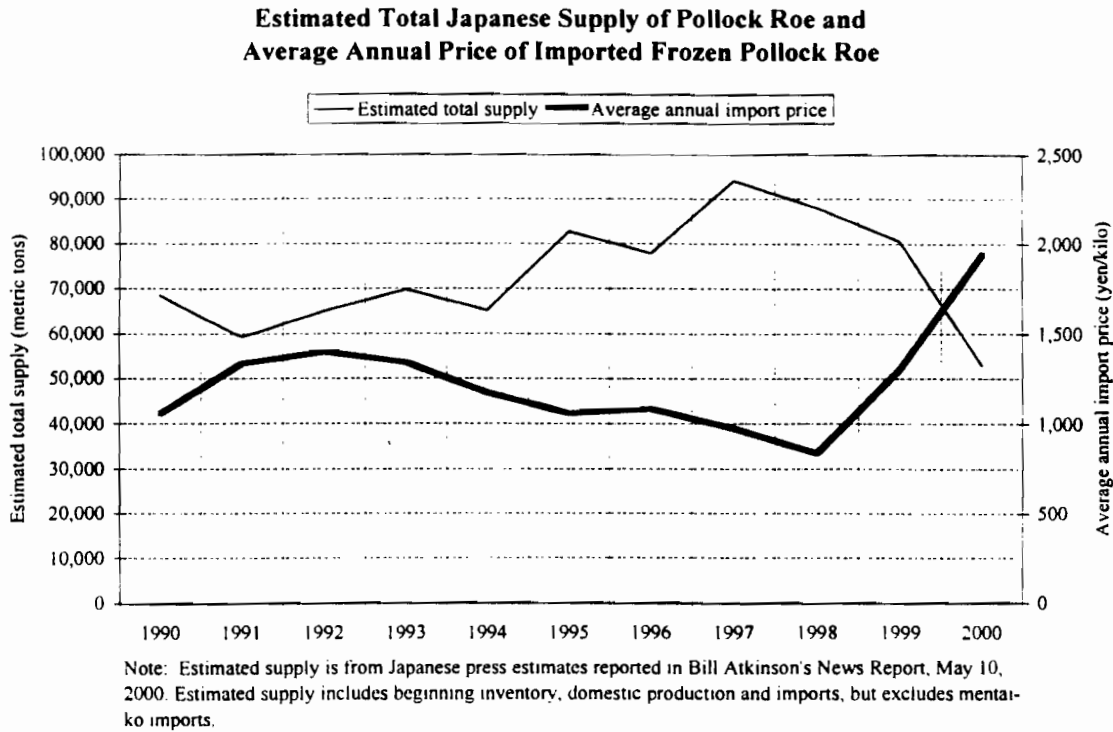
Figure 4

Comparison of Reported U.S. Pollock Surimi Production and Exports



Source: National Marine Fisheries Service. Fisheries Trade Data.

Figure 5



Future Work

I view my report for the Pollock Conservation Cooperative Research Center not as the end but rather the beginning of my research into pollock markets. Based on the work begun in this project, the National Marine Fisheries Service and the North Pacific Fisheries Management Council have expressed interest in supporting a cooperative agreement with the University of Alaska under which I will collect market data for pollock (as well as other groundfish species) and to monitor and report on market trends for NMFS and the NPFMC. This project will allow me to continue to work to understand and report on pollock market conditions. All of the data I collect will be available to both managers and industry on a web site. We will be discussing plans for this work later in January.

My experience in analysis of markets for other fish species suggests that the longer you study and track fisheries markets, the better you understand them and the more useful you can be. I hope that this can be the case with my future work on pollock markets.

