From:	Ashcraft, Susan@FGC
To:	FGC
Cc:	Mastrup, Sonke@FGC
Subject:	FW: Congratulations!! from CA Wetfish Association
Date:	Thursday, February 12, 2015 10:33:05 AM
Attachments:	CA Squid Marketing Summary.pdf SavingSeaFood - D.B. PLE...ifornia Squid Marketing".pdf

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For March MRC folder

From: Diane Pleschner-Steele [mailto:[redacted]
Sent: Wednesday, February 11, 2015 6:54 PM
To: Jack Baylis
Subject: Congratulations!!

Hi President Baylis (Jack),
Congratulations on your appointment as new Commission president!! Thank you also for your ongoing special interest in the squid fishery.
I watched the meeting online today and paid close attention to Commissioners' comments on your desire to support sustainable harbor communities. I also watched the testimony and read the written comments from the fishermen who are seeking the three experimental squid permits. Their pleas are compelling.

When I was writing features for Pacific Fishing and other magazines many years ago (in my earlier life), I spent a lot of time in northern CA. I trolled for salmon with my husband out of Noyo Harbor, and we wintered over up there one year in the 19980s when he was diving sea urchins, so I'm well aware of the harbor culture. That harbor sustained itself on a seasonal mix of salmon, Dungeness crab, pink shrimp and groundfish, especially blackcod and rockfish, and sea urchins also became an important fishery. The cuts in groundfish quotas and buyback of many of the draggers in N.CA. really impacted not only Ft. Bragg/Noyo, but also Eureka and Crescent City. In those days groundfish was the year-round volume fishery complex that really supported the infrastructure, along with salmon in summer, Dungeness in winter, and sea urchins.

I think it's safe to say that we all are interested in sustaining vibrant harbor communities in California — and that includes Half Moon Bay, Monterey, Moss Landing, Ventura, Port Hueneme, San Pedro — all of which rely on market squid to maintain infrastructure and economic vitality over time. it's important to view the "big picture" in ongoing discussions, in my opinion. As you're aware, and as we discussed over lunch in the family dining room at State Fish Company in San Pedro in December 2013 — more than a year ago (good grief! time flies!!), market squid is the economic driver of California's historic wetfish industry, and protecting this fishery is essential too, as it represents the lion's share of California's fishing economy.

I heard two issues emerge from today's discussion: first was the urgency of the fishermen who want experimental squid permits ASAP, soon enough to fish this season. The overarching issue, however, is the big picture look at sustaining fishing communities as a whole.

In that regard, the wetfish fisheries have always relied on a complex of fisheries, with squid the most important when it's available. Wetfish fishermen understand the dynamics of all the

coastal pelagic (CPS) stocks — we've had an amazing period of high squid productivity over the past few years, but as our research is now showing, that cycle is changing. We're again facing El Niño conditions in S.CA. this year, which we believe contributed to the superabundance of squid in Monterey and northern CA last season. But when the "real" El Niño hits, still predicted for later this year and into next spring, squid typically take a hike altogether.
Long story short, a sustainable harbor, whether it's Noyo, Monterey or San Pedro, needs more than one highly dynamic stock to keep the ice plants and fuel docks open.

I will look forward to further discussion on the big picture issue of sustainable harbor communities. I"ll be bringing these issues to the CWPA Board prior to the MRC meeting in March, and I hope we can offer some ideas on how to help achieve long-term goals.

Meantime, I would appreciate the opportunity to talk to you further about a couple of things that I heard you say with regard to marketing local "fresh" squid. You quoted an estimate from some source that more than 90 percent of CA squid is exported. Perhaps you'll recall the presentation that I made when this topic came up at a Commission meeting some time ago — based on a quick poll of processors at that time, I estimated that close to 30 percent of our squid harvest is consumed here in the domestic market, whether processed here (at double the cost) or exported for cleaning and reimported.
The two key points that I learned in my survey: except for a very small volume that goes to ethnic markets primarily in LA and SF, the overwhelming preference in the local market is for cleaned squid — and because squid's shelf life in fresh state is only a couple of days with impeccable handling, freshness is preserved by flash freezing the squid as quickly as possible. I'm attaching FYI my earlier presentation, along with a piece that we published in response to an op ed in the LA Times by Paul Greenberg, who got a few things wrong…

I also wanted to let you know that our squid research is providing some fascinating insights into squid behavior. We received a small contract from the SW Fisheries Science Center last summer to extend our surveys into Monterey, as far north as Half Moon Bay. We ran two surveys last summer and just completed a third survey in Monterey in January. We will be able to repeat the Monterey cruises again this year, in addition to our core surveys in the S.CA. Bight. We would love to present an update to the Commission at an appropriate time later this year (after our summer survey would be best timing for us). Please point me in the proper direction to learn the process for securing time on the agenda.

Thanks again for your dedication to marine resources (all resources) and your interest in the squid fishery. And again, Congratulations!! I'll look forward to working with you and the other Commissioners on emerging fishery issues.

All the best,
d.

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California Market Squid Marketing 101

A summary of global and domestic market data

CA Squid Market Overview

- CA squid is one of more than 300 known squid species distributed throughout most of the world's oceans
  - Ranked as one of the smaller species
  - Mantle length typically 2/4 inch vs. 3/5, 4/6 or 5/8 etc.

- Compared to other squids, CA squid (*L. opalescens*) is thin-walled: "a smaller squid with smaller diameter rings and thinner walls, it does not have the same 'wow' in fried or antipasto preparations. It does not work as well for stuffed preparations either. Also it does not have the same bite and is more easily over cooked. "

- The overall preference in U.S. is NOT for California squid. There are many different types of squid available in the market from East coast / Peru/ Falkland islands/ Asia.
  - ALL have thicker mantles and larger size rings, making them more desirable in the market.

- All that said, CA squid is absolutely wonderful IF prepared properly

- Each species has its own characteristics that different markets favor.

Squid Imports … for context

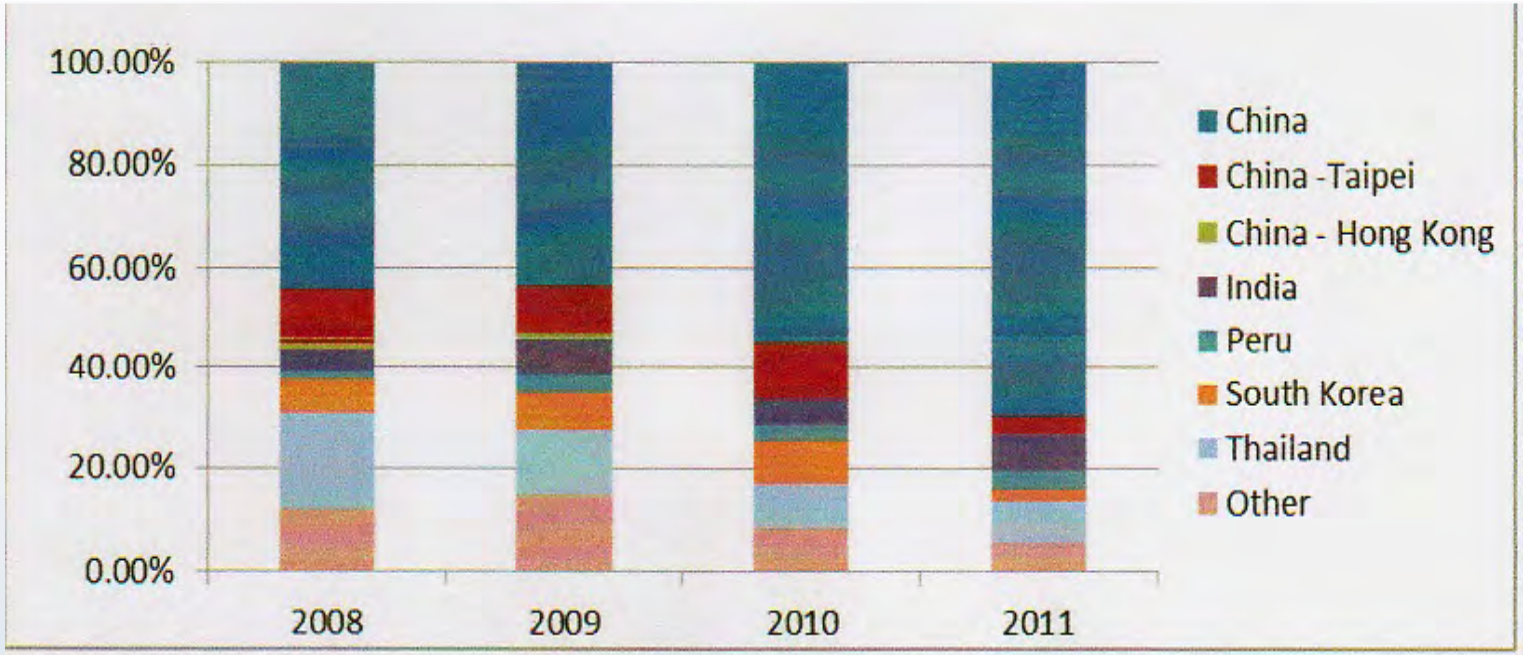

Figure 4. U.S. Squid Imports By Country, 2008-2011 (Data from NMFS 2012)

- China accounts for about 25% of global oceanic squid production, and constitutes more than half of U.S. squid imports
- India accounts for about 3% of global squid production (2010) and makes up 5-7% of U.S. squid imports
- Thailand accounts for about 3% of global squid production (2010) and contributes about 8% of U.S. squid imports.

Volume of imported squids

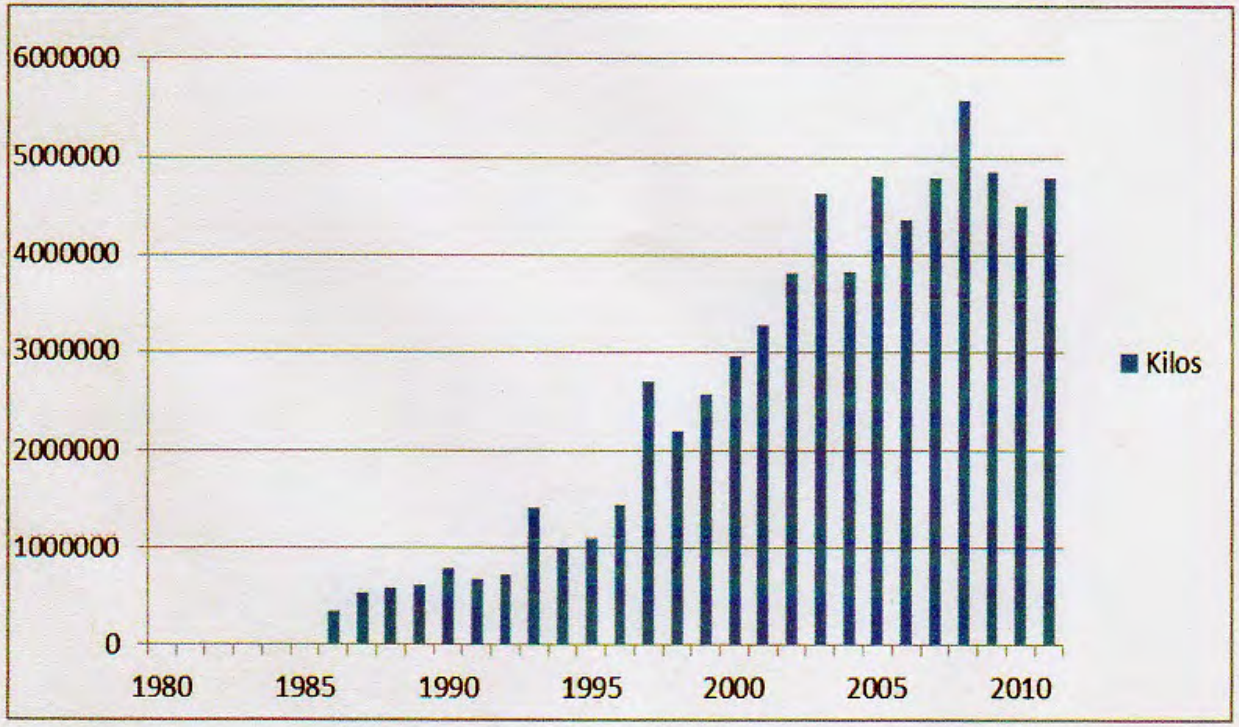

Figure 3. Total U.S. Squid Imports 1980 – 2011 (Data from NMFS 2012)

- Global cephalopod fisheries average about 3 million mt annually (4% of world fish trade)
- In 2013, the U.S. imported 16,583,048 kilos of squids – of which 6,579,403 kilos were Loligo NSPF or L. opalescens (70% from Asia – 53% from China)

CA Squid in a Global Market

- CA squid fishery is 5th largest in U.S. by weight, also CA's most valuable fishery (in non-El Niño years)
- Average annual landings 2010-13 (prelim): 125,738 st (114,069 mt)
  - Vs. global production of squids (cephalopods) 3 ,652, 632 mt (FAO 2010)
- Exports = @70% of total CA squid landings
  - Example: 2010 exports were 92,559 mt (70.7% of total landings)
  - Valued at $107 million and reached 42 countries (Sweetnam 2011)
- Domestic market sales generally to restaurants, ethnic (Asian, Mediterranean) fresh fish markets (small volume) or for use as bait (PFMC 2011)

CA Squid in Domestic Market

- **Fresh sales**
  - Seasonal – squid is typically available fresh in Monterey during summer months (Apr-Nov) and in S.CA. during winter months (Oct-Mar)
  - ***Highly unusual*** for squid to be available in both areas simultaneously
  - Fresh demand = very small volume (@5 tons/wk total) delivered via truck to Asian and Mediterranean specialty markets primarily in San Francisco and Los Angeles
- Fresh squid is highly perishable!
  - Only approx. 2 day shelf life with perfect handling
- Most restaurant/retail markets prefer FROZEN, CLEANED squid

CA Squid in Domestic Market – 2

- **Frozen processing**
  - Many CA processors produce consumer packs, i.e. 1 lb, 3 lb, 5 lb, whole frozen squid for domestic market
  - **"Fresher frozen" whole CA squid is available yearlong in domestic markets**
- Most markets prefer FROZEN, CLEANED squid
  - Some CA processors produce cleaned squid for local markets
    - 1)small volume of customers want California
    - 2) processors keep skilled crews working – but all and all –not a moneymaker
  - Some California squid is exported to Asia and reimported as cleaned squid – round trip freight cost around $0.10 lb labor in Asia $7./00 per **day** vs. Californian wages with tax / insurance/health around $12./+ per **hour.**

CA Squid in Domestic Market – 3

- **Competition with Imported Squid**
  - Frozen CLEANED squid imported from China / Asia costs about $1.60 / $1.80 per pound (container quantity)
    - Handling through the distribution chain may add to this cost
  - Cost to clean squid in CA
  - Close to $3/lb. (and squid is still smaller than desired)
    - Example: Sales price of CA squid at $1,800 per metric ton
      - 50% yield in cleaning process
      - Net cost of squid = $1.63/lb just for the product BEFORE adding any labor cost at $12.+ per hour
- Market research has shown that high-end retail / restaurant markets will pay "a little more" for CA seafood
- **But most markets are not willing to pay double**!

CA Squid Marketing Summary

- CA squid competes in a global marketplace
  - Squid is priced by size and most is 3/5, 5/8 inch. Loligo opalescens (CA squid) are typically smaller, i.e. 2/4.
  - There are also Illex (Atlantic) and Todorodus (Japan) in this market
  - **"Fresher frozen" whole CA squid is available yearlong in domestic markets**
- Most markets prefer FROZEN, CLEANED squid
  - CA processors would produce more cleaned squid IF:
    - Local markets would be willing to pay the added cost
    - More domestic markets would prefer CA squid over larger, meater product (now CA squid is 'good alternative' if other squids are not available)

A final word…

- CA squid is economic driver of wetfish industry and wetfish industry is foundation of CA's fishing economy
  - Volume supports infrastructure in numerous harbor communities
- CA squid seine fleet is among the most efficient in world
  - Produces 2,000 pounds of protein for 6 gallons of diesel
  - Lowest carbon footprint, even exporting squid for cleaning
- Strong La Niña conditions present in past few years have abated
  - In most years the squid fishery does not close.

D.B. PLESCHNER: Some Inconvenient Truths about California Squid Marketing

Greenberg missed the boat on a number of issues, including the overall carbon footprint of seafood, but equally important, the reasons why most of the squid that California exports is consumed overseas!

Read the original Paul Greenberg op-ed in the Los Angeles Times

*August 5, 2014 (**SeafoodNews.com**) -- The following opinion piece appeared today on **SeafoodNews.com**:*

In his op-ed to the Los Angeles Times last week, author Paul Greenberg could have dodged some critical misstatements and inaccuracies about the marketing of California squid - the state's largest catch.

All he had to do was check with local sources, including the California Wetfish Producers Association, which represents the majority of squid processors and fishermen in the Golden State and promotes California squid.

Instead, Greenberg missed the boat on a number of issues, including the overall carbon footprint of seafood, but equally important, the reasons why most of the squid that California exports is consumed overseas!

To set the record straight, here are some inconvenient truths you wouldn't know about squid by reading last week's op-ed:

First, size matters and price rules when it comes to California market squid, which are one of the smallest of more than 300 squid species found worldwide. The U.S. "local" market really prefers larger, "meatier" squid, notwithstanding Greenberg's 'locavore' movement.

Greenberg acknowledged the labor cost to produce cleaned squid in California adds at least $1.50 per pound to the end product. In fact, local production costs double the price of cleaned squid, due to both labor (at least $15 per hour with benefits) and super-sized overhead costs, including workers' comp, electricity, water and myriad other costs of doing business in the Golden State.

Del Mar Seafood is one processor in California that micro-processes cleaned squid at the request of markets like the CSA that Greenberg mentioned. In fact, virtually all California squid processors do the same thing at the request of their customers. But at 1,000 pounds per order, we would need 236,000 CSAs, restaurants or retail markets paying $1.50 more per pound to account for the total harvest. If the demand were there, we'd be filling it!

Greenberg also misconstrued the issue of food miles. Respected researchers like Dr. Peter Tyedmers, from Dalhousie University in Canada, found that transport makes a minor contribution to overall greenhouse gas (GHG) emissions, when considering the carbon footprint of seafood (or land-based foods). Mode of production is far more important.

Here's another surprise: California squid is one of the most efficient fisheries in the world - because a limited fleet harvests a lot of squid within a short distance of processing plants.

Studies show that the California wetfish fleet, including squid, can produce 2,000 pounds of protein for only 6 gallons of diesel. Squid are then flash frozen to preserve freshness and quality. Keep in mind that even with immaculate handling, fresh squid spoil in a few days.

As counterintuitive as it may seem, even with product block-frozen and ocean-shipped to Asia for processing, California's squid fishery is one of the 'greenest' in the world. One recent survey estimated that about 30 percent of California squid is now either processed here or transshipped to Asia for processing (other Asian countries besides China now do the work) and re-imported.

China, although important, is only one export market that craves California squid. With a growing middle class billions strong, Chinese consumers can now afford California squid themselves. Many countries that import California squid prefer the smaller size, and California squid goes to Mediterranean countries as well. In short, most of the squid that California's fishery exports are consumed overseas. Why? The U.S. palate for squid pales in comparison to Asian and European demand.

Also important to understand: California squid is the economic driver of California's wetfish industry - which produces more than 80 percent of the total seafood volume landed in the Golden State. California squid exports also represent close to 70 percent by weight and 44 percent of value of all California seafood exports. Our squid fishery contributes heavily to the Golden State's fishing economy and also helps to offset a growing seafood trade imbalance.

The sad reality is that price really does matter and most California restaurants and retail markets are not willing to pay double for the same - or similar - small squid that they can purchase for half the price.

Nonetheless, we do appreciate Greenberg's pitch for local seafood. Our local industry would be delighted if, as he suggested, all Californians would be willing to pay $1.50 a pound more for California squid. We may be biased, but in our opinion California squid really is the best!

D.B. Pleschner is Executive Director of the California Wetfish Producers Association, a nonprofit designed to promote sustainable wetfish resources.

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