

REDUCED BERING SEA POLLOCK CATCH RATES AS FISHERS SPREAD THEIR LOWER QUOTAS OVER THE SEASON

In an article on September 18, 2008 entitled "Pollock worry as B season catch rates slow down, some think TAC may not be reached," BANR Japan quoted worries published in the Japanese press that the Bering Sea pollock fishery risked not filling its B-season quota by the fishery's closure on November 1st.

When openings permit, Alaskan fishermen increase their effort during the summer months to capitalize on milder weather. After early September the weather in the Bering Sea begins to foul, causing catch rates to fall. So the worry expressed in the Japanese press was that, after its reduced catch rates in the summer, the pollock has left itself too much quota to catch in the last one and a half months of the fishery and that a failure to fill the quota will mean another quota cut next year.

Until last year the Bering Sea pollock fishery was the world's largest volume food fishery, producing an average of 1.4-1.5 million metric tons (MT) per year with clockwork efficiency. But at the end of last season, news of weakness in the stock was followed quickly by a quota cut of nearly 30%. So the possibility that it might fail to fill its reduced quota would represent a stunning reversal of fortune for the pollock fishery.

The following table shows average B-season catch rates for 2007 and 2008 as of mid-September, as well as the quota remaining at the end of the period:

| B-SEASON CATCH RATES, 2007-2008 | | | | | | |
|---|--------------|------------|---------------|------------------|----------------|---------------------------|
| <i>all figures in metric tons (MT) unless otherwise noted</i> | | | | | | |
| Year | Period begin | Period end | Fishing weeks | YTD catch | Catch / week | Quota rem'g at period end |
| 2007 | 10-Jun-07 | 15-Sep-07 | 13.9 | 550,228 | 39,707 | 181,454 |
| 2008 | 10-Jun-08 | 13-Sep-08 | 13.6 | 436,370 | 32,154 | 106,373 |
| Difference | | | | (113,858) | (7,554) | (75,081) |

As the table shows, despite lower catch rates this year, quota cuts mean that much less remains of this year's quota than at the same point last year.

In 2007 average weekly catch rates during the last month and a half of the season fell from 39,000MT in the summer to approximately 24,000MT. At this rate, the three components of the Bering Sea pollock fishery only wrapped up their fishing in late October.

The following table attempts to answer the following question: "If 2008 weekly catch rates remain approximately 8,000MT lower than last year, will the pollock fishery fill its remaining quota by November 1st?"

| B-SEASON CATCH RATES AFTER SEPTEMBER 15 | | |
|---|------------|------------|
| <i>all figures in metric tons (MT) unless otherwise noted</i> | | |
| | 2007 | 2008 |
| Remaining quota at Sep-15 | 181,454 | 106,373 |
| Actual 2007 catch rate after Sep-15 | 24,100 | |
| Assumed 2008 catch rate after Sep-15 | | 16,000 |
| Fishing weeks | 7.5 | 6.6 |

The table shows that even if the pollock fleet remains well behind 2007 catch rates, it should easily fill its quota by November 1st.

Whether fishing conditions are better or worse this year than last, the pollock fleet slower catch rate is more likely due to the vessels spreading their lower quotas over the entire season. The pollock fishery is governed by an Individual Fishing Quota (IFQ) system that allocates a percentage of the annual

quota to each shareholder. This system removes the “race for fish” motivation present in common-share fisheries and it is standard practice for most IFQ shareholders to average returns by spreading their quota over an entire season, as evidenced in other IFQ fisheries such as halibut and sablefish.

Sources: Urner Barry, BANR Japan

Implications for frozen seafood buyers:

- Quota cuts in Alaska have slashed the availability of pollock on the market, but the fleet should deliver its full quota, avoiding a further tightening of supply.
- By spreading their quota (lower though they may be) over the entire season, Alaska’s pollock fishermen are preserving the usual measured, orderly supply schedule of Alaskan pollock, which in the long term benefits both suppliers and customers.

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