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seafood business news from beneath the surface

US firm exits fresh fish business amid plans for Indonesia subsidiary expansion

PT PLANT SITE - SUMBAWA



This image illustrates the planned first of four small processing facilities, called fisheries centers, to be run by North Atlantic Inc. subsidiary PT Bali Seafood International in Indonesia. Image courtesy Jerry Knecht, founder and majority stockholder of NAI.

After transitioning from a 50-50 fresh-frozen mix, NAI is now focusing more on sales and marketing of frozen warm-water tuna, swordfish, snapper, grouper and mahi mahi from its PT Bali Seafood International subsidiary. NAI also gets fish from Vietnam and China, and about 20% of its frozen business comes from cold-water fish primarily from the North Atlantic.

NAI is already selling Indonesian fish into the North American market to large and small retailers, Stride said.

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[Matt Whittaker](#)

US East Coast seafood importer and distributor North Atlantic Inc. (NAI) has shifted its strategy away from fresh fish to focus on its frozen business as its Indonesian subsidiary plans to expand operations.

In September, NAI sold its fresh fish processing plant and equipment on the Portland, Maine, waterfront to Portland-headquartered Free Range Fish & Lobster and moved NAI's staff office, said Bill Stride, who was brought in as NAI's chief operating officer around May 1 and was then [promoted to the chief executive officer position](#), effective Oct. 1.

Free Range bought the building and equipment for \$825,000 as part of its own separate expansion plans, Free Range president Joe Ray told *Undercurrent*.



After the first of the year, the subsidiary will add two fishery improvement projects to the three it already manages in Indonesia, Jerry Knecht, founder and majority stockholder of NAI, told *Undercurrent*.

Additionally, Bali Seafood is about to build the first of four small processing facilities, which it calls fisheries centers, in the Indonesian archipelago.

Aimed at developing responsible harvesting practices, opening new markets to artisanal fishermen and improving the supply chain, the centers will also provide fishermen with best practices education, microfinance and ice for fish transportation, Knecht said.

Currently, there is about a 30%-60% loss of value in seafood caught by some 800,000 artisanal fishermen between harvest and arrival at the nation's processing infrastructure on the islands of Bali and Java, Knecht said.

Over the last four years, Bali Seafood has raised about \$3 million in equity and debt for the first of the facilities, Knecht said. The equity comes from a \$75m fund involving international sovereign capital pools, and the debt comes from a bank, he said.

The three other facilities will each cost between \$3m and \$4m, he said, adding that existing investors would want to double down, and cash flow will also be available for investing.

Historically, NAI has had yearly revenues of about \$15m, Knecht said. That took a dip as the company exited the fresh business, but it is expecting around \$20m in sales in 2015, he said. By 2018, it is expecting \$50m in sales, he said.

The first factory is expected to be complete roughly seven months after ground breaking in March, and all four should be at full capacity by the end of 2019, he said.

Knecht sees the exit strategy for investors as selling NAI to a large strategic seafood company wanting entry into an Indonesian fishery business without building such an enterprise itself.

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