

Sixty South seeks advantages in remotest area of Chile

By Cliff White

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Sixty South Chairman Yngve Myhre grew up on an island in northern Norway that had a population of less than 100. He cut his teeth in the salmon-farming industry working in that country's most distant and inaccessible fjords.

When he rose to the position of being able to choose the site of his own farm, he knew what to look for: A location remote enough not to have to deal with the impact of any neighboring operations.

The quest took him to Region XII in the far south of Chile – near the 60th southern parallel, and one of the areas in South America closest to the continent of Antarctica.

“When you have a background in the seafood business in Norway and you go down to the Magallanes region in Chile – of course, I was naturally a bit skeptical. But after sailing for hours to get down to the islands of Tierra del Fuego, past the Magallanes Strait, I saw amazing potential.” he said. “I saw this big remote area, a far distance from other farms, and I was very intrigued about the opportunity to do something really interesting. The distance to neighbors was almost 300 kilometers, and the ocean current was pushing the water from south to north, so I knew that the area had no influence from any other farms up north.”

That first trip took place in June 2014, and by October 2014, Myhre had worked on behalf of Nova Austral S.A.'s private-equity based owners to acquire the existing farms on the site. The group named the new operation Sixty South, after the farms' geographic latitude.

“After we came to a purchase agreement with the previous owner, in 2014, we began to convert the farms into something unique in South America,” Myhre said. “We began to invest in better genetics, better operations, and putting a better management system in place.”

Myhre said in his first year operating the Sixty South farms, he was amazed at how similar the conditions were to those in his homeland. The colder conditions mean Sixty South's salmon take about two months longer to grow to ideal harvestable size, but thus far, Myhre said, the farm's remoteness is paying off with good yields and few problems with disease or contamination.

"We do have the disadvantage of being so remote, but the cost disadvantage is more or less compensated by the good biology conditions we have, and our customers have come to respect us for that," he said. "We have few issues with sea lice treatment, no use of antibiotics, and we can grow our fish to a 5.5-kilo average before harvesting. Few others can do that in Chile, because the last growth cycle is too risky for their farming conditions and for the risks of sea lice."

The farm's production capacity was ramped up quickly – but not to the point where it would jeopardize quality, Myhre said. Last year, Sixty South produced 27,000 metric tons (MT) of farmed Atlantic salmon. In 2018, Sixty South is expecting its volume to decline slightly to 25,000 MT, but that should be a one-off event related to delays with stocking, and the company expects to have "a little more volume" in 2019, Myhre said.

Since the beginning, Sixty South's marketing strategy has focused on quality and the touting of its sustainability credentials, which allow the firm to "present something unique to the market," Myhre said. In 2016, Sixty South received Aquaculture Stewardship Council certification, and in 2017, the firm's salmon received yellow rating from Seafood Watch, listing it as a "Good Alternative."

"The ASC [certification] has been instrumental for us in penetrating the European market," he said. "Ninety percent of our volumes are currently ASC-certified and we expect to have 100 percent certified this year. That makes us one of the top players in aquaculture when it comes to ASC. "We're starting to see more and more interest both inside and outside of Europe from the retail and foodservice sectors in ASC and also Monterey Bay Aquarium

Within the past few months, Sernapesca, Chile's salmon farming authority, issued a special certification to Sixty South, verifying its salmon is raised without antibiotics. The credentials are important for the company to "present something unique to the market," Myhre said.

"The Sernapesca certificate ... [allowed us to] start to promote the never-treated fish in the market," Myhre said.

This year will mark another milestone for Sixty South. Previously, it purchased smolt from external producers, but the company is building a new hatchery that will allow it to be completely integrated.

"We are investing quite a large amount of money to be self-sufficient with our own smolt plant," Myhre said. "The hatchery is on a big island south of the Magallanes Strait, very close to where we have our processing plant in Porvenir, in Tierra del Fuego. We are [using] the best tech[nology] on this project. This technology has been quite successful in both Europe and Chile, and it produces really good seedlings while also doing a good job of recycling water. So we feel like we are working with the right partners to make this successful. And after this facility comes online, we will have complete control over our product from smolt through selling the final processed fish. "

Both the foodservice and retail sectors are demonstrating more interest in egg-to-plate traceability and sustainability certifications, which Myhre believes positions Sixty South very well.

"Our credentials have value for our customers. So we try to position our Sixty South concept as unique, and we are actively working to create a dialogue about where our products are placed in the market," he said.

The company's marketing strategy calls for sales to both the retail and the foodservice sectors, Myhre said. In 2017, the firm scored big victories by selling more than 40 percent of its product on contract, and by cementing a partnership with Fresh Direct, the online retailer, as well as placement in well-known, white tablecloth restaurants.

“We’re making interesting progress on both the retail side and on the foodservice side,” Myhre said. “We’re working with high-end customers in foodservice – restaurants and hotels. It’s very good for us when we have highly-rated restaurants starting to sell and promoting Sixty South on their menus. And we have a great partnership with Fresh Direct.”

Sixty South’s long-term plan is to do 40 percent of its sales in Europe and 40 percent in North America, according to Myhre, under a combination of partnership with other labels and by growing its own brand. The company is also hoping to expand its presence in Russia, and it recently launched a frozen fillet portion program for retailers in Europe and in the U.S. Currently, Sixty South uses its smaller-sized fish for value-added, and sells its whole salmon in Russia and Asia. In the future, Myhre wants the company to be selling 80 percent of its fish either as fillets or as portions, not whole.

Myhre said that while the look, feel, and taste of Sixty South’s salmon sets it apart, he has the most success in his sales pitches when he can convince prospective buyers to make the long journey down to the Magellanes region to see the farms and the Sixty South operation with their own eyes.

“Honestly, we push hard to get prospective buyers to go down and visit our farms,” he said. “For the customer to see the remote area, the clean, cold Antarctic water, and the good, quality fish those conditions produce – they sell themselves.”

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