

SENATE FINANCE COMMITTEE  
February 23, 2024  
9:02 a.m.

[9:02:37 AM](#)

CALL TO ORDER

Co-Chair Olson called the Senate Finance Committee meeting to order at 9:02 a.m.

MEMBERS PRESENT

Senator Lyman Hoffman, Co-Chair  
Senator Donny Olson, Co-Chair  
Senator Bert Stedman, Co-Chair [via teleconference]  
Senator Click Bishop  
Senator Jesse Kiehl  
Senator Kelly Merrick  
Senator David Wilson

MEMBERS ABSENT

None

ALSO PRESENT

Erin Shine, Staff to Senator Bishop; Brian O'Leary, COO, OBI Seafoods; Stefanie Moreland, Executive Vice President, Trident Seafoods; Julie Decker, President, Pacific Seafood Processors Association; Abby Fredrick, Director of Communications and Investor Relations, Silver Bay Seafoods; Greg Smith, Communications Director, Alaska Seafood Marketing Institute.

PRESENT VIA TELECONFERENCE

Jim Jansen, Chairman, Lynden Transport.

SUMMARY

SJR 14 SUPPORT STATE SEAFOOD INDUSTRY

SJR 14 was HEARD and HELD in committee for further consideration.

#sjr14

SENATE JOINT RESOLUTION NO. 14

Calling on the United States Congress and all federal agencies to adopt policies and engage in certain efforts to improve the competitiveness and resiliency of the state's seafood industry.

9:03:00 AM

Co-Chair Olson relayed that it was the first hearing for SJR 14. He invited the sponsor to present the bill.

9:03:32 AM

Senator Click Bishop, Sponsor, conveyed that the resolution addressed a very important issue facing the state. He read from a Sponsor Statement (copy on file):

Alaska's seafood industry is a vital part of Alaska's economy, benefiting fishermen, coastal communities, plant workers and the many businesses that rely on seafood production statewide. As the largest contributor to the United States' seafood harvest, Alaska plays an important role in global seafood production, exporting to over 100 countries worldwide.

Despite its significance, Alaska seafood faces numerous challenges in the global market. High interest rates, inflation, and increased competition from farmed fish and foreign countries threatens the economic viability of our fishermen and seafood businesses. These challenges impact fishing families and local economies and jeopardize our state's food security and supply chain integrity.

In recognition of these challenges, SJR 14 encourages similar treatment of Alaska seafood by the federal government as other sources of domestic food production and supports efforts by the federal government to establish an Office of Seafood Policy and Program Integration within the United States Department of Agriculture (USDA). This could play a crucial role in ensuring that domestic seafood is treated equitably while competing in the global market.

USDA provides critical support for agricultural products but lacks in its support for seafood products. Some of the issues within the USDA are the inability of fishermen and processors to participate in certain loan, grant, or tax credit programs; suboptimal timing of federal nutrition program purchases; and a lack of programs to help the industry develop new products and update aging infrastructure. An Office of Seafood Policy and Program Integration would provide needed leadership on addressing issues with USDA programs.

SJR 14 also encourages greater federal interagency cooperation and greater emphasis on various support mechanisms for the seafood industry from USDA and the National Oceanic and Atmospheric Administration (NOAA). This is increasingly necessary if the Alaska seafood industry is to survive these significant economic challenges.

Additionally, SJR 14 supports an increased seafood presence in the Office of the U.S. Trade Representative which could help address the unbalanced tariffs that result in higher export fees for Alaskan seafood than for competing seafood imports.

SJR 14 aims to support the Alaska Congressional Delegation in their strategic efforts to improve federal programs to give the seafood industry equal support that many other U.S. food products receive.

Senator Bishop referenced a recent address by United States (U.S.) Senator Dan Sullivan, and his mention of his efforts. He thought joint resolutions helped the efforts of the state's Congressional delegation.

[9:08:18 AM](#)

ERIN SHINE, STAFF TO SENATOR BISHOP, did not have additional comments but was available to address questions.

[9:08:48 AM](#)

BRIAN O'LEARY, COO, OBI SEAFOODS, introduced himself and spoke in favor of the bill. He relayed that he was born to a fishing family in Kodiak. He referenced the "disturbing" events in the fishing industry. He noted that OBI Seafoods

had eight facilities, six of which were seasonal. The company was not going to operate one of its facilities this year due to tough economic conditions. The company employed 1,500 employees at peak season. He cited three major issues for the fishing industry: de-globalization, geopolitical issues, and interest rates. He highlighted that the Ukraine-Russia conflict had hurt the fishing industry the most. He explained that Russia was dumping its commodities at low prices to fund a war. He referenced huge hatchery production in the Sea of Okhotsk.

Mr. O'Leary continued his remarks. He discussed frozen pink salmon at the price of \$1.30 to \$1.60 delivered to foreign markets. The previous summer, when Russian production was going unexpectedly and astronomically high, the price had dropped to below \$1. He mentioned a helpful executive order from the presidential administration and thought getting the USDA and the Office of the United States Trade Representative (USTR) to recognize seafood would be important. He contended that seafood needed to be treated in a similar way to agricultural products in the market. He contended that having a seafood office would be instrumental in getting the same options for risk and mitigation tools that farmers received, including profit insurance and product development.

Mr. O'Leary spoke to how interest rates affected the fishing industry. He detailed that the rise in interest rates had sucked liquidity out of the marketplace. He described that buyers were behaving differently and purchasing month to month and seafood processors were putting products in cold storage. He thought having representation in the USTR would be a huge advantage to help wean allies off Russian products and place Alaskan seafood into the correct marketplaces at correct market prices. He thanked the committee for its support of the USDA Section 32 bid, which had been approved and would be a big relief to the industry.

Co-Chair Olson asked about how the industry was surviving when product was being dumped on the international market below market value.

Mr. O'Leary thought there was a general agreement that the prices paid to fisherman were based on an expected margin. He knew what was paid in the current year was not

sustainable for the fleet or the processors. He described the situation as being "at a fork in the road."

9:13:49 AM

STEFANIE MORELAND, EXECUTIVE VICE PRESIDENT, TRIDENT SEAFOODS, introduced herself and spoke in support of the bill. She detailed that Trident was a family-owned seafood company that had been in the state for 50 years. The company owned and operated short-side processing facilities across the state and partnered with over 1,000 independent harvesters in producing wild Alaska seafood products around the world. She expressed support for the resolution, and relayed that Trident supported the resolution to draw attention to the crisis the sector was facing and to lend urgency to improving the competitive environment faced by Alaskan seafood producers in the global markets. She mentioned unprecedented economic conditions in 2023, which shocked the seafood industry and fishery-dependent communities and businesses.

Ms. Moreland thought many of the impacts were the result of the federal government focusing solely on the role of regulators of the marine resources and failing to regard the sector as being heavily invested in domestic food production. She contended that U.S. trade policies had been worsening for Alaska seafood producers for a decade, and the producers had been left out of major programs that supported the land-based agricultural sector. She cited that Alaska's competitive position in the global seafood markets was eroding. She cited factors including global imbalances in supply and demand, lost market share to Russian products, and high labor and production compliance costs. She referenced market pricing driven by low-cost imports that did not reflect the cost of the U.S. regulatory environment and sustainably managed ethical supply chains.

Ms. Moreland relayed that the industry had been seeking remedies, many of which were called for in the resolution. She cited that the biggest challenges were with federal policy allowing seafood to "fall between the cracks" of agriculture and industrial goods sectors. She contended that the interagency coordination called for in the resolution, as well as the inclusion of seafood in programs designed for U.S. food production were critical to sustain healthy futures for Alaskan communities.

Co-Chair Olson asked about Trident's locations in the state. He asked if any of the facilities would be shut down.

Ms. Moreland listed facilities in Petersburg, Wrangell, Ketchikan, Cordova, Kodiak, False Pass, Naknek, and St. Paul. She noted that Trident had made an announcement in December of the intent to divest in four of the facilities. She clarified that the intent was not to shut the facilities, but rather work to sell the facilities while ensuring continuity for the communities, harvesters, and employees. She relayed that Trident was working as quickly as possible but did not have any information that could be publicly shared. She continued that Trident was trying to focus and continue to reinvest, modernize, and to be able to improve the ability to compete globally. She mentioned differentiating the state and growing demand. She mentioned cost efficiency and reaching consumers with information about Alaska.

Co-Chair Olson asked about the number of Trident's employees.

Ms. Moreland estimated that there were about 4,500 seasonal employees at the facilities. She mentioned senior staff and maintenance. She mentioned a skills program with the Alaska Vocational Technical Center (AVTEC) to support modernization.

Co-Chair Olson commented on the great number of people affected.

Ms. Moreland agreed.

[9:18:23 AM](#)

JULIE DECKER, PRESIDENT, PACIFIC SEAFOOD PROCESSORS ASSOCIATION, expressed her support for the resolution. She relayed that she lived in Wrangell and had worked in the fishing industry for 30 years. She explained that Pacific Seafood Processors Association (PSPA) was a trade association which represented 11 major shoreside and mothership seafood processing companies operating in over 30 facilities in the state. She cited that PSPA's member companies bought hundreds of millions of pounds of fish from fisherman, which it processed and moved it to market.

The member companies had made significant investments in Alaska Seafood, spending hundreds of millions of dollars in facilities, processing technology, product development, and marketing. Additionally, members had made capital investments in communities.

Ms. Decker noted that PSPA members created jobs and created markets for thousands of independent commercial fishermen and contributed millions in tax revenue to state and local economies. She contended that many coastal communities depended upon Alaska seafood for an economic foundation. She emphasized that the seafood industry was facing economic conditions unlike any time since the collapse of salmon in the late 1990's and early 2000's, except the current problem included multiple species. She described a freefall of seafood prices in 2023, due to multiple economic and global factors occurring simultaneously. There were millions of dollars in losses and in some cases, processors stopped buying fish in order to reduce further losses. Experts estimate that the loss to Alaska's economy in 2023 was \$2 billion; with \$1 billion in wholesale value, and \$1 billion in decreased spending on vessels and facilities.

Ms. Decker continued that economic conditions in 2024 were not expected to improve. Fishermen and processors had borne the brunt of the economic effect, but she thought communities were starting to feel the trickle-down effect. She thought some challenging market conditions would improve over time but asserted that the need for government and state action was critical to support the industry and meet current challenges.

[9:21:42 AM](#)

ABBY FREDRICK, DIRECTOR OF COMMUNICATIONS AND INVESTOR RELATIONS, SILVER BAY SEAFOODS, spoke in support of SJR 14. She thanked the sponsor and co-sponsors. She relayed that Silver Bay Seafoods (SBS) was a fishermen-owned processing company. The company currently had six relatively new facilities in Craig, Sitka, Valdez, Kodiak, False Pass, and Naknek; and processed salmon, pollack, Pacific Cod, rockfish, and herring. She hoped that the company's diversity would help with resilience across the different markets. She cited that the company had experienced a dramatic shift in markets in 2023, and the outlook for 2024 left significant uncertainty.

Ms. Fredrick thought the current market condition was not usual nor cyclical. She thought the level of market decline was not normal. She mentioned global influences and proposed that the resolution would help tackle some of the elements that the federal government could help with. She highlighted the rapid increase in operating expenses. She noted that Senator Bishop had termed the situation a "five-alarm fire" that needed immediate attention. She thought the crisis was a reminder of the importance of the fishing industry. She thought the resolution would send a message that the legislature was supportive of the industry's efforts.

[9:25:44 AM](#)

Senator Kiehl appreciated that Ms. Fredrick directly addressed commercial fishing businesses that SBS purchased from. He asked if she could quantify how many individuals the company purchased from.

Ms. Fredrick estimated that SBS had over 600 fishermen partners, each with an average of five crewmembers. The fishers partnered with over 100 tender vessels, which also had crew members. She mentioned a peak of 2,500 employees at SBS facilities. She noted that the people impacted lived in every community in the state.

Senator Kiehl thought the number of sellers and fishing households was an important perspective to consider. He asked Ms. Fredrick to elaborate on the breadth of the crisis, and whether it affected certain fish or gear types.

Ms. Fredrick thought the issue was broad across all the species that SBS was participating in. She noted that SBS started in 2007.

Senator Kiehl appreciated getting an understanding of how dire and how broad the problem was.

Co-Chair Olson asked if SBS owned any tender vessels.

Ms. Fredrick affirmed that SBS owned some tender vessels that supported fishermen owners.

Co-Chair Olson asked if there was a cooperative.

Ms. Fredrick relayed that there were independent fishermen that operated and benefitted from personal businesses that invested in the processing facility and shared in the profits of the company.

Co-Chair Olson asked what kind of seafood was processed by SBS facilities.

Ms. Fredrick relayed that SBS processed primarily salmon, Pacific Cod, pollack, herring, and rockfish. It did not currently process any shellfish, but hoped there would be an opportunity in the future.

[9:29:31 AM](#)

JIM JANSEN, CHAIRMAN, LYNDEN TRANSPORT (via teleconference), testified in support of the resolution. He thought everyone understood the importance of the seafood industry to fishermen, processors, and coastal communities. He reminded of the importance of the seafood industry in supporting businesses and communities around the state. He used the example of his company having moved more than 14,000 containers of seafood from the state in 2023 while employing more than 500 Alaskans. He noted that the company was one of seven major marine companies moving seafood.

Mr. Jansen explained that in 2023, Lynden moved more seafood cargo than oil industry cargo. He suggested that Alaska's trucking companies, port companies and airlines all benefitted from the seafood industry. He cited that Southbound seafood was about 20 percent of Lynden's cargo volume and that without seafood, Northbound shipping rates would have to be substantially higher. He thought the seafood industry had suffered greatly in the previous two years and needed the help of the legislature.

Co-Chair Olson asked for Mr. Jansen to address how many employees might be affected in the marine line and the air cargo business.

Mr. Jansen noted that there were about 500 Alaska employees that were directly associated with the movement of seafood. He pointed out that Lynden was one of many companies that serviced the industry.

Co-Chair Olson asked what the Alaska Seafood Marketing Institute (ASMI) was doing specifically, considering there

was a dismal year for fishing and also those in the transport business.

[9:32:59 AM](#)

GREG SMITH, COMMUNICATIONS DIRECTOR, ALASKA SEAFOOD MARKETING INSTITUTE, listed that the 20 employees of ASMI, 15 contractors around the world, and retail and food service partners were doing everything they could to address the issue. He mentioned the preliminary price for Sockeye Salmon was at the lowest level in 20 years. He mentioned working with industry partners to promote Alaska seafood in Costco, Walmart, e-commerce. He mentioned working with influencers to collect with younger audiences. He mentioned being as strategic as possible with the available resources. He thought the seafood industry around the world was struggling.

Co-Chair Olson asked about targeting other international markets.

Mr. Smith relayed that ASMI was active in 9 regions and 40 countries. He mentioned existing markets in Japan and Europe, and new markets such as Southeast Asia. He recounted a recent trade visit to Morocco.

Co-Chair Olson asked for Mr. Smith to discuss ASMI's budget, and whether it was adequate. He mentioned the price of fuel and relayed that he had been a commercial fisherman.

Mr. Smith relayed that he had started with the institute in June of the previous year, and it had been extraordinarily challenging since that time. He mentioned the price of Bristol Bay sockeye and the impacts on fishermen, fishing families, and supporting businesses. He relayed that ASMI worked within its budget and was funded by an industry assessment, which would decline the following year due to reduced costs. He discussed federal funds which required matching state funds. He mentioned FY 24 state funds. He noted that ASMI's budget was about half of that of the Norwegian Seafood Council. He noted that Norway was investing at least \$5 million in the U.S. domestic market in the current year. He argued that there would be an opening in the market that would be wise to take advantage of after the recent executive order by President Biden banning Russian seafood.

[9:36:58 AM](#)

Senator Bishop referenced Mr. Smith's comment about a visit to Morocco. He asked about the number of people that would be targeted.

Mr. Smith cited that in the Middle East and North Africa there were 600 million people.

Senator Bishop relayed that he was able to go on his first tour related to seafood in Spain. He emphasized that if the state was going to be competitive on a global and domestic stage, it would need to increase its budget. He commented on the greater size of the representation from Iceland and Norway.

[9:39:02 AM](#)

Co-Chair Stedman thought there was zero funding in the current year's budget for ASMI. He thought there was an opportunity for the state to help turn the situation around. He thought imports of Russian fish would cease in 30 days. He asked what ASMI needed from the legislature to penetrate the market so that another country such as Norway did not rush in and fill the void.

Mr. Smith reiterated that ASMI was very appreciative of anything the legislature or governor was able to provide. He mentioned funds used in FY 24 to help relieve some of the large inventory of Bristol Bay sockeye harvest in 2022. He noted that ASMI had deployed at least \$3 million for the effort and asserted that marketing efforts translated into sales. He referenced promotions, coupons, and other marketing strategies. He noted that ASMI could move additional resources quickly to help Alaska seafoods of all kinds.

Co-Chair Stedman questioned Mr. Smith's answer. He considered that the ASMI budget had a forthcoming reduction from processing members due to the decline in fish prices. He pondered that the reduction was possibly as much as \$5 million. He asserted that trying to penetrate the American market would take funding, and ASMI had the opportunity to help committee members understand the magnitude of what the industry was facing. He thought ASMI should return with a three-year marketing plan to penetrate the American market.

He emphasized the urgency of the timeframe and competition from Norway.

Mr. Smith affirmed that ASMI had requested \$10 million in additional funding in the current year's budget to address current issues facing the industry. He expressed that ASMI would be happy to work on a plan. He offered to provide the information at a later time.

Co-Chair Stedman thought it would be good to give ASMI time to contemplate the plan. He emphasized that the problem was significant, and that the committee needed to know what was necessary. He thought that if there was a good flow of information, the committee could make a good case to assist ASMI in a significant way.

Co-Chair Olson agreed with Co-Chair Stedman.

[9:44:20 AM](#)

Senator Wilson wanted to summarize what he had heard. He understood that the industry had an opportunity to help some processors. He thought Co-Chair Stedman was referring to Alaska Seafood dominance in the U.S. markets, and thought it was a shared goal.

Senator Kiehl informed Mr. Smith that he was inclined to agree with Co-Chair Stedman's request for a three-year plan from ASMI. He hoped ASMI could quickly provide information related to how the state could invest in markets to help fishing families, processors, and other impacted parties. He wanted to see information related to impacts on each market segment.

Senator Bishop wanted to address employees in the industry. He emphasized that the state could not afford to lose the workforce. He considered data provided by the Pacific Seafood Processors Association (PSPA) and pondered the number of direct employees and fishermen. He emphasized the importance of keeping a market to keep people employed.

Senator Kiehl had a specific question directed to the text of the resolution, which referenced domestic and international efforts and various federal steps that needed to be taken. He mentioned a reference to a national export strategy from 2023. He cited that one paragraph in the section that referenced the federal government having

information in a lot of places and thought higher trade data and analytics should be developed. He asked if ASMI needed access to such information.

Mr. Smith asserted that ASMI had good sources of information, but more data and better sources would be helpful.

SJR 14 was HEARD and HELD in committee for further consideration.

Co-Chair Olson discussed the agenda for the following day.

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ADJOURNMENT

9:49:32 AM

The meeting was adjourned at 9:49 a.m.