

BRISTOL
BAY
AFFAIRS

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April 2, 1981

Governor Jay Hammond
Pouch A
Juneau, AK 99811

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Governor Hammond:

I was encouraged and disappointed when I read the "Bristol Bay Task Force" report approved by yourself on March 23, 1981. I felt that the recommendation for a marketing study is a short, halting, positive step in the right direction. However, I was deeply disturbed by the Gestapo-type reaction to so-called threats of violence during price disputes in Bristol Bay.

Please understand that I am not critical of the people who prepared the report because it does focus on one of the roots of the problem of getting a reasonable price for salmon in Bristol Bay.

The situation in Bristol Bay is a pond of pandemonium and chaos at this time. No quick-fix task force can study the problem, make recommendations, implement a plan and expect results in two months' time. However, I am encouraged to see some attempt to help fishermen establish a firm footing by getting basic data on the table as both sides bargain for a fish price.

I am disturbed by section B found on page 11 entitled "Controlling the Climate of the Negotiations". The title itself is enough to scare the most stalwart fishermen in Bristol Bay. Perhaps that was the intent, but I cannot believe that you would condone the use of force and violence to "control" negotiation climates. My reaction to that section is one of disbelief and confusion. Many fishermen are embittered by this section.

Section B is so one-sided that I fail to believe what I read when there has never been any killing of any person by violence in the history of the fish price negotiations. Although the report implies that the general welfare is to be protected, it looks as though it's the processors who are to be in possession of the armed forces of the state.

I don't want to belittle the "threats of violence and intimidation" but I can't help but note that fish processors have their own forms of intimidation. It is the threat of economic retaliation if a fisherman doesn't do what is best for the processor. Fishermen are told that if there is no settlement then there is no credit, no nets, no boat launching, no boat storage, no cannery mechanic etc., etc. There are also threats of ramming fishermen's boats by cannery skows. In fact, I believe there was such a ramming that took place last year.

I hope that you will reverse the outlay of public funds by appropriating \$50,000.00 for discreet surveillance of potential violence and \$320,000.00 for

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a comprehensive marketing study for Bristol Bay. In addition, I hope you will continue to support a longer airfield in Dillingham to allow large 747-type aircraft to fly fish out. Finally, the development of Seafood Industrial Parks would be most helpful in providing additional markets for our fishermen who are finding themselves without canneries to fish for. A Seafood Industrial Park in Naknek or King Salmon and Dillingham would attract canning, freezing and specialty processing thus increasing the market for our fish.

Thank you for your consideration. Please call or write if you have any questions about the points I raised.

Very sincerely,

Nels A. Anderson, Jr.

cc: Senator George Hohman
Rep. Joe Chuckwuk

JAPAN.....Year-end, generally the strongest period for seafood sales, is atypically quiet this year. Inventories of most products are down, reflecting a cautious approach on the part of trading and fishing companies. Prices for kazunoko, at both wholesale and retail levels, are half what they were one year ago.....Fishing has ended off Hokkaido for fall chum salmon, akisake, with a catch of 15 million fish (47,000 tons), down from last year's 18 million fish (61,000 tons), but sales are slow due to high prices and large size of the fish, which makes them unattractive as holiday gifts.....Some market observers blame slow consumer demand for salmon on this year's attractive kazunoko prices, but others fear that high salmon prices will lead to consumers refusing to buy it as they did with kazunoko last year.....Importation of sea urchin from the West Coast of the U.S. is increasing. Sea urchin is used in special New Year's dishes. Imported sea urchin sold for ¥2400/kg (\$5.12/lb) in late November. Sea urchin harvested domestically sells for ¥6700/kg (\$14.30/lb).

Japan and the USSR have tentatively agreed on respective fishing quotas for 1981 after only 11 days of negotiation. Totals will be 750,000 tons for Japan and 650,000 tons for the Soviets. A request by the Japanese to increase the take of Alaska pollock in Soviet waters did not result in an increased quota. It remains 290,000 tons. The USSR has been allocated 500,000 tons of sardine and blue mackerel in Japanese waters, the same as in 1979, although they had requested an increase. The Soviets have agreed to decrease their pollock catch.

The Japanese government has announced an import quota of 18,000 tons of squid for the last part of 1980, down from 36,500 tons for the same period a year ago. Squid remains overstocked in Japan.....Food herring caught in Japanese waters is abundant this year and sells ex-processor at ¥330/kg (\$.70/lb) and is superior in quality to imported herring. Imported West Coast herring was expected to sell at ¥250 to ¥280/kg (\$.53 to \$.59/lb).....A Tokyo company is selling fresh Atlantic salmon air imported from Norway. The salmon arrives two days after landing and is offered at ¥3500/kg (\$7.46/lb).....Importers are reportedly having to carefully inspect and grade bulk imports of king crab because of the problem with meat content. The crab price is expected to fall when crab is offered in bulk in wholesale markets. The question of covering losses will be a factor in tanner crab price negotiations, it is reported.

Leading Japanese fishery companies are reporting poor financial results.....Kyokuyo reportedly lost ¥2.8 billion (\$13.1 million) for the year ended in October, and Nichiro Gyogyo reports a loss of ¥3 billion (\$14 million) for the year ended in November.....Nippon Suisan and Taiyo are also expected to announce bad balance sheets.....Hokoku has announced it will hire no new university graduates next spring.

The dollar is strong against most other currencies, largely a result of high U.S. interest rates, but was losing ground to the yen in late December. Although a rate of between ¥212 and ¥215 to the dollar is seen as desirable by the Japanese government, trading just before Christmas was at ¥207/\$1. In December, 1979, the exchange rate varied between ¥245 and ¥260/\$1.

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Tsukiji Wholesale Market Prices

Product	Trends			Prices (U.S. Pack)		Prices (Home Pack)	
	Supply	Demand	Market	Current	1-Yr. ago	Current	1-Yr. ago
King Crab <small>(bulk)</small>	heavy	moderate	moderate	¥1600/kg \$3.41/lb R¥1750/kg \$3.73/lb			
Tanner Crab (bairdi) <small>(bulk)</small>	light	moderate	firm	R¥1570/kg \$3.35/lb	R¥1530/kg \$2.82/lb	¥1550/kg \$3.31/lb	
Tanner Crab (opelio) <small>(bulk)</small>	light	moderate	moderate	R ¥1100/kg \$2.35/lb		(Soviet) ¥1150/kg \$2.46/lb	
Herring Roe <small>(big size)</small>	heavy	moderate	firm	¥7500/kg \$16.05/lb			
Black Cod <small>(8 lb up)</small>	heavy	moderate	moderate	¥680/kg \$1.45/lb		¥870/kg \$1.85/lb	¥930/kg \$1.71/lb
Prawns (Mexican) <small>(16-20) size</small>	heavy	moderate	moderate	¥5900/kg \$12.59/lb			
Chum Salmon	moderate	moderate	moderate	(6-9 lb) ¥1250/kg \$2.66/lb		¥1240/kg \$2.64/lb	¥1350/kg \$2.49/lb
Sockeye Salmon Bristol Bay	moderate	moderate	moderate	¥1450/kg \$3.09/lb 2.60 lb		(mother-ship) ¥1750/kg \$3.74/lb	
Chum Salmon Roe <small>(No. 1)</small>	moderate	moderate	firm	¥4500/kg \$9.61/lb	¥4800/kg \$8.86/lb	¥6000/kg \$12.80/lb	¥5500/kg \$10.17/lb
Pink Salmon Roe <small>(No. 1)</small>	moderate	moderate	firm	¥3700/kg \$7.90/lb			

R= repacked in Japan

Exchange rate: December, 1980 ¥213/\$1; December, 1979 ¥246/\$1.

Above information compiled in cooperation with Nikkan Shokuryo Shimbun.

Seafood Report

Significant market developments.

DUNGENESS CRAB. Price settlements of \$.60 to \$.65/lb were reached at coastal season opening December 1. Fresh whole cooked Dungeness was appearing in supermarkets during the month at bargain basement rates, as low as \$.99/lb at one San Francisco chain, though \$1.10 to \$1.29 was more typical. Demand is good.

KING CRAB. Not a very good situation from anybody's point of view in late December. Prices were dropping by nickels and dimes with good quality 20-pound packs down to \$3 to \$3.10 ex-warehouse and lower quality product at \$2.75, but buyers were still hesitating to make large purchases, waiting to see how low prices will get and avoiding holding inventory with interest rates continuing upwards. Some observers predicted a quick recovery of prices to the \$3.25/lb level. Processors holding on to product were gambling that summer prices would follow last year's pattern and jump to the \$3.60 to \$4/lb level. An unspecified quantity of crab rejected as light-weight in Japan was reportedly on its way back to the U.S. but not expected to be dumped at the currently depressed prices. Meat was selling in late December for \$8/lb.

TANNER CRAB. The season is open in the Sand Point area, where the State Board of Fisheries has revised guideline harvest level downward from 15 to 20 million pounds to 3 to 6 million pounds, which is more in line with historical landings in that area. Harvest levels for other areas were reduced as well, reflecting three years of declining stock abundance. The Kodiak area harvest level is now 9 to 15 million pounds, down from an initially published 10 to 25 million pound figure. Last year the Kodiak area produced 18.6 million pounds; the year before 29.1 million pounds. The Bering Sea harvest has been set at 28 to 36 million pounds. Bering Sea fishing begins Jan. 15, Kodiak Jan. 22. Sand Point deliveries were on an open ticket, with price settlements to be based on what is resolved for deliveries from the Bering Sea and Kodiak areas. A bairdi price of \$.55 to \$.58/lb and opilio price of \$.23 to \$.25/lb seemed likely in late December, but some fishermen expected the bairdi price would go up during the season. Everybody, both Japanese and domestic buyers were seen as eager for bairdi, with Japanese prices for ocean run bulk pack crab FOB Dutch Harbor expected to be \$1.65/lb for bairdi and \$1.05/lb for opilio. Last year some opilio moved well in U.S. supermarkets at retail prices as low as \$1.05/lb. Processors were reportedly agreeing to sell bairdi to Japanese buyers only if the buyers would agree to take an equal or greater quantity of opilio as well.

SALMON. The Alaska canned salmon pack totaled nearly 4.2 million full cases (48 1-pound cans each) in 1980 up from 3.1 million in 1979, and the fresh and frozen production 195.4 million pounds, according to statistics issued by the Alaska Department of Fish and Game in November. Total production was over 504 million pounds. Outlook for the big canned pack continued positive, with one major company planning to announce price increases early in the new year. Frozen markets are slow.

ROE HERRING. San Francisco Bay's new platoon of gillnetters caught their full 1,200 ton quota in just over a week in early December. Ex-vessel price was \$1,200/ton for 10 percent roe content, but to pay this the processors had to really trim margins, since Japanese buyers refused to pay more than \$1,800/ton for frozen herring. Roe content in this early fishery averaged just over 11 percent. The January fishery usually gets better than 15 percent. Bodega and Tomales Bay season was open December 14 through 19, and gillnetters took approximately 200 tons of a total quota of 1,200 tons there. The price had reportedly fallen off to \$1000/ton. The important San Francisco Bay and Bodega/Tomales fisheries reopen Jan. 4, as do very small fisheries in Crescent City and Humboldt Bay.

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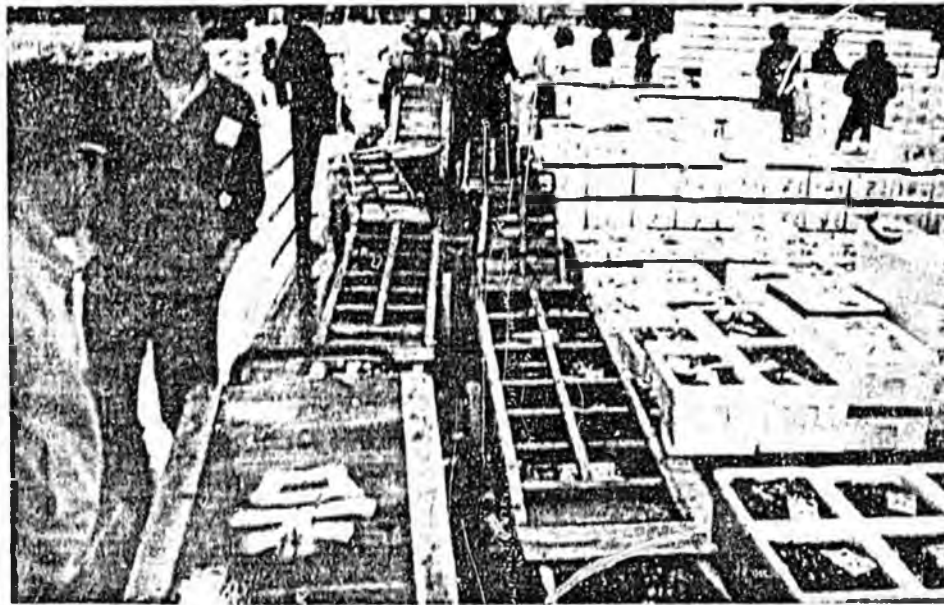
ALASKA Seas and Coasts

A Newsletter for the Alaska Commercial Fishing Industry



Quality and uniformity of packing are extremely important in selling fish or fish products in the Japanese markets.

Photo by Greg Favretto.



Part of the 52-acre Tokyo fish market known as the Tsukiji. In 1979, 821,000 metric tons of fish were sold here. The market is under the regulation and management of the Tokyo city government.

Photo by Greg Favretto.

Japanese Markets Recent Trends

by
Clinton Atkinson
Fisheries Consultant

Nearly five years ago, shortly before enactment of the 200-mile legislation, Clinton Atkinson wrote a three-part series of articles for *Alaska Seas and Coasts* characterizing the Japanese fishing industry and in particular the market structure for fish and fish products. Most of the current Japanese investment in the Alaskan fish processing industry was already in place by then and the issue surrounding Japanese domination of markets for Alaska fishery resources was being hotly debated.

In the ensuing years Japan has continued to be the major market for what have become Alaska's bread and butter fish products: frozen salmon, salmon roe, king crab, tanner crab, and herring roe. The market debate waned somewhat while prices for these products climbed and the industry prospered. When the price trend made a dramatic re-

versal this past year, the controversy again became heated.

In light of this we have asked Mr. Atkinson, a former fisheries attache' to Japan, who continues his careful observations of the Japanese fishing industry, to review once more the current structure and workings of the Japanese marketing system.

Editor's Note.

It has now been almost four years since the United States, Canada and the Soviet Union enacted their 200-mile fisheries or economic zones, restricting, if not eliminating, the Japanese vessels which had heavily fished the North Pacific waters. Although warned repeatedly in the preceding two or three years of the imminence of such action, the reaction of the Japanese government and the fishing industry to the action was one of disbelief and shock. There were periods of panic buying of fishery products and predictions of radical change within the fishing industry and the dietary habits of the Japanese people.

Susum Yamajo, an editorial writer for *Nihon Keizai*, the *Japan Economics Newspaper*, summarized the Japanese position in 1974-75 well:

"There is no doubt that the rights of the coastal countries over fishery resources in the waters concerned will be immensely strengthened. This also means a serious turning point for Japan's fishery industry. It also eventually will become necessary for the Japanese government to carry out an overall revision of its blueprint of the nation's food demand program....

"Japan's fish catches in areas within 200 miles of foreign waters in the northern part of the Pacific Ocean in 1973 amounted to 3,930,000 metric tons. Included among them were 3,570,000 tons within the sphere of 200 miles along the coasts of the United States, Canada and the Soviet Union. It is certain that these three countries will move to place severe restrictions on Japan's fishing operations in such areas....

"The advent of the "200-mile economic zone" age thus will shake the very foundation of Japan's food supply-demand schedule."

Although the predictions made by Mr. Yamajo and others have proven true to some extent the severity of the 200-mile restrictions was softened by the action of the Japanese government and the industry. The government soon initiated programs to compensate for the reduced catch by restoring the production of their coastal fisheries through aquaculture, pollution abatement, and environmental enhancement. Even so, the fishery agency expects an increase of only 300,000 tons by 1982 or less than one-tenth of what may potentially be lost from catches within the 200-mile zones of the U.S., Canada, and the USSR.

There was also a renewed effort to discover and develop new fishing grounds and products cooperatively by the government and the industry. Both the coastal and distant-water fishery programs are long term and even when fully developed, the yield from these fisheries will be very small when compared with the former Japanese catches of Alaska pollock from the North Pacific.

Demand and Supply

Dr. Mitsuo Iwashita, former director of the Fisheries and Oceanography Institute of Tokai University, projected the Japanese needs for marine products in the years 1990 and 2000. His findings are summarized in table 1.

The validity of the predictions in table 1 becomes very important to the Alaskan fishermen and the industry for it means that within the 14 year period (1976 to 1990), Japanese imports of fishery products would increase by approximately 10 times and a very significant part of these potential imports could come from Alaskan waters.

But it isn't quite that simple. Other important fishing nations, such as Canada and the USSR, already have their eyes on the potential of the Japanese market for fish and fishery products, and we can expect serious competition from these countries. Further, if the price is not right, we can expect a shift from fish to the production of pork or some other source of animal protein.

The purpose of this article and a companion to be published in a later issue of *Alaska Seas and Coasts* is to review the recent trends in the Japanese supply of fish and fishery products.

As shown in figure 1, total landings by the Japanese fisheries have remained between 10 and 11 million metric tons for nearly ten years. Production from the coastal fisheries has been about constant since 1976, and offshore fisheries have shown a continuing increase to offset the decline in catches from the distant-water fisheries. Yield from the inland fisheries and aquaculture, although increasing quite rapidly, is still negligible in comparison with the marine fisheries.

In 1977, net imports almost

Table 1. Projected Japanese Needs for Marine Products (In Metric Tons)

Item	Year		
	1976	1990	2000
Within the 200-mile Fishing Zone of Japan	6,051,000	8,500,000-10,500,000	9,000,000-12,000,000
From Distant Waters	417,000	500,000	1,000,000
Within the 200-mile Fishing Zones of other countries	3,506,000	2,000,000	2,000,000
Net Imports (Imports less Exports)	107,000	1,000,000	1,000,000
Total Amount Required	10,008,100	12,000,000-14,000,000	13,000,000-16,000,000

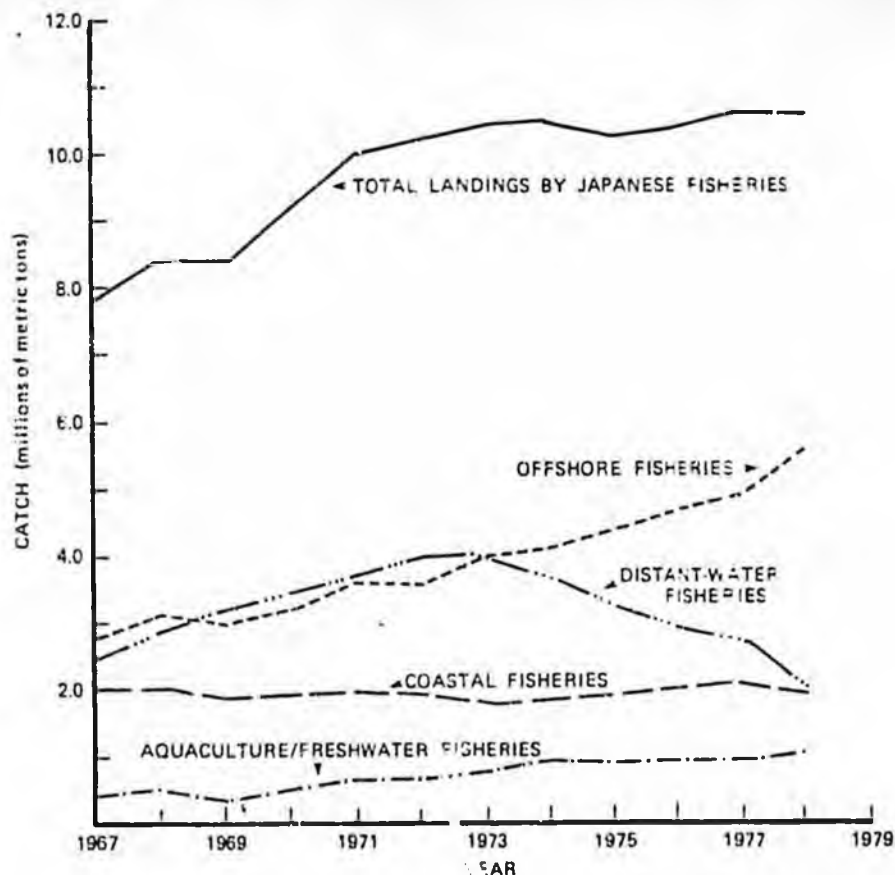


Figure 1. Recent Japanese catches by year and major type of fishery.

attained the one-million-ton mark set by Dr. Iwashita for 1990 (a total net import of some 996,000 metric tons), then fell to 433 thousand tons in 1978 and recovered to total 808 thousand tons in 1979. From the available import/export statistics for the first six months of 1980, it would appear that net imports will remain at about the 800,000 metric ton level.

As shown in table 2, per capita consumption of fish and fish products by the Japanese people measured in terms of daily intake of animal protein has remained the same between 1975 and 1978,

18.1 grams per day, while the daily intake of protein from meat, poultry and dairy products has increased from 17.6 to 20.5 grams per day. There is little question from these statistics and other references that the Japanese people are shifting away from fish to other sources of animal protein. This is at least partially an effect of the 200-mile fisheries or economic zones.

Both pork and poultry have shown continuing price decreases over the past twenty years while beef, dried and salted fish and fresh and chilled fish have also

shown increases in price. Chicken is now less expensive for the Japanese housewife than all but the very cheapest "mass-produced" fish, such as sardines, mackerel and squid.

The Public Markets

There are two types of public markets in Japan - the primary wholesale market production centers where fish are landed and the other for consumers in the larger cities.

Approximately 2,800 fishing ports are scattered along the coasts of Japan at the present time. About 1,000 of these ports have production center markets that are operated or supervised by the local municipal governments.

Almost all of the fish handled by the markets at these fishing ports are landed and sold fresh or chilled by the owners of the coastal and off-shore vessels. The sale is generally by auction—either oral or frequently by "silent bid." In the latter case, as observed at Wakkanai in northern Hokkaido, the daily landings for each vessel are posted on a blackboard and the buyers note their offer price and quantity desired on a slip of paper and deposited in a box. At a set time, the box is opened and the and the first portion goes to the highest bidder and the remaining portions go to the next lower bidders in succession.

Most of the sales from the "port" market are for subsequent sale in the consumer market areas, such as Tokyo, Osaka, Sapporo, Fukuoka (see figure 2). A lesser amount, much of which is frozen, is bought at this level by processors or by representatives from large consumer outlets such as supermarkets and department stores.

The largest consumer-center fish market in the world is located at Tsukiji in Tokyo. The market proper covers an area of about 52 acres and is under regulation and management of the Tokyo city government. In 1979, the market handled about 821,000 metric tons of fresh and processed fish.

There are seven licensed broker firms permitted to operate at

Table 2. Daily Animal Protein Intake of the Average Japanese Diet. (In Grams)

Year	Fish, Whales, etc.	Meat, Fowl, etc.	Total
1934-36	5.0	2.0	7.0
1955	13.5	3.4	16.9
1965	16.4	10.5	26.9
1970	16.6	15.2	31.8
1975	18.1	17.6	35.7
1978	18.1	20.5	38.6

NEWS NEWS NEWS

Marine Corrosion Seminar

The black pock marks and pitting of propellers and the relentless perforation of steel hulls is the handiwork of the demon many mariners call "electrolysis." A technical seminar dealing with the problems of marine corrosion caused by electrolysis in harbors will be presented over the Legislative Teleconference System on January 12 through 15, from 5 to 8 p.m. Anchorage time.

Gary Daily, harbormaster in Homer, and John Ball, Marine Advisory Safety Specialist, are organizing the seminar. The teleconference will originate from Homer. You can participate at any of the seventeen legislative teleconference centers throughout the state. They are in Anchorage, Barrow, Bethel, Dillingham, Fairbanks, Haines, Homer, Juneau, Soldotna, Ketchikan, Kodiak, Kotzebue, Nome, Seward, Sitka, Valdez, and Wasilla. Local legislative affairs offices can be contacted for the addresses of the centers.

The final agenda for the seminar will be available from the telecon-

ference centers early in January. For further information, contact: Gary Daily, Harbormaster, Port of Homer, Homer, AK 99603, Phone 235-8597; or John Ball, Safety Specialist, Marine Advisory Program, University of Alaska, 2651 Providence Ave. Bldg H, Anchorage, AK 99504, Phone 263-1890.

Vessel Icing Forecast Guide

If you are going to fish in the winter in Alaskan waters, you had best know all you can about superstructure icing. It can be extremely hazardous—especially to vessels less than 150 feet long. Superstructure icing and the rate of accumulation can be forecast with reasonable accuracy. There are two new free publications available to help you.

Superstructure Icing Forecast Guide for Alaska Waters is a three-page fold-out brochure on water resistant paper that can be posted in the wheel house. It displays two icing nomographs, one for open waters and the other for lee shores. Simple clear instructions are given for using the nomo-

graphs. The brochure was prepared by the Arctic Environmental Information and Data Center (AEIDC) of the University of Alaska under contract to the Pacific Marine Environmental Laboratory (PMEC). You can obtain it, from the National Weather Service Operations, 701 C Street, Box 23, Anchorage, AK 99513.

The forecast guide described above was developed from material in *Superstructure Icing in Alaskan Waters*, a readable and useful technical report by J.L. Wise and A.L. Comiskey, published by PMEC. This study describes how icing data were gathered, presents integration and correlation of the factors that affect icing accumulation rates, and contains a map depicting probable areas of most frequent and heaviest icing. This report is available from AEIDC, Attn: Al Comisky, 707 A Street, Anchorage, AK 99501.

Market Trends

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Tsukiji with about 800 auctioneers and assistants. There are 1,300 licensed jobbers (middlemen) and most of them have wholesale or retail shops or stalls in the market where the owners of small fish shops or restaurants and bars can come to buy their needs for the day. In addition, there are about 300 licensed buyers that represent supermarkets, department stores, processors, and groups of local fish shops throughout Tokyo.

In addition to the large adminis-

trative section which supervises and monitors the operation of the market, Tsukiji also has a large, computerized statistical section and their own sanitation and inspection laboratory. Most major banks have branches in the market and there are offices for the various associations that represent the brokers, the buyers, and the employees in the market.

Fish and fish products are sold in the market by four methods: auction, bid, consignment, and direct sale. Live, fresh, and chilled fish, since they are perishable, are sold at auction with no limit on minimum price—the product

must be sold that day. Most of this form of product comes from the production area markets in the various fishing ports or from the cooperatives outside of the market by refrigerated truck.

Frozen and processed fish products are usually sold either on consignment (auction or bid) or by direct sale to the buyer, with a fixed "floor" price. If the product does not obtain the set price, the fish or fish product will be returned to cold storage where it is held until the market is more favorable.

All sales must be handled by one of the seven licensed brokers at

Health Care at Sea Workshop

A practical two-day workshop on how to take care of injuries and medical problems on fishing vessels at sea will be given February 20 and 21, 1981, in Seattle. Prevention of accidents and injuries, how to treat injuries when they do happen, and how to get help for those you can't handle are the program's goals.

The workshop will be held at the VFW Hall in Seattle. Registration fee is \$25. The Ballard Community Hospital Industrial Services is organizing program. For further information, write or call Ellen Phillips-Angeles, Industrial Services Representative, Ballard Community Hospital, 5409 Barnes Avenue NW, Seattle, WA 98107; phone (206) 782-2700 ext. 619.

New Marine Advisory Agent for Kotzebue

Kotzebue will be headquarters for the newest Sea Grant Marine extension office and home for Rick Steiner, the newest member of the University of Alaska ma-

rine advisory staff. Rick will set up shop in the Chukchi Community College with advisory responsibilities for all of the coastal northwest Alaska from Stebens and Saint Michael to Point Hope.

Steiner brings a varied and interesting background to the position. He has fished commercially the past three years in Oregon and Alaska for crab, salmon, halibut, black cod, and tuna. In 1977 he was a National Marine Fisheries Service observer aboard a Japanese mothership in the Bering Sea. In the winter of 1978-79, Steiner traveled by canoe with a group of other adventurers along the old Northwest fur trade route from Great Slave Lake, Northwest Territories to the Bering Sea.

Steiner earned a masters degree in fisheries biology and oceanography from Oregon State University in 1979. He did a stint with the Alaska Department of Fish and Game before joining the Sea Grant staff.

For those of you in the Norton Sound region who need marine advisory assistance or don't know what a marine advisor can do, get in touch with your new agent at the Chukchi Community College, P.O. Box 297, Kotzebue, AK 99552.

Extraordinary Occupation— Fisherman's Wife

In the first study of its kind, a University of Rhode Island anthropologist examines the relationships between fishing and the lives of wives. *Fishermen's Wives: Coping with an Extraordinary Occupation* explores in detail the attitudes of fishermen's wives toward their husbands' occupation. Variables in the characteristics of fishing wives such as education, employment and personality are discussed and presented statistically.

The author, Fran Danowski, found that, dangerous as the occupation is, more than half the wives studied say they don't worry. About three-quarters of them don't want their husbands in a different job, but only half of them want their children to become involved with fishing. The equilibrium worked out by fishermen's wives is complex and interesting.

The report is available for \$2 from the University of Rhode Island, Marine Advisory Service, Publications Unit, Narragansett Bay Campus, Narragansett, Rhode Island 02882. Ask for publication P862.

a uniform commission of 5.5 percent. The brokers are established to comply with the legal regulations established by Japanese marketing law. Although they may control subsidiary cold storage and other facilities for handling the fish or fish products, they are restricted from handling foreign shipments directly. Such shipments must go through one of the companies or brokers outside of the market, or through a forwarding agent that can process the necessary custom declarations, letters of credit, etc.

The Tokyo Market publishes annually (in Japanese), information

on monthly quantities and prices paid for over 400 fish and fish products. This report provides the best base for comparison of price trends at the consumer wholesale level since the price is determined daily in competitive auction. There is one general problem, however, in the use of these statistics. The different grades, sizes and product forms are lumped together into the volume/price for any one item. This causes the least difficulty when studying the volume/price for live, fresh or chilled fish since they generally are of good quality to sell and are marketed "in the

round".

Care must be used, however, when you examine the statistics for frozen fish or fish products. Frozen salmon, for example, is marketed by species in at least three grades and several size categories; shrimp may be heads-on, heads-off, shell-on and shell-off, or just meat; and crab, of course, can be whole, sections, legs, bodies or claws, or just meat. Fortunately, the composition of a fish or fish product sold in the market changes very slowly from year to year and thus can be used for comparative study, but they still demand background knowl-

what a certain set of sta-
really mean.

Price

When all is said and done, it is the price that is the critical factor in selling fish, whether it be in Japan or anywhere else. The price is determined by negotiation between the buyer and the seller. The buyer is intent to purchase the product at the lowest possible price and the seller, of course, is equally intent to make the greatest profit possible from the product. And if he is new to the game, he is deathly afraid that he is going to be "ripped-off."

Irrespective of his fears, the best approach for the new-comer into the Japanese market still is to know his product, the quantity he can unquestionably provide, and his costs of production. Then, talk to the appropriate people in the large fishing companies or trading companies with offices located in Seattle, Anchorage, or elsewhere in the United States or Canada. There is no substitute for meeting face-to-face with a buyer, for negotiating in English, and for establishing terms that follow usual American business practice.

If interested, the company may offer the seller a price but frequently they will ask the seller for his price. If you can realize even a modest profit, say 3 to 5 percent, sell. There is no better training in marketing fish in Japan than going through the experience of actually selling fish for export. After several years, you will understand many of the factors and nuances of the Japanese market.

The one big problem area in selling fish or fish products in the Japanese market is quality and uniformity of packing. For example, a Grade 1 red salmon means a silvery bright fish (no color), semi-dressed (gilled-and-gutted), collar attached, free of noticeable scars or blemishes, good meat color, etc, and they must be packed in 10 kg boxes in uniform size categories (not one large, a couple of small, and a couple of medium-sized fish per box). The Japanese markets and the consumers are extremely sensi-

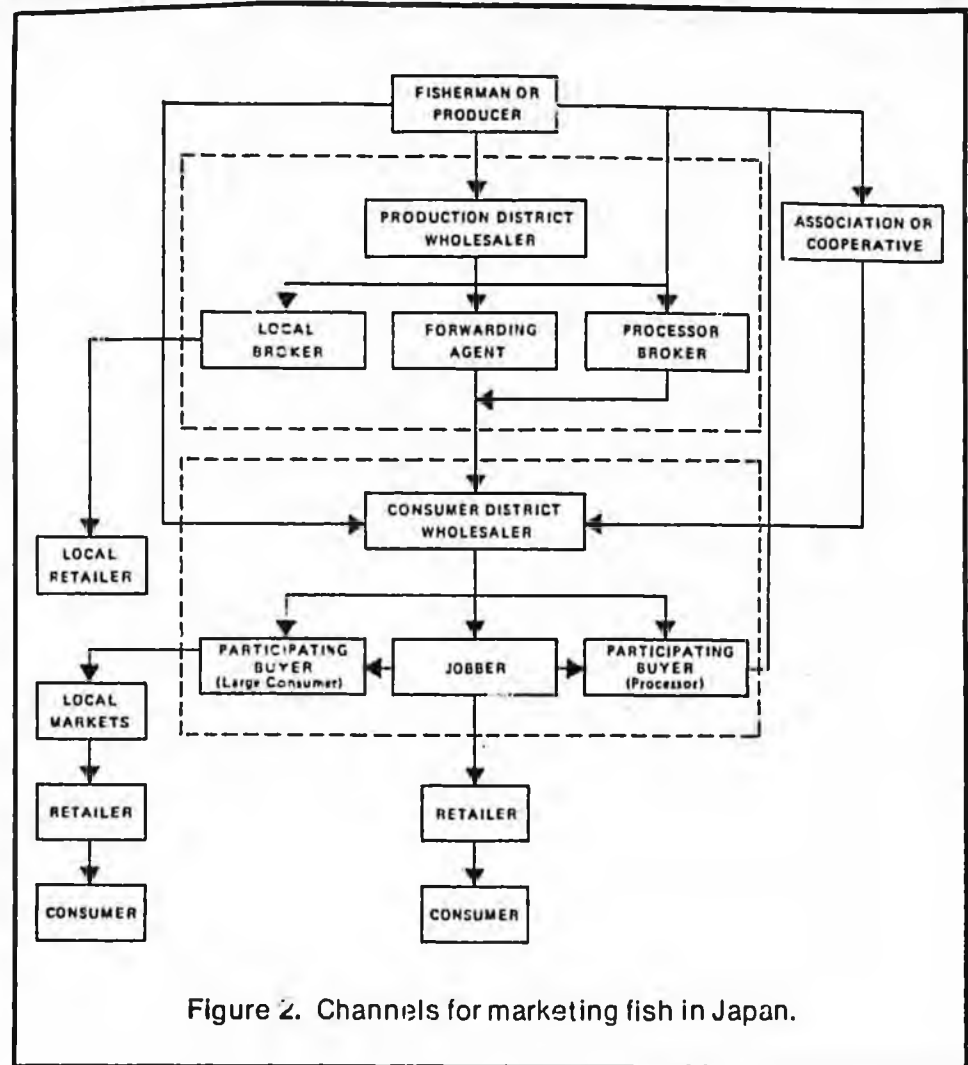


Figure 2. Channels for marketing fish in Japan.

tive to quality and uniformity of size. There have been more disputes and legal action taken because of these two factors than any other aspect of marketing fish in Japan.

More important, however, is the reputation of the seller and the general reputation of products from a given area. These will remain in the Japanese mind for several years. Thus we can understand part of the problem, at least, for marketing Bristol Bay red salmon in Japan as compared with salmon from some other area. To prevent disappointment and trouble, it is simply good insurance to arrange to have a Japanese inspector present at the time of processing and packaging the fish for sale in Japan.

There have been comments that because of the number of Japanese companies with interests in Alaska fisheries, there is collusion or price fixing, between

the Japanese firms. Although there may be instances where this occurs, it is rare.

Instead, the competition between companies, is vicious. A good example is found in the buying of roe herring in 1979. Competition between buyers drove the price from an expected one thousand-to-fifteen hundred dollars per ton to a high at one point of fifty eight hundred dollars per ton! Then, with some control over the supply, one company tried to market the product (Kazenoko) at 14,000 yen per kg (about \$28 per lb). The consumer wouldn't buy and the company responsible for the over-heated price went bankrupt.

Such illustrations are numerous in the history of Japanese marketing of fish and fish products and similar instances, should be recognized by the seller. He may enjoy an abnormally high price in one year but should be prepared

for a vacation the next year since inventories will usually remain high (the buyer will hold as long as he can in order to recoup his loss) and the offer prices of Japanese buyers for new product will invariably be low or even non-existent until the market conditions stabilize. If you recognize the pattern, then the shock shouldn't be too great.

Forecasting Price

The seller, however, still wants to know what kind of a price he can expect for his product. This is the question most frequently asked by the seller and hotly debated by large and small companies alike. You hear lengthy debates on the amount of inventory on hand, the effect of new quotas in the 200-mile zones on the supply, etc., etc. It is true that all of these factors have some effect on price and I will try to explain this relationship in a future article, but generally speaking, the basic wholesale price for seafood products in Japan follows a remarkably consistent pattern. It is a geometric progression from year-to-year which seems to be linked to the current rate of inflation for the country as a whole.

This relationship, shown in figure 3, is for all seafood products marketed in the Tokyo wholesale market but the same relationship can be found for any number of specific products sold in the market. The shape of the curve is also consistent for the various products.

The conventional way to plot this trend in wholesale prices in Japan is to use semi-logarithmic graph paper; plot the values on the graph paper, estimate the trend line using a straight edge, and read the probable price for the present or coming year directly. Examples of this method are shown in figure 4. Because of the great interest in herring roe prices, these are plotted separately in figure 5.

Two of the price trends are of special interest. Note the trend for frozen red salmon, for it shows

* Use of semi-logarithmic graph paper turns geometric relationships into straight line relationships for easier forecasting.

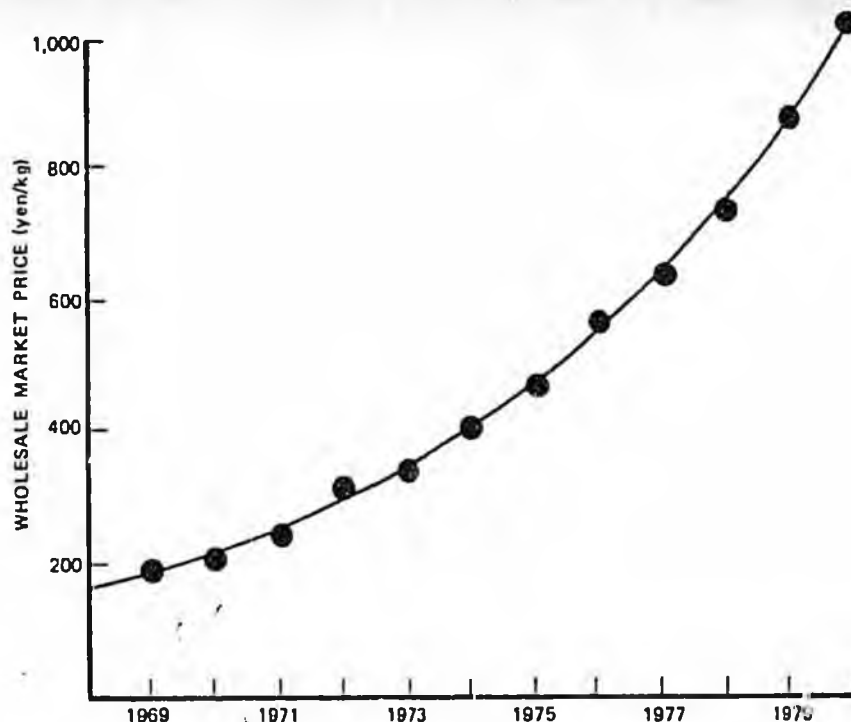


Figure 3. Trend in price for all fish sold in the six large consumer wholesale markets in Japan.

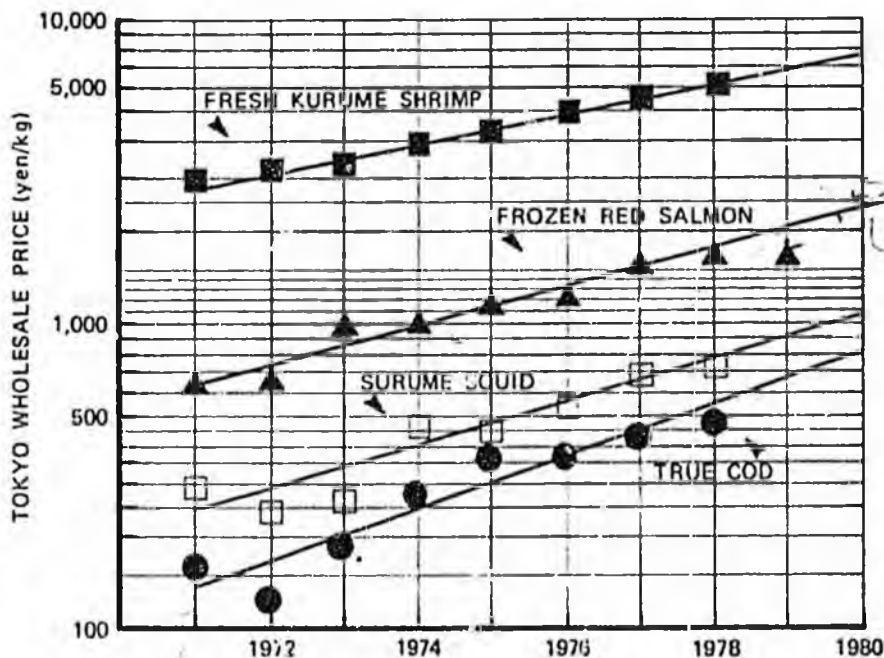


Figure 4. Trends in Tokyo wholesale prices for four common fish items, estimated by use of semi-log method of plotting.

Marine Corrosion Publication

Subscribers to *Alaska Seas and Coasts* will be receiving the publication *Causes and Prevention of Marine Corrosion*, Marine Advisory Bul-

letin No. 10. The author, Dr. William Sackinger of the University of Alaska Geophysical Institute discusses at moderate length (16 pages) the chemical and electrical forces which cause corrosion, and the most effective ways of preventing it.

Marketing Alternatives for Fishermen

As the fishing industry in the United States evolves, grows, and becomes part of a complex food marketing system which is also undergoing great changes, a number of basic problems have emerged. In the midst of all this, fishermen too often accept whatever price is offered, failing to examine individual or collective alternatives which might be available to them.

Marketing Alternatives for Fishermen, a Sea Grant publication, identifies and describes alternatives which fishermen may apply in attempting to solve their marketing or market-related problems. The 46-page booklet covers the basics of marketing including contracting, marketing channels, and marketing alternatives. Sources for further information on the various aspects of marketing are listed at the end of the booklet.

Marketing Alternatives for Fishermen is available for \$2 from the Sea Grant College Program, Texas A&M University, College Station, Texas 77842.

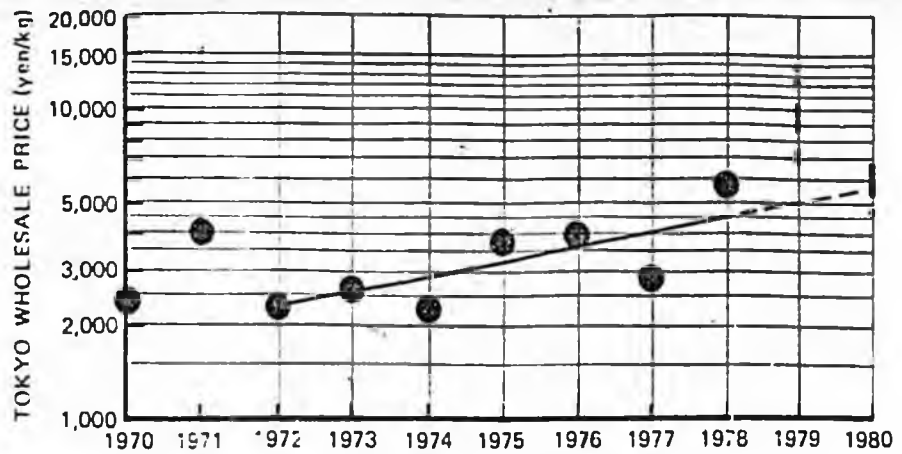


Figure 5. Trend in the Tokyo wholesale market prices for herring roe (kazanuko). Actual monthly prices for 1979 and 1980 are indicated by the small dots.

Market Trends

continued from page 7

rather clearly the depressed state of this year's Japanese market. The probable causes are: (1) a very high inventory involving carry-over from even 1973, (2) a general abundance of salmon in both Asia and North America, and (3) a "hang-over" of poor quality salmon from 1979.

The trend in price for herring roe shows very clearly the reaction to inflated price. Note the ranges of prices higher than expected in 1979 and the return to normal prices (as predicted) in 1980.

Admittedly, this is a "quick and dirty" method of predicting price for the coming season and perhaps for one or two years into the future and the conclusions must be combined with ample common sense. For example, it is imperative to watch for any significant change in the rate of inflation in Japan and you will probably have to use a range of foreign exchange values. Many of the other factors, however, such as inventories and expected abundance of resource are known for the coming season and can be taken into consideration when using this method to predict price. It is a useful guide.

ALASKA Seas and Coasts



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Marketing III: Salmon in the Supermarket



Dungeness Crab: West Coast Secret No Longer
Homer, and a Taste of Kachemak Bay Shrimp



Japan's dominance: realizing the US role

Alaska fishermen are being asked to bite the bullet this year on salmon prices. Justifiably, perhaps, but not for the reasons frequently reported these days to fishermen. The Japanese market has not collapsed nor are 1979 salmon inventories in Japan currently at abnormally high levels nor is the yen/dollar exchange rate the least unfavorable to Japan.

As we reported last month in *Japan Marketplace*, Japan is likely to import more salmon in 1980 than it did last year. The domestic catch in Japan is expected to be down sharply and last year's frozen inventories have been largely sold off. Even allowing for a much higher than reported catch level from Russian waters, Japan will be looking to buy as much as 70,000 metric tons (1979 import total was 54,697 mt). Added to this, a sharply rebounding yen over the last two months has strengthened the buying power of Japanese seafood importers, making U.S. seafoods purchased with dollars less expensive.

With Japan's market conditions conducive to large volume imports in 1980, this year's sockeye prices reflect more the strong bargaining position of Japanese buyers than real domestic demand.

To be fair, it needs to be reiterated that 1979 was a very bad year for the Japanese seafood industry as a whole. Too much seafood was purchased at too high a price, and many firms, importers, wholesalers and retailers, suffered losses. Importers in particular are still being criticized in the Japanese press for speculative practices which further tarnished the industry's image with the Japanese public.

Anxiety in Japan caused by the adoption of 200-mile limits around the world had a lot to do with the prices they were willing to pay for U.S. fish in 1978 and 1979.

Last year's financial setbacks and public criticism have brought Japanese fish importers back to earth, leading to a reevaluation of both their bargaining position with the U.S. and the price they would pay for salmon.

In short, major Japanese buyers know that as long as the U.S. relies solely on them to buy, import and market fish in Japan, they can impose terms weighted strongly to their advantage.

When looking for someone to blame for the present hard times it is almost axiomatic that the accusing finger be pointed at Japan. Our complaints run something like: "It's no wonder we're not getting anything for our fish—the Japanese have a stranglehold on the whole industry," or "To get us hooked they come in one year offering to buy all our production at any price. Then once they have us where they want us they demand higher quality product at outrageously low prices. The big Japanese companies had it all figured out in advance. It's nothing more than out-and-out conspiracy."

Such complaints are noteworthy not for the amount of truth they are based on but for the disquieting truths they reveal about our trading position with Japan. Our relation-

Brent Evans & David Keene An Analysis

ship can be spelled out in three adjectives: adverse, passive and resigned.

The Japanese— adversaries or customers?

It is a paradox that we, the sellers, have come to regard the Japanese, the buyers, more as adversaries than customers. An adversary is someone you approach with suspicion, whereas a customer is someone you approach with the desire to serve. In dealing with an adversary you are primarily interested in his motives and how a particular action of his could damage you. In dealing with a customer you are primarily interested in his needs and how his actions could be adapted so as to maximize mutual profitability. Interaction with adversaries is essentially combative, whereas successful interaction with customers is keynoted by cooperation.

It is not difficult to perceive that our fundamental outlook towards the Japanese as adversaries/buyers instead of customers/buyers is unhealthy and counterproductive. If it continues to persist it will severely retard the growth of a relationship that has the potential of being staggeringly profitable for both sides.

Passive seller vs. active buyer

The second characteristic of our position as sellers of seafood products to Japan is passivity. To us, passive seller is a contradiction in terms. A seller is supposed to be aggressive. To be successful, he must first go out and get a feel for the market and then capture it by carrying out a carefully designed plan of attack based on his findings. However, in looking at what has been happening in our industry over the past several years, we see that the Japanese—the buyers—are the ones who have grabbed the initiative. They have established permanent representation here and have been aggressive in appropriating capital for acquiring, modernizing and expanding processing operations.

The hugeness of their presence in our industry to the point where they can effectively dictate prices and terms to us did not come by accident. It is the fruit of long-term planning and single-minded efforts to cope with anticipated seafood shortages caused by the world-wide move to declare the 200-mile economic zones. Viewed in this way, their presence here is nothing else but the result of good sound business practice—doing what one has to do in order to secure a reliable source of supply.

Unfortunately, we have contented ourselves with being passive ob-

ject. We found it comfortable to let the Japanese come to us, beating down our doors to buy all they could at high prices, and it was hard to visualize circumstances in which the shoe would be on the other foot. Why go to the expense and bother of tracking all the way over to Japan to recruit customers when all we have to do is run our fingers down a convenient list of phone numbers for the Seattle offices of Mitsubishi, Taiyo, Nippon Suisan, Nichiro, Kyokuyo, Marubeni and other major Japanese buyers? This is the compelling bit of logic that made us passive sellers.

It is a vulnerable role indeed. The seller who opts for passivity will eventually be dominated and taken advantage of by a set group of buyers. This is particularly true when the buyer-seller relationship is essentially an adversary one. Our position is further clouded by our reliance on these major importers to market our products in Japan. If they do a good job, fine. If not, then our products are discredited in the eyes of those who consume them. In last month's *Japan Marketplace*, we pointed out that fish imported from the U.S. (Yunyunmono) is not held in very high esteem by the Japanese public, a circumstance which indicates that the marketing job being done is far from satisfactory.

Resignation

The third underlying feature of our position vis-a-vis the Japanese market is resignation. Although obviously dissatisfied with the way things are, we nevertheless continue to find excuses for inaction and thus acceptance of that status quo in our dealings with Japan.

"Corporations like Mitsubishi and Taiyo are too big and too sophisticated—it's impossible for us to compete with them on their home turf."

doggling in its complexity. We just don't have the knowledge or the tools to go in there and crack it. Besides, the cultural and language differences are insurmountable."

Recognize these statements? They belong to the conventional wisdom shared by businessmen from many other industries besides our own. It has as its fundamental tenet the belief that the Orient, especially Japan, is surrounded by an impenetrable shroud of mystery and will forever remain inscrutable to Westerners. Thus it is that in venting our spleen about the one-sidedness of our buyer-seller relationship with the Japanese, there is never any mention made of possible countermeasures or plans of action which have as their goal the upgrading of our position to that of an equal. This lack of initiative is a sign that we have resigned ourselves to whatever fate has in store for us.

In the foregoing, we have attempted to outline symptoms of a malady besetting our industry. We maintain that there is a cure; namely, changing ourselves to cooperative, aggressive, determined sellers. This calls for a radically different approach to the Japanese market. We must begin to take responsibility for our own marketing instead of entrusting it to a small elite of major trading and fishing companies. In next month's editorial we will get into some concrete proposals for doing just that by taking stock of latent strengths in our position vis-a-vis the Japanese market and capitalizing on them. □

David Keene and Brent Evans are both fluent in Japanese and have lived, studied and worked in Japan. A marketing consultant on Japan, David Keene represents a chain of Japanese seafood restaurants. Brent Evans recently worked for two years at a Japanese economic research firm in Tokyo; he is currently general manager of the Journal.

Trollers' Lamens!

In the fog'sle, making up hootchies,
While the surf pounds over the rocks,
A hard-working man devises a plan,
While the ocean teases and mocks.

The salmon outsmarted us today,
As they have many times before,
And a Southeast gale made us turn tail
and find a snug little port.

It's an uncertain life, to say the least,
For on nothing can you rely,
You desperately wish to run into some fish
And a cannery wanting to buy.

It's a way of life that's passing away
In front of our saddened eyes,
Batting the ocean, in perpetual motion
In search of the Kings we so prize.

For the fisherman adapts to the ocean,
And finds a way to survive,
But the constant frustrations of new regulations
May just be the fleet's demise.

For the runs aren't what they once were,
And they certainly need to do something,
They didn't foresee a depleted sea,
Tho they still might save the King.

And find a renewal of the troll fleet
In a few years, with a big run,
For with no fishermen here, there are no pioneers,
And the individual is done.

—Terry Rilatos
Wrangell

1981 BRISTOL BAY SOCKEYE SALMON FORECAST REPORT

To the

Alaska Board of Fisheries

December 1980

Submitted by: Charles P. Meacham
Research Biologist

Alaska Department of Fish and Game
Division of Commercial Fisheries
Anchorage, Alaska

INTRODUCTION

The intent of this report is to: (1) document 1980 returns of sockeye and pink salmon to Bristol Bay relative to the preseason forecast, (2) present the 1981 forecast of sockeye salmon total return and projected potential harvest of all salmon species, and (3) discuss the long term outlook for salmon production within Bristol Bay.

1980 FORECAST AND RETURNS

Record numbers of sockeye salmon returned to Bristol Bay in 1980. The total return of 62.4 million compared favorably with a preseason point forecast of 54.5 million and was well within the forecast range of 39.4 to 69.5 million. This run greatly exceeded the average return of slightly less than 40 million for comparable peak cycle years since statehood (Figure 1). Actual returns exceeded the forecast by 7.9 million fish - - 14 percent over forecast levels (Table 1). The 75-25 percent return of 2-ocean and 3-ocean sockeye salmon, respectively, matched the preseason forecast although within each ocean age group a higher than expected proportion of 1-check smolt (4_2 and 5_2 age classes) was present (Figure 2). Returns of sockeye salmon to the Naknek-Kvichak and Egegik Districts closely matched the forecast while returns to the Ugashik, Nushagak, and Togiak Districts were stronger than forecast and accounted for all the fish above the number forecast (Figure 3).

Due to the record potential harvest of over 37 million sockeye salmon in 1980, a new forecast technique was implemented generating a forecast of the daily total run and the daily potential harvestable surplus for each fishing district. There was a remarkable similarity between actual and forecast potential harvest as shown in Figure 4. The peak harvest rate was forecast to be 2.538 million sockeye per day while the actual peak harvest was 2.453 million sockeye caught on July 5. Also apparent from Figure 4 was the loss of potential harvest during the period of price negotiations prior to the July 3rd settlement and a dip in daily harvest about 5 days later which was probably due to processor suspensions. The number of sockeye which could have been harvested if there had been an earlier price settlement is conservatively estimated to be in excess of 11 million fish.

Pink salmon returns in the Nushagak District numbered 5.2 million, considerably below the point forecast of 15.7 million. There was no range provided for the pink salmon forecast because, as mentioned in the 1980 forecast, "any forecast will be highly speculative." The major difficulty was that the forecast was based on a parental escapement of over 9 million, more than twice the largest previously recorded escapement. Production from this escapement was about 0.5 fish per spawner.

1981 FORECAST

A total of 26.7 million sockeye salmon are forecast to return to Bristol Bay in 1981. A run of this magnitude would be over twice that of the

1976 parental cycle year and considerably above the comparable cycle average returns of about 15 million fish (Figure 5) Should a return of this magnitude occur, a potential harvestable surplus of 21.2 million sockeye would be available to commercial fishermen after escapement requirements of 5.5 million are met (the escapement goal for 1981 is consistent with the Kvichak River post-peak cycle escapement strategy of 2 million spawners). A harvest of 21.2 million sockeye would be considerably above both the comparable cycle average harvest of 9 million and also the peak year average harvest of 17.4 million sockeye.

Forecast total returns substantially exceed spawning requirements for every commercial fishing district within Bristol Bay (Table 2). Projected potential harvest by district is as follows:

Naknek/Kvichak	11.1 million
Egegik	2.6 million
Ugashik	2.5 million
Nushagak	4.5 million
Togiak	0.5 million
Total	21.2 million

Forecast return and potential catch for the Ugashik District are probably the most questionable and will warrant close scrutiny in-season.

Age composition of the forecast sockeye salmon run (Table 3) is expected to be as follows:

4 ₂	3.7 million (14%)	5 ₂	7.7 million (29%)
5 ₃	9.2 million (34%)	6 ₃	6.1 million (23%)
Total 2-Ocean 12.9 million (48%)		Total 3-Ocean 13.8 (52%)	

Because of the relatively high percentage (52%) of the larger 3-ocean fish, the average weight of sockeye salmon from the commercial catch is anticipated to exceed 6 pounds.

Formal total run forecasts for other salmon species returning to Bristol Bay are generally not made because good escapement data is not available for these species. However, catch projections are made based on relative estimates of parental run size, average age composition data, and recent relative productivity patterns. Catch projections (in thousands) for all species are as follows:

sockeye	21,200
chum	1,500
coho	250
chinook	150
pinks	-
Total	23,100

With any forecast program one must consider the projections in terms of historical performance or relative forecast accuracy. Measurements of forecast accuracy are available for sockeye salmon. Considering forecast error in terms of run variability, figure 6 graphically indicates

that trends in the run are reasonably well forecast. However, forecasts for a single year may be considerably in error, and the average error is 43%, sign not considered. One must, therefore view the forecast 25.7 million total return and 21.2 million projected potential harvest of Bristol Bay sockeye salmon in those terms.

LONG-TERM OUTLOOK

Returns of all salmon species to Bristol Bay since 1978 have been considerably above average and much above the particularly poor returns in the early and mid 1970's. Both catches and escapements have generally been excellent. The conditions believed responsible for such returns are (1) good escapements, in numbers and spawner distribution, (2) excellent freshwater and marine survival, and (3) decreased levels of high seas interceptions. As long as these conditions persist, the outlook for the next few years is bright. Beyond the next few years, however, the future is particularly uncertain, especially in regard to sockeye production. This is largely due to record escapement levels never before observed. Some systems experienced sockeye escapements in 1980 that were over 10 times the level considered as optimum. Production of salmon from these escapements cannot be accurately monitored until 1982 and 1983 when the juveniles produced will leave freshwater rearing lakes for the sea. At that time outmigration estimates will be made for the Kvichak, Wood, and probably 2-3 other river systems.

Table 1. Bristol Bay sockeye salmon forecast compared with the actual inshore run by river system, 1980 (all figures in thousands).

River System	Pre-season Forecast	Actual inshore Run	Actual Run/Forecast Ratio
<u>NAKNEK-KVICHAK DISTRICT</u>			
Kvichak River	40,064	35,234	0.88
Branch River	155	546	3.52
Naknek River	<u>2,703</u>	<u>4,791</u>	<u>1.77</u>
District Total	42,922	40,571	0.95
<u>EGEGIK DISTRICT</u>			
	3,445	3,674	1.07
<u>UGASHIK DISTRICT</u>			
	1,488	4,247	2.85
<u>NUSHAGAK DISTRICT</u>			
Wood River	2,338	4,438	1.90
Igushik River	1,425	3,056	2.14
Nuyakuk River	2,167	4,695	2.17
Nushagak-Mulchatna	205	471	2.30
Snake River	<u>21</u>	<u>54</u>	<u>2.57</u>
District Total	6,156	12,714	2.07
<u>TOGIAK DISTRICT</u>			
	531	1,070	2.02
<u>TOTAL BRISTOL BAY</u>			
	54,542	62,276	1.14

Table 2 . Bristol Bay sockeye salmon forecast, escapement goal, and projected potential harvest by river system, 1981.

District/System	Number of Fish in 1,000's		
	Forecast of total run	Escapement Goal	Projected Harvest
Kvichak River	10,419	2,000	-
Branch River	342	185	-
Naknek River	3,345	800	-
Naknek-Kvichak District	14,106	2,985	11,121
Egegik District	3,173	600	2,573
Ugashik District	3,029	500	2,529
Wood River	2,336	800	-
Igushik River	1,994	150	-
Nuyakuk River	1,192	250	-
Nushagak-Mulchatna	180	40	-
Snake River	43	30	-
Nushagak District	5,745	1,270	4,475
Togiak District	647	100	547
Total Bristol Bay ^{1/}	26,700	5,455	21,245

^{1/} Sockeye salmon of several minor age classes would be expected to contribute an additional 1-2 percent to the total run.

Table 3 . Bristol Bay sockeye salmon forecast by age class and river system, 1981.

District/System	Number of fish in 1,000's				Total
	Age Class (Brood Year)		Age Class (Brood Year)		
	4 ₂ (1977)	5 ₃ (1976)	5 ₂ (1976)	6 ₃ (1975)	
Kvichak River	1,433	4,991	1,483	2,512	10,419
Branch River	79	99	137	27	342
Naknek River	302	649	1,281	1,113	3,345
Naknek-Kvichak District	1,814	5,739	2,901	3,652	14,106
Egegik District	324	1,396	287	1,166	3,173
Ugashik District	350	1,597	655	437	3,029
Wood River	810	189	1,175	162	2,336
Igushik River	67	193	1,453	281	1,994
Nuyakuk River	118	67	796	211	1,192
Nushagak-Mulchatna	56	3	90	31	180
Snake River	6	8	22	7	43
Nushagak District	1,057	460	3,536	692	5,745
Togiak District	136	70	333	108	647
Total Bristol Bay ^{1/}	3,681	9,252	7,712	6,055	26,700

^{1/} Sockeye salmon of several minor age classes would be expected to contribute an additional 1-2 percent to the total return.

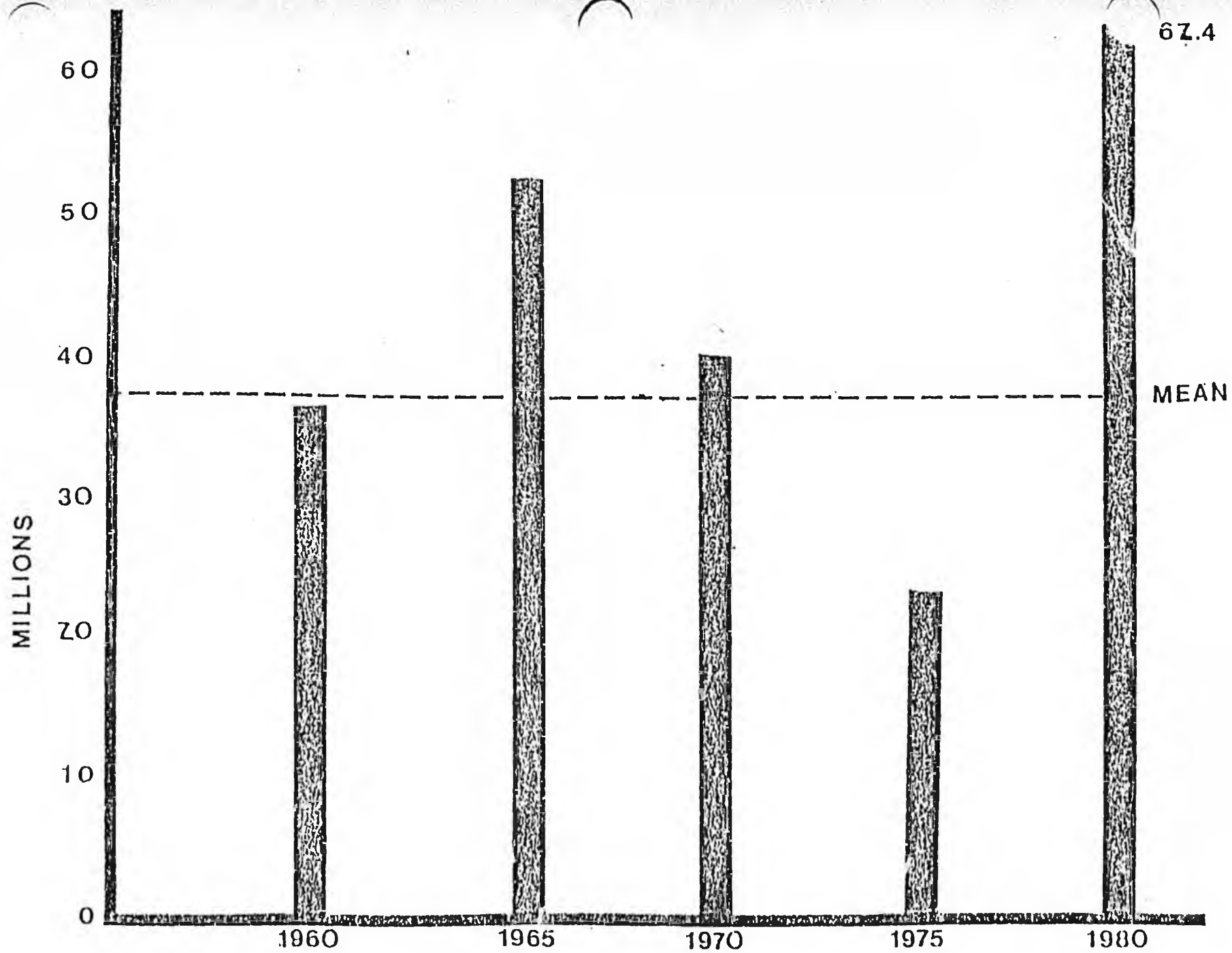
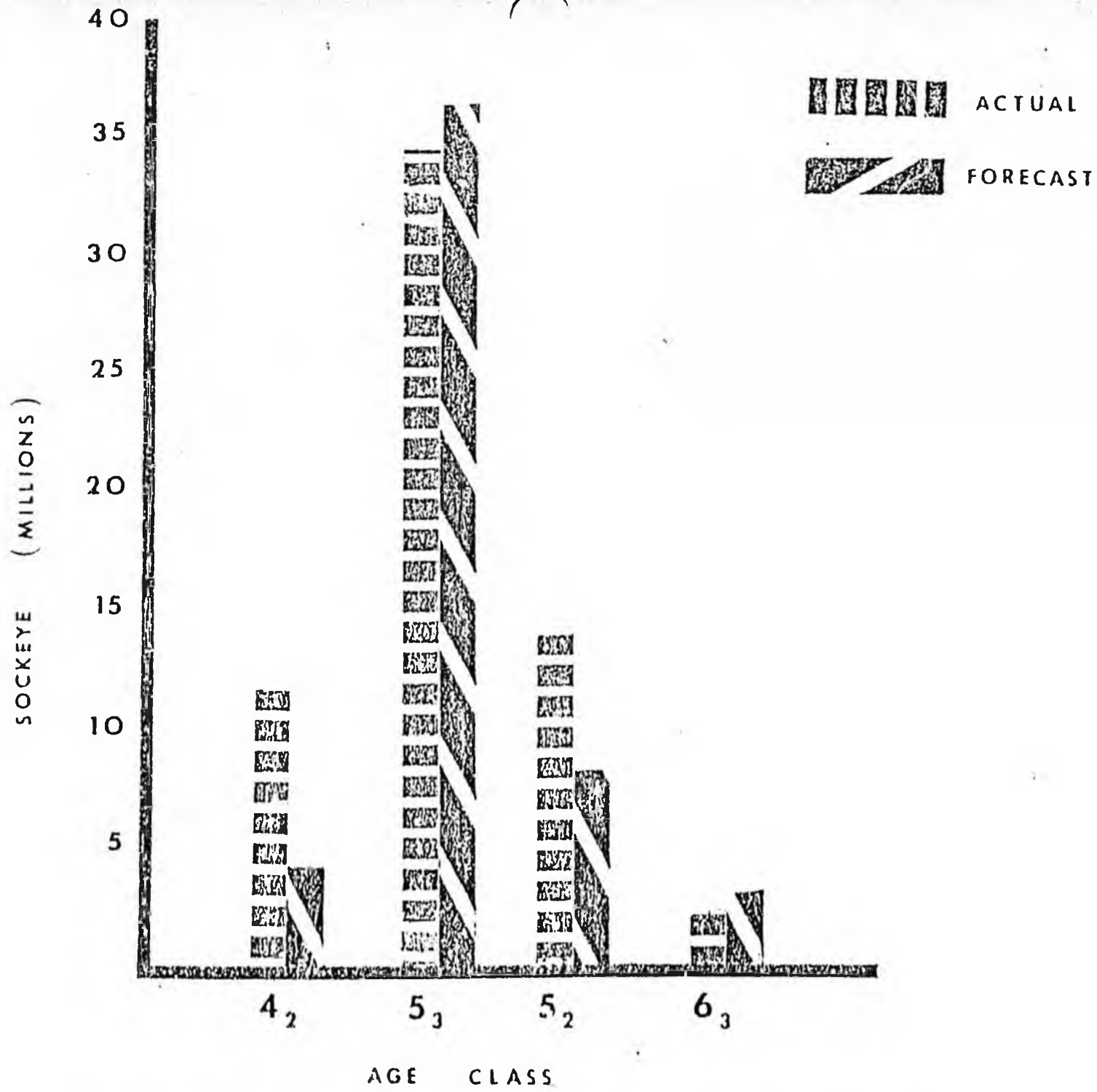


Figure 1 . Comparison of the 1980 sockeye salmon returns with comparable returns for previous cycle years since statehood, Bristol Bay.

1980



-10-

Figure 2. Actual and forecast returns of sockeye salmon to Bristol Bay in 1980 by major age class.

BRISTOL BAY SOCKEYE 1980

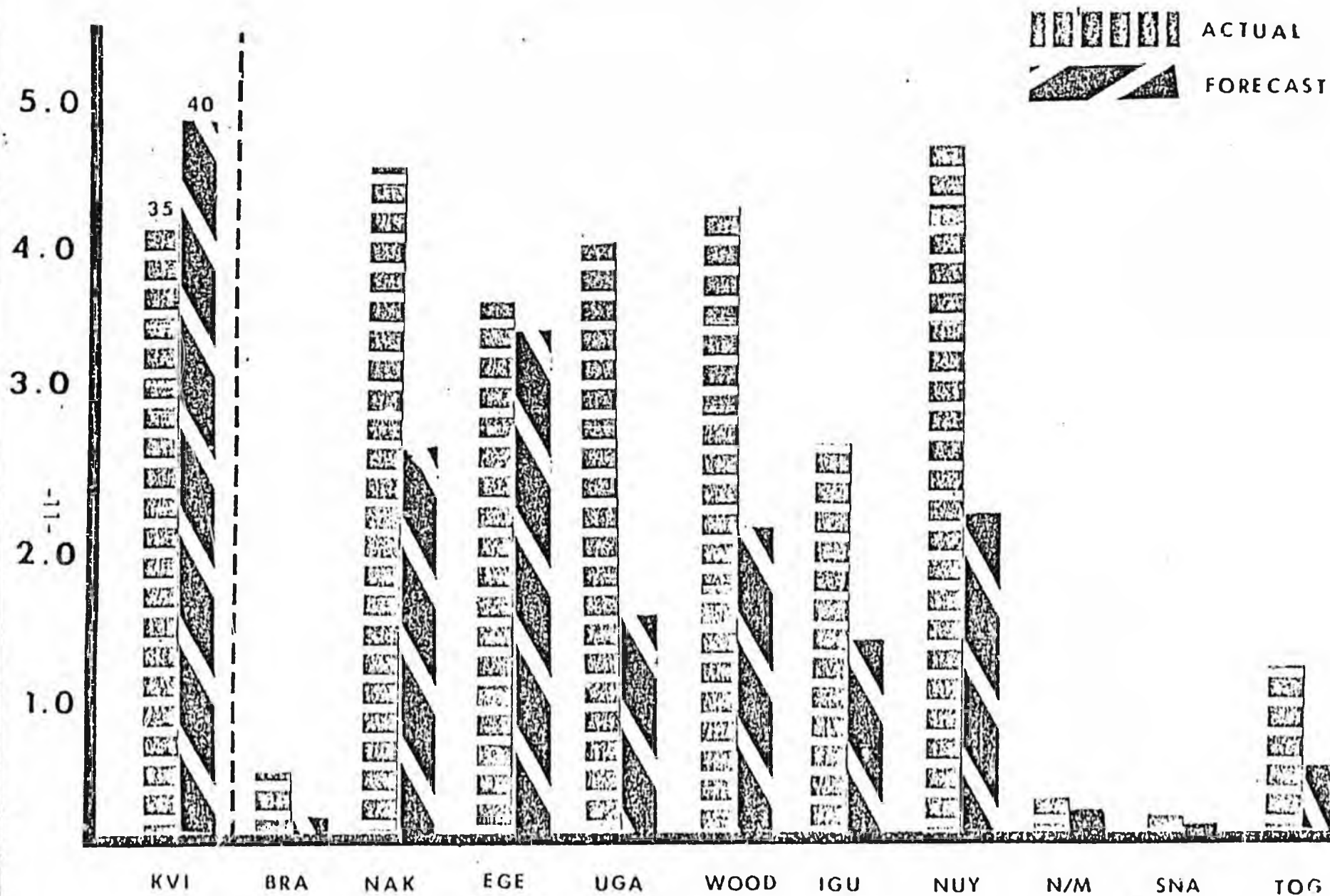


Figure 3. Actual and forecast returns of sockeye salmon to Bristol Bay in 1980 by river system.

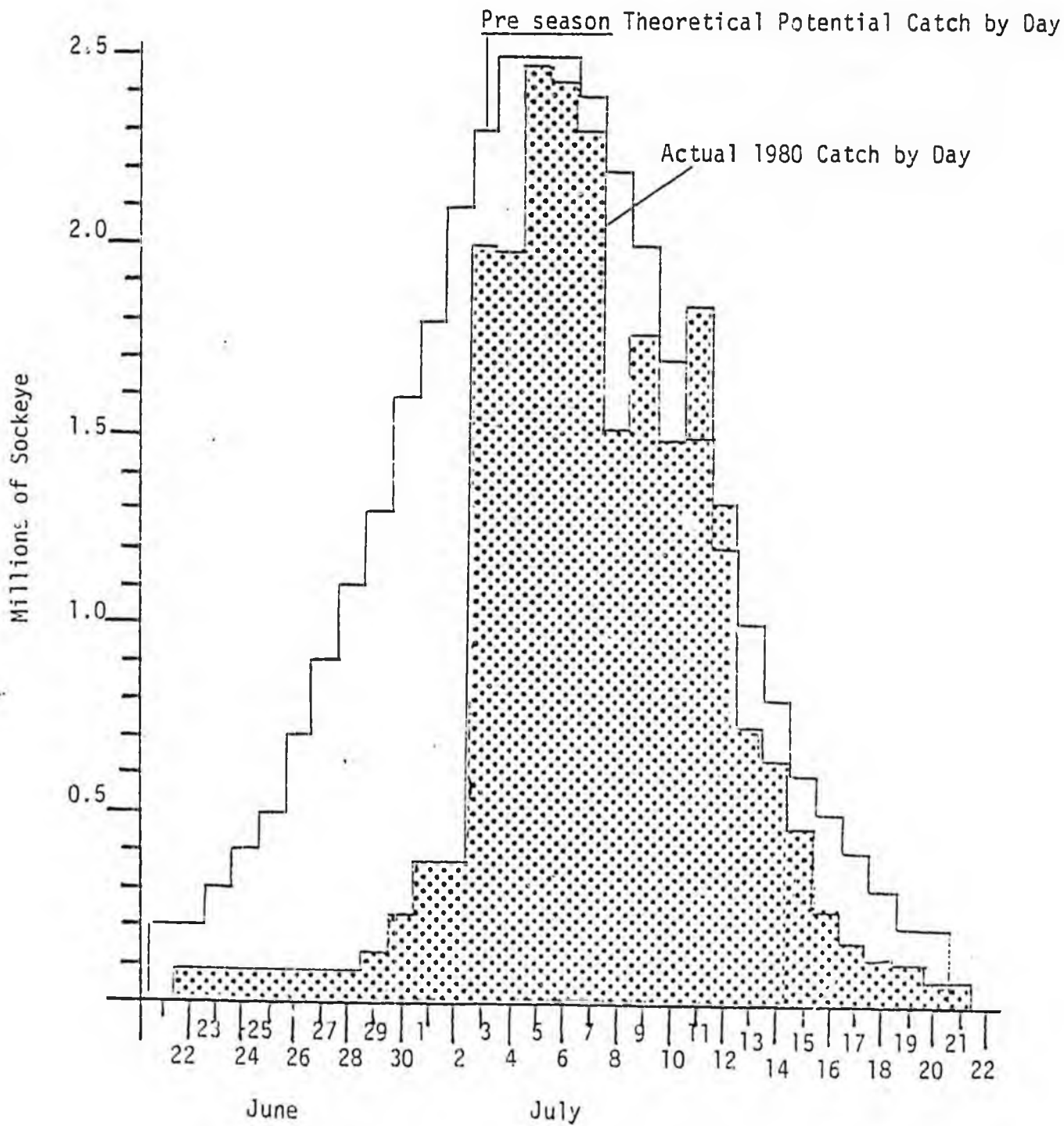


Figure 4. Comparison of pre season potential sockeye catch and actual 1980 catch, by day, for Bristol Bay.

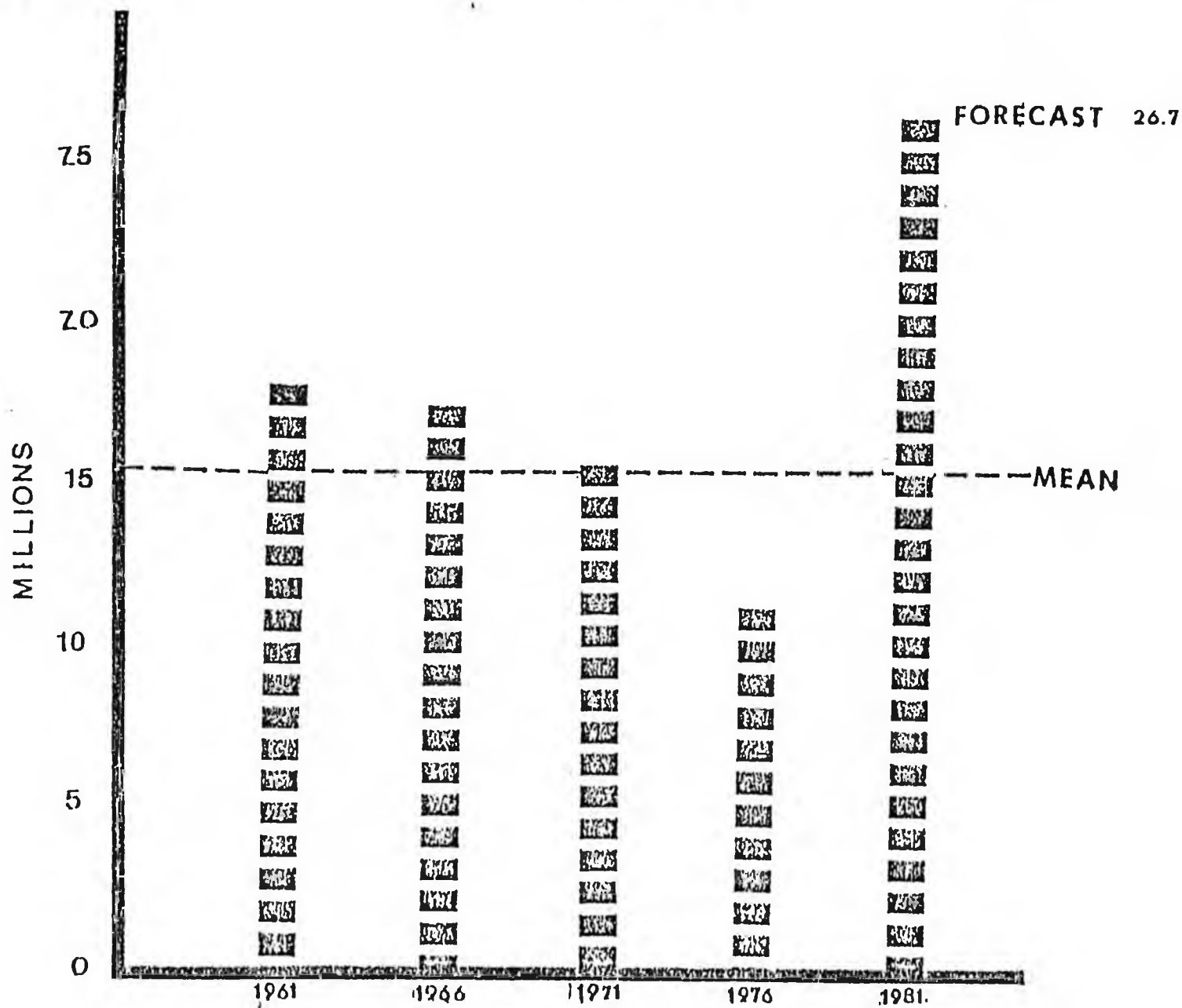


Figure 5 . Comparison of 1981 forecast sockeye salmon returns with comparable returns for previous cycle years since statehood, Bristol Bay.

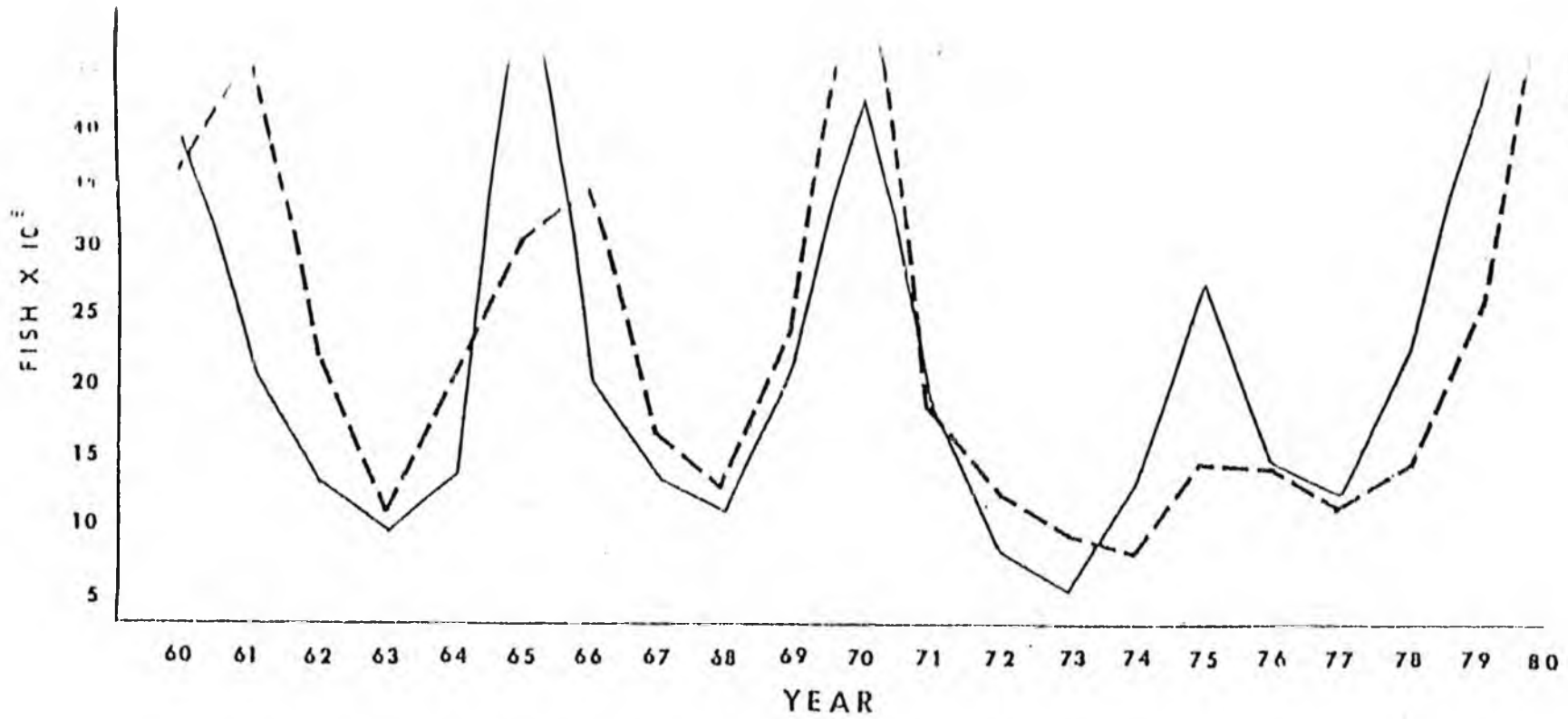


Figure 6. Comparison between historical forecast and actual returns of sockeye salmon to Bristol Bay.

Bill Numbers Discussed

Bristol Bay	Hearings				
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DATE/TIME	TAPE METER NUMBER	BILL NO.	SIGNIFICANT INFORMATION (WITNESS, ACTION, ETC.)
3:40	100		Val Anzures - Dillingham
	Present		Channon Rodey, Chuckuruk, Hulbert
	095		Hulbert
			Ptarmakowski entered 3:45
	320		End of Anzures comments
	325		Phil Daniels - look to alternatives
	723		Chuckuruk
	Page 2		
	000		Chuckuruk speaking
	092		End Daniels comments
	101		Osar Paddock - Inukjuat Bishopric
			currently a Commercial fisherman
			3 problems: utilization of resources
			not appreciated or understood
			market promotion
			VIOLENCE INSTANCES
5:15	870		End formal comments
	874		Chuckuruk comments
2 p 3	000		Jack Mc Bride - read from statement
	301		End of Mc Bride comments
	356		Sienny Smith
	444		End comments

Bill Numbers Discussed

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DATE/TIME	TAPE METER NUMBER	BILL NO.	SIGNIFICANT INFORMATION (WITNESS, ACTION, ETC.)
1:35	000	<i>Bristol Day</i>	Call to Order - Don. Sturgeski
			Present: Chuckwah, Lora, Sturgeski
	177	177	Rodger Painter - better price
			Settlement; no price settlement until marketing study - Apr or June
			Chuckwah - restate; please
	267	267	restate need for marketing study
	292		Don. - needs are to be accomplished immediately?
	311		Resolution passed by By L
	313	Painter	Recommendations: 3-Point Plan
			1. Parties to negotiating table
			2. Something to talk about - world salmon markets.
			3. Stand back or take a look
	438		1. since state has taken wrong approach.
			Don. Rodger entered mtg at 2:00.
			Chuckwah asked that the last force be represented: ref. or Dress

TAPE NUMBER _____

SIDE NUMBER 3/16

DATES _____ TO _____

COMMITTEE _____

Bill Numbers Discussed

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DATE/TIME	TAPE METER NUMBER	BILL NO.	SIGNIFICANT INFORMATION (WITNESS, ACTION, ETC.)
	489		D. Smith: violence wasn't really the problem; financing of problems during winter are. Big issue in '80 was state of market overflooding.
	582		Atney: what do you see as the state's role?
	589		Smith: really look at what problems you do have.
	615		Chuckwuk: how did you come up with the figures?
	695		John Garner - Rep. Herbert entered mtg. Chuckwuk objected to tape
			Break - 2:15 to 2:20
	771 to		Chuckwuk: protest tape (recording)
	833		Hiring of tape Atney - ruled it should be played
	839		John Garner -
	857		Rodney: why do ^{members} have a lot of distance? Garner response
	880		Chuckwuk: can you substantiate violence in terms of arrests.

TAPE NUMBER _____

SIDE NUMBER 5/16

DATES _____ TO _____

COMMITTEE _____

Bill Numbers Discussed

OLETA - PLEASE TRANSCRIBE

HANK'S REMARKS OK.

DATE/TIME	TAPE METER NUMBER	BILL NO.	SIGNIFICANT INFORMATION (WITNESS, ACTION, ETC.)
	686		Garner - time info. not available to me.
	901		Chuckwuk:
	932		Hank Ostrasky:
2:35	000	Side 2	
	049		Stung: Can you identify the State's role?
	076		Ostrasky:
	120		Stung: Should the state pay for a seafood marketing study?
	180		Ostrasky - the state could be in jeopardy of anti-trust suit
	248		Stungulawski - Do you feel that the marketing assoc. & fishermen(?) should share costs?
	276		Ostrasky - Leg. should fund
	299		Sea-Jah - production credit financing
	323		Chuckwuk: with Sea-Jah - investment credit? Ostrasky:
	364		Chuckwuk - Because it has investment & understood --
	386		Eric Cokholm -
	to 459		

TAPE NUMBER _____

SIDE NUMBER 3/16

DATES _____ TO _____

COMMITTEE

Bill Numbers Discussed

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DATE/TIME	TAPE METER NUMBER	BILL NO.	SIGNIFICANT INFORMATION (WITNESS, ACTION, ETC.)
2:55	465		Quinn Beeton - mixed state to be aggressive in terms of (1) marketing strategy,
	657		(2) Vertical integration; Co-op; loan program
	724		Av - article?
	759		Av Gross - nobody comes forward to complain.
	768		Beeton - limited entry permit
	774		Quinn: what other?
			Beeton - State has to protect resources.
	796		Chuckwick: Gross, Trip left mty at 5:10
	842		Chuckwick: Oversight of balance; why none has provided documentation?
	847		Beeton - Fear;
	894		Chuckwick
3:20	000 -	Side 3	Beeton - why one will fish; another won't - hard issue to solve.
	093		Chuckwick - Leg. should be sympathetic with local interests.
	to 140		Break at 3:25 - Reopened at 5:35
	256		Miter link AIFMA (Don. - rep.) - price is going to be used this season.

TAPE NUMBER _____

SIDE NUMBER 3-16

COMMITTEE _____

DATES _____ TO _____

Bill Numbers Discussed

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Present when recovered: Chalkwater, ~~Stearns~~ + Rodey

DATE/TIME	TAPE METER NUMBER	BILL NO.	SIGNIFICANT INFORMATION (WITNESS, ACTION, ETC.)
	274		Violence - more violence on short-run years. not out of proportion in terms of other seasons. Want true, fair, + equitable price for fish. Offered amendment to his remarks in Bristol Bay Hearing Report -
	271		Fishermen are worth 50% of what processor gets for fish. Kirk (Summary on Ottery) - passed out written testimony
	429		Atali does nothing during price neg.
	462		Ottery - there should be a plan based on different contingencies? Anti-trust - #2 - specific role in the state to get involved?
	486		Kirk - responding #2 of tractant
	515		#3 - old company philosophy is on its way out.
	545		#4 - no new permits until neg. finished.

TAPE NUMBER _____

SIDE NUMBER 3-16

DATES _____ TO _____

COMMITTEE _____

Bill Numbers Discussed

--	--	--	--	--	--	--	--	--

DATE/TIME	TAPE METER NUMBER	BILL NO.	SIGNIFICANT INFORMATION (WITNESS, ACTION, ETC.)
	558		#4-
	599		#6 - comprehensive study of
	610		world market
	610		End Kirk comments
			Ala. - State conduct w/ Independent Agency
	620		Kirk - yes
	650		Archie Dotscholk - fishermen feel they want equal footing w/ processors.
	733		End written comments. Violence prompted by foreign corporations;
	774		Chuckwick: AIFMA settled for less - what are the figures? Kirk: 35% Alaska residents; 28% Wash.; 28% Calif 11% Oregon Fla, Nev, Mich. remains
	810		Chuckwick: 65% living outside.
	844		End Dotscholk
	858		Roy Smith - residence
4:15	000	start	aided
	175		Chuckwick: what price were you fishing for?

Via Anderson

THE ADMINISTRATION ~~INITIATES~~ THEY
HAVEN'T OFFERED TO STEP IN AND PLAY
A REAL PART IN THE MANAGEMENT OF
THAT RESOURCE.

A
GUIDE
TO THE
LAW OF THE SEA
HOLDINGS IN JUNEAU

Prepared by
The Alaska State Library
Juneau, Alaska

1975

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INTRODUCTION

The *Guide to the Law of the Sea Holdings in Juneau* is a list of library material available in various locations in Juneau. The holdings in various technical libraries, the Alaska State Library and other collections have been listed. Entries from the monthly updates will be added semi-annually. This bibliography is a section to be incorporated in a larger bibliography of the Continental Shelf and related subjects currently being compiled. When this larger bibliography is completed, other material located in most libraries in Juneau will have been itemized.

The main purpose of this bibliography is to make local information on the Law of the Sea readily available. The compilers have abstracted pertinent titles from the National Technical Information Service Index (NTIS) and the Congressional Indexing Service (CIS). Material available on microfiche is so indicated. The Alaska State Library owns the complete series of CIS microfiche and selected titles of NTIS. Titles from NTIS not owned by the Alaska State Library have been ordered.

For information on obtaining these materials contact the Interlibrary Loan Section of the Alaska State Library.

Kathleen Rosier
Compiler
June 6, 1975

SAMPLE ENTRIES

Author	Title						
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Location Code	<table border="1" style="display: inline-table; vertical-align: middle;"> <tr> <td style="padding: 2px;">Auke Bay Lab</td> <td style="padding: 2px;">JX4131 P6</td> </tr> <tr> <td style="padding: 2px;">ASL</td> <td style="padding: 2px;">639.2 Allr 73-13</td> </tr> <tr> <td style="padding: 2px;">CRA</td> <td style="padding: 2px;">CCM 74-11562 (NTIS mf)</td> </tr> </table>	Auke Bay Lab	JX4131 P6	ASL	639.2 Allr 73-13	CRA	CCM 74-11562 (NTIS mf)
Auke Bay Lab	JX4131 P6						
ASL	639.2 Allr 73-13						
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	Catalogue Information						
Original published form	<p>PHARAND, DONAT. The Law of the Sea of the Arctic with Special References to Canada. Washington, D. C., Artic Institute of North America, 1973. 385p (Report, AINA-ONR-435:1) ASL AD-770 747 (Not available NTIS mf. Paper copy on order)</p>						
	Availability						

KEY TO LOCATION CODES

SYMBOLS

LIBRARY

ASL.....Alaska State Library
Auke Bay Lab.....U.S. National Marine Fisheries Service
Library
CRA.....Department of Community and Regional
Affairs
DL.....Department of Law
FG.....Department of Fish and Game
USEM.....U.S. Bureau of Mines

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TESTIMONY

presented to

JUDICIARY COMMITTEE
&
GOVERNOR'S TASK FORCE

in
Dillingham, Alaska

on
February 28, 1981

TESTIMONY

of

Kay E. Larson
Deputy Director
Bristol Bay Native Association

There are many kinds of people who participate in the Bristol Bay commercial salmon fishery. There are the doctors and lawyers who take a month's vacation from their regular jobs and fish for a "change of pace." These doctors and lawyers are, of course, happy if they can make a profit in the fishery but don't mind too much if they lose money because that gives them a good tax write off.

There are the year-round fishermen who follow the fish from California to Kotzebue. Although these fishermen are looking for a profit in the Bristol Bay fishery, they can stand a loss because they have incomes from the other fisheries in which they participate.

There are the few local fishermen who fish during the summer and then work all winter. These fishermen are also looking for a profit in the fishery but can survive on their winter jobs.

But the majority of our local fishermen have absolutely no other alternatives available to them--their entire year's income is derived from the commercial salmon fishery here in Bristol Bay. They are 100% dependent on the fishery because there is very little employment in the villages. The employment that is available is mostly provided through BBNA's CETA program (and I'll speak about our federal programs later). These fishermen, who are 100% dependent on the fishery, have a very different view of the fishery than that fisherman who comes here for a vacation and a tax write-off. The decisions

you make about the fishery should be based on these 100% dependent fishermen.

In 1977, the price of fish was 59 1/2¢ per pound and the price of gasoline was 60¢ a gallon. During that time, a fisherman could buy a good, new boat for \$50,000. In 1980, fish were bringing 57¢ a pound. But gasoline had gone up to \$1.25 a gallon and boats were up to \$80,000 to \$100,000. The price of fish has not kept up with our expenses.

There has been a lot of talk and concern expressed about canneries being able to make a profit. As fishermen, we are also concerned that canneries make a profit. Our future depends on them being healthy and we know it. BUT as fishermen, we, too, must make a profit. We cannot make a profit when our expenses are increasing at a much faster rate than our income. Economic returns to the fishermen must be considered as well as economic returns to the processors.

Last year there was also a lot of talk that fishermen should have been willing to take a low price for their fish and make the difference up in quantity. As fishermen who have worked with the canneries for many years, we knew this possibility would not be open to us. We knew that canneries would not increase their production and this proved true. Canners have long operated with the "small grocer" attitude--a small amount of turnover in stock and their profit made on a resultingly large mark up. Processors have known for several years that the resource was on the rise. They should have changed their thinking to a "Safeway" attitude--a bigger turnover and profits based on quantity. Even though Fish and Game has predicted these good years, we have not seen a great deal of gearing up by the processors so that they would be ready for them. We have not seen Bristol Bay salmon advertised like "Charley Tuma." We have not seen the import of equipment to increase the lines in local canneries. In fact, we have not seen any gearing up in

preparation for these good years. We knew that processors would not be able to handle all of the fish and we knew that we could not make up the difference in price by selling more fish.

The State's idea of a market campaign to sell more Alaskan seafoods is a good one. It is a responsibility that processors have long avoided. Processors should have been out there a long time ago building up their markets and selling their products. In these days of greater amounts of salmon, processors should change their thinking from the "small grocer" to the "Safeway" attitude and get out there and really push their product.

The economic situation in Bristol Bay may become even more dependent on the salmon fishery than it is now. BBNA has been able to provide CEIA jobs in the villages with federal funds. Although the wages under CEIA are not comparable with a doctor's or lawyers' wages, the CEIA job does provide survival during the winter. BIA General Assistance has also been a means of survival. With the present administration in Washington, D.C., we are anticipating cuts of more than \$1 million in federal monies which go to the people in the villages either in CEIA wages or General Assistance. With cuts this large, the fishery becomes even more crucial. The number of 100% dependent fishermen will grow and the amount of dependency on the fishery will increase.

Bristol Bay fishermen have made many sacrifices in the fishery through the years. When the resource was down, they sat on the beach and tightened their belts the following winter. In those years, market prices were up and margins of profit to the processors were large. Fishermen accepted a depressed price last year even though their operating expenses had continued to rise. After the settlement, market prices went up steadily which should have been a big help to processors. As fishermen, we are willing to make

some sacrifices but we cannot continue to be the ones making the biggest and longest sacrifices. During planning for the fishery or during price negotiations, the main concern always seems to be the viability and economic return to processors. Fishermen are businessmen, too, and their margin of profit must be taken into consideration.

Perhaps more competition on the processing side would make for a healthier industry. Competition in any industry is always healthy. State funding which would encourage the development of this competition could be a possible solution. Such funding should include new docks and airport improvements which would make it easier for new processors to come into the Bay. State funding should also include loans to newly developing processors. If the State will build new docks and improve our airports and will loan money to new processors, development of the fishery should be greatly encouraged. It appears that the only real answers lie with processors and a change in their attitude.

The decisions you are going to make will have a tremendous impact on the economic viability and returns to fishermen as well as processors. Please remember that fishermen are businessmen, too, and that their margin of profit must be taken into consideration.

Thank you.

A POSITION STATEMENT
BY THE
BRISTOL BAY NATIVE ASSOCIATION
TO THE
JUDICIARY COMMITTEE
AND THE
BRISTOL BAY TASK FORCE

"Violence Related to Bristol Bay Salmon Price Settlement"

My name is Fred T. Angasan. I am Executive Director of Bristol Bay Native Association, and I have also been a commercial fisherman in Bristol Bay for twenty-eight years. Strikes related to salmon price settlement have occurred in Bristol Bay virtually every two or three years. Therefore a strike situation between the fishermen and the processors is not an unusual occurrence.

I have vivid memories of one particular strike that happened in nineteen-sixty-nine. This strike was unusual in the means the fishermen used to form a picket line. A picket line was formed by approximately four-hundred fishing boats, which stopped fishing boats from going out the Naknek River to the fishery. In this situation

scows still crossed the picket line without inflicting damage to any of the fishing vessels. Fishermen that did cross the picket line to fish were treated in a hostile manner by the striking fishermen. One particular boat returned from the fishing grounds with a large load of fish. Striking fishermen boarded his boat and painted the word "SCAB" on his boat with black paint. This incident was significant as the next day the striking fishermen came to an agreement with the processors. This fisherman was not physically harmed, nor was his boat damaged. In all the twenty-eight years of my experience fishing in Bristol Bay, no outbreak of violence has ever occurred. Violent situations that have taken place were individual confrontations that usually took place in Naknek bars.

In the 1980 strike which became needlessly long and tense, a number of picket lines were formed on the Naknek

and Nuahagak Rivers by hundreds of fishing boats in front of the Witney-Fidalgo cannery, which lasted several days. The striking fishermen used this means to stop cannery tenders from delivering salmon to the processing facility. This situation was very similar to the nineteen-sixty-nine strike with the exception that in nineteen-eighty, fifteen Alaska State Troopers were dispatched to the Naknek, Nushagak area. The Alaska State Troopers threatened the striking fishermen, stating that if violent situations did break out, they would confiscate their boats, gear and fishing permits.

Scare tactics by striking fishermen are mistaken by outside law enforcement officers and the press as acts of violence. For example, striking fishermen talking on their radio transmitters, saying things like telling how they would use guns if they had to, or possibly damaging a non-striking fisherman's net. These are not physical acts of violence, but simple scare tactics which is part of a process of expression in the development of an agreement leading up to a price settlement. The most serious problem in a strike are the scabs, not a direct confrontation with the processors.

The Alaska State Troopers and the media create violent situations by over reacting. Therefore in closing I caution the Judiciary Committee, and the Bay Task Force not to over react to the negotiation process or to strike situations. The Judiciary Committee and the Bristol Bay Task Force must stay within it's legal boundaries and confine it's efforts to the legal process and constitutionality.

STATEMENT BY

ANDREW GOLIA
COMMERCIAL SALMON FISHERMAN

Before the Bristol Bay Task Force

Dillingham, Alaska

February 28, 1981

Madame Chairwoman, Legislators, and Task Force and staff members, my name is Andy Golia, and I'm a resident of Dillingham, having been born and raised in this community. I'm a commercial salmon fisherman, and during the winter months, I work as an Economic Planner with the Bristol Bay Native Association, the regional non-profit corporation based here in Dillingham.

Over the last year, I've served as a board member for the Western Alaska Cooperative Marketing Association (WACMA). Currently, WACMA is in the process of their annual election of their board, and I have been nominated for re-election to the board. In any case, because of the current litigation between WACMA and the State of Alaska, my testimony does not reflect my feelings as associated with WACMA. My testimony only reflects my feelings as a commercial salmon fisherman.

Briefly, I'd just like to say that I believe the Task Force and you legislators here should immediately endorse and try to secure funds to complete a market conditions study on Bristol Bay salmon. There has been some discussion locally about this idea, and I believe that fishermen in Bristol Bay would agree to this concept. I feel this study is highly important and could lead to an early price settlement in Bristol Bay.

The study should be conducted by a national or international

marketing firm which is reputable in the area of fisheries. The firm that is selected to complete the study should be reviewed and endorsed by the majority of the Bristol Bay processors and the fishermen associations. Perhaps, at least three (3) or five (5) reputable firms should be recommended, and then a deadline set for one (1) to be selected to conduct the study.

The study should examine the current market conditions for Bristol Bay salmon on the world market, and make projections on the expected market conditions for salmon up to the 1982 commercial season. The study should reveal the market situation for Bristol Bay salmon in Japan, Europe, and the U. S. domestic market. In essence, the study should reveal a fair price that fishermen should get for canned and fresh/frozen salmon, taking into consideration all the different market factors on the world market.

The completion of this independent study should give an idea to the Task Force, the Governor's Office, and the State Legislature on who's being fair and unfair in the price negotiations between processors and fishermen. We have heard that Governor Hammond would work to allow foreign processors into the Bay if the domestic processors don't offer a reasonable price to the fishermen. Likewise, we have also heard that if the fishermen are demanding too high of a price, then he would attempt to get fishermen into the Bay who want to go fishing for a lesser price.

I think the importance of this study is that it will give processors and fishermen a starting point in price negotiations this upcoming season. At least it will give the processors and

fishermen something to work with. Most of all, it would point out who's being fair and unfair in the price negotiations here in Bristol Bay.

In conclusion, because of the time constraints, and if this Task Force and you legislators agree upon the study, to expediate things, I would establish a time frame for the processors and fishermen associations to review and comment upon the selection of a marketing firm. The study should also be accomplished as soon as possible.

That concludes my testimony.

Thank you.

March 1, 1981

Madam Chairperson:

At present there is no control over Foreign Ownership in the fisheries. For all practical purposes the Japanese have a virtual strangle hold on Alaskan Fishermen through market manipulation of all our fisheries products. Our laws are not able at present to regulate Foreign ownership percentages. I suggest the Legislature's both Federal and State seriously attempt to secure laws that would limit the amount of Foreign ownership in the companies that are supposed U.S. Corporations. With this in mind we as citizens would realize more of the true value of our Fisheries Resources.

At present under Foreign treaties they can arbitrarily hold down fish prices onshore, say that we are not fully utilizing the fish and ask and most likely obtain an offshore allocation.

The Japanese government is the bank for their corporations involved in the fisheries, at present (I believe for 3%).

At our present 19½% prime interest rate and the exchange rate of yen per dollar, the Japanese Corporations really have our legitimate National Companies between a rock and a hard spot as far as competitiveness is concerned.

Our Permanent Fund should be more aggressive in assisting companies that are wholly owned Alaskan or Domestic owned Corporations, that are interested in developing Domestic Markets.

Transportation is also a hinderance for the sake of total fisheries resource realization, special tariffs should be pursued.

Regional Boards should be established to handle Regional situations as far as Management initiatives are concerned.

At present it is unfair to ask a Statewide Board to make prudent decisions for such a large area as Alaska.

In cases such as a bumper or high cycle years especially in Bristol Bay, Foreign processors should be solicited for maximum use of our salmon resources and for the sake of increasing processing capabilities which would ultimately allivate much of our quality control and market problems.



George F. Gottschalk, Jr.
P.O. Box 132
Naknek Alaska 99633

STATEMENT BY JACK MCBRIDE
P.O. BOX 10222
DILLINGHAM, ALASKA 99576

Madam Chairman, Legislators, Members of the Task Force and Staff, my name is Jack McBride. I am the Manager of the Imarpik Regional Aquaculture Corporation.

First of all, we certainly want to thank all of you who have taken the time from your busy schedules to come here to Dillingham to listen to our concerns and suggestions. We know you'll go back to Juneau with a much better idea of our human feelings that would be impossible to express in letters and phone calls. We hope that you are bringing us a better understanding of the problems too, and some of the possible solutions.

We would like to let you know too, that KDLG has done an excellent job of informing the public of these issues, through, not only announcements, but also a number of discussions of the problems throughout this past week.

I'd like to quote from an article on page 19 in the July, 1980 issue of the ALASKA FISHERMAN'S JOURNAL which I have marked Exhibit A.

"The Japanese market has not collapsed nor are 1979 salmon inventories in Japan currently at abnormally high levels nor is the yen/dollar exchange rate the least unfavorable to Japan."

"As we reported last month in "Japan Marketplace," Japan is likely to import more salmon in 1980 than it did last year. The domestic catch in Japan is expected to be down sharply and last year's frozen inventories have been largely sold off."

STATEMENT BY JACK MCBRIDE
P.O. BOX 10222
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Page Two

This article was written by David Keene and Brent Evans who are both fluent in Japanese and have lived, studied, and worked in Japan. David Keene is a marketing consultant in Japan and represents a chain of Japanese seafood restaurants. Brent Evans had recently worked for two years at a Japanese economic research firm in Tokyo.

This issue of the ALASKA FISHERMAN'S JOURNAL would have arrived in most fishermen's mail box during the height of Bristol Bay's price negotiations. Do you think that if this was the information that you had available to you that you'd find it just a little hard to accept the fact that you were going to be paid 40¢ per pound for fish that you had got as high as \$1.25 per pound one year earlier?

I think this points out that there were other facts in the "mix" or someone was misinformed or that indeed fishermen were not paid a reasonable price for their fish.

A State funded study by a firm that could supply credible information to both the fishermen and processor would go a long way to establish a price range within which both the fishermen and processor could feel comfortable to negotiate. This study should include information like the relationship of the yen to the dollar, interest rates, transportation costs, etc. This, I believe would be one positive way the State of Alaska could involve itself in a positive way.

Funding of programs such as the Alaska Seafood Marketing Institute is another positive way the State can involve itself. Obviously if the demand for salmon is high, the price will also be good.

STATEMENT BY JACK MCBRIDE
P.O. Box 10222
DILLINGHAM, ALASKA 99576

Page Three

Finding ways of lowering costs such as transportation is certainly another positive action. Providing easily accessible docks, improved runways and reasonable roads systems would lower the cost of production.

Marketing alternatives could be explored that fishermen could apply in attempting to solve their marketing or market-related problems. These would include organized exchanges, vertical integration and joint ventures, marketing boards, and others.

I also believe that the Governor's Task Force or whatever instrument is established to correct these problems, should not be disbanded as different problems arise each year and each year requires a little different approach to the solution and a Task Force responsive to these needs may very well prevent problems such as occurred in 1980. Bristol Bay, the State, and indeed, the world cannot afford to waste in excess of 100 million pounds of salmon as we did in 1980.

Thank you.



LIMITED ENTRY

A necessary evil?

Prepared for the Legislative Council
Sen. George Hohman, chairman
January 1981

by Rodger Painter
Fish and Fish

The state legislature's 1973 vote limiting the number of fishermen allowed to harvest Alaska's huge salmon runs prompted predictable howls of outrage.

The salmon fisheries always had been open to anyone willing to invest a lot of sweat and brave some of the toughest seas in the world. It seemed a God-given right to be able to go fishing to cover the winter's grubstake.

No one was surprised by the opposition from those locked out of the fisheries by limited entry. Also expected were objections from staunch opponents of government intervention in the free enterprise system.

Recent debate is laden with irony, however, as the most vocal critics have been the very people the system was designed to protect--rural Alaskans who rely heavily on the commercial salmon fisheries. And, the dramatic biological recovery of the salmon runs and economic turnaround of the industry appear to be responsible for most recent criticism of limited entry.

Considering the massive amount of flak directed at the fishing restrictions, many observers were taken aback when these very squeaky wheels got no grease during the legislature's re-examination of limited entry in 1979-80.

What lawmakers found is widespread, though quiet, support of limited entry. Fisheries managers, for instance, prefer the



steady effort and smaller numbers of limited fisheries to the boom-and-bust history of the salmon industry. Then there are the 8,100 permit holders, whose attitudes may have been expressed best by a former director of the commission administering the state program:

"The people who received entry permits and believe limited entry is necessary tend to remain quiet about it and do not crow about the system for fear of offending a neighbor or friend."

With courts recently upholding the program against major legal challenges, it appears limited entry is here to stay. Far less clear is whether the program will remain intact under growing sentiment for change.

Many of the harshest critics of limited entry oppose doing away with the system entirely, but want to give the program a major overhaul. Even the most ardent supporters agree that at least some fine tuning is in order.

But as the legislature discovered, tinkering with limited entry is not easy. Alaska's limited entry program is a highly complicated system of fisheries management based on interwoven social and political considerations, as well as economics and biology. It's difficult to make large changes without risking chaos in one of the state's most important industries.

This pamphlet shows the evolution of the present system of limited entry and points out some of the problems looming on the horizon.



history



ROOTS: Moonlighters and the company store

When Governor William A. Egan proposed in early 1973 to limit entry into the state's commercial salmon fisheries, Alaska's salmon resources were recovering nicely from the rape-and-run management of Territorial days. But the economic lot of those most dependent on the fisheries was not following a similar course.

"Even with substantially improved biological management since Statehood, the salmon fisheries are not as healthy as they can be because a steadily increasing number of fishermen are participating in the harvest," Egan said in his letter to the legislature. "These new entrants into the fishery have driven the profitability of fishing down to marginal levels for those professional fishermen who must depend upon fishing for a major share of their livelihood."

"The character of these new entrants varies. In Bristol Bay it may be the school teacher from Anchorage or the Boeing worker from Seattle; in Southeastern the sport-commercial troller with a well-paid government job; in Cook Inlet the vacationing set-netter from the Lower-48. However, in almost every area these moonlighters are adding substantially to the economic distress of the vocational fishermen who must derive their primary livelihood from fishing."

Although Egan never specified who he was trying to help, it was clear throughout his 300-page proposal that the program was meant to protect Alaskans. The Governor had reason to be careful, as two earlier attempts to restrict the salmon fisheries ran afoul of the equal protection clauses in the state and federal constitutions.



State officials long had been interested in trying to boost the incomes of resident commercial fishermen by restricting non-Alaskans. The now-infamous loathing of Outsiders by Alaskans was particularly strong in the Seattle-dominated commercial fisheries before Alaska became flushed with oil riches.

Consider this statistic offered to lawmakers during the debate over limited entry: in 1970 non-residents had 40 percent of the salmon fishing income with an average gross share of \$15,169, compared to \$7,283 for each Alaska-based gear operator.

By 1973 the courts made it clear that any system discriminating against non-residents would be slapped down. The emphasis was shifted to pressuring the growing number of part-time fishermen and trying to at least preserve the foothold in the fisheries Alaskans had gained with the abolition of company-owned fish traps and the manpower-short years of World War II.

Supporters argued limited entry would protect Alaskans to the best extent allowed under law by favoring long-time fishermen and rural residents through a complex point system.

Another major goal of lawmakers in limiting the fisheries had been lost in the current debate: to unchain fishermen from the Company Store. In the days before Big Oil, the canned salmon industry was the dominant economic and political force in Alaska.

A 1939 government study reported that of the 2,810 Western Alaska commercial fishermen 96.7 percent were "cannery fishermen," considered company employees; only 94 fishermen were independents.



Alan Adasiak, former chairman of the Alaska Commercial Fisheries Entry Commission, explained in a 1978 paper the control canneries had over the lives of individual fishermen:

"If, for example, a man had made himself unpopular during price negotiations, he might find himself without a vessel or a market for his fish that following year. The ability to 'import' non-resident fishermen was also used in connection with price negotiations. And there was control through the classic arrangement of the 'company store,' which made easy credit available, and employed payment-on-demand notes.

"In 1973, when the Alaskan legislature was considering the current limited entry law, there was a general belief that salmon processors still maintained a significant hold over individual fishermen, both through credit and financing arrangements and through the untrammelled power to decide whether a fisherman would fish for a particular company. The decision to issue permits to individuals was made primarily because people believed that it would strengthen the individual fisherman's bargaining power vis-a-vis fish buyers and processors. With only a fixed number of permits to go around, and with the requirement that a unit of gear may be operated only by a permit holder, the need that the processor had for the individual fisherman was increased."

The debate over limited entry split many fishing communities and caused still-open rifts in the ranks of fishermen. Supporters far outnumbered opponents, however, as attested by the formation of the state's largest fishermen's organization -- The United Fishermen of Alaska -- around the issue of limited entry.

When an initiative to repeal the limited entry act was placed



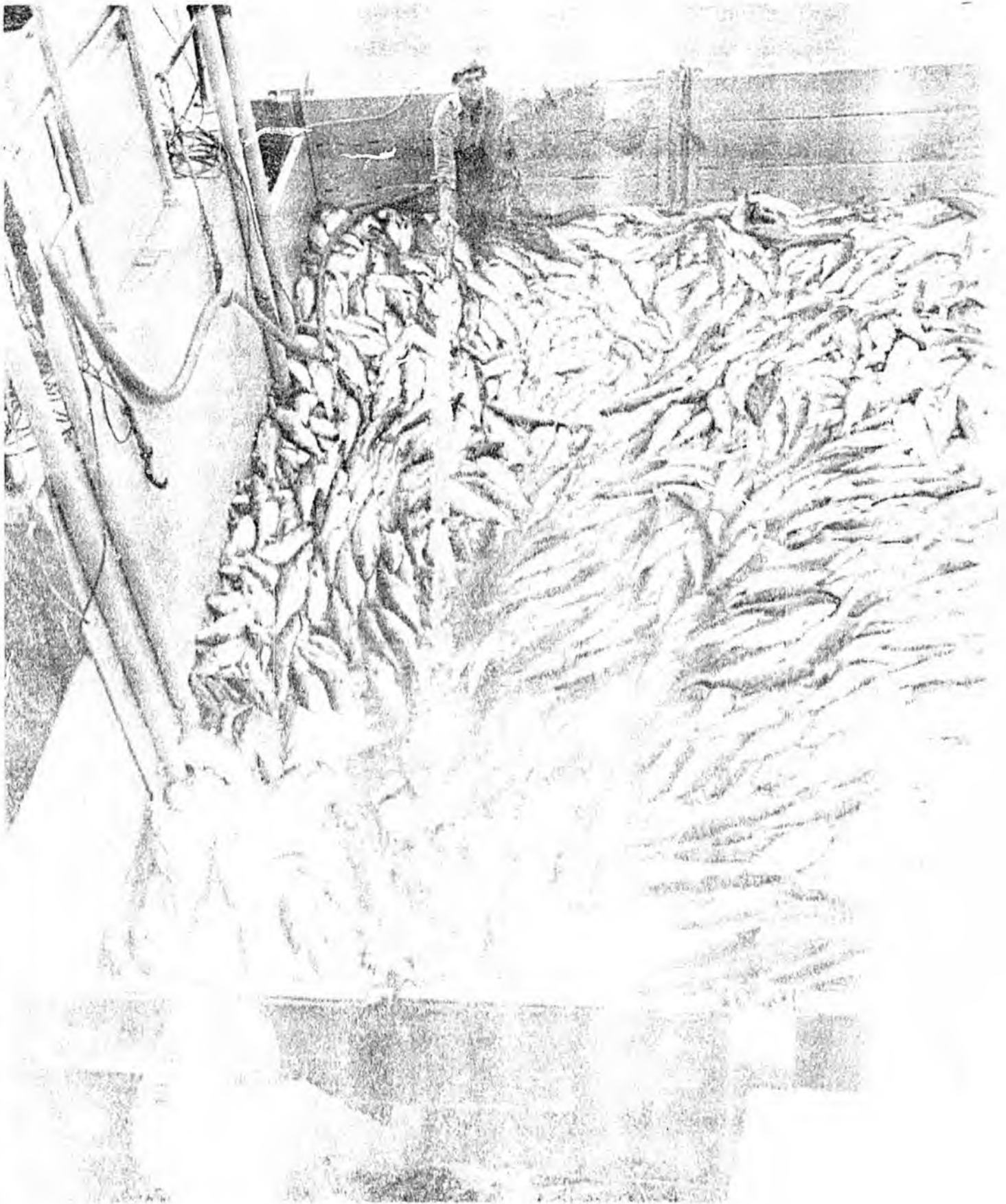
on the 1976 statewide ballot, the UFA raised \$170,000 to wage a campaign to keep the restrictions. Endorsements supporting the program were gathered from the state Boards of Fisheries and Game, Alaska Federation of Natives, Rural Alaska Community Action Program and the Alaska Chapter of the American Fisheries Society.

The initiative was defeated by a resounding vote of 75,125 to 44,304.

The margin of victory can be partially attributed to the extremely depressed condition of the salmon fisheries at the time of the election. Observers speculate a similar vote in the 1980s would be too close to call.



the legal story



THE LEGAL STORY: The constitution and the right to fish

It was no small coincidence that the state Attorney General spearheaded the group putting together Egan's limited entry proposal. The first step in the process, in fact, was to place a proposed constitutional amendment for limited entry: "No exclusive right or special privilege of fishery shall be created or authorized in the natural waters of the State."

The amendment, which gained strong voter support, added: "This section does not restrict the power of the State to limit entry into any fishery for purposes of resource conservation, to prevent economic distress among fishermen and those dependent upon them for a livelihood and to promote the efficient development of aquaculture."

There have been few quarrels over the issues of resource conservation and aquaculture; the battle lines over limited entry always have been drawn around the right to fish. And, despite the care taken in constructing a legally defensible program, limited entry from its beginning has been under constant attack in the courts over who is eligible to harvest the valuable salmon resource.

The Commercial Fisheries Entry Commission, created to oversee the program, was given quasi-judicial powers to hear administrative appeals of decisions on individual applications for a permit. Of the hundreds of appeals filed, scores resulted in lawsuits, creating a huge backlog of contested permits and throwing the entire program into limbo.

The state lost the first major legal challenge to limited entry and that decision became the basis for many following lawsuits. In Isakson vs. Rickey, a group of fishermen who



first held gear licenses in 1973 and 1974 went to court over a provision in the law restricting permit eligibility to those who held gear licenses before January 1, 1973.

The Alaska Supreme Court eventually agreed with the fishermen and a new application period was ordered. The ruling, however, had much broader impact than the awarding of a few more permits to the later-coming fishermen.

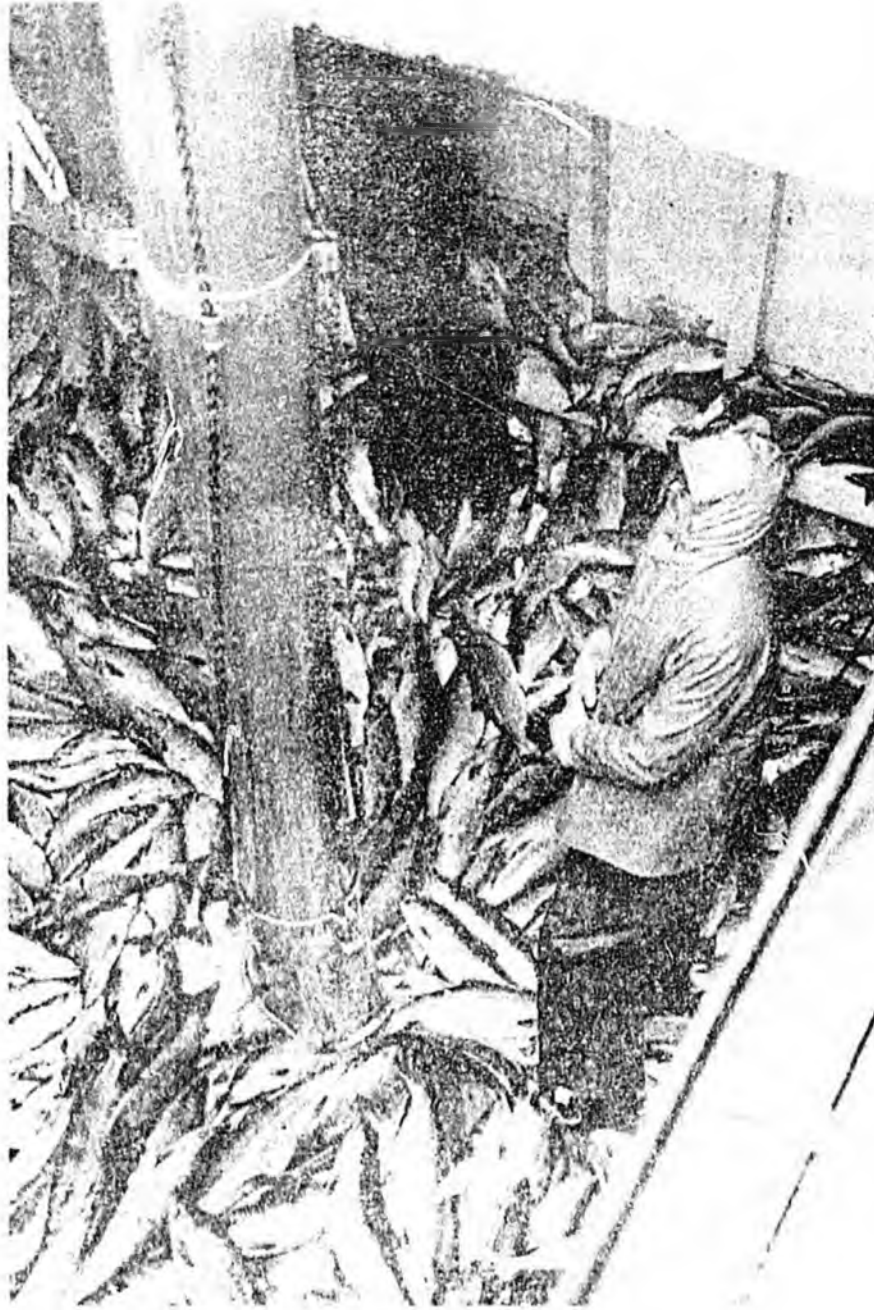
In early 1979, a Superior Court judge used the Isakson decision to strike down a requirement that applicants for permits must have held a gear license. State officials said the ruling would have the effect of invalidating limited entry.

But after a year of deliberation, the Supreme Court backtracked and "superceded" the Isakson language. The gear license requirement does have a "rational connection" to the "legitimate purpose" of the limited entry act, the court said.

"Admittedly, individual cases will arise in which those barred may be able to show extreme hardship," the court said. "The legislature in its wisdom could conceivably have better provided for such instances. But equal protection, even under Alaska's stricter standard, does not demand perfection in classification."

There still were more than 100 court cases pending against the Alaska Commercial Fisheries Entry Commission in late 1980.

accessibility



ACCESSIBILITY: Rural residents and \$130,000 permits

The most emotionally charged debate over restricting access to Alaska's fisheries centers on the skyrocketing cost of entry permits.

Perhaps the most crucial, fundamental decision lawmakers made in 1973 was to treat permits essentially as property. This was done primarily to allow fishing rights to be transferred within families and communities, give fishermen the mobility to change fisheries, and avoid constitutional problems caused by creating a special closed class of fishermen.

No restrictions were put on the market price of permits as it was assumed there would be natural limitations to what someone would pay. In his proposal to the legislature, Governor Egan speculated:

"New people will be able to get into a fishery for whatever the fair market price of permits happens to be. Naturally, this will vary. The quality and size of fish runs, and other things, may cause more people to want to get out, or in, at a particular time. There is likely to be a limit, however, to how high the price of a permit will go since the bill requires that only the holder can fish it.

"One person may not hold a permit and have another person at his net site or in a boat working it for him as his agent. This means that the person buying a permit will have to work it, and he will have to expect to make enough money commercial fishing to cover the cost of the permit, as well as his other expenses and profits. Otherwise, it would not make sense for him to buy in. Consequently, there will be some practical limits on the price of entry permits."

Obviously unforeseen in this analysis was the dramatic rise in fish prices and biological recovery of Alaska's salmon fisheries during the late 1970s. As predicted, the price of permits has risen with the profitability of the particular fishery. Consider, for instance, that Bristol Bay drift gillnet permits shot up from a mere \$2,000 in 1976 to as high as \$130,000 prior to the 1980 season.

Understandably, these trends have created great concern among officials from rural areas over the ability of future generations to buy their way into the fisheries. Many Native leaders fear the high prices are bringing an exodus of permits from villages heavily dependent upon fishing.

The validity of those fears is open to debate. The Commercial Fisheries Entry Commission says statistics don't show any significant trends of permits flowing out of rural areas. With the exception of a single Southeast village troubled with an unusual set of circumstances, records show the distribution of permits in rural areas has been remarkably stable.

A study of the same statistics by a University of Alaska researcher in 1979, however, concluded there is some cause for concern. While Alaska residents in general have actually gained a handful of permits since they originally were doled out, the analysis by Dr. Steve Langdon showed rural residents have lost a significant number.

Residents of rural Alaska communities lost 145 permits, while urban Alaskans gained 170. Significantly, Alaskans who live in rural communities near the fishing grounds lost 3.5 percent of their initial holding of 3,897 licenses.

Langdon concluded that the "outflow of permits that has occurred and that potentially can occur must be regarded as



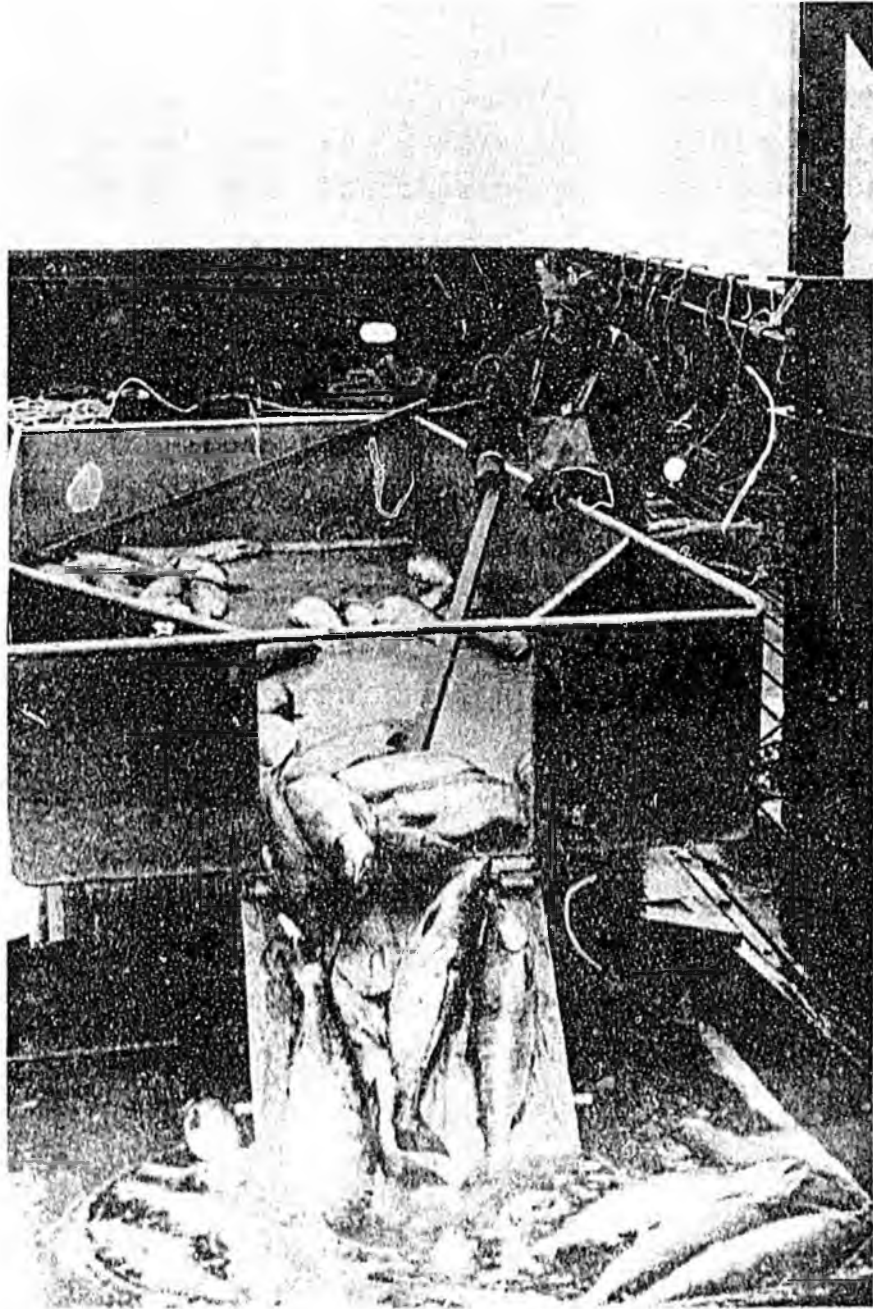
a significant threat to the rural Alaska economic base and the well-being of rural Alaskans."

The high cost of permits alarmed not only rural officials, though, as opposition to limited entry in urban and non-fishing areas seemed to grow in direct proportion to the cost of getting into the fisheries. When the legislature created the Limited Entry Study Group in 1979 the price of permits was the primary motivating force.

The question of how to deal with \$130,000 permits presented a tough dilemma to the legislative committee. Every alternative to freely transferable permits investigated by the study group was fraught with legal, financial, administrative or political problems.

In the end, the committee backed away from supporting any major changes in the program, concluding that the medicine was worse than the ailment. The only recommendation of the committee culminated in the 1980 creation of a special loan program designed to help rural residents enter the fisheries. (This so-called "targeted loan program" is described in a later section.)

problems



OTHER PROBLEMS: Efficiency, spinoffs and a ponderous process

When studying Alaska's system of limiting entry into the fisheries, one can reach radically different conclusions about its relative merits and evils. If there is one thing all sides can agree upon, it is that the 1973 act has spawned a tremendously complex system.

The goal of lawmakers creating the system was clear enough, as demonstrated in the straight-forward approach of the first attempt at limited entry in 1962:

"Whenever the Board (of Fish and Game) determines that the year run of salmon in any one registration area will be substantially less than the optimum run, and that under anticipated fishing conditions Alaska residents licensed by the area or district will not catch sufficient fish to sustain them for the year, the Board may, with the consent of the local advisory board or boards, promulgate regulations temporarily closing the area or district to fishing by all non-residents of Alaska."

Before the law was ever used a federal judge declared it unconstitutional.

To get by the constitutional barriers, a program was built around economic and social considerations with a keen eye for protecting residents as much as law would allow. The result is an extremely complicated system that defies easy explanation.

Consider these factors:

-- The "optimum" number of permits issued in a fishery is to be sufficient to provide a "reasonable rate of economic return to the fishermen participating in that fishery," and

the allowable catch "in an orderly, efficient manner and consistent with sound fishery management techniques," and "avoid serious economic hardship to those currently engaged in the fishery, considering the other economic opportunities available to them."

Permits then are handed out to applicants ranked by their past participation in the particular fishery and their degree of economic dependence, such as their percentage of income derived from fishing, reliance on alternative occupations, and availability of alternative occupations and investments.

The complex requirements involve careful crafting of regulations and point systems, and extensive public hearings and application periods. The process takes anywhere from one to three years before permits are issued.

Administrative review of appeals of point allocations throw contested permits into limbo for months or even years. Some appealed permit applications for fisheries limited in 1975 still were pending in 1980.

-- The initial number of permits issued in the limited fisheries was equal to the largest number of units of gear fishing in any of the four years preceding 1973. Those maximum permit numbers later were to be whittled down to "optimum" figures through a buy-back program under which the state would buy boats, gear and permits at going market rates.

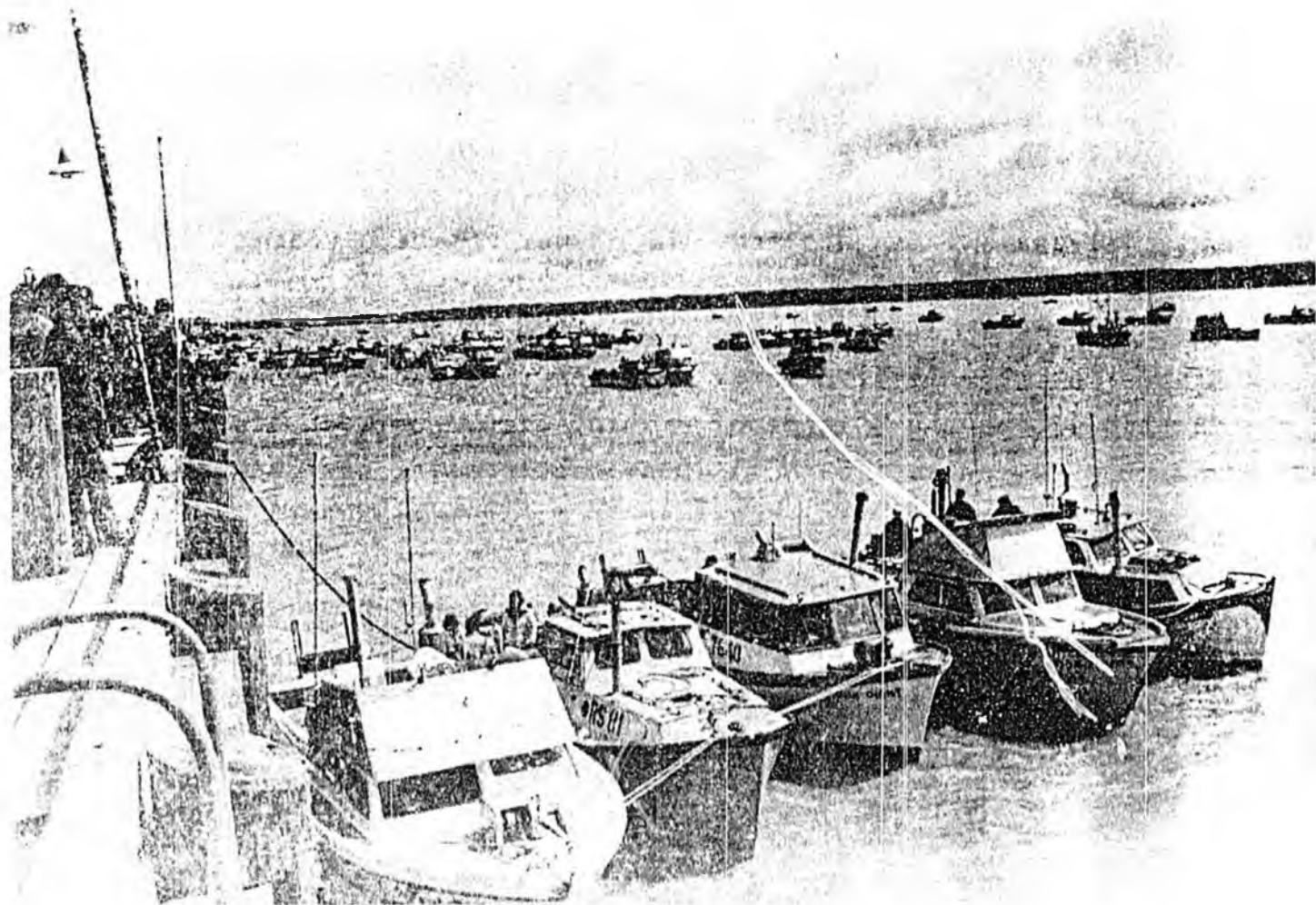
Work on setting optimum numbers was delayed by the more pressing needs of issuing permits, then stalled for years by lack of funding for economists to study long-range trends in the fisheries. The buy-back program eventually was suspended indefinitely. By 1980 the optimum numbers of permits

still hadn't been issued for the 19 salmon fisheries originally brought under limited entry.

-- Whenever there is even a distant possibility of a developing fishery being brought under limited entry, it seems to create a flurry of activity by fishermen trying to put themselves in the position of earning a permit, should they eventually be issued. This phenomenon, in turn, creates pressure to impose the restrictions from fishermen nervously eyeing new competitors on the fishing grounds.

The high cost of permits also has served to increase fishing pressure in the limited fisheries, as fishermen who have to pay \$130,000 for a permit can scarcely afford to sit out poor seasons just because income is marginal. Loan payments won't wait for a better salmon run.

If limited entry has met any of the original goals of its creators it has been the evolution of the salmon fisheries into "professional" fisheries. With the lid on numbers fishermen have poured increased earnings into building expensive, highly efficient fleets of fishing vessels. Long-time fishermen say competition in the limited fisheries is much fiercer than it has ever been.



CONCLUSION: A necessary evil?

In considering whether limited entry has worked, it is important to strip the equation of the cumbersome clothing of right or wrong. Does it violate the spirit of the free enterprise system? Did it create an exclusive rich man's club? Is it an unconstitutional allocation of natural resources belonging to all citizens of the state?

Emotions run so strongly on these issues that it is essential to narrow the question to how well the program has met its original goals. To this end, the answer can be a conditional "yes".

Statistics show limited entry has been remarkably successful in stabilizing the balance of fishing effort between Alaskans and non-residents. The only identifiable shift has been the loss of permits by rural Alaskans to urban residents.

Trends before limited entry were toward non-resident gains in the salmon fisheries, but when original permits were handed out Alaskans controlled a few more units of gear than they had before 1973. Since then, residents have gained another handful of permits.

Showing the exact degree of success limited entry has had in accomplishing another major goal of lawmakers in 1973 -- increasing the power of fishermen in dealing with processors -- is impossible. The lot of individual fishermen has increased dramatically since the early 1970s, but it's unclear how much of that was caused by limiting the number of fishermen.

Unquestionably, limited entry has given fishermen a powerful tool in negotiating fish prices, since the system has given permit holders the exclusive right to harvest Alaska's valuable



salmon resources. Processors can no longer simply hire another skipper willing to fish for lower prices.

A case in point is price negotiations in Bristol Bay where fish prices were increased by nearly 50 percent in 1979 after a virtual shutdown of the fisheries by boycotting fishermen. Although fish prices tumbled the next season following collapse of major Japanese markets, fishermen held out during the peak of the largest salmon run in history. About 21 million harvestable sockeye salmon passed by the fishing grounds because of the long price dispute.

By restricting the number of people allowed to fish salmon, lawmakers also hoped to increase the incomes of individual fishermen. While average gross incomes of gear operators have risen dramatically since 1973, the improved economic outlook mostly is due to spectacularly increased fish prices. There can be little doubt, though, that the allowable harvest would be split among a much larger group of fishermen if the salmon fisheries were open to all interested.

When all is said and done, the essential question regarding limited entry probably is:

"What's the alternative?"

Perhaps there wasn't justification to limit entry to Alaska's salmon fisheries. Maybe a better method of protecting residents could have been devised. But it's too late to debate those issues; the important point now is what would happen if the system were abolished.

With the current high level of interest in Alaska's salmon fisheries, the lifting of limited entry would invite a gear rush rivaling the Klondike gold rush. Examples of the interest in the state's fisheries are easy to find, as a glance at the

crowded halibut, crab, cod and open herring fisheries will show. Particularly troublesome is the large fleet of Washington State vessels squeezed out by the "Boldt decision" which allocated half the natural and hatchery salmon runs of that area to treaty Indian tribes.

Despite development of other fisheries and the emergence of the oil industry, salmon continues to be the economic mainstay of most of the communities spread out along Alaska's 34,000-mile coastline. Hundreds of millions of dollars have been invested on the assumption limited entry is here to stay. Abolition of the system would disrupt the economies of much of rural Alaska.

Although the cost of buying a permit adds a big barrier to entering the salmon fisheries for rural Alaskans, state loan programs can give an edge to residents. The programs will cover 90 percent of the market value of permits, and the recent "targeted loans" designed to help rural residents may carry 100 percent of the cost. Permits can be used as collateral only under state loan programs.

The threat of a gear stampede trampling long-time fishermen is responsible for the continuing support of limited entry by many harsh critics. Notably absent from the legislature's 1979-80 evaluation of limited entry was the possibility of removing the restrictions altogether.

Since limited entry is widely seen as an evil made necessary by the lack of alternatives, continuing support of the program by lawmakers appears likely. Equally likely are continuing opposition from a host of critics and pressure to substantially modify the present system.

FINANCING: The state and CFAB

When it comes to finding financing for limited entry permits, Alaska residents have a decided advantage. Under state law, permits can be owned only by individuals. Banks cannot take possession of permits in the event a borrower defaults on a loan. Thus, permits may not be used as collateral, except under the state loan program which is open only to five-year residents. The Alaska Commercial Fishing and Agriculture Bank (CFAB) also is able to hold permits as collateral since the state initially funded the bank and remains a major stockholder. CFAB uses the same requirements as the state for permit loans.

Through the state's Commercial Fishing and Revolving Loan Fund, applications for permit loans are made directly to the Division of Business Loans in the Department of Commerce and Economic Development.

Permit loans require five years state residency immediately preceding the date of application, with one year of commercial fishing experience during that time. The interest rate is 9.5 percent, and the maximum loan term is fifteen years.

The state can lend up to 90 percent of the average resale value or the actual cost of the permit, whichever is less, when the permit itself is used as collateral. The Entry Commission computes this average resale value quarterly, based upon what prices were paid for permits during the preceding quarter. It is important to keep this in mind, as the amount of money you can get varies as permit prices go up or, more rarely, down.

The newly-created Fishermen's Revolving Mortgage and Note Fund, targeted to assist fishermen in rural areas of the state



who are not eligible for regular commercial fishing loans, also may be used for the purchase of limited entry permits.

Under this program, the state will buy mortgages and notes from banks or other financial institutions. The interest rate is 10.5 percent.

The state may buy a mortgage or note for up to 100 percent of the appraised value of the collateral if the loan is for the purchase of an entry permit and if the borrower has at least three years experience as a commercial fisherman under the direction of a permit holder in the fishery for which he is buying the permit.

To be eligible for this program, an applicant must have five years state residency immediately preceding the date of application, but he does not necessarily need to have had commercial fishing experience as long as the lender finds that he is reasonably likely to succeed as a fisherman and be able to repay the loan.

For further information on loans for limited entry permits, contact one of the regional offices of the Division of Business Loans, Department of Commerce and Economic Development:

Juneau	Pouch D Juneau, Alaska 99811 465-2510
Anchorage	201 East Ninth, Suite 103 Anchorage, Alaska 99501 274-6693
Fairbanks	675 Seventh Avenue, Station A Fairbanks, Alaska 99701 452-8182

or



Alaska Commercial Fishing and Agriculture Bank
Gary Anderson, President
P. O. Box 4-2070
2550 Denali Street, Suite 1201
Anchorage, Alaska 99509
278-4553

CFAB also has offices in Homer, Kodiak, Cordova, and Seattle.



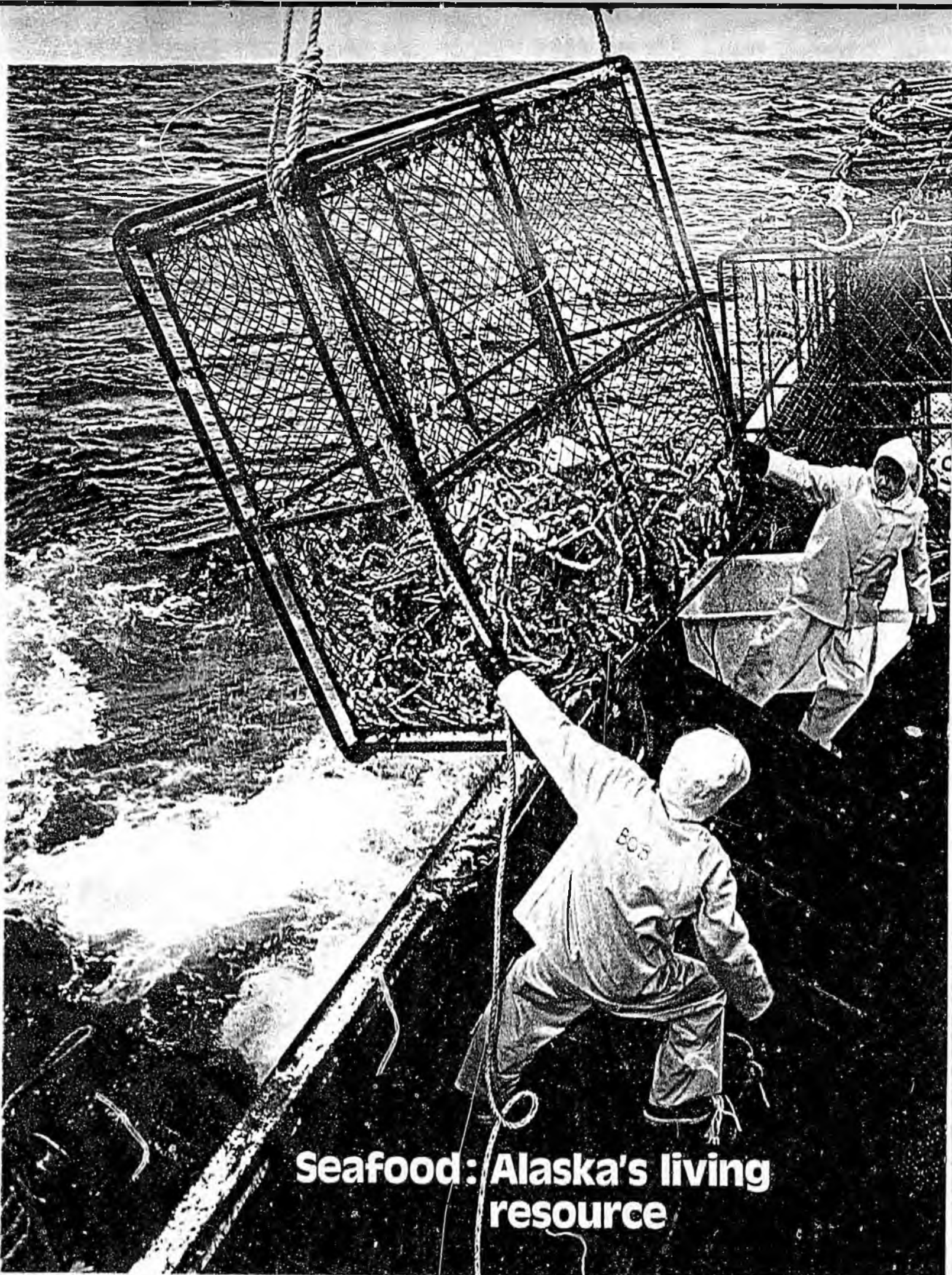
MISCELLANEOUS: A checklist

Attempting to deal long distance with the many and complex limited entry regulations is a constant source of frustration to fishermen and the Entry Commission alike. Misunderstandings are often a cause of delay, which can be critical and costly when the fish are going by the fishing grounds.

The following checklist offers important points to keep in mind about limited entry and is offered to help keep the level of red tape frustration at a minimum:

- The permit holder must have his card in his possession and must be present while his gear is being fished;
- A permit cannot be lent to anyone, not even a relative;
- A permit holder and crew must be able to produce identification at the request of an enforcement officer;
- Emergency transfers are to be used in cases of unavoidable hardship; they are not for leasing a permit. Send an emergency transfer form to the Commission, including documentation and your permit card;
- There is a 60-day waiting period between the time an intent to transfer form is filed with the Commission and the permit can actually be transferred;
- Once a permit is transferred permanently, it's gone. The Commission strongly recommends using an escrow agent to hold the money (contact your local Legal Services Agent);
- If a permit holder dies, the spouse or heir should contact the local superior court clerk for instructions on having an administrator of the estate appointed; and contact the Commission;
- Permit holders should allow at least three weeks for processing renewals, and more if they live in an area where mail is slow;
- Decisions of the Commission are subject to review, and an applicant may request a hearing;
- When in doubt, contact the Commission.





Seafood: Alaska's living resource



From Ketchikan to Kotzebue, fishing is Alaska's largest private employer



The dozens of species of fish and shellfish available in commercially harvestable quantities in Alaska are found in radically different environments, ranging from deep ocean waters warmed by southern Pacific currents to the muddy surf of wide, shallow bays that are covered much of the year by pack ice.

The fishing boats and processing plants designed to handle these widely varying conditions are extremely diverse: herring skiffs in Norton Sound, multimillion-dollar crab vessels in the Bering Sea, classic wooden halibut schooners in the Gulf of Alaska, and modern fiberglass salmon seiners in Sitka Sound; huge cold storage plants in Kodiak, converted liberty ships in the Aleutian Islands, fish-buying stations on the Yukon River and salmon canneries in Bristol Bay that can handle as many pounds of fish a day as the entire U.S. tuna industry.

The seafood products shipped from the state include five species of salmon, three species of crab, shrimp, halibut, herring, sablefish, Pacific cod, Alaska pollock, scallops, abalone, clams, rock fish and fish meal. Expansion into the 200-mile waters will mean handling large volumes of many new species.

The major fisheries and products are:

Salmon

The state is the major producer of salmon in the world. About 110 million salmon were caught in 1980, making it the fourth largest harvest in history. Salmon are harvested by seine, gillnet and hook-and-line gear in fisheries scattered from Southeast to Kotzebue Sound. The salmon fisheries are the most important in terms of volume, value and jobs. In 1979, about 150 million pounds of salmon were frozen and 3.1 million cases canned.

Crab

Bering Sea crab vessels comprise one of the world's most efficient and sophisticated fishing fleets: 230 boats harvest about 120 million pounds of king crab in a month. In 1979, 154 million pounds of king crab and 131 million pounds of snow crab were processed in Alaska plants, mostly by modern cold storages in the Aleutian and Kodiak Islands.

Shrimp

Although catches declined from the 1976 peak of 128 million pounds to 51 million pounds in 1979, shrimping remains one of Alaska's most important fisheries. Five species of shrimp are frozen and canned in plants dotting the coastline from Southeast to the Aleutians.

Halibut

One of Alaska's oldest fisheries, halibut are caught by long lines of hooks strung along the bottom of some of the world's stormiest seas. More than 16 million pounds of halibut were frozen in cold storages from Southeast to the Bering Sea during 1979.

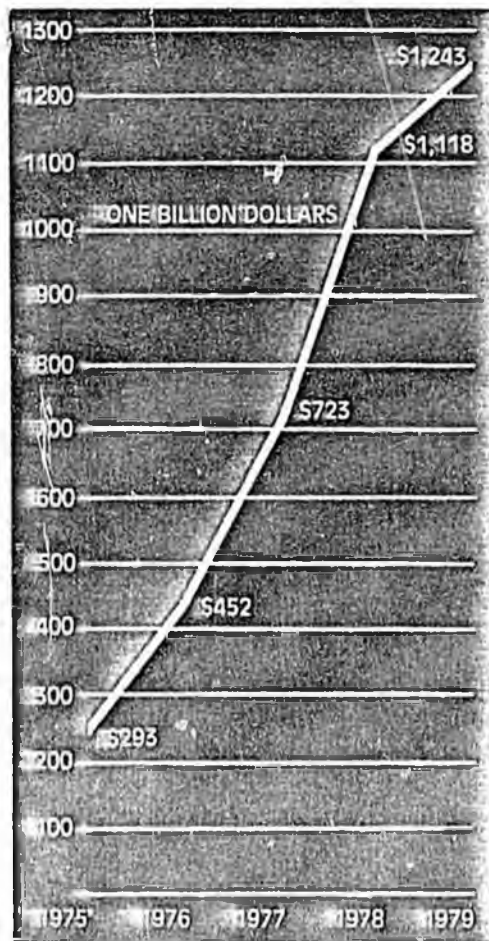
Sablefish

One of the fastest growing fisheries, sablefish catches climbed from 1.8 million pounds in 1977 to 5.3 million pounds two years later. Sablefish, also called black cod are frozen and smoked.

Bottomfish

A growing fleet of U.S. trawlers is beginning to cut into the huge foreign catches of bottomfish in the Bering Sea. The 1980 U.S. harvest of Pacific cod in the Bering Sea was almost five times larger than the previous year's total. Still, there's a long way to go: the 1979 foreign bottomfish catch in Alaska's 200-mile zone of **3.1 billion pounds** was valued at **\$1.8 billion**.

Wholesale Value of Alaska Seafood (millions of dollars)



The value of Alaska's seafood products increased by 424 percent in the five-year period ending in 1979.

The seafood industry is much more than succulent crab legs and tender salmon fillets. It is thousands of Alaskans scattered from Ketchikan to Kodiak to Kotzebue, from hundreds of miles up the Yukon River to downtown Anchorage.

The industry includes not only fishermen and processing workers, but air charter pilots, truck drivers, construction workers,

longshoremen, grocers and bankers. It is easy to see the seafood industry in a community like Kodiak, with its sprawling processing complexes and busy harbors, but you have to look closely in a city like Anchorage for the 1,500 **direct** jobs generated by the processing and transporting of salmon.

- The wholesale value of Alaska seafoods stood at \$1.2 billion in 1979.
- More than 25,000 fishing vessel crew member licenses were issued in 1979. Another 17,609 individuals received permits to operate commercial fishing gear.
- With a range of up to 12,000 jobs during peak months, the annual number of seafood processing jobs was 7,251 for 1980. The payroll for these workers was estimated at \$104 million.
- There were about 250 companies and individuals licensed to buy and sell seafood in 1979. More than 15,000 commercial fishing vessels were registered.
- The replacement value of Alaska's processing plants was estimated to be \$392 million in 1978, while the replacement value of fishing boats was set at \$829 million in 1979.
- The State of Alaska collected \$3.1 million in raw fish taxes in 1976, while the figure hit \$14.6 million in 1980. That amount was in addition to property, corporate income and payroll taxes.

During the heyday of Alaska's salmon fisheries, the Territory of Alaska's economic backbone was a network of salmon canneries dotting most the coastline from Ketchikan to Bristol Bay. Huge quantities of canned salmon were sold on grocery shelves across the United States and Europe.

A slow decline in salmon catches came during the fifties and sixties. Salmon stocks were knocked down to alltime lows in the 1970s by two successive severe winters that killed millions of vulnerable eggs and fry. Considerable belt-tightening by fishing communities under strict biological management of the salmon fisheries has helped to rebuild the runs to historic strengths.

The resurgence of the salmon harvests has come at a time when the industry already was wrestling with the problem of trying to establish solid sales outlets for large volumes of frozen products. Virtually all of the fisheries developed in the seafood boom of the seventies are based on frozen products. Even in salmon the trend has been toward quick frozen processing; the portion of Alaska's salmon pack ending up in cold storages increased from 29.9 percent in 1976 to 52.2 percent in 1979. Three-fourths of Alaska's seafood pack was frozen that year.

The marketing challenge is much greater as the takeover of fisheries in Alaska's 200-mile zone from foreign fishing fleets becomes a reality.

Americans won't be able to catch or process the huge quantities of bottomfish unless the existing seafood industry is financially sound enough to expand. Handling the entire foreign harvest off Alaska's shores would mean finding markets for an additional three billion pounds of seafood a year.

The selling of seafoods in the United States is a highly competitive affair that pits the largely independent Alaska processing companies against well-financed efforts like the tuna industry, North Atlantic Seafood Association (Iceland, Norway, Denmark and Canada), and government-aided industries of the Soviet Union, Korea and Peru. The large supplies of protein also are competing against well-established foods like beef, pork and chicken.



Fishermen and processors accounting for the bulk of the state's seafood production have joined forces with the State of Alaska under a non-profit group called the Alaska Seafood Marketing Institute in a unified effort to promote Alaska's varied line of seafood products. The Institute is attempting to broaden the national and international markets for Alaska seafoods through market research, product development, generic advertising and promotional programs.

Alaska
Seafood
Marketing
Institute

526 Main Street
Juneau, Alaska 998

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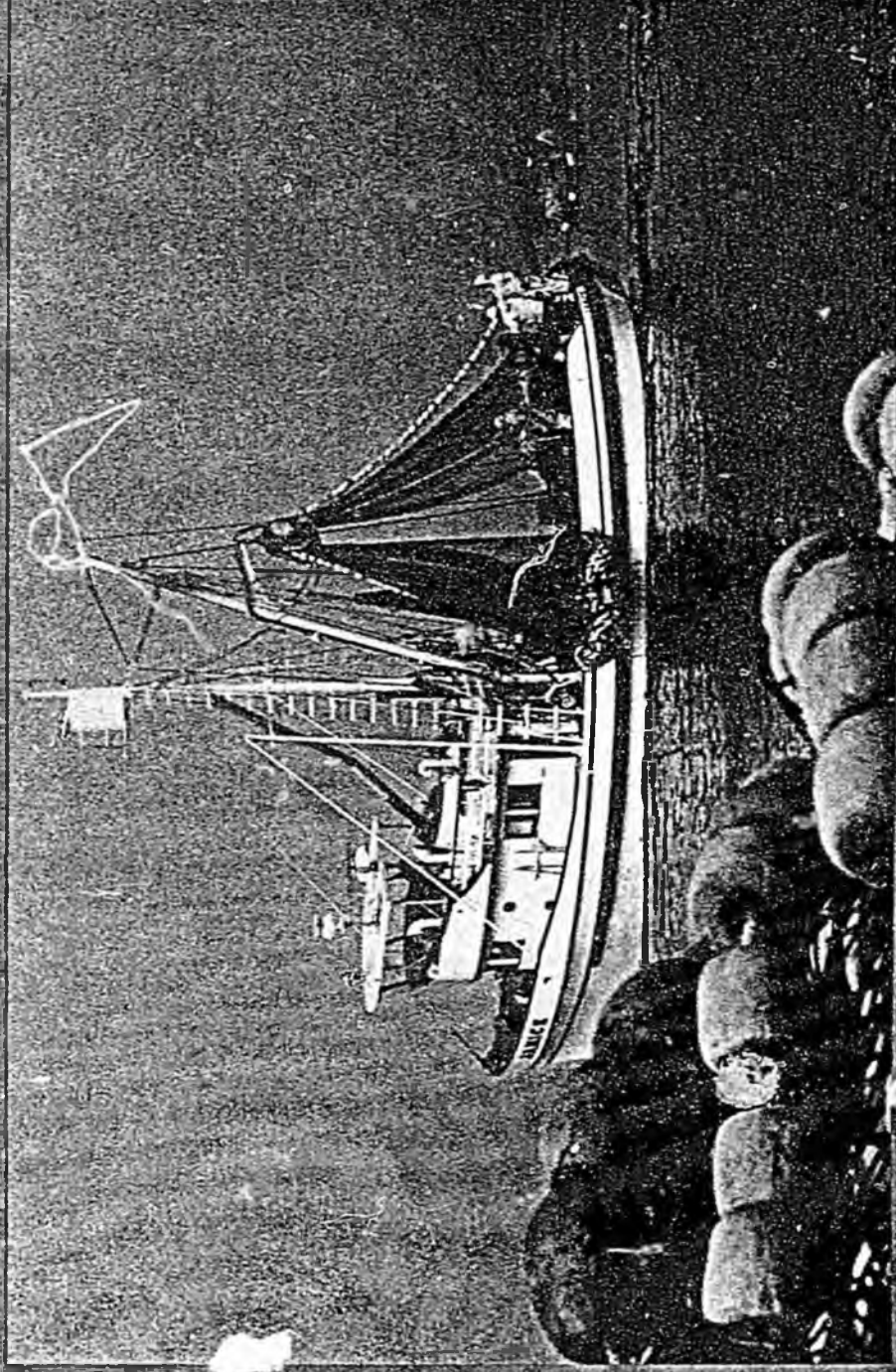


With 34,000 miles of rugged coastline, Alaska's destiny always has been tied closely to the sea. An abundance of sealife is supported by the nutrient-rich waters of wide continental banks, vast river deltas and countless bays, fjords, lakes and streams. The wholesale value of Alaska seafood is more than double that of any other state. The seafood industry is Alaska's largest private employer; in many rural communities there is no other way to make a living. Of special importance, the seafood industry will continue putting Alaskans to work, contributing to the economy and providing a long-term tax base as long as man needs protein.



ALASKA'S SEAFOOD INDUSTRY

12,000 processing jobs
25,000 fishing crew licenses
17,600 fishing gear permits
\$1.2 billion product value (1979)
890 million pounds landed (1979)
\$392 million processing plant value
\$829 million fishing vessel value



The following topic areas were repeatedly mentioned during the hearings in Bristol Bay as major concerns of local individuals:

Market Study
Processing Shortfalls
Infrastructure Needs
Pricing Concepts
Foreign Control
Public Safety Concerns
Seafood Marketing
Pack Loss, AARC, and CIAB

MARKETING STUDY

The single largest topic of discussion was the State's involvement in financing a comprehensive marketing study to provide information to fishermen and processors prior to price negotiations. Each individual who addressed this point cited the lack of data available to fishermen on world market conditions, although it was generally conceded that processors already had the information at their disposal. Typical comments on this subject included:

Andrew Golia (Dillingham): "I feel this study is highly important and could lead to an early price settlement in Bristol Bay. . I think the importance of this study is that it will give processors and fishermen a starting point in price negotiations this upcoming season."

Jack McBride (Dillingham): "A state-funded study by a firm that could supply credible information to both the fishermen and processors would go a long way to establish a price range within which both the fisherman and processor could feel comfortable to negotiate."

Allen Aspelund (Naknek): "I think if the state would have a similar method (State of Washington market survey) . . . I believe you will create for us fishermen a little trust. . . We don't know what's fair."

Val Angasen (Dillingham): "A study could be conducive for an early settlement, in that the state legislature, the people of Alaska, who the resource belongs to, might have an inkling of an idea whether or not price offers are fair or not fair."

PROCESSING SHORTFALL

Another major point of contention among fishermen is that processors purposefully hold down the number of fish processed, and therefore limit a fisherman's possible income. Bay fishermen firmly believe the state was misinformed on the total capability of processors for the 1980 run.

Mike Hakala (Naknek): "You will also hear the argument that you can get a low price and a lot of volume here in Bristol Bay but. . .they (processors) can't handle the fish. The day it opened they put us on a 6000 lb. limit . . .if that's handling fish, I sure in hell don't know what to say about that."

Kay Larson (Dillingham): "Last year there was also a lot of talk that fishermen should have been willing to take a low price for their fish and make the difference up in quantity. As fishermen who have worked with the canneries for many years, we knew this possibility would not be open to us. We knew that canneries would not increase their production and this proved to be true."

John Eckert (Naknek): "The processors in the Bay here can only process approximately 25 million fish. And on

large run years, they are not going to open up those canneries for any more fish than they can handle.

Mitch Kink (Dillingham): "They (processors) don't want all the fish. I think they said they could handle all the fish. . .if anybody here believes that if we would have went out on the first day of fishing that we would have caught 21 million fish, I think is a little wrong."

INFRASTRUCTURE NEEDS

An expressed concern of residents in the Dillingham area was the infrastructure needs of the community. Most individuals testifying on this topic believed that increased availability of transportation facilities would increase the likelihood of new processors coming into the Bay.

Lyman Smith (Dillingham): "The key thing here that keeps fresh market fisheries from really going is the lack of airport facilities. . .In addition to runways, we also need a parallel taxiway so there can be more than one aircraft operating on that airport at one time.

Laurie Schroeder (Dillingham): "It isn't easy for a new processor to come into Dillingham. . .We don't have lots of docks, we have one public dock that goes dry at low tide. . .We have a 100-boat boat harbor and we have 539 users. . .There are all kinds of things that hamper local fishermen."

Jack McBride (Dillingham): "Finding ways of lowering costs, such as transportation, is certainly another positive

action. Providing easily-accessible docks, improved runways and reasonable road systems would lower the cost of production."

Kay Larson (Dillingham): "Perhaps more competition on the processing side would make for a healthier industry. Competition in any industry is always healthy. State funding which would encourage the development of this competition could be a possible solution. Such funding should include new docks and airport improvements which would make it easier for new processors to come into the Bay."

PRICING CONCEPTS

A considerable amount of time was spent discussing the pricing structure of salmon, the method by which processors paid fishermen for their catches. Many fishermen were interested in establishing a base price for unprocessed fish, with a percentage of the final wholesale price being returned to fishermen.

Mitch Kink (Dillingham): "I think that a fisherman is worth 40% of what he gets as a final price from the wholesalers. . . I think we are worth that much in this industry."

Mike Hakala (Naknek): "I believe there should be a base price for salmon and I believe in a sliding scale."

Jim Bingman (Dillingham): "I think that this would be a good way for the state to help us if we had a base price and the canneries, the processors, could depend on this money (pack loans)."

Individuals testifying were about evenly divided on the question of the state's responsibility in setting a base price for unprocessed fish. Everyone concluded, however, that a comprehensive marketing study could provide the data needed to set a base price.

FOREIGN CONTROL

Considerable resentment towards foreign-owned processors was expressed by local residents, not only in the actual processing business but in marketing as well. Some individuals put it this way:

George Gottschalk, Jr. (Naknek): "At present there is no control over foreign ownership in the fisheries. For all practical purposes, the Japanese have a virtual stranglehold on Alaskan fishermen through market manipulation of all our fisheries products."

Jim Bingman (Dillingham): "I know the Japanese have taken over most of the canneries. . . I've watched them take over Togiak. They financed and got the processor. They got the processor to swallow the hook, then they jerked hard to set it. There's nothing the processor can do but step out and let the Japanese have it."

Thomas Crandell (Dillingham): "The marketing facilities are essentially controlled by the Japanese; there isn't an extensive marketing path for very much salmon into the domestic market."

PUBLIC SAFETY CONCERNS

Overall, the public safety problems encountered in the Bay during the 1980 season were downplayed by residents.

Some felt that the few violent acts that took place were distorted by the media. Some fishermen, however, did express concern that the Department of Public Safety overreacted to the potential for violence.

Fred T. Angasan (Dillingham): "Scare tactics by striking fishermen are mistaken by outside law enforcement officers and the press as acts of violence. For example, striking fishermen talking on their radio transmitter saying things like telling how they would use guns if they had to, or possibly damaging a non-striking fisherman's net. These are not physical acts of violence, but simple scare tactics which is part of a process of expression in the development of an agreement leading up to a price settlement.

Joe McGill (Dillingham): "It's a sore point with a lot of people here that the Department of Public Safety to act as, I don't know if to call it goon gang for a lot of scab fishermen, that's the word everyone else uses, that did create a lot of hard feelings."

Joe Clark (Dillingham): "I felt threatened; this happened during the 1980 price dispute. Commissioner of Public Safety William Nix sent Trooper Carl Fraser to Clark's Point to inform my son, Kay Clark, and myself that if we harrassed the processors we could be arrested, confiscate our boats, and might even be made to lose our limited entry permits."

Several individuals asked whether the administration planned to introduce legislation that would enable limited

entry permits to be revoked for acts of violence committed on the fishing grounds. Without exception, fishermen believed this to be an unfair and unjustifiable additional penalty.

SEAFOOD MARKETING

The concept of promoting Alaskan seafood in domestic markets was widely endorsed during the hearings as one positive step the state is taking for the fishing industry. Typical remarks included:

Lyman Smith (Dillingham): "I see this segment (fresh fish) as the weakest segment in the market. Where else in the world can you address the numbers of people that you can in the United States that have average incomes to afford this product in such numbers as you can in the United States; and I think that this deal (Alaska Seafood Marketing Institute) that the state has going on to get involved in promotion, the market is going to go a long way toward alleviating these problems."

Jack McBride (Dillingham): "Funding of programs such as the Alaska Seafood Marketing Institute is another positive way the State can involve itself. Obviously if the demand for salmon is high, the price will also be good."

PACK LOANS, AARC, CFAB

Many fishermen resented the State's financial involvement in the processing industry, not only with direct pack loans to companies involved in price disputes, but also through the Alaska Renewable Resource Corporation and the Commercial Fishing and Agricultural Bank loans.

Robin Samuelson (Dillingham): "Ball Brothers borrowed 4 or 3 million dollars from AARC, from the state, my money . . . and paid 40 cents to 35 cents and still haven't paid off their fishermen. . . I think that's criminal."

Joe McGill (Dillingham): "Last year, in my opinion, and I think the whole audience thinks the same way, our worst enemy was the state. In the first place, they financed a bunch of packers that won't pay the price and we couldn't even get them to the negotiating table to talk to them and discuss prices."

George Gottschalk, Sr. (Naknek): "I think the state should quit backing the processors. . . backing the processors up here buying 30-cent scab fish before the price is settled . . . The state backed Icicle Seafoods, and I don't know how many other foreign processors they backed."

Harvey Samuelson (Dillingham): "It (pack loans) should go to real American processors, not their buddies from across the sea . . . After they caught 700,000 fish (reference to 1981 High Seas catch), Jay Hammond shouldn't give them one penny."

Prepared by:

Kevin K. Bruce
Committee Aide
Senate Judiciary Committee
March 9, 1981

Written testimony presented to the Bristol Bay Committee is attached.

****PLEASE NOTE****

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NEWSPAPER

"ALASKA FISHERMAN"

V. 8, No. 8 - April, 1981

V. 8, No. 7 - March, 1981

No specific article marked

"BERING SEA FISHERMAN"

V. 1, No. 10 FEB-MAR, 1981

No specific article marked

BRISTOL BAY, 1980

A Report to the Legislative Council

By

Rodger A. Painter

January 19, 1981

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INTRODUCTION

Fishermen and processors alike tightened their belts during the years of 1973 and 1974, when runs reached record lows and the Bay was declared a disaster area by President Nixon. A strong commitment to building up the runs through strict biological management increased the economic hardship, but was necessary to guarantee a future fishery.

The improved management, treaties protecting the sockeye salmon stocks from Japanese fishermen on the high seas and favorable environmental conditions led to a remarkable turn around in Bristol Bay within a few seasons. The outlook had changed enough by December, 1979 for the Alaska Department of Fish and Game to issue a 1980 forecast calling for the Bay's salmon runs to hit all time high strengths.

When Governor Jay Hammond met with Bristol Bay fishermen and processors that December it was not to congratulate the salmon industry on its good fortune, but to discuss ways of dealing with a disaster of another sort--too many fish. Despite the early warning signals and months of planning, the salmon industry became embroiled in a bitter strike that nearly erupted into violence. Instead of guaranteeing the largest catches in history, the phenomenal run of 62 million sockeye salmon resulted in record numbers of fish going upstream.

Estimates of the value of the harvestable salmon passing by the fishing grounds range from \$46 million to \$65 million to fishermen alone. Calculations of the wholesale value of those fish push the lost opportunity figure to as much as \$131 million. The large over-escapements also result in sharply reduced rates of reproduction, according to some biologists.

As planning begins for the 1981 salmon season, all signs point to continued problems in Bristol Bay, as the long strike worsened the already tense relationship between fishermen and processors. Another boycott could have serious implications

for the fisheries-dependent economy of Bristol Bay. Voicing concern about the deteriorating situation, Governor Hammond announced the reactivation of a cabinet-level task force to plan for the upcoming salmon season.

In sifting through the aftermath of the 1980 strike, it quickly becomes apparent the issue is very complex and volatile; it must be approached with caution. Some problems are easy to identify: weak international markets for salmon, archaic negotiating processes between fishermen and processors and a lack of transportation facilities in the Bay. Solutions are more difficult to pinpoint; most remedies are indirect and long-range in nature.

The key to solving the deep-seated problems in Bristol Bay is not in the hands of government, but is held by fishermen and processors themselves. The sudden changes of the late 1970's caught the industry in the midst of a dramatic transition; the evolution of fishermen from employees of the large canning companies to equal partners in the industry was incomplete. Until that process has been carried further and a lasting peace is made, the bitterness shown during 1980 can be expected to spill over into future negotiations.

SECTION I. BACKGROUND

History

The influence of the canned salmon industry in the Territory of Alaska inspired the late Ernest Gruening to observe at the brink of statehood that "salmon and Alaska have been as closely intertwined as cotton and the South."

Nowhere has that power been more apparent than in Bristol Bay. Since the Arctic Pack Co. canned 400 cases of sockeyes at Nushagak in 1885, salmon has been king in the Bay.

By 1908 there were ten canneries at Nushagak alone and others at Naknek, Egegik, Ekuk, Herendeen Bay, Togiak, Nelson Lagoon, and on the Igushik, Kvichak and Ugashik Rivers. Catches in the Bay dipped below 10 million fish only five times between 1901 and 1939.

The canneries were large, self-sufficient industrial complexes located in virtual wilderness thousands of miles from the nearest cities. Equipment, supplies and Filipino, Chinese, Mexican and Japanese immigrant cannery workers were brought in each summer across some of the world's toughest seas. Italians from San Francisco and Scandinavians from Seattle were imported as fishermen. The canners posted fish prices on their office doors and hired skippers willing to operate company boats for those figures.

At the end of the fishing season, the plants were boarded up, company fishing boats stored, sprawling warehouses emptied of tens of thousands of cases of salmon, and the long journey south undertaken on company vessels. Fishermen and cannery workers were paid in home ports, salmon were hauled off to market and planning was started for the next trek north.

A few companies managed to gain control of much of the Bay's production during the heydays of the fishery after the turn of the century. In 1934, the U. S. Fish Commissioner described the

situation like this: "The great red salmon fishery of Bristol Bay is practically controlled by about three large companies and might well be considered by some as on the borderline of monopoly."

The powerful companies clashed repeatedly with Territorial officials over taxes and the low level of local participation in the fisheries. When the canners refused to help fund road construction in Bristol Bay, Territorial Rep. James Wichersham angrily lashed out:

"It exhibits as plainly as the English language can be made to exhibit it, their desire to get everything they can out of Alaska and give nothing in return. They resent the suggestion that Alaska or the people of Alaska have any right or interest in the salmon or the fisheries of that country. They are non-residents themselves, and they resent it when it is suggested that they pay some little portion of the tax for the building of roads or the development of the country."

When the advent of power fishing vessels threatened to loosen the grip of canneries on fishermen, the canners reacted quickly. In 1921, the federal government was persuaded to prohibit power fishing vessels from fishing in Bristol Bay. The sailboat-only restriction wasn't lifted until 1951.

The most bitter battles, though, were fought over management of the fisheries. Congress paid little mind to the pleas by Territorial officials for stricter conservation practices and some stocks were severely over-fished. In 1890, for instance, four canneries built a fish trap across the mouth of the Nushagak River with only a 100-foot gap at the center for salmon to escape upstream.

The collapse of the salmon runs and a drop in market demand in the 1940's combined to close down many of the huge cannery operations scattered throughout the Bay. Under high seas fishing pressure by the Japanese, salmon harvests continued to decline throughout the fifties and dipped to low points during the sixties. The toughest times came during the early seventies when two consecutive severe winters killed hundreds of millions

of vulnerable eggs and fry.

Sockeye harvests hit rock bottom in 1973 when a shortened season produced a paltry 760,000 fish catch. Harvests climbed to about 1.5 million the following year, but the wholesale value of the pack (\$6 million) was only one-fifth the average wholesale value during 1961-1972. President Nixon declared Bristol Bay an economic disaster area in 1974.

Circumstances took a dramatic turn within four years: the 1978 sockeye catch rebounded to 9.7 million. More than 22 million sockeye were landed in 1979, intensifying speculation over the rumored salmon bonanza due in 1980.

The phenomenal recovery of the Bristol Bay salmon runs can be attributed to a combination of three factors: favorable environmental conditions, good escapements under tough management, and treaties pulling Japanese gillnetters off North American salmon on the high seas.

Few Shouts of Joy

When catches fell to all-time lows in 1973-74, no one would have believed the state would issue an official catch projection of 37.1 million sockeye for Bristol Bay just a few seasons later. Circumstances had changed to such an extent by December, 1979, however, that the state estimate of a 54 million total sockeye run was scoffed at as being far too low. Japanese researchers projected a sockeye return to Bristol Bay of 80 million fish.

Cannery after cannery had collapsed during the lean years on the Bay. As the closed processing complexes decayed under the harsh elements of Bristol Bay, no new canning plants were added. By the time the rejuvenated runs hit, the canning capacity of the Bay had declined sharply.

The increasing salmon catches of the late seventies attracted a new element to the Bay -- competition to the canners. Suddenly, floating factory ships were buying and freezing salmon right on the grounds; flying operations were moving unprocessed fish to Anchorage, Kenai, Homer, Cordova and points beyond; and refrigerated seawater tenders were carrying salmon to Kodiak, Southeast

and British Columbia to be canned.

Despite a sharp increase in processing capacity during the 1978 season, a surprisingly strong pink salmon run took everyone by surprise. Thousands of fish were dumped after the few canneries remaining open were plugged and millions of harvestable salmon went up the Nushagak River.

The Bay's processing capacity leapt upward again in 1979; but processors, who had geared up according to a pre-season harvest forecast of only 13.2 million fish, were caught off guard by a near-record catch of 22 million sockeye. Processors were swamped, widespread dumpings of unsalable fish were reported and escapements were exceeded.

The largest impact of the huge catches was felt in the marketplace, though, as the fledgling frozen sockeye market immediately was plugged. At the same time, sales started dropping because of consumer resistance to high retail prices. Wholesale prices for frozen sockeyes dropped by 50 per cent and many processors were faced with having to sell huge inventories at severe losses.

Little wonder the 1980 forecast of a record sockeye run prompted more worry than shouts of joy from the Bristol Bay salmon industry.

Industry at a Crossroads

Bristol Bay is an anachronism. Setting foot in the richest, most productive salmon fishery in the world is like stepping back in time. The remains of abandoned canning complexes in varying stages of decay lend an almost eerie sense of the past to the salmon fishery.

Only thirty years ago, sailboats were the only fishing vessels on the storm-prone, treacherous waters of the Bay; there still is a large fleet of open skiffs fished by Native fishermen. Knots of swarthy fishermen speak rapid-fire Italian as they follow decrepit wooden walkways running between the barracks-like cannery bunkhouses and mess halls of Naknek.

Large, flat-bottomed wooden scows filled with salmon to the top of shoulder-high binboards unload at cannery docks accessible only at high tide. Ancient, rusty dump trucks lumber along beaches buying salmon from setnetters who pick fish in the mudflats as their nets go dry with the outgoing tide.

Time began to recapture Bristol Bay, though, when the salmon runs staged their remarkable revival beginning with the 1978 season.

Now anchored off the mouth of the Naknek River during the sockeye season is an odd assortment of surplus military vessels and barges converted to factory ships capable of freezing millions of pounds of salmon. Multimillion dollar Bering Sea crab vessels fill in the off-season by carrying loads of unprocessed salmon to points as far away as British Columbia.

At Clarks Point another group of factory ships and crab vessels pack fish. One particularly impressive floating processor uses gigantic vacuum pumps to suck salmon from the holds of tenders; helicopters carry visitors from a company-owned warehouse in Dillingham to a helipad on the upper decks of the vessel.

A Dillingham operation carries fish from a tender to shore by brailers dangling from a helicopter. The fish are cleaned and iced down in large plastic containers before being flown to Cordova for canning.

These new fish buyers came at a time when the relationship between the canners and fishermen was undergoing radical change. With the imposition of limited entry and the demise of company-owned fishing fleets, fishermen gained considerable independence from the processors.

Several lawsuits have been filed in recent years on behalf of fishermen, accusing the canners of conspiring to fix salmon prices. Fishermen strikes have closed down the Bay, and two powerful fishermen's groups have emerged.

The 800-member Alaska Independent Fishermen's Marketing Association (AIFMA) scored a tremendous breakthrough in fish prices in 1979. A major processing company bolted from the ranks

and accepted an AIFMA proposal for a split price based on whether the fish was frozen or canned. Healthy markets and low interest rates convinced other processors to follow suit.

Sockeye salmon ending up in the freezers were to fetch \$1.25 per pound, while those destined for a can were worth 80 cents a pound. Most buyers had paid only 68 cents a pound for sockeyes in 1978.

From Euphoria to Gloom and Doom

When the 1979 price was settled, the new processors in Bristol Bay were slightly euphoric from the eagerness of the Japanese to buy frozen sockeye salmon. The value of the yen skyrocketed in 1978 and Japanese trading companies offered top U. S. prices for all the salmon they could buy.

With easy upfront money from Japanese buyers and the State of Alaska's new-found oil wealth, dozens of new processors set up in the Bay to buy as much fish as they could find for the going price of \$1.25 a pound.

As for the established canners, the 80 cents a pound settlement didn't seem like too drastic a leap from the 1978 level of 68 cents, particularly since the market showed steady improvement. Besides, many of the long-time packers already had decided to get a chunk of the booming frozen market.

When the runs hit at unexpectedly high levels, the only thing that seemed to matter was how many fish each player could handle. Large quantities of low quality frozen sockeyes went out, the market as a result of the emphasis on maximum production, driving down wholesale prices for all frozen salmon regardless of quality.

At the same time, the Japanese economy was experiencing difficulties of its own, due to OPEC oil prices and mounting domestic problems. The value of the yen dropped drastically and the trading companies were able to offer less in U. S. dollars for seafood imports. Brokers also had seriously over-estimated the volume of salmon the Japanese market could handle and the price consumers were willing to pay.

The glutted frozen sockeye market resulted in high inventories of products with a short storage life sitting in the cold storages of major processing companies and wholesale distributors. As creditors moved in, huge volumes of other seafood products were moved at low prices to turn over money immediately, which sent shock waves through the entire North Pacific seafood industry.

Most of the processors who invested heavily in frozen sockeyes were in serious trouble by late 1979 due to the errors of the previous season and the worsening domestic economic situation. Interest rates soaring to previously uncharted heights of over 20 per cent, continuing double-digit inflation and climbing fuel costs made the 1980 season look gloomy. Some processing operations, most notably New England Fish Company, staggered and fell under the heavy burden.

Bristol Bay processors came to the bargaining tables in 1980 with a get-tough attitude. Several packers issued warnings to fishermen that there would be no price talks going beyond exploration of the bottom line offers of the companies, while others suggested that top prices of 40 cents a pound would be the best fishermen could expect.

Holding the Line

A sense of history runs particularly strong among the salmon gillnet fishermen of Bristol Bay.

Many fishermen can trace roots in the Bristol Bay sockeye fishery back to the turn of the century when the canners were importing nearly all workers and fishermen from the continental United States. Some Italian-American families from California have three generations of skippers on the fishing grounds each summer.

Numerous other non-resident fishermen have been traveling to the Bay from the Pacific Northwest for the past two or three decades. A second generation of these fishermen also can be found among drift gillnet permit holders.

Natives from the Bristol Bay watershed and other areas of Western Alaska became involved in the commercial salmon fishery

primarily during the labor-short years of World War II. A few Alaskans from other areas of the state have similarly long histories of participation.

These fishermen stayed during the lean fishing years of the fifties, sixties and early seventies. They remember very clearly scratching for catches of 50 salmon a day, then sitting on the beach to let fish go up the streams to build future runs, while the Japanese strung miles of gillnets to intercept millions of immature Bristol Bay sockeyes on the high seas.

For these fishermen, 1980 represented the big payoff for the belt-cinching years. They had gained some degree of independence from the packing companies, and a breakthrough in fish prices had been achieved the previous year. The sword rattling of the processors pulled the fishermen together.

Adding to the determination to hold the line in price negotiations were the huge investments of many fishermen in vessels, gear and permits following the bonus settlement checks of the 1979 season. The errors of processors during the 1979 season were a boon to fishermen who were paid record prices for one of the biggest sockeye catches in history.

To beat the tax collectors to the bonanza incomes, many fishermen promptly reinvested in new fiberglass gillnet vessels in the \$80,000 - \$130,000 range. Boatyards suddenly had long waiting lists for 32-foot Bristol Bay vessels, and new builders appeared all over the West Coast.

Other successful salmon fishermen noticed the boom, and a rush quickly was on to get a Bristol Bay fishing operation on line by 1980. The price of limited entry permits doubled to as much as \$130,000 for drift gillnetting and some fishermen ended up investing a cool quarter-million dollars before catching a single fish in the Bay.

Few fishermen were much impressed with the tales of woe coming from the processors as they had their own money worries. Besides, it was considered good negotiating tactics to plead a good case of poverty before talking prices.

The Political Front

The looming confrontation did not escape the attention of former Bristol Bay commercial salmon fisherman Jay S. Hammond, who used his powers as governor to appoint a cabinet-level task force to deal with the situation.

Since there was considerable uncertainty over the ability of processors to handle the huge runs projected for the Bay, the first order of duty for the task force was to assess production capacity for 1980. A final task force estimate released in late February pegged the Bay's processing capacity at 3.2 million salmon below the preseason catch forecast.

Once it became apparent there would be a shortfall, the task force next directed its effort toward trying to fill the 3.2 million salmon gap. The group suffered defeats on international, national and state fronts. The biggest disappointment was a 6-5 vote by the North Pacific Fishery Management Council against allowing foreign factory ships to handle surplus sockeye in federal waters outside the Bay under joint venture agreements with domestic processors.

More troublesome than the political losses was the inability of the task force to break the stony silence around the negotiating table. Governor Hammond set a March 1 deadline for a price settlement, but negotiations had not begun in earnest when the task force was dismantled in May after a life span of six months.

The panel of state officials came under heavy fire from several quarters for bureaucratic muddling and inaction. The biggest success of the task force was a one-season waiver of federal pollution restrictions threatening to close seafood processing plants in Anchorage, Petersburg and Ketchikan.

The legislature, meanwhile, passed a \$75 million loan package to aid resident-owned processing plants with pack financing and capital improvements. The loans later attracted strong criticism as a bail-out of companies best left to collapse under their own weight and aid to price gougers on the fishing grounds.

By the time the loan package cleared the legislative halls in early June, most processors already had located financing for the rapidly approaching salmon season.

When reports of unbelievable salmon runs headed toward the Bay through False Pass in the Aleutian Islands hit Juneau in mid-June, negotiations between processors and fishermen were at a standstill. Talk in the capitol building turned to a subject previously discussed only in hushed tones -- violence on the fishing grounds.

SECTION II. THE BAY 1980

Price Negotiations Bristol Bay Style

State Commissioner of Labor Ed Orbeck was optimistic coming into mediation of 1980 sockeye salmon price negotiations in Bristol Bay. He arrived at the King Salmon airport June 27th with enough cigars to last three days. Orbeck spent hours chewing unlit cigar stubs to make the meager ration stretch to the July 3rd settlement date.

Orbeck had a frustrating week trying to get fishermen and processors talking with each other, since he had no power to bring a reluctant party to the negotiating table, let alone force action with deadlines. Here's how Orbeck described the situation:

"This is not like a collective bargaining agreement. There are no rules on this, no regulations. They can go one day (and agree on a number of specifics in a contract) and the next day come back and throw it all out. What we're really doing is chairing a meeting of two economic groups."

What Orbeck neglected to add was the the no-holds-barred contest was between groups who viewed the negotiating process as a fight to the death; not a method of ironing out the details of how two mutually dependent parts of the same industry could each get a fair share of the economic pie.

There was little common ground for price talks in the poisoned atmosphere of 1980. Although fishermen sympathized with the marketing woes of processors, they thought the packers were manipulating inventories and figures in an attempt to drive down raw fish prices. As one fisherman put it, "I'm afraid the processors are trying to get well in one year at the expense of fishermen." Since the only solid market information was in the hands of the packers and Japanese fish buyers, independent assessments were skimpy and speculative.

Processors retaliated by charging the fishermen's price demands had absolutely no connection with the realities of the marketplace, inflation and lending rates. Fishermen would just have to be willing to accept lower prices because of the large anticipated catch and make up the difference in volume. Processors argued that less money would be lost by sitting out the season than by paying the prices asked by the fishermen's marketing associations.

The situation was much more complicated than a difference of opinion over costs and projections of marketing conditions. The Bristol Bay salmon industry was in mid-stride in its evolution from a wilderness industry where fishermen were cannery employees on cannery boats to what the seafood industry has become in most other areas of the state: fleets of independent and nearly self sufficient operations needed by the processors to harvest the raw materials. The sudden changes in the Bay caught the negotiating process at a particularly chaotic stage.

Two powerful fishermen's groups in the Bay, representing less than half the permit holders, bargain with individual processors to set Bay-wide standards. Antitrust laws prohibit fishermen from striking or belonging to unions in the classic sense, but they can tie up their boats and form "marketing associations." Although fishermen can negotiate en masse, the pending price-fixing charges prevent processors from discussing prices with one another.

Of the 2,600 limited entry permit holders in Bristol Bay, 800 belonged to the Alaska Independent Fishermen's Marketing Association (AIFMA) in 1980 and 350 were members of the Western Alaska Cooperative Marketing Association (WACMA). Although both groups are heavily dominated by cannery fishermen a hastily formed group of 40 non-aligned fishermen which negotiated a frozen sockeye price with Icicle Seafoods was widely viewed as a strike-breaking action.

Most of the smaller processing operations generally don't bother to negotiate with fishermen and seem content to accept the

canned and frozen prices set by major operators. In 1980, many of the major processors also declined to join the price talks. Nearly all of the offers made to AIFMA and WACMA came from a handful of companies, primarily canners.

Something finally appeared to break in the long-stalemated price talks at the end of June when the sockeye started appearing in large numbers. AIFMA negotiators recommended one of the first serious offers from a major canner; 60 cents a pound for sockeyes destined for the can and 40 cents for frozen. The AIFMA membership rejected the recommendation by a resounding 430 to 233 ballots on July 1st.

Things nearly fell apart at this point as the two AIFMA negotiators threatened to quit and a canning company let it be known it was ready to close camp and head back to Seattle. Many fishermen still vowed to let the entire run go up the streams before caving in to the companies; one group of fishermen voted to accept nothing less than 81 cents a pound.

By July 3rd it became clear the processors were not willing to budge. AIFMA voted to accept an offer for 57 cents a pound for sockeyes by a 404-304 margin and WACMA endorsed the settlement by a 147 to 87 vote.

The entire escapement goal of 17.5 million salmon had been met when fishing began. Another 11 million salmon would pass by the fishing grounds and escape in the Bay's many spawning systems by the time the run was over.

Boycotts and Blockades

Some contend it is no small coincidence that a slight scrambling of the acronym for the Alaska Independent Fishermen's Marketing Association spells MAFIA. The group has a wide-spread reputation in the fishing industry for strong arm tactics helpful in closing down the Bay during a price dispute.

Leaders in AIFMA decried the use of force or violence during the 1980 boycott and urged members to avoid illegal tactics. The messages had little apparent impact, though, as most of the boats used to illegally block access to the cannery docks in Naknek were skippered by AIFMA fishermen.

While few in the Bay were surprised by the militancy of AIFMA fishermen, many were caught off-guard by an early blocka. of Dillingham's small boat harbor by members of the Native-dominated WACMA.

Support for the boycott wasn't limited only to the organized fishermen. It is safe to say the tie-up was supported strongly by most fishermen during the early days; but the enthusiasm, of course, waned as the runs passed by the fishing grounds. Even many who defied the shutdown and went fishing believed the processors were trying to take advantage of the market situation to shove unreasonably low prices down the throats of fishermen.

In trying to understand the anger in the Bay during the summer of 1980, it is important to view history from the perspective of long-time fishermen. Many feel a strong affinity to the coal miners of the Appalachians who contributed blood, sweat and tears only to end up owing their souls to the company store. Many Bay fishermen believe they have only recently gained independence after nearly a century of indenture to the cannery bosses, and they are not willing to let the processors regain control.

The tactics of Bristol Bay processing power Whitney Fidalgo Seafoods during early negotiations and at the peak of the strike probably provoked more fishermen to action than any other single factor during the 1980 boycott.

Whitney sent letters in March to company fishermen refusing to budge from a sliding scale for sockeyes that would have worked out to 35-40 cents a pound. The company backed up the no-compromise offer by refusing to negotiate with AIFMA. Whitney later unilaterally withdrew the sliding scale in favor of a take-it-or-leave-it price of 40 cents a pound.

To fishermen, Whitney's actions smacked of the days in the not-so-distant past when skippers served at the whim of cannery bosses for prices posted on the office door. Since most other processors wouldn't even offer a price, it appeared to fishermen that Whitney was the industry front man for hammering

down raw fish prices. Whitney enraged the boycotting fishermen in late June by demanding that all fishermen vacate company bunk-houses and find somewhere else to tie their idle boats.

Whitney withdrew the eviction notice when state officials pointed out the action would violate Alaska's Landlord Tenant Act, but mess halls were closed and the heat and water turned off. The tug-of-war prompted a blockade of Whitneys' dock in Naknek by as many as 150 vessels for several days. The blockade nearly erupted into a violent confrontation when a Whitney Fidalgo tender attempted to bring in a load of "scab" fish under the cover of darkness.

Consider these comments over a c.b. radio as an estimated 70 fishing boats harassed the tender in the middle of the Naknek River:

"Keep the guns in the bunks, guys."

"No, desecrate the f-----."

"Open up with the grenades."

"Use the AR15s, they'll stop him."

"Don't let him get to the dock. Throw a net across his bow or something. Don't let him get to the dock."

"Don't use the guns. Don't...use...guns. The fishermen can handle this without guns."

"This is Fish and Game. Be aware there are three troopers on board. We're going to do our job and protect our lives."

Commissioner of Public Safety William Nix announced the following day that 15 additional troopers had been flown to Bristol Bay and no violence would be tolerated. Nix warned anyone engaging in illegal activities (blockades) would find himself arrested and his fishing boat impounded for the entire fishing season.

There were no more blockades. Things quieted down considerably after the announcement by Nix, although fishermen defying the fishing boycott continued reporting threats at gunpoint and other intimidation on the fishing grounds by striking fishermen.

Troopers said there were isolated reports of gunfire and harassment of non-striking fishermen, but no one was shot and

there were no strike-related arrests.

The Numbers

The biggest run in the history of the Bristol Bay commercial salmon fishery -- more than 62 million sockeye -- returned in 1980. The long sit on the beach kept the final harvest figure down to 23.6 million. Although the catch was one of the best in the 96-year history of the great salmon fishery, it was only about half the potential harvest.

By the Fourth of July -- the day after the price settlement -- most processing operations were plugged with fish. A few temporarily quit buying fish and most limited their fishermen to daily catches of 6,000 or 12,000 pounds. Despite the preseason reports of hundreds of fishermen without markets, it appeared everyone found a place to sell. There were only isolated reports of fish being dumped for lack of buyers, although many fishermen had to severely curtail or temporarily suspend fishing operations.

When the Department of Fish and Game totalled catch figures and compared them with preseason projections of daily processing capacity, the figures were remarkably close. If that closeness also supports the seasonal sockeye production capacity of 34.5 million, then processors would have fallen 9.2 million salmon short of handling the total number of fish available for harvest.

The most impressive numbers of the 1980 season were the escapement figures. At the time of the settlement up to 2 million fish a day were entering the rivers of Bristol Bay. The total sockeye escapement estimate reached an incredible 39 million fish; 10 million more than the previous record and 21 million above the desired number of spawners.

SECTION III. THE AFTERMATH

Not Like Fish at the Bank

Alaska Department of Fish and Game biologists monitor the number of fish passing by the fishing fleet with test fishing efforts at the mouths of Bristol Bay's mighty river systems. The major rivers have counting towers where fish are tallied by hand; the muddy Nushagak River has a sonar counter. Aerial surveys on the other systems provide escapement indexes for smaller systems.

Since sockeye salmon obligingly travel within a few feet from shore they are remarkably easy to tally. Bristol Bay escapement estimates may be the most reliable of any major salmon fishery in the state.

By July 1, 1980, more than one million sockeye a day were moving into the Kvichak River, the largest of Bristol Bay's spawning systems. From the air, the edges of the 40-mile passage to Lake Iliamna looked blackened with fish.

Fishing effort normally would have slowed the steady flow of fish by breaking up the huge schools of salmon coming into the rivers, but the 1980 strike gave the returning spawners a straight shot through the Bay and up the streams. One biologist estimated the fish were reaching Lake Iliamna only four days after entering Bristol Bay.

The quickly mounting escapement figures were difficult for many boycotting fishermen to ignore. Seeking to counteract the growing pressure to settle, the more militant fishermen began talking about putting the huge runs in nature's bank account for larger paydays in 1984 and 1985 when the next generation of adult salmon would return.

State biologists say there are holes in the escapement savings account theory, the most gaping being the failure of Mother Nature to insure deposits against natural disasters such as severely cold winters and plankton famines. There also can be problems with over-crowding of spawning areas and competition

among young salmon for limited food supplies during the two years spent in fresh water.

Chief Bristol Bay research biologist Charles Meacham, Jr. said Fish and Game sets escapement goals at the level considered to be the most productive per spawning salmon. Meacham said the productivity per fish is lowered when too many adults are let back into the spawning systems.

The 21 million sockeye over-escapement in Bristol Bay in 1980 was "equivalent to putting fish in the bank at three per cent interest when inflation is running at ten per cent," Meacham said. "Obviously it is not going to be a disaster, but it represents a loss to fishermen, processors and consumers."

Calculating the actual net economic loss from the over-escapement is impossible, but a reasonable estimate can be made of the money lost to fishermen in 1980. The over-escapement figure translates into a potential loss of roughly 115 million pounds of sockeye salmon. At the settlement price of 57 cents a pound, fishermen could have made up to \$65.8 million in additional sales. Many fishermen were paid 40 cents a pound, however, so a lower range 1980 lost opportunity figure would be \$46.2 million.

A rule of thumb in the salmon industry is that the first wholesale value of the finished products is roughly double the amount paid to fishermen. Using this rule, a very rough estimate of the wholesale value of 21 million salmon over-escapement would be \$92.4 million to \$131.6 million.

A Blessing in Disguise?

When the Japanese gillnet fleets were pulled off the high seas fisheries on North American salmon in the early seventies, a great new frozen salmon market suddenly was opened to U. S. and Canadian fishermen. Japanese trading and fishing companies invested millions of dollars in Alaska and British Columbia to ensure a continuing flow of salmon into Tokyo.

Nearly all of the sockeye salmon frozen in the North Pacific

for the past five years has ended up in Japan. Consequently, the new processors in Bristol Bay found themselves dealing almost exclusively with Japanese buyers.

The collapse of the frozen sockeye salmon market was spectacular: in June, 1979 the wholesale price peaked at \$3.30 a pound, then dropped to \$2.20 by September and hit a low point of \$1.70 a pound in March, 1980. Despite the low prices, inventories of frozen sockeyes were sold before the 1980 season began because of short shelf life and impatient bankers.

The 27.1 million sockeye harvest projected for Bristol Bay promised to swamp the Japanese market even worse than the previous year. Brokers were offering processors an average of \$1.25 a pound for Bristol Bay sockeyes.

The prolonged price dispute changed the volume picture considerably. The lower-than-expected number of fish from the Bay caused an immediate leap in wholesale prices in Japan. Here's how an article in the August, 1980 Alaska Fishermen's Journal described the situation:

"Developments over the last month have actually increased aggregate demand for salmon with prices bid at wholesale markets in Japan rising in some cases as much as 54 per cent for sockeye during July. The problem is not one of too many, but too few fish, and those who currently hold frozen salmon inventories could stand to make a good profit."

According to a number of other sources, the immediate leap in salmon prices caused a backlash from Japanese consumers and wholesale prices slumped again. Then wholesale prices began a steady climb. By late October, brokers in Seattle were paying as much as \$2.50 a pound for sockeyes.

Pointing to the doubling in wholesale value from preseason estimates, some processors have taken to calling the long strike a blessing in disguise for the seafood industry, as the 44 million Bristol Bay sockeye available for harvest in 1980 would have driven wholesale prices down to a dollar a pound. There were no signs of celebration in the corporate headquarters of the major Bristol Bay freezing operations.

Salamatof Seafoods of Kenai announced it was going broke in December after losing \$2 million in 1980. It left behind \$220,000 owed fishermen and another \$1.4 million due other non-secured creditors. The failure was attributed largely to Salamatof's heavy investment in Bristol Bay freezing operations.

Other Bay processors also are reported to be in serious financial trouble, including Icicle Seafoods which handled up to one million pounds of Bristol Bay sockeyes a day at the peak of the season.

Processors say nearly all of the 1980 pack had been presold when the wholesale price for frozen salmon began climbing. The only reason the price went above \$2 a pound was the lack of products available on the open market, according to several processors.

"We sold ours [frozen sockeye] as soon as we packed it," said Tom Jacobsen, vice president of Icicle Seafoods. "Every floater in the Bay sold in the \$1.25 range."

As for the Bay's canners, the market has continued its snail's pace upward. In sharp contrast to the wildly fluctuating markets for frozen sockeye, sales of canned salmon have advanced at a slow but steady rate for the past four years.

Canned salmon from Alaska has been sold in the eastern United States, Europe and Canada in large volumes for decades and markets appear to be very solid. The Bay's major canners were sitting on millions of pounds of salmon as 1980 drew to a close, however, as a result of a near-record statewide harvest of 110 million salmon. The canned salmon pack jumped by nearly one-third in 1980 to more than four million cases.

In an effort to move the stockpiled cans, the state-funded Alaska Seafood Marketing Institute voted on December 11 to give the Canned Salmon Institute \$481,000 to boost its promotional programs in 1981. It is uncertain what impact the doubling of generic advertising for canned salmon will have on the 1981 markets.

One particularly promising development in markets for Bristol Bay salmon was a test program last summer by Whitney Fidalgo

Seafoods to move large amounts of fresh salmon to supermarkets across the United States. Freshly caught sockeyes were flown to Anchorage where they were dressed, chilled and packed for shipment in cardboard boxes with gel ice. Company officials say the fish were flown to major cities such as Dallas, Los Angeles, Detroit and Chicago within 48 hours of being pulled from the water.

All told, 600,000 pounds of sockeye salmon from the Bay were sold to the second largest supermarket chain in the U. S.; while another 300,000 - 400,000 pounds of fresh salmon were moved from other areas of Alaska. Whitney officials say the fish arrived at the distant markets in excellent condition and, despite horrendous logistics, less than two per cent of the total shipping weight was lost due to spoilage.

The November edition of the Alaska Fisherman quoted a Kroger spokeswoman as saying even though many customers "had never tasted salmon before..." the response was "unbelievably enthusiastic." Another Kroger official called the fresh salmon program "very successful in all areas for the company."

Kroger's retail prices for the sockeye were \$2.50 a pound for whole fish and \$3.00 a pound for salmon steaks. Whitney says the profitability of the operation was close enough to try it again with even more salmon in 1981. Other processors acknowledged they also were looking at the fresh salmon market following Whitney's successful effort.

The Crystal Ball

Predicting the number of adult sockeye salmon to return to the murky waters of Bristol Bay in any given year combines several scientific measures with a roll of the dice.

Biologists follow up escapement estimates with assessments of survival rates of fertilized eggs to fry. Since environmental conditions have a heavy impact on young salmon during the two or three years spent in fresh water, lower survival rates are attached to cold winters.

The most accurate element in the forecast is the counting

of smolt or juveniles migrating to salt water in the early spring. "Fan scan" sonar systems on the Kvichak and Wood Rivers provide reliable tallies of the outmigrating smolt. The estimates of smolt strength on the two rivers are used as indexes to adjust run projections for other systems relying strictly on parent-year escapements and environmental factors.

Once the run starts its journey to the spawning grounds of Bristol Bay the forecast can be adjusted by results of a test fishery in the Shumagin Islands, a large commercial fishery at False Pass in the Aleutian Islands and another test fishery at Port Moller on the Alaska Peninsula. The prediction also can be tempered by the size of the returning fish, since smaller salmon generally mean larger runs and vice versa.

Despite the scientific checks and measures, the official state forecasts have a very uneven track record. For example, in 1971 the Department of Fish and Game predicted a 43.6 million sockeye run, but only 18.1 million fish actually returned. The 22.6 million prediction in 1979 fell far short of the 39.9 million return. A few looks in the crystal ball have been very close, though, like the four per cent miss in 1976. Over the past ten year, state biologists have experienced a 49 per cent margin of error, although the gap is narrowing.

Coming on the heels of a record 60.8 million sockeye run, the 1981 Bristol Bay forecast of 26.7 million fish may seem unimpressive, but it represents a very high figure for a post-peak year in the fishery's five-year run cycle. With escapements subtracted, the figure would leave 21 million sockeye available for harvest in 1981. The catch would be comparable to the harvests of 1979 and 1980.

Negotiations 1981 -- a Gloomy Forecast

If an official prediction were released for price negotiations between Bristol Bay fishermen and processors, chances are it would call for another bitter impasse cutting deeply into fishing time.

The price dispute of 1980 intensified the long-standing animosities between the two groups, making the prospect of early

price talks in 1981 appear remote. When the bargaining finally begins, the gulf between offer and counter-offer promises to be vast.

Canners appear ready to argue that the nearly stagnant prices of the marketplace fail to keep pace with double-digit inflation and that they are strapped with interest rates ellipsing the 20 per cent mark again. Freezing operators will point to the bankruptcy rates and uncertain markets. Both are likely to cite sharp drops in the strictly Japanese market for the crucial by-product operations of salted salmon roe.

The attitude of fishermen appears to have hardened as book-keepers stack 1980 expenses against fish ticket payments. Despite the largest runs in the history of the Bay, very few fishermen made a decent payday and many ended up losing a bundle of cash.

Fishermen simply lost at the bargaining tables in 1980. The canners put up the largest pack in recent history for raw fish prices at pre-1977 levels and in the face of a steadily improving market. Freezing operators paid prices dating back to 1973.

Not only were prices rolled back several years, but fishermen didn't get the large volumes promised to make up the difference. Most fishermen were put on daily catch limits of 6,000 or 12,000 pounds, although some canners bought fish, at a substantially reduced price, from fishermen who exceeded the quotas.

As it turned out, the price offer rejected by fishermen on July 1 would have been better than the settlement figure of 57 cents a pound. Consider these factors:

- ° Nearly all processors buying sockeyes to freeze paid only 35 or 40 cents a pound; but acceptance of the July 1 offer of 45 cents a pound probably would have resulted in a Bay-wide standard at that higher level.

- ° The 57-cent settlement figure was below the 60-cent a pound offer for canned sockeyes rejected on July .

- ° The two days of peak fishing time lost until the July 3 settlement would have brought fishermen an additional \$8,000 to \$14,000 each.

A survey of 230 permit holders by the Bristol Bay Native Association indicates the 1980 salmon season left many Bristol Bay watershed fishermen in serious financial trouble.

More than half of the respondents to the BBNA survey said they needed help in buying groceries for the winter, 50.4 per cent couldn't afford to buy fuel and another 37.2 per cent couldn't make their boat payments. Although an overwhelming number of the Native fishermen traditionally receive their entire cash income from fishing, 82.8 per cent said they needed to bring in extra money to make it through the winter. Of these, 43.9 per cent said no jobs were available.

There also seems to be trouble brewing within the fishermen's groups. AIFMA's three top officers resigned following the 1980 price negotiations and the parting of ways appeared to be anything but amicable. Resigning AIFMA president Dave Milholland was quoted by a fisheries trade journal as saying:

"I told them when I left that they ought to become more reasonable but they are becoming more militant. I guess [we] weren't militant enough for them. Fishermen have the right to a fair price but there comes a time to be reasonable and I felt we had reached that time after letting all those fish go by. We were just a day or two away from losing the whole season."

Many Bay fishermen with frozen markets are becoming increasingly disenchanted with the Bay-wide shutdowns by AIFMA and WACMA. Most freezing operations offered 40 cents a pound in early 1980 and the long strike failed to budge them. Forty cents a pound was the going rate for frozen fish in the Bay in 1979. Other fishermen were paid 35 cents and even less.

Another factor to take into consideration is the new marketing association on the Bay -- Bristol Bay Fishermen's Association -- formed to negotiate a 1980 sockeye price with Icicle Seafoods. BBFA's 40 fishermen settled for 40 cents a pound plus a share of Icicle profits from the Bay. BBFA officers reportedly were considering taking AIFMA head on in a battle over members, but the lack of the promised profit share from financially ailing Icicle appears to have killed that prospect. A collision between

the two fishermen's associations would have been very messy during tough negotiations.

SECTION IV. WHAT CAN BE DONE?

Internal Ills and their Cures

Problems leading to the bitter confrontation between fishermen and processors in the summer of 1980 defy easy solution. Most stem from such complex circumstances as jittery international seafood markets and long-festering animosities between fishermen and packers.

Broadening the marketing base for salmon, developing more sophisticated transportation systems in Western Alaska, upgrading fishing and processing operations and streamlining the negotiating process all are keys to solving particular long-range problems in the salmon fishery.

Although there are some areas where the State of Alaska can tackle a problem head-on, most of the changes must come from within the industry. It is up to fishermen and processors to make the peace in the Bay necessary to avoid reallocation of the highly prized salmon resources to other bidders.

Unless state officials are willing to redefine prevailing notions of the free enterprise system, the toughest problem -- price negotiations -- is going to have to be tackled by the industry on its own. Opportunities for government intervention in the bargaining process are extremely limited.

Present law allows the state to enter into price disputes between fishermen and processors only if issued a formal invitation by one of the two parties involved. Even then, state participation is limited to mediation, or essentially referee status. There are no mechanisms to force reluctant parties to the bargaining table or set deadlines for price settlements.

There is widespread dissatisfaction with the awkwardness of bylaws in the charters of the fishermen's marketing associations requiring serious price offers to be brought to a vote of the full membership. AIFMA negotiators say they felt cornered in 1980 to put offers with no chance of approval to time-consuming votes. Observers close to the 1980 talks described the negotiators for

fishermen as "messenger boys" unable to effectively bargain by responding with counter offers.

When AIFMA negotiators Mel Olsen and Dave Milholland took a strong bargaining stance in 1980, they were slapped down by an angry membership. Rejection of the July 1 price recommendation was a bitter enough pill to swallow for AIFMA president Milholland and secretary-treasurer Olsen, but a later collision over lines of authority was worse. The pair of working fishermen, along with AIFMA vice president John Lungren, submitted their resignations after an internal spat over unilateral acceptance by the two negotiators of a pink salmon offer from a major processing company.

The marketing associations can improve the negotiating process in the Bay by taking a number of internal steps that essentially translate to the hiring of professional negotiators, arming them with the best economic information available, and stepping back far enough from the bargaining process to require that only the best offer possible under the circumstances is brought to a full membership vote. Such actions would elevate price talks above the highly emotional level of recent years.

AIFMA took the first step in that direction a year ago when it commissioned a price analysis by an established consulting firm. The report strongly recommended an early price settlement to take advantage of early fishing and maximum production in the face of the depressed market for frozen sockeye. Unfortunately, only a handful of AIFMA members were given copies of the report.

A positive sign emerged from the internal shake-up in AIFMA following the resignations of the group's top three officers with the hiring of a full-time manager. Long-time Bay fisherman Mitch Kaink, AIFMA's first permanent employee, also will serve as chief negotiator. In addition, the association is in the process of moving its corporate headquarters from California to Alaska and reorganizing under Alaska's cooperative association laws.

Although these moves by fishermen should help, the most important changes will be attitudinal on the part of processors and fishermen. Processors share a large portion of blame for

creating the poisoned atmosphere surrounding the 1980 talks. The confrontation with fishermen provoked by Whitney nearly exploded into violence that could have resulted in the entire 1980 season being lost. Other processors could have diffused the situation by beginning negotiations in earnest, but Whitney was the only major company making firm offers to fishermen until the final days of June.

Only when the industry as a whole gets serious about finding a method of sharing fairly in the rewards and risks of the salmon marketplace will there be a lasting peace on the Bay.

Why Do Anything?

In the eyes of most processors operating in Alaska, the only proper role of government in the seafood industry is none. The feeling that any fish business touched by government automatically is doomed to a fate worse than bankruptcy runs particularly strong among the large canning companies of Bristol Bay.

Since fishing communities have considerably more influence over elected officials than the non-resident canneries and receive benefits from the state extending beyond fishing, it is not surprising that fishermen have a somewhat more favorable attitude toward government. But, fishermen also react very strongly when the heavy hand of government falls upon their shoulders.

Considering the cold reception to the presence of government and the many pitfalls in store for the wary and unwary alike, some question state involvement in what essentially amounts to a difference of opinion between two economic groups over a private business matter. Bristling at the suggestion of the state planning for the 1981 Bristol Bay salmon season, the president of a major processing company said, "Ain't nobody going to negotiate fish prices for me. The state should stick to biological management of the fisheries."

The legislative and executive branches of government have

been entrusted with the management of Alaska's vast natural resources on behalf of all citizens of the state. Wise management of Alaska's great salmon runs is one of the most important duties under this trustee relationship because of the renewable resource's long-range economic importance. The large number of jobs in the salmon industry and the dependence of coastal communities on the resource make it even more important.

This responsibility goes far beyond good biological management of the salmon fisheries. State government also is responsible for ensuring that Alaska gets a fair economic return for the commercial use of the resource. To allow a repetition of the economic waste of 1980's tremendous over-escapement would be to deny responsibility for sound economic management.

In deciding the appropriateness of legislative involvement in the planning for the 1981 Bristol Bay sockeye season, lawmakers should be aware of these factors:

(1) The Bristol Bay salmon runs are the largest in the world. The amount of fish harvested in the Bay has a profound effect on the markets for all of Alaska's salmon. In 1981, for example, the Bay's 21 million sockeye harvest forecast represents 29 per cent of the statewide total salmon catch prediction.

(2) The 2,600 limited entry permits in Bristol Bay account for 26 per cent of all commercial salmon gear licenses in Alaska. The 1,100 permits held by watershed residents provide most of the cash flowing into the communities of the Bay.

(3) The long-term outlook for the Bay's sockeye fisheries is excellent, so the problems associated with the large runs of recent years are not likely to disappear. Sonar counts of out-migrating sockeye smolt in the Kvichak and Wood Rivers and the large escapements of the past two years suggest the fishery will be strong for at least the next five years. Improved biological data and sound management techniques will help stabilize the runs overall.

(4) Japanese fishermen have not failed to note the two

consecutive years of large over-escapements in the Bristol Bay sockeye fishery. Crucial treaties negotiated by the International North Pacific Fishery Council (Alaska, British Columbia and Japan) pull the Japanese gillnet fleets off Bristol Bay salmon in the Pacific Ocean hundreds of miles outside the 200-mile zone. INPFC chairman Elmer Rasmuson warned of the potential consequences of continued "under-utilization" of Bristol Bay sockeye at an October 2, 1980 meeting in Juneau.

"I'm not afraid of saying [to the Japanese] we are going to take every North American salmon species, but we have to use them," he said. Another INPFC member added that it is difficult to argue the validity of price disputes in the arena of international politics while a hungry world watches hundreds of millions of pounds of high quality protein go to waste.

(5) The 1980 price dispute nearly erupted into violence. Guns were evident everywhere, and considering the level of passion on both sides, the avoidance of bloodshed is nothing short of miraculous. The Department of Law was drafting a bill in early January that would suspend or revoke the limited entry permits of anyone convicted of civil disobedience or violence in connection with a price dispute. Many fishermen are highly critical of such suggestions, which they characterize as unfairly singling out fishermen by threatening their ability to make a living.

(6) Voicing a concern about the potential of violence, Governor Hammond announced the re-activation of his cabinet-level task force on Bristol Bay at a joint meeting of the Alaska Boards of Fisheries and Game in December. In apparent reaction to criticism to last year's group, Hammond hired as executive director of the task force his long-time political trouble shooter and former attorney general Avrum Gross.

The governor hinted strongly the task force will undertake some rather unorthodox approaches to the 1981 sockeye season planning effort:

"It seems to me that we have to reach a position where we say, 'Look, we want to harvest X million fish and here are reasonable conditions. Those of you who are willing to process

fish under these terms shall be accommodated with a permit to process fish. Similarly, those who wish to fish under these reasonable terms shall be permitted to do so under the current limited entry program.'"

Negotiations, Markets, and Money

Should the legislature become involved in the planning effort for the 1981 Bristol Bay salmon season, there are a number of issues that should be approached with caution. In determining the appropriate amount of pressure to apply, the consequences need to be studied carefully.

The approach suggested by Hammond is a good example. The governor has proposed what may be the most potent weapon available to the State of Alaska in dealing with the Bristol Bay salmon issue: politics. Whether it's called persuasive leadership or outright political blackmail, it could be the only way for the state to force an early settlement of sockeye prices.

The ramifications of removing the protections now given the seafood industry in order to mandate better utilization of the salmon resource could be drastic. For example:

° The lifting of limited entry to open up the Bay to fishermen less reluctant to accept lower prices would deny thousands of Alaskans their sole or primary source of income. More than 1,100 Bristol Bay watershed residents hold limited entry permits and hundreds of others fish as crew members. Most of these fishermen and their families are totally dependent upon fishing for cash income. More than 500 Alaskans from outside the Bay area hold Bristol Bay gillnet permits.

° Allowing foreign processors to come into the Bay and buy salmon at prices demanded by fishermen could cost thousands of cannery workers their jobs. The State of Alaska and local governments would lose tax revenues from the shore-based canneries. But the most serious implication of the move is the threat to world salmon markets. The limited international markets for salmon now controlled by Americans would be prime targets for low cost foreign factory ships to undercut and corner.

Even if the tough talk by Hammond is carried through, fishermen and processors can't be expected to rush to the bargaining table. Both sides will be anxious to let the wholesale market outlook come into clearer focus before being committed to a price for 1981 salmon.

The situation in the Bay is very complex from all sides. Fishermen and processors alike fear that by rushing in too quickly they will find themselves on ground where angels fear to tread. The processors thought they were burned by the 1979 settlement and fishermen feel they got the shaft during the summer of 1980. Both will approach the 1981 process with extreme, and very appropriate, caution.

The legislature undoubtedly will be asked to become involved with the Bristol Bay issue to some degree. The following issues deserve further consideration:

NEGOTIATIONS. Settlement of salmon prices before the season begins is the best way to ensure that the sockeye resource is more fully utilized, but deadlines for settlements must be realistic.

Scoffing by industry leaders at the March 1 deadline for a price settlement set last year by Hammond was justified. Neither canned nor frozen sockeye markets gel until April or May. With the fluctuations in the frozen market, settlement deadlines should not be set before late May.

Salmon prices also hinge on the cost of money processors borrow to set up summer operations and pay expenses until the packs are sold in the fall. Considering the rapid changes in the prime interest rate, too early a price settlement could change the profit picture by significant percentage points.

One answer to the annual negotiating stalemate in Bristol Bay often mentioned by fishermen, processors and state officials is profit sharing plans or a sliding scale geared to wholesale prices. The systems could guarantee fishermen a minimum price per pound when the fish is delivered, with the remainder to come at a specified future date according to a strict formula. This method would allow processors to borrow less front end money.

Despite the mutual attractiveness of the benefit and risk

sharing systems, they will be difficult to sell on the Bay. In 1975, a sliding scale was adopted for Bristol Bay sockeyes, but fishermen ended up getting paid only the base price per pound of 37 cents. Because no bonuses were paid, fishermen took a 25 per cent cut in fish prices that year. If financially troubled Icicle Seafoods fails to pay fishermen a profit share for the 1980 season, additional skepticism over the proposals will be generated.

AIFMA officials say they are interested in a sliding scale for sockeye prices in 1981, but insist on an audit of the finances of processors as a safeguard. The prospect of processors agreeing to let fishermen or state auditors examine their books appears extremely remote.

Significant expansion of the state's role in the bargaining process or the imposition of negotiating guidelines would run smack into federal antitrust guidelines, according to state labor officials. These price-fixing prohibitions also prevent fishermen and processors from sitting down as a group to discuss ways of resolving the price dilemma.

State labor officials speculate that it would be very difficult to convince Congress to grant the Alaska seafood industry a limited exemption from the federal antitrust laws because of strenuous objections by national union officials to any relaxations of the price-fixing restrictions. A test of the feasibility of winning a limited waiver for price negotiations might be accomplished by sending Alaska's congressional delegation a strongly worded joint resolution asking for specific amendments.

Whatever approach to the problems is chosen, it is critical to keep in mind that price negotiations really are private business transactions best kept in the hands of fishermen and processors. Pressure by the state should be applied with caution.

MARKETS. In trying to avoid another stand-off in price negotiations, one concrete action available to the State of Alaska is to provide common ground for discussion of economics concerning the pricing of 1981 sockeye salmon.

When processors began talking about the depressed markets

for sockeye salmon in late 1979, AIFMA leaders accused them of spreading "propaganda" aimed at setting the stage for price negotiations. Fishermen and processors never did see eye to eye on the condition of the marketplace during the entire course of bargaining.

To avoid a similar situation in 1981, the State of Alaska should provide the best information available on the markets for canned and frozen salmon, with a focus on market prospects for the 21-million harvest projected for the Bay.

If the market study is to carry validity, its author must have impeccable credentials. Here's how the chairman of a major processing company reacted to the suggestion of a state-funded market study: "I oppose that. I've yet to see a government agency able to provide good sources of market information."

An important but longer range move on the marketing front would be to work out a compromise on funding for the recently formed Alaska Seafood Marketing Institute. Legislation providing ongoing funding for the nonprofit industry group was vetoed by Governor Hammond last year, but the governor later provided \$1.2 million as interim money until new legislation could be approved. It was still being drafted in mid-January.

The marketing institute, formerly called the Alaska Seafood Foundation, has gained widespread support in the seafood industry among processors and fishermen. Its membership now includes companies accounting for the bulk of Alaska's seafood production.

ASMI now is in the process of developing a long-range approach to expanding national and international markets for all Alaska seafoods, as well as developing essential quality assurance guidelines for the industry. To have a more immediate impact, ASMI bolstered existing industry-funded generic advertising programs by \$730,000, including \$481,000 for promoting canned salmon.

STATE MONEY. In grappling with the Bristol Bay salmon issue during the 1980 session, the legislature used one of the biggest weapons in the state arsenal: surplus oil funds.

A \$67 million loan and investment program was created to help resident-owned processing companies cover front-end pack

expenses and expand facilities. The package came under heavy fire from fishermen and processors operating on Bristol Bay this summer.

Fishermen complained the money was being used to finance cash buyers who paid the lowest prices on the fishing grounds and later went broke with fishermen still unpaid. Non-resident processing companies were uniformly opposed to the "bail out of failing enterprises." Said the general manager of one of Alaska's largest processing companies: "In the business world it is survival of the fittest and if government financing keeps uneconomical companies alive it weakens the entire industry."

In dealing with the financing issue, it is important to separate the "pack financing" loan program under the Alaska Commercial Fishing and Agriculture Bank (CFAB) from the investment financing of the Alaska Renewable Resources Corporation (ARRC).

The pack loans were offered to resident-owned companies by CFAB with interest rates running about two per cent below the going open market rate for short-term lending. Loaned out was the entire \$12 million in cash and about half of the \$40 million in guarantees. CFAB president Gary Anderson said, "We found the need was not there to the degree everyone thought it was."

CFAB has an ongoing pack loan program also available, like all CFAB programs, only to resident-owned companies. Although the \$52 million of 1980 was too large, Anderson said the bank's present pack loan fund could use another \$15 million a year to meet projected needs.

Like many in the fishing industry, Anderson said the state should consider a different approach to loan eligibility. Said Anderson of the resident-only approach, "Sounds politically very nice, but it doesn't do much for the fisheries." CFAB wants to be able to loan money to U. S. owned processors, Anderson said.

Others in the seafood industry suggested loans be given according to percentage of resident hire or amount of money spent on buying fish from Alaskans. Few processors favored this approach,

but some privately said it would encourage companies to hire more residents. Most non-resident processing companies favored funneling pack loans through commercial banks operating in Alaska, so the money would be doled out according to financial viability rather than residency.

The issue of investments by ARRC probably will surface early in the 1981 legislative session as the program has been heavily bombarded with criticism from fishermen, processors, bankers and others.

The complaints increased considerably following the recent bankruptcy of one of ARRC's major investments in the seafood industry. After Salamatof Seafoods announced it was closing in December, ARRC trustees worked out an agreement with other shareholders giving the state-funded corporation sole ownership. ARRC started reorganizing Salamatof under bankruptcy status in early January, 1981. The Corporation, which has \$2.3 million invested in Salamatof, plans on selling controlling interest of the company following reorganization.

On a longer range investment note, the development of the Bristol Bay salmon fishery has been hampered severely by the lack of transportation "infrastructure." The Bay has no port or public docks, and the only "boat harbor" goes dry at midtide. Most of the airports are too small to fly out large volumes of fish. Many of the best fishing areas have very limited salmon handling capabilities. Massive upgrading of the Bay's transportation systems would do much to assist the growth of the fishing industry.

RESEARCH MATERIALS

Research for this report included a ten-day visit to Bristol Bay (Naknek, Dillingham and Clarks Point) during the final week of the price dispute and first days of fishing. A later trip was made to Seattle to interview processors and research markets for sockeye salmon. The October meeting of the International North Pacific Fishery Council in Juneau was attended, and discussions of Bristol Bay at the December meeting of the Alaska Board of Fisheries was covered.

Fishermen, processors, fisheries biologists, state officials, marketing experts and Native leaders from Bristol Bay were interviewed in the course of that work. Scores of news articles were clipped and background material collected from various sources.

The newspaper articles and some of the supporting documents have been filed in the Legislative Library in the Alaska Court Building and may be checked out for research. Available in the Legislative Media Center in the in the Capitol Building is a 15-minute video report on the 1980 Bristol Bay salmon season prepared for the Legislative Council.

Following is a list of research materials available at the Legislative Library:

Bristol Bay Native Association's survey of the economic impacts of the 1980 salmon season on watershed resident fishermen. In this effort for the Legislative Council, a total of 232 surveys were tabulated.

1980 news articles from daily Alaska newspapers and fishing industry news journals.

Statistical information from the Alaska Department of Fish and Game detailing daily catches for the 1980 season, historic harvests, smolt migration counts and preseason forecasts of salmon runs.

ADF&G reports, press releases and management plans relating to the 1980 sockeye season in Bristol Bay.

"Final summary report of the Fishery Harvest Planning Group on the 1980 Bristol Bay salmon harvest." A report prepared by Governor Jay Hammond's 1980 Task Force.

Report on Japanese salmon markets (August 28, 1980) by the Alaska State Asian Office in Tokyo.

"Bristol Bay--The Fishery and the People." Prepared in
1975 by the Bristol Bay Native Association.

To: Senator Kerttula
From: David Gottstein
RE: Violence in Bristol Bay
Date: 4/9/81

*Judiciary
distribution
only*

Over several years there has developed practically an adversary relationship between the fisherman and the processors, primarily because the fishermen don't think they get a fair price for their fish. I heard several comments concerning the processors misconduct; from price fixing, to pressures being brought to bare on fishermen with outstanding loans to the processors. The symptoms might manifest themselves in several different ways. I believe the real problems are generated by the lack of a fair balance of bargaining position, and some faulty preordained market mechanisms at play. The complete story of the fishing industry in Bristol Bay is far from my immediate grasp, but I believe I did pick up enough information to describe some of the main factors that lead to the violence, what form the violence took, and what were some of the suggestions made by the people I talked to to reduce the chance of violence this coming season.

There are some bigger issues to be discussed perhaps at a later date among more informed individuals concerning the balancing of countervailing powers at play in the region, but I will just address the issues concerning the eruption of violence last season.

There are two main faulty market mechanisms at play here, beyond the broader power discrepancies I hinted at earlier. One is that the fishermen require the processors to commit themselves to one price for the fish for the entire season. This puts the entire risk of market fluctuations onto the processors. As a result they are forced to be

Short term functions have little bearing on institutionally sound market

fishermen, both canned and frozen, stayed on the beach not out of complete sympathy for the strike, but out of fear. There were enough fishermen engaged in mob rule that the whole scene became a travesty. They made personal threats to fishermen and their families, dumped fish overboard at gunpoint, damaged property, intimidated voters during marketing association meetings, blockaded harbors, brandished and fired semi-automatic weapons, and created hazardous boating situations. The feeling I got was that most of the really bad apples were from outside and belonged to a so-called fishermen's "mafia," as they call themselves. There was also some limited native participation hinted. It wasn't until after a particularly rough boating incident when public safety officials put out a strong statement that things seemed to cool down.

Phil Daniels believes that because the state protects the fishing industry with limited entry and primary processing, of which the latter may be knocked down in the courts, that the industry ~~was~~ a reasonable effort to the state to make sure the resource is harvested. Anything short of a reasonable effort should perhaps result in the governor having the authority to lift these protectionist barriers for a season.

Several recommendations were made with respect to reducing the threat of violence.

1. Make it known and insure that the state will significantly increase its profile in the region with experienced officers, and that the state won't tolerate any violence. Only one person last year was brave enough to file a formal complaint, and his case was thrown out.
2. Threaten to suspend or revoke limited entry permits from anybody caught participating in violent conduct.

Copy with all the ...

Bring in foreign strike breakers

State involved with processing restaurant chains

For a person who has admitted he does it. Know anything about the situation he sure has definite opinions.

to take on any risk, they deserve less of a return. The processors in a commodities futures market that doesn't allow price fluctuations for the fish in response to supply and demand characteristics. If the entire Bristol Bay catch is unusually high, or the demand soft due to surpluses or other market conditions, the selling price per case will drop, leaving the processors vulnerable. As a result the processors must play the market very conservatively. A contributing factor this past year was that the prior year's losses made it difficult for the processors to commit to high prices.

Last year's losses were due to rotten fish that were rejected because of panic buying.

The second market problem is that the fishermen in Bristol Bay demand one price for fish to be canned and fish to be frozen. This creates a natural conflict since the two have distinct selling markets. Only by chance will they wind up in harmony. This is a new problem since the frozen market is a relatively new market. The fishermen fishing for canning processors tried to force an old formula to a new market condition. What precipitated the conflict last year between the can market fishermen and the frozen market fishermen was that the frozen market was soft, and if the frozen market fishermen held out for what the can market fishermen wanted, they could never have sold their fish, since the frozen fish processors couldn't have made any money at the canned fish price. The violence ensued because the frozen fish fishermen wanted to fish for a lower price than what was acceptable to the other fishermen. The thought being that the frozen market price would set the price for the canned fish market. The canned fish fishermen refused to recognize the two distinct markets. As a result, the frozen fish fishermen were considered scab fishermen by the other fishermen, since their actions were considered not in the best interest of all the fishermen, even though the can fishermen wouldn't recognize a secondary market.

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Therefore BFA in place joint venture with Seafood to create BFA in place joint venture with Seafood

Mr. Scabbing: Beaten 125,000 from APRC to fix low price

3. Investigate the use of a sliding scale pricing formula for each market, like the one in use in the Cordova region. This would spread the risk of price fluctuations and loosen the conservative nature.
4. Have the state participate in acquiring good market data before the season begins so that the fishermen have a better idea of what is actually a fair price to be paid for their fish.

All of these are good long term solutions, but probably the best action to be taken this season is a greater presence by public safety officials, with a carefully thought out enforcement and punishment program to reduce or eliminate the climate of violence and fear this year. I would like to reiterate that there are other complex issues concerning the fishing industry, such as the current control and ownership structure of the processing plants. My immediate concern and attention was to give some background information and recommendations on which to go with in preventing a repeat of last years experience. It might be noted that none of the people I talked to had any faith that the governors task force would be of any help.

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with "Coke nose" Gross leading the Pinkertons the task force becomes a task force of Some of Gattis' economic observations.

make sense his market analysis is sophomoric at best and his assessment of the total situation is ASSURANCE with no supportive of documented data.



Alaska State Legislature

House of Representatives

Pouch V
State Capitol
Juneau, Alaska 99811

Official Business

MEMORANDUM

TO: Legislative Council
FROM: Rep. Joseph Chuckwuk
DATE: March 19, 1981
RE: Bristol Bay fishery

In light of what the legislature is doing to address the Bristol Bay fishery problems, I think it would be appropriate for the Legislative Council to reconsider its decision to hold the contract of the Nushagak Fish Producers Cooperative. In reviewing the contract, the cooperative is:

- (1) To provide a price index giving current day-to-day and week-to-week prices for fresh and fresh frozen salmon in various markets.
- (2) to develop a quality control program, including the training of inspectors and establishing fish handling procedures.

Despite the political differences that have surfaced in the Council it is imperative that the contract be examined on its merits. The judiciary hearings in Dillingham and Naknek have demonstrated the need to develop alternative systems to handle the production of Bristol Bay salmon.

There are approximately one hundred and twenty-five fishermen (125) in Bristol Bay who lack markets for this coming season; we have before us a solid program as presented by the cooperative; and we have a very pressing problem. I think that we must act now, while we still have time, in helping the fishermen in the area to develop a program of their own to market their catch. The cooperative can assist in addressing the long term problems in Bristol Bay. They must be given the opportunity to help the people in Bristol Bay regardless of the political problems that have surfaced in the Council.

CC: Legislative Council Chr., Rep. Hugh Malone
Rep. Tony Vaska
Sen. Arliss Sturgulewski
Sen. George Hohman

Bristol Bay Hearings of March 16, 1981
Tape 1, Side #1

The meeting was called to order at 1:40 p.m. by Senator Sturgulewski. Also present was Representative Chuckwuk, Av Gross, and Commissioner William Nix.

Senator Sturgulewski: What do you see as the role of the state?

Rodger Painter: I think just to get a better handle on the realities in the marketplace. To try to figure out what would be an appropriate involvement of the state, I think the Committee ought to look at the way the state approaches other natural resources like oil and minerals and timber. If the state attempted to go out and negotiate a lease for oil without studying what the realities are in the marketplace, it would be very much remiss. There is a responsibility to know what is happening in the world marketplace and I think it is imperative. The State has a responsibility for wise economic management, not only biological management of the salmon runs, but also the economic management.

.The resolution was passed by the Board of Directors of the UFA at our annual meeting last week. I would like to point out that United Fishermen of Alaska is the only state-wide fishermen's organization; there are 17 fishing organizations which belong to the UFA and represent about 1200 individual members. I did have a few other points I'd like to make and, again, I'd like to emphasize that probably the best thing that the State could do is to provide some realistic analysis of world market for salmon, and I do think it's the State's responsibility. I would like the committee to keep in mind when they're deciding how to deal with this problem in Bristol Bay is that there are no simple solutions; you can't decide that you are going to get a salmon market study and then skip out and expect the problems to be solved. It just won't disappear

that easily. I would like to recommend a 3-point plan for dealing with Bristol Bay. The first part to that would be to get the parties to the negotiating table. They haven't sat down at the negotiating table yet, and I don't think even a preliminary discussion of getting to the table has taken place. I think that's the number 1 step. The second step would be to give them something to talk about once they do sit down, and that's that study of world salmon markets. The third part would be just to step back from the process and give both parties a very strong message that if they don't resolve this on their own, then there will be some solutions enforced by the State. I think the biggest tool the state has is political pressure and I don't think this has been applied to this point. I think that it does need to be applied; there has to be a club held over the heads of both parties in this situation. . . . I don't think the State in any way should set a price, suggest parameters for a price, or to really step into the negotiating process other than in the role of mediation. I think, however, getting the parties to the table and sitting down and talking seriously before the salmon start jumping by the fishing grounds is one thing the state should do, and I think there have been suggestions that perhaps the state hold some clubs over the head of industry, and maybe that's not entirely a bad idea. Maybe we have to talk about the prospect of letting in foreign processors. Maybe we have to talk about the prospect of limited entry. If the industry is not living up to its responsibility in the use of those resources, then perhaps we have to talk about giving the resources to someone who will be more responsible. However, I don't think the state ought to step into the negotiating process; I think the state ought to step way back from the negotiating process and say, "You settle it on your own, but if you don't settle it on your own and the resource is again

under-utilized, if there is a tremendous over-escapement, then the State will do something." I think that's the appropriate role for the State. . . .I would only add that UFA is going to do its part in trying to keep the situation in Bristol Bay on the correct level. I think there is the distinct possibility of violence in the Bay if we run into another long strike. I don't think that the State should overreact and create laws (this portion distorted because of outside noise). . . .however, I do think there is a potential that things will blow up there, and I am going to sit down and write a letter to all permit holders in Bristol Bay and urge them to approach this situation with cool heads. I think it is a very tense situation up there; you know, you look at a situation where you had the largest runs in the history and residents of Bristol Bay are wondering how they are going to pay for their winter fuel bills. I think these people will be very concerned when they go up into the Bay and we're going to get in the same situation as last year; I think it could be a very volatile situation. I would like to add, Madame Chairman, just to pose this question: Why have there been plans formulated to deal with violence in Bristol Bay when nothing has been done to head off a confrontation? I think the state has taken the wrong approach to this situation and should be trying to solve the problem up there, not to deal with a potentially-violent situation.

Sidney Smith (also referred to as Frank Woods) The problem in Bristol Bay, we've seen it in the last two years, everybody talked about fish prices,, and violence in Bristol Bay, but myself, personally, I felt that wasn't really the problem. You've got a lot of problems tied into financing, surviving during the winter, you have a lot of different cases, but what I see as the role of the State is to roll up their sleeves and work with

some people; people right here in Alaska and also people who have the domestic processing plants. Rodger Painter, in the report he gave to the state, talked about a profit-sharing sliding scale system. Last year, the Nushigak (sp.?) Fish Producers Cooperative talked about a profit-sharing idea, which means that your pack loan is reduced by about one-third more than you really need because you are going into the market at a cost below the price of the product. Rodger Painter talked about knowing the market throughout the year, which means the domestic market, the European market, and the Japan Market. The information is here in Juneau and the information is in Washington, D.C. We've got the study basically done in European and Japan market and Korean market: it's there. The big issue that I see happened in 1980 was, all of a sudden, you've got a scare of saying that the market was going to be over-flooded which was correct. Japan only needs about 22 million to provide for their whole marketing system. Anything above that is excess. Last year, the break-even point for fishermen was 80 cents. We spent a lot of time and a lot of money to show that 80 cents was the price to pay to the fishermen. Our problem was that we had propaganda right behind us saying that it's only worth 40 cents. What I mentioned earlier was that I think the State itself, if they would roll up their sleeve and work with some people; I'm talking about low-interest rates; I'm talking about some capital improvement, and the main reason for that is that you have companies that's been existing for years in Alaska. All their equipment is basically paid off already. Anybody who tries to come in basically new, or a new idea, you're going to have a tough time competing because you are going to have to compete at 3 1/2% above prime. Japan, right now, operates at 0 interest or 3% interest, at the highest; that's another problem. I think what Painter was talking about is the

parties sitting at the table and negotiating the price. The price itself is already pretty much set in February, which means you have an up and down in the market. The market establishes the price to the fisherman. I hate to see, year after year, our people or even the fishermen sitting down there fighting, starting the strikes that should have never been there. The market has been pre-determined, if you look at all the records in Washington, D.C., and you also have some records here in Juneau that will show you what your market should be. It gives you an idea. The negotiation between the fishermen and the processor, you can generally do it and settle it by the 15th of March every year. The political pressure of trying to come over with a bunch of State Troopers, in my eyes, is wrong. I think it's wrong for both parties.

John Garner: We have a copy of a tape that was made on Saturday, June 28 aboard the Vigilant, a Department of Public Safety vessel, in the Naknek River. If permissible, I would like to play this for the Committee. We've also provided a transcript of the tape. The tape is radio traffic that took place at that time; it's difficult to discern what's being said, but I think that it provides us some background for the kinds of circumstances and tensions that developed during the strike circumstances.

Commissioner Nix: Madame Chairman, that tape was not taken aboard the Vigilant. It was not recorded aboard the Vigilant; it was recorded aboard a tugboat anchored in Naknek River.

(Representative Hurlbert entered the meeting at this point).

Representative Chuckwuk: Presenting tapes for informational purposes; I don't know if that's the proper thing to do. It could create an emotional situation to the public, and the news media tends to build things up. There's a possibility of losing our

perspective, or a danger.

(Senator Sturgulewski ruled that the tape be played and asked for background information from John Garner).

John Garner: The circumstances are that a tender, the South Sea Belle, which belongs to Salamantoff (sp.?) Sea Foods, is proceeding up-river with a load of salmon. There's an attempt to prevent that tender from reaching a dock to unload the fish, as well as some other activities going on. We've identified fishermen's conversations and Captain Locke's conversation in the transcript.

Senator Rodey: Why was there, during the hearings in Bristol Bay itself, why was there so little mention of the violence? It's been reported to me that there was very little mention of violence when the hearings were held there. Can you offer an opinion as to why this is the case, giving your testimony.

John Garner: Senator Rodey, I was not at the hearings in Bristol Bay and I really can't comment on that. I think there is a question of what we mean by violence. I have seen a copy, for instance, of some typed materials that were distributed to the Committee in the Bay which suggested that scare tactics are acceptable, although those do not constitute violence. There's a gray area there and where you draw the line and where I draw the line may well differ between scare tactics and violence. We believe it should be appropriate for fishermen not to have to battle with each other. We believe it's in the State's interest, the fishermen's interest, and the industry's interest to resolve any problems as to price differences well before the season starts but, on the other hand, I think we also have to recognize that

fishermen have the privilege of exercising their decision to fish or not in a climate that allows them to do it without fear of retaliation, and that's precisely what this testimony is aimed at. We want you to know that there were many fishermen who sat on the beach out of fear for exactly the kinds of reasons that you will hear on the tape.

Tape 1, Side #2

Eric Eckholm, Director of the Alaska Seafood Marketing Institute. I'm here to talk about one small part that I think the State and the industry can do together to help out the situation in Bristol Bay. We are a trade organization that was created largely due to the problems that resulted in Bristol Bay. I think the real reason you're here isn't the tragedy that occurred in Bristol Bay last summer, but it is the market collapse that happened the year before. Those hundred million pounds of fish that were wasted were wasted simply because the fish weren't worth enough in that market, the world's market, to either the producers or the fishermen, or the processors, and the harvest for profit and that resulted in a lengthy strike and a very tragic situation for everyone in the state. I believe that it's a proper state role to help support the eventual market price of fish so that everyone in the industry can take advantage of it. The divisiveness that strikes the industry is based upon the price of fish, and if the fish aren't worth enough to the eventual consumer, then the results that occur as a result of that, the bankruptcies of the processor, the bankruptcies of the fishermen, the lost revenue to the State of Alaska, lost employment, all come about as a result of the problems in the marketplace. Our organization was created

last year and it represents many people throughout the state: fishermen, processors, processing workers, and other people involved in transportation and distribution to the industry. We have members and members of the board who are fishermen, small processors, and large multinational corporations. We see the State's role in helping support this organization as a method to avoid a disaster such as the one that occurred in 1980 and 1985. If we are able to broaden the market base to allow market development in several countries and around the world, including America, it means that if a situation occurs in a single market it won't cause ~~xxxx~~ the kind of disruptions that occurred which dropped the bottom out of the entire market for everybody. If there is more choice involved, those markets will be more stable; you won't have the price fluctuations, and you won't have crisis situations that occur. What we're proposing is a joint effort between the fishermen, the processors, and the State of Alaska to help develop markets through generic advertising and promotion which doesn't promote any single group of people, any brand name, it doesn't favor the processors over the fishermen. What it tries to do is to create more demands throughout the world for Alaska's seafood products. In a short term, we've gone into an aggressive nationwide radio advertising campaign for canned salmon which, hopefully, will move the large pack which resulted from last year's large run and create a better market situation going into this summer so that the new pack will come into a market which is much healthier than the one that existed in 1980. We're also involved in quality assurance programs on the part of the industry so that we can begin to assure the world as we begin to create the demand that the products we create are of high value and high quality, and maintain the reputation that most Alaska seafood products have

enjoyed for a long period of time. This is one small part of an entire situation that you're all faced with in how to deal with evolving a cohesive fisheries development plan for the State, and I see our role as only the bulldozer out in front creating the demand so that the divisiveness that now faces the industry will now, hopefully, begin to disappear as everyone becomes healthier and as the products are worth more money over time to the entire industry and to the fishermen.

Jim Beeton: I'm a member of the Alaska Board of Fisheries, I'm a member of the Alaska Seafood Marketing Institute, I'm a member of the Alaska Fisheries Council, I'm a former Council Advisory Board member, former UFA Executive Board member, former president of Southeast Gill Net Federation, and most of the above are more by happenstance than design, but I thought I'd throw it out anyway.

Representative Chuckwuk: Are you involved in processing, too?

Jim Beeton: Yes, I am involved in processing. I've been a fisherman, and I'll give you more background if you want. I've been a fisherman for 23 years; I've fished in Bristol Bay off and on since 1961. I've fished in every other area in Alaska at least once, except for False Pass, and I have fished in almost every type of fishery at one time or another except for scallops, with various and sundry degrees of success. But, anyway, as I stated, I reiterate these things to say I've been around, I guess; everyone else seems to do that. Anyway, I certainly appreciated hearing Hank's comments there; I've listened to him for years.
. . . . I was in the river the night the tapes were made.
I had never fished during a strike in my life, and I was sitting there trying to wait for the strike to be over and all hell broke loose and, of course, that's when the South Sea Belle came by. There were a couple of other instances that were much worse than

the South Sea Belle; there was one case where there was a man and his wife from Kodiak in a little Marko (sp.?) boat that were surrounded by approximately 12 of the union, I suppose, boats; I don't know what they were, but they were running across his bow wake threatening to kill him, and on and on and on, and he eventually, in my opinion, probably made the most prudent move possible; he went over to Lockman, who is kind of the old man of the sea, and for protection got up against the Resolute. I don't know what would have happened people were not only very, very volatile, they were hostile. You had the feeling that there was an atmosphere I wouldn't want to see again. It was a very ugly thing. I've heard the statement made about fear and loathing in Bristol Bay, I was more into loathing than I was fear. The whole thing was so ludicrous to me, I could hardly believe it. Nevertheless, that's the way it was.. Approximately two days before the strike was over, I was approached after about an hour of fishing by approximately 6 vessels, and at least two of them had some rifles on deck, but I never get excited about that; they could have been out there shooting seal or something, I don't know. They didn't shoot me nor did they shoot my kids. . . . we went on about our business. . . . I had another incident similar to that a day later, but there again, nothing came of it so, in a sense, I don't know if you'd call violence or not. I had first-hand knowledge of talking to a few people who were involved in these close encounters. I truly feel that one reason there is a lot of this downplay (of violence) is just purely fear and intimidation; no more and no less. I talked first-hand with some people who were closely involved in some of these incidents; one of them had a gun held on him, and one who had his fish thrown over, and I urged them to come forth. . . . and he told me that he was afraid for his family and his kids.. . . I think that the main reason more people aren't coming forward, that you don't have many

cases on the docket, is because people are afraid. . . . I really and truly feel that there are some serious problems up there. . . . they (John Garner & Phil Daniels) have some serious problems and they are going to be under the gun this next season and I hope an atmosphere can be established where we don't have this sort thing. . . . I read the article in United Fishermen and, of course, I've been misquoted many times in the press . . . I was really concerned about this thing, about being process-oriented, . . . we've been letting fishermen and processors solve their own problems for the last three years. I might add, from my standpoint on the Board of Fisheries, I think there are some serious problems; I think that Elmer Rasmussen said it all when he said that under the 200-mile limit, if we don't do something about those fish, they are going to be allocated to the foreigners by law; that's under the Federal mandate, not under the State's, and obviously this has gone on for about 3 years, 4 if you want to count (?). I think we have to figure out some kind of a conveyance to the people that we are going to have to do something about this because, along with limited entry, along with some of these other rights that not only the fishermen but the processor have had, goes certain responsibilities and they are going to have to face up to these sort of things. I would urge the State to take a very aggressive role in three or four different modes. First of all, of course, the marketing study; it really isn't to my advantage, but I don't have any problems with that. I think that is probably a step in the right direction, providing that any one man could ever really understand the market and Waterhouse, or any of them, I seriously question that. . . . I'm more concerned about vertical integration which, of course, I made the first swat(?) at myself to various and sundry degrees of success, and I am sure

that there are other co-ops as well as other marketing associations that are working toward that, so that and coops and making money available toward getting the fishermen to have a check and balance system. I think there will always be people who fish for canneries up there; I don't think you'll ever change that pattern, but at least if there was another way to go, if they really and truly were disenchanted and happy. . . . (from Sen. Sturgulewski: are you talking about increasing the options, then, of marketing?)

To elaborate on that, obviously, we can't just get a massive give-away program. . . . but, if we had a program going whereby you could, with certain responsibilities, build into it, have money available towards a responsible effort, co-op-wise or processing-wise, or otherwise among the fishermen themselves, I think that would be a good system. I might add, and this is where I've really been concerned, this thing about profit-sharing is a biggest joke in the world because everybody talks profit-sharing but nobody talks loss-sharing. The crux in this thing. . . . basically, what the fishermen really want is, they want a guaranteed amount of money and no loss, and that's not business. . . . I think the industry, itself, has no problem competing against a true profit and loss system. Certain fishermen would go for it and certain fishermen wouldn't. I frankly think there were a lot of problems in the industry last year brought about by a lot of different factors and it was overly-simplified by a lot of people who thought they were being had. In the beginning, the price just wasn't there. . . . granted, as the time went on, that was a low price, and the price got up to \$1.00 a pound, they paid a \$1.00 a pound in Togiak, they paid \$1.00 a pound in Cheegak (sp.). . . . (Sen. Sturgulewski: What about your major concern that you, and perhaps others, see the threat

of implied violence....?) I feel very strongly that in the fishing industry you have the right to either fish or sit on the beach. Now, I have a moral thing about going into somebody else's market. . . . I really feel that it's the State's responsibility, through public safety, to at least allow a person. . . . that he has a right to go out and fish. Because, under Alaska Statute, you have to have a limited entry permit. . . you have to have a boat, and you have to have a net, and that's all you have to have. . . . If we're going to have it some other way, then let's have it out in the open so Av or someone else can tell us when and where we can fish and be done with it, and I'll comply with the will of the people, but I certainly don't think that anything in lieu of that, that public safety should be in power and should be on the grounds, should have enough show of force to where a person can make up his own mind. . . . I think there should be alternatives to be pursued by some new and innovative people, including the frozen market people, that they should be allowed to do this. . . .

Av Gross: The Task Force is meeting this afternoon and just so I know what to avoid, what did I say in the article that you disagree with?

Jim Beeton: Well, I guess the opening headline there was . . . essentially implied that Av says that the people will solve their own problems; well, they haven't for three years. That's what I'm saying, so I think the State has to take an active and aggressive role. . . . there are some contradictory things; you said you could have hammered(?), We might use them, but I'm just saying that. . . or letting them write their report or just letting them solve their own problems, isn't going to get it. . . . I frankly don't give a damn about those limited entry deals. I don't think the state, anything would ever come of it, but I don't see where it's such a terrible concept to consider, and things like lawyers are disbarred all of the time,

medical licenses are lost for malpractice. . . . I just don't think. . . . I'm just not all hung up about it. . . . (Av Gross: If somebody is willing to come forward and make a complaint, and he gets prosecuted, which is what you'd need to pull a limited entry permit anyway, and they threaten somebody with a gun, they can go to jail for ten years for that. . . . don't you think that that in and by itself is enough to stop somebody? I mean, the problem is, nobody comes forward to complain, so. . . . it's not that the penalty isn't bad enough.)

Jim Beeton: With your limited entry permits go certain responsibilities. . . . and, I agree with you, that I doubt if anything would ever be taken away and, if it was, the guy would be in jail anyway. . . . (Sen. Sturgulewski: What you want is a strong statement that people have a right to fish and to make the different arrangements that they might wish to make?).

Jim Beeton: I certainly understand this thing about everytime a guy gets in an argument in a bar and gets in a fight. . . . something like shooting a man out there or ramming his boat, things like that. . . . I certainly feel that that the State has to do these things because of the fact that we're going to lose those fish if we don't act responsibly. (Sturgulewski: In other words, we have to protect that resource or somebody will take the resource away?). Beeton: Right. I agree with Elmer Rasmussen. . . . that if you read the 200-mile limit bill, that if we don't utilize that resource, obviously there are going to be calamities. . . . but, over a long period of time, if we don't utilize that resource, we're under a mandate to do so by the federal register.

Representative Chuckwik: The quality of fish is supposedly high during the months of June and July and that is when, historically,

fishermen are paid the lowest price. Towards the fall period, toward the end of the season, when there become less fishermen, the price of fish goes up. . . .By then, the quality of fish was lower than what it was during the summer. Obviously, the processors can't afford to pay those kind of prices at that time. Why is that?

Beeton: Very simply, Representative Chuckwuk, it has to do with supply and demand which takes precedence at that point and time of the year over quality. Secondly, when you are talking about the processors being able to pay, it's a function of who they are, how long they've been there;. . . .That's one of the problems in the who negotiating process up there is that they are trying to negotiate a broadbrush price there, you know, everybody pays the same thing, when in reality, depending on on their efficiency, how much interest they are paying. . . .there actually are all kinds of different prices that any given processor could afford to pay. . . .There were many contracts, and I've seen them myself, where the product was sold. . . .for as little as 75 cents a pound frozen in the box. . . .In other words, there was such a small spread there because, two things, first of all, they didn't have anyplace to haul them, which was pointed out and that's something maybe the State could get into and, secondly, and maybe more importantly, they just didn't have the cash flow(Av Gross, Commissioner Nix, and Representative Hurlbert left the meeting at this point, approximately 3:10 p.m.).

Representative Chuckwuk: The other question is, you mentioned the downplay of violence. I've continually asked for substantiating documents to provide that violence, and to this day nobody has been able to issue any of those, which leads me to believe that maybe there wasn't that much violence, as the news media may have played it up to me, and why is that?

Jim Beeton: I, from a personal standpoint, have encountered an awful lot more violence than I would have liked to. . . .and I don't like to encounter any violence. I did encounter a lot of violence, and I'm telling you that; that's just my word, and you either believe it or you don't. But, frankly, one of the reasons I think there is very little hard-core evidence of violence, or even statements being made like mine, is pure and simple fear. That's the only way I can put it. I talked to a great many people who were involved in it; I might add, one violent act. . . . that was the case of John Mitchell and the flare gun, and I was in the area at the time. I talked to one of the persons who was almost fried over that incident, and he was scared to death over it all; they brought it to a court test, and Menendez, who at the time was, I talked to him for an hour and a half on the phone over the whole thing and he had a lot of other problems, and that really wasn't top priority, it just got lost in the shuffle. And, frankly, that was one of the most test cases we could have had as far as I was concerned. The guy actually threw flammable material into the _____ of the boat and threatened to torch it off, and the _____ was a deck hand; he wasn't even the skipper, who was in the boat. The whole thing was ludicrous; I think we have another person here in the audience within 10 feet of that incidence of what was happening, if you would like to elaborate on that. I was in the area at the time and talked to the deck hand involved. But, I mean, those sort of things, to me, were, they, I could hardly believe they were going on in Bristol Bay. I've been up there in the 60's, of course, when they jostled people around and there were a lot of threats and such, but these things were actual facts. There was another boat up in _____ (ICU?) looked at and there was a bullet hole through the window and, you know, they shot the window

out of one on the cut bank (?); these sort of things were hard facts. . .it was awfully hard to make any cases on them. It was even harder to make cases on them when most of the local police force up there, evidently, are state police. . .but almost had a cavalier attitude about the whole thing. I was really chagrined about it, when this one case which I thought this one case which I thought would be the test case, never even came off the docket. They decided to let it go because on a prioritized basis, there wasn't enough evidence, they didn't think. They never did subpoena the people who were involved in it; they were Petersburg boys and they were Alaskans and they were ready to go to court over it and they never had the opportunity. This sort of thing, to me, I just can't believe they would let that one slip by. There was one real hard, cold fact of violence that occurred that never even came before the public. As far as the rest of the people, as I said, I don't think it's very bright to get up here and ramble on like I am right now, for example. You're going to do nothing but make enemies; you're going to do nothing but create a lot of hard feelings, and maybe that's just the way it is, and the reason I'm doing this myself is because I'm sick and tired of what's going on in Bristol Bay; I'm sick of the whole thing up there. I think it's the most ludicrous thing in the whole world, and I frankly would like to see the other things I mentioned: the vertical integration, the cooperative venture, the check and balance system that would prevent all of this stuff from happening, in lieu of the policeforce going up there. You know, with Nix and getting real hard-core, but until that comes about, and I don't see it coming about this year, I don't see where we can do anything except create at least an atmosphere where people will not be killed.

Representative Chuckwuk: The other problem, I think, is the outside fisherman that come up..

END TAPE 1

Bristol Bay Hearings
Monday, March 16, 1981

(Side #3)

~~XXXXXXXXXXXXXXXXXXXX~~ Representative Chuckwuk:

"The local Alaskan people depend on that source for their income; that's their total income. Last summer, as shown by their tax returns this year, most of them went in the hole as a result of settling for less a price due to increased inflation that we're having. They don't come in there with the idea of making an extra few bucks to supplement their winter job, because they don't have any in the first place. Do you have any suggestions to the outside fisherman to perhaps work with the local fisherman?

Beeton: It's a very complex issue, this thing about why one person will fish; I can speak only for myself. I think I am familiar with what you are talking about and I realize that those people do not have other sources of income. I, myself, come from a fishing family; my boys all fish; my oldest one, he's 18, has just come back from the Pribilofs....our family, that's all we do, and that's all we've done for virtually years is fish, and put my boys through school and everything else that way; I fish all year round when the necessity arises but, as far as the locals having no other alternative income compared to the outsiders, you can almost view that one either way. Granted that the locals have no other source of income and therefore they want a higher price. On the other hand, some of the people who have other sources of income can afford to sit on the beach; it gets into a very fine deal there about whether you can afford to sit on principle when you have no other source of income, so it's kind of a push either way on that one. My advice to the local. I frankly think that this thing about allowing the new early innovators who are _____, and of course that's

quite common; any early innovator is usually a pirrah (?) in his own time, he let them develop these other forms of markets to at least keep the industry honest. I think it's quite obvious that in any competitive situation there is no other alternative than the canneries are in a ~~very~~ ^{tremendously} strong position to dictate almost anything they want. I don't like to portray them as a bad guy or anything, but if they had no other check or balance, it's true they might always keep that price down. But, certainly, if these cooperative ventures or vertical integration come to task, then the canneries would naturally have to be in _____ position just for check and balance because there will always be the alternative to leave the old existing structure.

Chuckwuk

Representative ~~Mux~~: So maybe we as legislators should be more concerned with the local interests and maybe to disallow them to come up until the price is settled; maybe that would be a good idea to avoid any scabs fishing at that point; maybe that would solve a lot of violence

Beeton: That's an interesting point and, of course, I used to get hung up on the word, "scab", there; I almost think it's a red badge of courage in the Bay anymore, so the whole concept doesn't bother me; like I pointed out, I spent twenty-one years of my life never fishing during a strike, to the tune of \$150,000 during the last two years, but the way that thing is going up there anymore, it's got to be such a joke that I really think the whole thing has lost itself in just a macho trip or something, and I think that if the locals take the stand, and I've seen them sit in the Signature Room late at night yelling at each other over this particular issue, that at some point in time if a person sits on the beach long enough on principle, and ¹¹ everything is on the side of the processor, don't kid yourself

there; the longer they go, the less volume; the better they are going to come out on their pack anyway. The whole thing is almost a stacked deck." The longer that sort of thing goes on, the less and less locals you are going to have fishing because, if you are going to call yourself a fisherman, there's one thing you have to have and that's money. Without being able to get an economic base to get the equipment and nets and everything, they are simply not going to be a fisherman anymore, and I keep telling people to look for a better way; not to run their head into the wall

Sturgulewski: Mr. Beeton, I think you have made a number of good points. Do you have any addition to what we've had here. Any further questions? We've had a request by Senate President Kerttula to hold over, in other words, to allow additional time for testimony and I think we'll set something up on Thursday, and I'd like to ask how many of the people who have signed up to testify really would prefer to do that today as opposed to coming back on Thursday to do what we can. Certainly, we'll accomodate those if it's a problem in your staying over. If so, we can take a short break and come back on this, but if you are perfectly willing, all of you have signed up can be here on Thursday, then we can do that.

[Sen. Sturgulewski called for a break at 3:25 p.m. and the meeting was reconvened at 3:35 p.m.]

Mitch Kink, General Manager, AIFMA: I feel like I'm part of your committee because I met with all of them. We've been going steady for quite a while through Dillingham and Naknek and I want to report I think they did a tremendous job out in the bush. For the record, again, my name is Mitch Kink; I'm General Manager of Alaska Independent Fishermen's Marketing Association; I've had fishing experience since 1937. I have fished in the Bay since 1952. I would first like to,

I think here the problem that we're talking about, if we talk about violence and everything, I'm always mentioned that what precipitates that violence, what we're talking about, is hampering or stopping this going on or stopping that going on, but I think we have to go back further to see what precipitates these types of things. In meeting with the Task Force, I find that we have fishermen, we have legislators, we have citizens at the meeting, but to me it's real disappointing that I don't see probably one of the biggest factors in Bristol Bay and that's the processor. We have had a touch of the processors from the Institute today, but we've been in three meetings and I've yet to see the processors. It tells me this; it tells me that either they do not take credence in the work of this committee or they don't feel this afraid of their livelihood as the fisherman does when he shows up for these meetings. So, what I'm saying here is this, that we are going into a new season and the season has all of the earmarks of being a good season. I think the price is going to be good. I hope, wholeheartedly hope, that we don;t go through the same situation, but let me elaborate on the situation. The situation wasn't that bad; true, you have heard a tape of foul language, of that type of talk that is around the waterfront, but I have been with these types of people and I have been in the Bay and I have heard families argue harder than that at each other. As far as the violence, well, in '73 and '74 I worked at a cannery, for a cannery, and there was more violence there than there was in 1980, because in 1973 and 1974 there was a lack of fish. The fishermen were all crammed into a small area and if the people had thought there was violence then, they better worry about the following two years, if they do not preceptate _____, because there is *considering how* more violence on a small year where people are depending on

that fish; as I said before. _____ repairs on wooden boats in 1974, double the repair on any average season; I don't know if there was a jamming of a boat. There were inuendos, kill you, and kill you this and kill you that; have you ever heard of some of these people, I hate to point to one word, but have you ever heard of some of the people from the south when they talk to their independent crew members, you know, and they get hit over the head with oars; this is just on the boat, this is normal. So, what I'm saying is this, I don't think it was out of proportion as compared to some of the seasons I've had up there. AIFMA's in kind of a funny position, like we're talking here about, well, it seemed to be the fisherman's fault for holding out for a price. Then, I remember years ago where AIFMA was ridiculed and the members of AIFMA in some of the villages were asking us to help them against their neighbor because we settled for too less of a price for fish. So, we're in kind of a bind. I think that the main emphasis here is this, and if I don't bring anything to this committee, I want to bring this before any negotiations, that we want a true, fair, and equitable price for our fish. Now, give me a fair and equitable price, then we don't have to worry about violence, but we're beyond that according to this State Government. We're worried about taking this away from this person, putting this guy in jail, we're beyond that. The illness starts at the table, and that's the reason you had the illness last year because they were told to take a 56% cut in their price. Boy, that's enough to intimidate anybody. And, so, what we're saying here is this, out of this fair and equitable price to the fisherman,

and, while we're speaking along that line, I might have spoke fast and furious up in Dillingham, and in Kevin's report where I said I think the fishermen, I mentioned the fisherman is worth 40% of what he gets for the final wholesale price. I would like to amend that, Mrs. Chairman, I would like to amend it to say that I was hoping to talk about the high 40's and 50's, because in the last three years we were getting 50%, over 50%, of the final wholesale price for fish, and we're going on that assumption again, and we've started something new. Not new, we tried it in '75, as I said before. We got hurt, but we want to go in and start on an equal level again.

Sen. Sturgulewski: Mr. Kink, would you be kind enough, since you did get that to us and it's very difficult to get everything, off, we've eluded to that. Your approach that you are going to use, why don't you explain that briefly. I think that would be helpful.

Mitch Kink: What we're saying is this, that the fisherman is worth 50% of the final wholesale price that the processor gets for his fish. We have already agreed that it takes 72 pounds of fish to go into a 48-pound case of salmon. What we're saying is this, that if the wholesale price of fish now, what it is now, will take 50% of that divided by 72, that should be our base price because that is on the market now. The product is on the market now. What we're then saying is this, that what our product goes for in the summertime, what it goes for in the summertime, and what the processor sells it for new fall, we'll again go through the same formula and if there is a difference in price, we would get some, but the base price is where we're at now. Is that good enough, Mrs. Chairman? So, that's the assumption and that's the way we're going on our

negotiations. I sent out the contract to most of the processors; I have only received one reply, and I met with him briefly and he stated that he would like to see not only the negotiator, but he would like to see the negotiating committee. So, we held off until we had our nominations and our elections, we just completed them, and we do now have a new slate of officers and they become the negotiating team. I hope to be in negotiations and at the table within a week with these people.

Sen. Sturgulewski: Mr. Kink, would you like to make comments to sum up what you think the State needs to be doing now, again? You've pointed out a lot of things you were supportive of, of a market study, as I recall, and I wonder if you have specifics for us?

Mitch Kink: Yes, I do, in fact I have a written copy for the membership of the committee. I'll run through these. I was asked by this committee and also by the Task Force to come up with some ideas, so I sat down and went browsing through what I thought were some ideas. I gave these to the Judiciary Committee in Naknek. Number 1, the State of Alaska does absolutely nothing during the price negotiations, but I said this, that the different commissions should be governed or should be instructed by the Governor whenever any proper phase of negotiations or the citizens of Bristol Bay are violated, then that commissioner should put in the program. For example, if there is actual safety and there are problems of safety for the citizens of Bristol Bay, then the Public Safety Commissioner should have his program and introduce his program into the process immediately. If there's going to be a problem of losing the resources, and I wholeheartedly agree, Jim and I don't agree too much, but I wholeheartedly agree with

Jim Beeton when he stated that we have to utilize that resource in Bristol Bay. I've said that constantly, time and time again, but I should point out this, that history tells us that those people who process the fish in Bristol Bay want to utilize 38% of that run. That's where it's got to start because, just a side point here, they told us, not me, I wasn't in the organization, but they told AIFMA last year to take a smaller price and you'd be able to get more of the fish

Sen. Sturgulewski: Since we have this before us, let me ask you a couple of questions. Maybe that will assist us here. You talk of the State of Alaska doing nothing during the fish price negotiations, but there should be a plan. You're talking about the different commissioners having a plan, a sort of what-if plan, is that what you're saying? So, there should be, in other words, a plan that can respond to different kinds of contingencies. The State should stay back until there is an appropriate time, based on their judgment, that they get in there.

Mitch Kink: Like I said in the example, if the safety of the people is in jeopardy, then the Public Safety Commissioner should put his plan into effect.

Sen Sturg.: On the second one, and this has been a major, negotiations have gone out there for a long time, there are anti-trust kind of constraints; a whole lot of things in federal law that govern how this whole process goes on. Are you saying that you see in this number 2, a specific role of the State to get into that whole negotiation process?

Mitch Kink: That's what I'm saying, Madame Chairman. I'm saying this, I'm saying that the State feels this is important enough, and this is going to be detrimental to the State's resources, and this is going to be detrimental to the

public safety of the people; therefore, what I'm saying in #2 is set the provisions for successful negotiations for free negotiations with deadlines for mediation to binding arbitration. We have always asked for this. We asked for it in '69, we asked for it in '80, we asked for it in '75, but we don't get anyplace because binding arbitration, and through this stuff, has to be agreed by both parties. And, consequently, we don't get this agreement. But, what I'm saying is this, then, then sit down and the party that does not follow these deadlines, or does not follow these parameters, should be penalized, and I mean penalized. If a processor will not come to the negotiating table, then he should be penalized two or three days operation; he penalizes himself every year anyway

Senator Sturgulewski: Just might make a point to Senator Rodey, and I am sure he has a great deal more knowledge than I do, is to, really, with all the statutes which govern this relationship, federal statutes, whether the state could, in fact, and that's apart from a policy question of whether they should, set up regulations which would guide this process, because it's one very much where the state has not been involved before, and so it's an interesting issue Mr. Kink raises. How about on #3?

Mitch Kink: #3, I think again here, when we're talking about the old situation, the old cannery situation, we have one boat and one cannery, I agree here, again, I'm biting my tongue, but I have to agree with Jim again that the old cannery philosophy is on its way out, but in its place I would like to have this, to do away with one boat, one company concept. That, for example, if one company settles a price in Bristol Bay, that company should be able to take fish from anybody without any reprisals on a first-come, first-served basis. Therefore, you've got competition for

the fish, you've got competition for the price. But, as it is, and I can attest to this in true heart, soul, and all my history, because I tried this and I have been kicked out of three camps, and I'm not a renegade. But, I have been rejected because of the reprisals, and I think this is extremely important. To create competition in the Bay will create a better price in the Bay, but when a company has said that they have put 50,000 cases, this year they are going to put up 60,000 cases whenever they can, they have got so many boats, they are going to catch so many fish, I think this is poppyrot. I think it should be open for competition. #4, the State of Alaska will not issue any license to do business in Bristol Bay fisheries until the complete cycle of doing business in Bristol Bay fisheries is completed. Now, you know that the processors have to buy a license to go into the Bay. The fishermen have to buy a license to go into the Bay. They have to pay for those licenses. If that process of negotiations is not completed, then why can't we just say that no license will be issued. #4, create a good climate for good and meaningful negotiations by doing a feasible study on the financial structure of Bristol Bay. This study should start with financial history of the Bay to the present tense, and I put this in for a reason. And that is this, that I would never go on a profit-sharing expedition with a company, with any company, not only in the fishing business, but with General Motors, because somehow or another they never make a profit. And, so, if I have to share in that profit, then I'm dead. What I'm saying is that I care less how much profit a company makes; what I'm saying here is this, that I am worth 50% of that. You've heard this before, Madame Chairman, but what I'm also saying is this,

do you realize that in 1980, that companies got fish cheaper than they got since 1976? In 1976 they paid \$37.00 for all the fish to go into the case. In 1980, they only paid \$41.00.

Sen. Sturgulewski: Do you feel that's something that you cannot do as a marketing organization, or do you feel that it would not have validity because you did it?

Mitch Kink: I'll agree on both questions. We have done that before, and what I'm saying, and I'm referring back to the my opening statement, that I am here for the fishermen, the fishermen are here for themselves, so we don't see the other side of the table, because to me there are two culprits in that Bay, not just the fishermen, it's the people that the fishermen do business with, even though they said they have people who will go fishing for that price. To me, there are still two culprits up there, and we're the only culprit that's always on the carpet and I resent that highly, Madame Chairman. #6, and that is to have a comprehensive study for world market for Bristol Bay. Sockeye salmon should be conducted by an independent economic consultant who does not work, or has not worked for fishermen or processors; to have a positive effect and early settlement of fish price in Bristol Bay, the study should be completed by mid-April. This means that the process should be implemented, like yesterday. So, those were the six recommendations I have.

ARCHIE GOTTSCHALK - Comments not transcribed.

Roy Smith: I was born and raised in Petersburg. I have fished for 15-odd years, and am a comparative newcomer in the Bay; I've only been there two years, but I just wanted to very briefly give my account of the violence that I saw in the Bay, a couple of instances. I started fishing on the 27th, and the morning of the 28th, the morning that Harold Peterson on the 82 was shot at and forced to dump

his fish, I was fishing along side of him. I did get my nets aboard before the shooting occurred, but I did talk to Harold later that afternoon in the river, and he was visibly shaken and told me what had happened. "I wasn't bodily drug off the grounds, but I was circled, told that my boat should be sunk, that I was on their list and that they had taken pictures of me, I was going to have my picture on their so-called bulletin board, that I would definitely not be forgotten." So, I quit fishing that day; I went in the river and I had heard about Harold being there. I went in the river, and I figured I had to let things cool off, so I quit. I figure I lost at least 50,000 pounds of my production in the time I was laid up in the river.

Begin Side #4

Roy Smith:imagination so far as what violence is. Everything on that radio, and I would also like to say that the captain on the Vigilant, he did say, during the course of his conversations on the radio, that there were going to be possible reprisals by the state if things continued they way they did, and there was some mention of the possibility of jerking limited entry permits on the air. And, I heard guys after that say that they were scared of losing their permits and I noticed that those people that were involved in spear-heading the strike efforts on the grounds, fishermen, were definitely subdued after that thing came out over the air. I didn't hear hardly any, you know, those people that were very audible over the air, they backed off completely, and it seemed to me after that point the whole strike effort just kind of. .of course, the final settlement was, came to a head right after that, but it seemed that the whole thing just kind of crumbled after the Department of Public Safety made some threats.

Senator Sturgulewski: Mr. Smith, has it been difficult for you to come forward and testify?

Roy Smith: Well, yes it has. I, being a strike-breaker, it's not a very popular topic. I haven't said anything to anybody except the people I fish close to.

Sen. Sturgulewski: Do you see any particular role, constructive role of the state regarding your comments on the limited entry and the fact that it seemed to hold down the tension and there was perhaps, it affected the fact that a settlement was made, do you see, are you making any suggestions as to what would be an appropriate role for the state?

Roy Smith: All I know is that the Vigilant was there in the mouth of the river and it didn't really seem to make any difference whether it was there or not until, I don't know his name, but the skipper who was on there, at that point he made just the comment that they were definitely going to be some reprisals if things continued, people began to back off. I'm not saying what, exactly, should be the role of the state as far as what they are going to do up there, but I think that thing on the air made a lot of difference. Also, one other instance, I was tied up alongside Mr. Menisch in the Dillingham Boat Harbor the night the guy was threatening him with the flare gun. I was sleeping up in the cabin on the daybunk with the window open. I could have virtually reached out and touched this guy. First, I thought he had a pistol, and I could have been a big hero and jumped out and wrestled the gun away, and all that, but I figured if he knew my partner, he must know me and I didn't think it was the smart thing to poke my head out the door. But, he did say later that he had a flare gun and I saw him throw the oil in the boat and said he wanted the captain to

show himself and he was going to kill him, that he was going to tear his heart out. He said, "I'm going to count to 10 and if you don't show yourself I'm going to torch your boat." He got to 8 and at that point one of the crew members said, "He's not here. Please, don't do anything. He's up in town." The guy ranted and raved and mumbled and said he would find him and be back if he didn't. That was that, but I helped skipper the boat; I filed a complaint against them as a witness in Dillingham and I didn't really keep up on what happened after that. He spent the winter in Seattle, the skipper involved, and I didn't really keep up on it but that's basically all I have to say.

Present: Rodey, Chuckwuk, Hurlbert, Sturgulewski

Meeting was convened at 3:40 p.m.

Phil Daniels: In my judgment, the State has two overwhelming interests in Bristol Bay. One is to see that that resource is harvested. In the last two years, we have put 150 million pounds of salmon up the river that could have been harvested; that's 10 million fish in 1979 and 20 million last year. The value of that product at prevailing prices is perhaps \$90 million that could have gone into the hands of the fishermen. The value of the first wholesale level to the processors, I don't have a figure on. But, an enormous problem exists in the Bay and it is in the best interest of the State, in the best interest of the processors, and the fishermen to see that those fish are harvested in the future. I think there are grave implications if we continue to put large numbers of fish up that river, or the rivers in Bristol Bay, as far as the 200-mile limit legislation is concerned. If we continue to put those fish up there in massive amounts, there is no reason why the Japanese won't try to come back in and reestablish themselves in the High Seas fisheries to take those fish. Elmer Rasmussen, at a recent INPC (?) meeting last fall, this was discussed and he is a member of that group and people pointed out, of course, that we had a social problem in the Bay and we did not lack the will or the desire or capability to harvest those fish and, consequently, perhaps the Japanese would not be able to make such a request stand. Elmer Rasmussen's evaluation was that that's not an adequate defense and the thing that makes me nervous is the decision of whether or not the Japanese will ever be allowed to reap or harvest more of those fish is not in our hands; it is in the hands of the Department of Commerce at the Federal level. And,

I'm not convinced that we have always been treated as well as we could be treated by the Federal people. We have another overwhelming interest in the Bay, I think, and that is to make sure that the harvest is done in an orderly fashion and that it is done with people obeying civil law. I think we have probably touched enough on the question of violence; I don't want to dwell on it, and I am very pleased that you have been willing to listen to these comments that have been made earlier in the hearings on that question.

I think the thing that is very important to draw forth at this point is that it doesn't matter who was right last year. Whether or not the group I fished with or whether or not the people who chose to sit on the beach was correct. The important point is that it's not working; it's not working for the fishermen. We are wasting an enormous amount of resource; the fishermen themselves have no take-home pay when this kind of scenario takes place as it did last year. The average income probably to the average fisherman in the Bay last year was around \$28,000. That just simply isn't enough. You do not make your payments on that basis. If you have as much as some people have invested in Bristol Bay, ---as much as a quarter of a million dollars, you have nothing to take home. Many of the people that are affected by this situation simply do not have alternative occupations. There are people who come into the Bay from outside the state; there are people who come into the Bay, as myself, from other areas of Alaska, and they may have those alternative occupations, but the residents of Bristol Bay often do not have another alternative. We must address this problem and we must solve the problem. The tragedy in the Bay would be difficult to measure; the tragedy of the last years, very difficult to properly bring home unless you go to Dillingham and you go to Naknek and talk to the individuals who were affected. We had the

two biggest years we've had in recent history in the Bay and it simply didn't work for the fishermen, and that's the reason I think we need to look at some alternative approaches. We need to look to see whether or not there isn't a way to get around the problem. And, the problem, in a nutshell, is only partially answered if we go in there with public safety presence. The real problem is the fact that in the tradition of the Bay people have chosen, and perhaps it's both parties faults, perhaps it's both the processors and the fishermen, that they have chosen to wait until to the point when the fish are going up river before serious negotiations begin to take place. That's where the problems occur and if you wait until those fish start going up the river before you get serious about negotiations, then people get hysterical because they are losing money, and we need to look at that; whether or not there is a way to get around this problem of sitting back and letting happen what happened the last two years and what has, indeed, happened in previous years in Bristol Bay. //

Representative Hurlbert: Isn't that usually always the way negotiations happen, though, in any endeavor; that they always wait until the climax of a critical stage? In other words, if we look at an airline strike, whenever, the first few days are probably all right until they start backlogging with people wanting to travel and things really pile up on them before they really get to serious negotiations. In comparing tht with the fish run, you see my point?

Daniels: I certainly agree that that very often is the case, but I think that's one reason the State should be so interested in this problem. We're not dealing with unions. The laws tht govern union negotiations do not prevail in this particular case; these are independent businessmen and the law, you can take an arbitrator

and take him into a situation where the laws that govern union negotiations prevail and you can bring the parties together; you can reach agreement, you can force agreement virtually. In a situation such as the Bay, none of these laws prevail, so that's the reason the state needs to take such interest in Bristol Bay. The idea that we are going to have some prevailing, rational solution occur if it's simply left up to the fishermen and the processors does not seem, to me, reasonable. I do not think we are going to reach a solution in Bristol Bay unless the State takes a real interest in this negotiating process. I think we are going to see a continuation of what's happened in the past. There are some things I'll say in addition on that problem of negotiation.

Representative Hurlbert: In this situation, as you perceive it, who has the heaviest hammer, the fisherman or the processor.

Phil Daniels: The processor, without a question. Processors are much more sophisticated in dealing with the market. They know what's happening to a degree that the fisherman can only speculate. That's the reason the marketing analysis is so important. You've got to have this information in the hands of the fishermen, and then maybe the fishermen will have a better opportunity to arrive at rational requests as far as price is concerned. There are several things that could be done, I think. One of them, of course, and perhaps the most desirable thing that could happen in Bristol Bay, is vertical integration, co-ops. Now, I think the State should look at that. Right now, we are putting up \$100 million, or may be in the process, of putting up \$100 million for pack financing. Why can't we put up money and make it available so fishermen can process their own fish? The fishermen that I'm involved with in the Bay this next year, I'm not fishing for Icicle Seafoods this next year, we're going to do our processing. There's

ten of us who have gotten together and formed a joint venture. There are two or three things you have to have to make a co-op work. What usually happens when you form a co-op, people go out and they hire somebody that everybody likes, but who doesn't know anything about processing fish. Well, it's destined a failure when you do that. The guy you want to get is somebody like Denton Sherry (?) that everybody hates, but a guy who understands the market, who understands how to process and sell fish. That's an essential ingredient. The other essential ingredient is to make sure you are properly funded, and what usually happens is a co-op gets together, they don't have adequate funding, so they go borrow it from the Japanese, and once you take from the Japanese, you've had it. We talked to a processor, we have a processor, of course, that we've hired to run our operation and he has long years of experience, and one of the people he sold to last year in Bristol Bay, we were in a recent conversation with him. . . . he didn't borrow any money from them, he sold his pack for an average of 50% more than what Tertano (sp.?) paid for his pack, and that's one tremendous amount of money. That's one of the biggest problems in the Bay; in fact, it's beyond just the what would affect the co-op. Once you take money from the Japanese, they have got a hammer-lock on you. We've got to get around that somehow. In addition to vertical integration, whether it be co-ops or joint venture, which is what we have, it's so close to a co-op, the only difference is a couple of legal matters in the reason we chose to go that route, when you are fishing for yourself, you don't have to sit on the beach, you don't have to worry about the price to the last penny, but that's still, even though I have that going for me this year and the guys I'm with have that going for us, it still doesn't solve the problem of the people who have to face the transitional problems we have had in the Bay, so we need to continue to work on it. Maybe co-ops, and encourage them, but there again, the State needs to intervene there

and make sure they are set up right, and I don't mean dictate to them, but we need to educate people on what it takes to put this kind of business venture together. It's not simple. The group we have. . . . we have a sophisticated group and, even then, we have had to work hard to put the elements in place. That's one solution. A possible other solution. . . .

Representative Chuckwuk: Do you believe the processor manipulate the market by letting the fish go by until. . .

Phil Daniels: Absolutely. The reason that thing didn't work last year, the State had a task force last year that studied what are we going to do with the surplus fish that are going to occur in Bristol Bay this year. The industry estimated that they could process 37.1 million fish. I'm not sure those figures are correct, but I believe in a year when you have such substantial surpluses of fish, as we had last year; we're looking at 40 million sockeye coming back in Bristol Bay alone, there's every reason to suspect that many processors simply didn't want to harvest all that product. Sometime when you harvest that much product it's hard to get rid of the product; so, when I'm a fisherman and I want in to you and you're a processor, and I say, "I'm going to strike; I'm not going to catch the fish you don't want to harvest in the first place," I'm not putting any pressure on you. I'm not hurting you a bit; I'm playing right into your hands, and I'm not at all convinced that the industry, the processing industry's willingness to say that they could harvest 37.1 million fish was correct. I think, indeed, that they were perhaps in their own judgment, and perhaps in reality, better off not to harvest that many fish. . . . As a long-range plan, we should look at the commodities market. I think that has a real possibility for the state of Alaska when it

comes to these gluts of fish, because there, even though you have a glut of fish in a given time period, you still have the ability to control the flow of products so you don't dump them on the market all at once. This could, possibly, have real bearing for future situations but the problem with that, of course, it's not something we can do now. I think there is another factor that's coming to play in this operation that should be talked about, and I'm not sure the Committee is aware of it, but the primary processing law is in the process of going down the tube, as of about next Monday most likely, the changes are about 90 out of a hundred that there will no longer be a primary processing law. The primary processing law stands in relation to the processor about the way limited entry stands in relation to fishermen. If the primary processing law goes down, it's going to have a lot of reverberation; it's the biggest thing that's happened in the fishery in years and years. It has an almost an atomic bomb type effect in the fisheries, or could have. If it goes down the tube, the fishermen are going to be put in the driver's seat in one respect. There is nothing in the world to keep fishermen in Bristol Bay from getting on an airplane and going over to Japan and saying, "We have 200 boats or we have 300 boats, and we can bring these boats into the Bay...rather, we will sell these fish to you if you will bring the floating processor into the Bay to buy the fish." It puts the fishermen in an extremely good position; it would cause, in its initial phase, I believe, and I'm not sophisticated in this. . . . it should cause a tremendous surge of competitive buying between the established processors, American processors, and whatever foreign processors come in there. The long-term effect, there are some down sides to it, I am not convinced in the long run that our industry can compete effectively with the foreign processors. The foreign processors can hire labor a lot cheaper

than we can. I think our industry is in grave, grave difficulty and I think perhaps they will not survive, and, so, in the long run, you might actually see a demise of our in-shore based industry. If, when that happens, you end up with only the Japanese in Alaskan waters buying fish, then you are right back under the Japanese domination. I don't see any reason in the world, however, why the Germans and the Hungarians and the Ethiopians, and a bunch of other foreign presences might not make themselves available to buy those fish, so you might still get considerable competitive buying going. One thing I'm very disappointed in is that I've asked the Administration about 6 or 8 times over the years to do a study of primary processing. The reason I'm interested in it is that three years ago in Bristol Bay, the fishermen were being paid 90 cents a pound for their fish; you could freeze those fish in a round(?), take them out to a Japanese trapper, and sell it to them. . . . sell them to the Japanese for \$2.68 a pound; now that's one heck of a margin and I, as a fisherman, would be a lot happier to see more of that money going into the hands of the fisherman. If our primary processing law fails, it's a possibility that more of that more of that margin will, indeed, go into the pockets of fishermen, but the down side of that whole issue, of course, if we lose our primary processing law will be the loss of

(408) a lot of _____ and, of course, that's very undesirable. So, it's not all pluses, and I certainly don't want to set myself up and say that I want to get rid of all our in-shore processing capabilities. The best of all possible worlds, you have your in-shore based processors, your American floaters, competing with whomever else wants to come in. . . .you get a real stimulus to competitive bidding. Whether or not the state wants this to happen, it's likely to happen within a week and then, of course, the State has to decide what their attitude is going to be.

. . . . What we need to do is sit back and ask what are the implications, is it better to let that go, what shall be the state's

- (424) attitude toward these foreign _____ ? _____ if they do come in?
Another big factor, of course, will simply be whether the fishermen are willing to go out and put their act together and say, we have 200 permits and we deliver x amount of fish if you will come in. I think, by the way, that factor in the Bay cannot be over-emphasized. The traditional problem in the Bay is an adversarial relationship between the processors and the fishermen. If I had to fish for some of the guys those guys have to fish for, I'd feel the same way they do. They just absolutely treat you badly. I fished in southeastern and have been treated marvelously. You cannot believe the difference between the way you are treated as a fisherman in southeast Alaska as you go westward, the way you are treated by a processor deteriorates so much that you can scarcely tell you are in the same ballgame from that angle. That has to stop, but that traditional adversarial relationship between the processor and the fisherman has got to stop and one factor that may bring it to a halt is the entrance of more buyers into the Bay, whether they be foreign or otherwise. We really need to do some thinking on this, and I'm not saying that I've done it and I, again, will emphasize that I am not anxious to see our in-shore based industry go on its nose, but I do, indeed, think that's one of the probable things that could result. As far as the existing organizations in the Bay, I
- (451) want to go out of my way to say I think AIFMA and _____ ? _____ , both of the organizations that are there, I've dealt with them when I was a lobbyist for UFA, I think they are good organizations. . . . I hope they will continue to exist, and I hope they will be able to get good prices for fishermen. As far as the state's recommendations I have not seen the report that the Task Force is going to come out with. I understand they are going to do the marketing study and I urge you to urge them to make sure they have

figures in that study. They may be in a contingency basis.
you may not be able to put in specific numbers, but put ranges in
there so the fishermen can look at it and somehow come to a
rational conclusion what a rational price expectation is. You
have to have figures in the study; if you don't have figures in
there, I'm not sure you will have accomplished anything. I
believe there is some hesitancy on the part of one or two people
involved to put actual figures in there because I am sure they
think maybe the processors or the fishermen may criticize them
for it. That information has to be disseminated to every fisher-
man. It will not accomplish this task if you do not get it in the
hands of the rank and file fisherman; it needs to be in a simple
form so people can look at it and read it and come to their own
conclusions.It's got to be simple and direct and easy to
understand. As far as the public safety presence, I personally
believe we need it and the reason I believe we need it is this:
if we were to say O.K., nothing happened of significance and
nothing along the same line is going to happen in the future,
some of the things I'm personally aware of last year could have
resulted in people getting shot. If that happens, and even by
accident, if somebody just happens to be drunk or somebody just
happens to be at the wrong place at the wrong time and somebody
gets shot, we could end up with a total closure in that fishery,
and that's just not desirable; that's not going to help anybody,
and that's the reason I think we need to keep the peace officers
there and I am in support of the fact of having a public safety
presence there. Essentially, things need changed. I think change
is in the wind. I think vertical integration, I think the failure
of the primary processing law, I think a lot of things are going
to change, but I sincerely urge the committee to not take the

attitude that everything has to take care of itself. We are dealing with very unsophisticated situation out there. We need help; that's all there is to it. I have never fished in a fishery before in which I was busy fishing and other people were sitting on a beach, and I'll guarantee you I don't like it. I don't want to get into a justification of what we did last year; again, it is not important what we did last year. What we need to look at is what we're going to do next year and to make sure the fishermen in Bristol Bay get a decent price and an opportunity to harvest those fish without violence.

Representative Chuckwuk:Did you realize last year and the previous years, with the amount of processors we had out there they were only capable of processing approximately 25 million fish?

Phil Daniel: I wouldn't be at all surprised at that. . . .

Representative Chuckwuk: So, in spite of that, if we had a lot of people to fish, because of the capability of the processors to process more than that amount of fish, we still would have had to allow fish to go by, even if we fished every day, because people are placed on limit.What's the point in saying that we had no excuse to waste all that fish, it would have been wasted anyway.

Phil Daniel: I certainly do not want to blame that on the fishermen. . . .When I say that 150 million pounds of fish went up the river in the last two years, I am not pointing that at the fishermen. As a matter of fact, if I were to blame it on anyone, I would tend to blame it on the processors.The processors obviously did not intend to intend to harvest more than 25 million fish, and so that doesn't place the blame on the fisherman, it places it on the processor. Regardless of whose blame it was, the fact that we did put that much fish up the river is the point; we have to do something about that.The processor would be the culprit under that scenario.

Representative Chuckwuk: . . . Do you believe in fishing for a proper price? Say, evidently, you were willing to risk 40 cents a pound, and you consider that to be a profit, so you attempted to go fishing then, is that not correct?

Phil Daniel: I think there are hazards in it, and I think the hazards to be when I say, as a fisherman, that I will only fish at the point where the last penny has been negotiated, I am placing every bit of the risk in the marketplace on the processors. . . . every bit of that risk is on the processor. It seems to me that when you have unstable market conditions, and I go to that processor as a fisherman, and say to that processor, and it depends on the processor. . . . "I'll share the market risk with you; I'll take and, by the way, everybody says. . . . that 40 cents a pound was the prevailing price at the time we went fishing. . . . what we tried to do was share that risk and I would rather have had 23 cents or 25 cents as our profit share; we only got 16.2, and maybe we didn't get as much as we should have. . . . What we were trying to do. . . .

Representative Chuckwuk: You were fishing for Icicle, a bunch of locals who do faithfully fish for processors, land-based processors, they are limited to 6,000 pounds a day. Even in 20 days, you couldn't make a living off of it, assuming that the steady was pretty good, and to settle for 20 cents a pound and getting 16.2 cents profit, that still would not suffice as a means of livelihood. . . . There's a bunch of strikes all over the country. I don't know what means or control they have; nobody works when you and other workers go on strike, or if the State Public employees go on strike, nobody works; maybe its something we need to have a better governing laws implemented to say that the fisherman all can agree to rather than having separate AIFMA or separate WACMA(?) or another independent organization. . . . To me, it is a greater sin for somebody else jeopardizing the

basic livelihood of those people who depend on this source for their income.

Phil Daniels: . . . The real solution, of course, is to get these people fishing for somebody who doesn't put them on a 6,000 pound limit. That's what has to happen, and we have to change that system. That system is almost feudalistic. . . .

END SIDE #1

BEGIN SIDE #2

Representative Chuckwuk. . . . whereas, if everybody agreed to stay, there would be no need for the troopers to be sent out there. Isn't that correct?

Phil Daniels: I would assume if everyone agreed to stay, there would not be a need.

Chuckwuk: Maybe that's something we should look into at the moment. That would be the immediate problem-solving solution. . . . Basically, we're running out of time. . . .

Dean Paddock: 25-year Alaska resident; I came to Bristol Bay as a Fisheries Biologist. . . back in 1956. . . . problem of keeping peace in the interest of the public health and welfare. I think that that problem is going to disappear once we get this matter of everyone making a reasonable profit taken care of, but we're talking here about two different things: we're talking about long-term solutions and short-term solutions. . . . We've got to have some immediate attention paid to the problem. . . . I'm here to tell you there was violence last year. . . I think there was a tremendous potential there for the lid to blow off; the potential of threat was great. I'm just thankful nobody got killed, and they could have. It was very close, a very iffy thing. I saw people behave irrationally, and I saw mob psychology working. I've heard attempts here before your committee to excuse this, saying,

well, that is the way fishermen behave. . . . I cannot accept that fishermen should be allowed to behave at some level we find unacceptable in average civilized people. I think that the State can help by insisting that order be maintained. I know that last year when things quieted down was when Commissioner Nix read his very famous statement; I trust you are familiar with that, and if you don't have it in the minutes of your meeting, I would certainly urge you ask Public Safety to provide you with a copy of that statement. . . . I think that American citizens have the right to expect that the state is going to protect their rights, their privileges, their freedom, their health, and their welfare. . . . Personally, I was never contacted on the grounds and threatened, which was probably just an oversight. I was involved in one situation I would like to relate to you of an individual who was threatened. A gentlemen I fished with last year in 1979. . . . On Sunday morning, June 28th, I was proceeding down the Naknek River, having spent the preceding day, which was Saturday, anchoring up in front of King Salmon. Just before 6:00, I came by the Salamantoff(sp.?) anchorage and I heard Dan Brashand (sp.?) on the radio calling for help. I know Dan Brashand well enough to know that he doesn't call for help unless he bloody well needs help. Right at that moment I was coming by where some of the other Salamantoff boats were tied up, and so I swung alongside one and said, hey, Dan's on the radio calling for help. He turned on his radio and listened to the radio for just one moment and said, "Let's go." So, we went out just as fast as he could go. . . he could home in on where this call was coming from, approximately 9 miles away. So, I followed him. It was 45 minutes before we got there and, in the meantime, we were listening to the radio. Dan had been calling for help from a Public Safety aircraft because there were 8 boats harrassing him, threatening to sink him. Why? Because he had been fishing, had

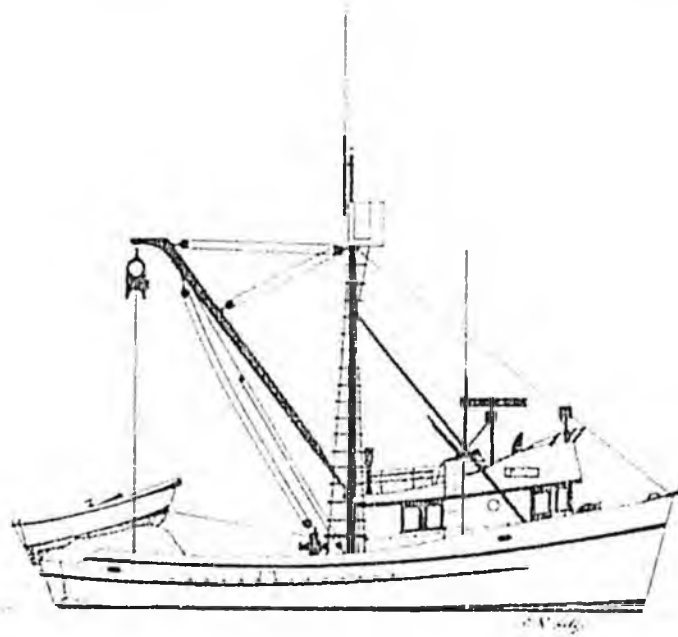
(547) a heavy load of fish and when they started to harrass him, he had to pull in his left shackle, he had 20,000 pounds of fish aboard, most of it in the stern of his boat; he had no free board(?). On the radio, I could hear coming over, Dan said, as he was broadcasting for help, the _____ remarks of the other fishermen coming over Dan's C.B.I could hear what was going on. They were making close passes, Dan was shipping water; he had water in the stern; he was about to sink. Just before the meeting of your committee here, Mr. Chairman, I called and talked personally to the deckhand on Dan's boat.He told me that one of the boats harrassing him had told them, "Put on your survival suits because we are going to sink you."The only reason they didn't is because of the threat of this approaching Public Safety aircraft, which did come, and these boats had left, fortunately. Ken Cassler's evaluation of the situation was that three more passes and they would have had him and when the airplane arrived there, would have found two bodies. When I arrived there 45 minutes later, there were no boats harrassing Dan Brashand; one friend had arrived. This other gentlemen and I who went on that call made three of us. Within a few minutes, the 8 boats that had been harrassing Mr. Branshand returned. They didn't know who we were and they operated on the theory that maybe ^{too} we/were out there harrassing scabs, but they were soon disabused of that when the other gentlemen stood in the door of his cabin and told one boat.if you come another foot, I'll plug you. All this time, I was on the radio talking to the Vigilant and telling them, "Hey, boys, staying in the river doesn't cut it. This is where the action is." I saw three more boats coming off there in the distance about three miles away, coming full throttle. . . . there's going to be some real problems here. As it turned out, it was Dan Branshand's brother and two of his friends. This made the odds 6 to 8, so the other boys disappeared. Incidentally, most of

those guys were young fellows who had been in the fishery at least two years and bought their permits. I don't think that they paid their dues to the fishery by sitting on the beach during those periods when real Bristol Bay fishermen were looking for escapement to get up the river. They haven't paid their dues by spending hours and weeks sitting in international meetings and Alaska Fish & Game Board meetings and hearings and so forth for twenty-five years, trying to deal with these problems in an intelligent civilized way like some of the rest of us have. Before I close, I'd like to mention three other situations where I know violence was mighty, mighty close. Ken Cassner was also deckhanding for a few days earlier when these folks came up, threw an anchor in Harry's anchor, pulled the net out of the water and slashed it. They recovered their net, all right, but this was damaging personal property. A good many fishermen I know would not have accepted that; personally, I would have found it unacceptable. My livelihood depends on that net, and it's expensive. It's a mighty iffy situation when people go about doing that. Incidentally, the reason that Ken Cassner was not. Dan had put them (his wife and kids) ashore the day before because he knew that violence was imminent. Ken Cassner, incidently, says that nothing is going to get him back in Bristol Bay again. Now, maybe there wasn't any violence there, but the threat was there. Another (645) Salamantoff (sp.?) fisherman, Frank Mullens(?), was proceeding in the mouth of the Naknek River, he had no fish aboard; he was going in to attend to motor trouble. He was overtaken by another boat who threatened him with a drawn handgun that if he went out there again, all of these sorts of things. were going to happen. He can identify the gentleman who did it. Ken Cassner can identify the gentleman that threatened him, telling him to put on his survival suit and saying, "We're going to sink you." Clark Whitney,

another Soldotna resident, Salamantoff fisherman, was delivering to a Salamantoff scowl. . .the Naknek River when one boat was very very concerned about the fact that he was fishing and was delivering fish. This fellow ran about the scowl a number of times shouting, as seems to be the popular course out there. . . .this boat came up, put his bow on Clark Whitney's side, and said, "Take a good look at it, you blankety-blank so and so, it's the last thing you are ever going to see", backed off and prepared to ram him. That's when Mr. Whitney raised his shotgun over the window and changed this other party's mind. Now, there may have been no violence there, but I submit that the threat of violence was very, very close. One of the crewmen on my boat left me this year because of the threat of violence. This morning, I talked to Commissioner Nix and asked him what was the status of the complaints made by Ken Cassner and Dan Brashand. They immediately went to the Vigilant, made depositions, and filed complaints including photographs and names of the boats. Commissioner Nix advised me that late in July the Attorney General's office reached the decision that they could not prosecute because it was impossible to identify the individuals involved. This is not what Ken Cassner tells me today. . . .I repeat that there is a crying need for state leadership to cope with these problems.

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Canned Salmon



Pacific Canned Salmon Pack and Value, 1980

Region	Red Salmon		Pink Salmon		Chum Salmon		Total Salmon		Total Value	
	Cases	\$ Value	Cases	\$ Value	Cases	\$ Value	Cases	\$ Value	Cases	\$ Value
Alaska	1,570,561	99,400,000	7,211,907	109,200,000	11,000,000	12,900,000	29,782,468	2,320,000,000	41,764,469	309,059,741
Washington	44,580	2,811,567	10,300	1,200,000	1,000,000	1,000,000	55,880	4,011,567	11,600,367	14,967,481
Oregon	—	—	—	—	—	—	—	—	—	—
British Columbia	1,100,000	190,000,000	1,100,000	1,100,000,000	1,100,000	1,100,000,000	3,300,000	3,300,000,000	5,500,000	5,500,000,000
British Columbia	100,000	1,000,000	100,000	1,000,000	100,000	1,000,000	300,000	3,000,000	300,000	3,000,000
Grand Total	2,715,141	103,211,567	8,322,207	111,400,000	12,100,000	12,900,000	30,137,348	2,323,000,000	43,691,717	317,027,221

Largest Pack Since 1949

Alaska's salmon fishermen landed more than 110 million fish in 1980, the largest catch since 1936, and the third largest catch in the history of the industry.

The catch surpassed the Alaska Department of Fish and Game's preseason prediction of 105 million fish, and, indeed, would have been even larger if price negotiations had not restricted fishing in some areas.

Statewide, catches of coho, chum and pink salmon were larger than anticipated whereas sockeye and chinook catches were lower than forecast. Price negotiations between processors and fishermen in Bristol Bay dragged on through the first

week in July as the fish went in to the rivers. Consequently, the Bristol Bay sockeye catch of 23.7 million fish was only about 75 percent of that available to the industry and predicted by the ADFG.

By contrast, sockeye catches in Central and Southeastern Alaska were more than twice those projected, despite a lengthy strike by Kodiak fishermen.

Pink salmon returns to Bristol Bay were a disappointment, only about one-third of the expected return, but the pink salmon in southern southeastern, Prince William Sound and Kodiak all returned in numbers larger than expected. Thus, the total pink

catch was about 25 percent over the projected harvest.

The chum salmon catch was particularly good in Southeastern Alaska and up slightly in other areas. The chinook harvest was close to that projected, roughly 320 thousand fish.

Four Million Cases

For the first time since 1949, the Alaska canned salmon pack topped four million cases, led by 1.5 million cases of reds and 2.1 million cases of pinks. In 1937, when a similar amount of salmon were taken by Alaska fishermen, the canned salmon

Continued on page 14

Pacific Canned Salmon Pack and Value

Basis - 48 one-pound cans per case

Year	Alaska		Washington		Oregon		U. S. Totals		British Columbia		Grand Total	
	Pack	\$ Value	Pack	\$ Value	Pack	\$ Value	Pack	\$ Value	Pack	\$ Value	Pack	\$ Value
1961	3,211,962	96,295,650	401,121	14,580,389	86,643	4,077,528	3,699,726	113,953,567	1,405,158	46,151,000	5,104,884	161,104,567
1962	3,474,817	94,330,920	246,659	8,759,824	79,260	3,561,098	3,800,716	106,711,858	1,816,585	55,801,000	5,617,321	162,512,858
1963	2,655,479	67,434,050	569,579	17,383,900	69,799	3,165,843	3,294,856	87,962,799	1,203,271	34,463,000	4,498,127	122,425,799
1964	3,549,379	87,530,030	130,229	4,755,873	79,490	3,476,814	3,759,198	95,760,717	1,255,308	43,676,000	5,014,506	139,436,717
1965	3,267,935	107,708,140	252,190	10,060,225	113,489	4,976,716	3,633,614	122,745,081	913,947	35,060,000	4,547,071	157,805,081
1966	3,990,425	170,546,688	276,363	11,409,197	92,727	4,357,515	4,357,515	136,313,400	1,810,215	64,062,000	6,176,730	200,375,400
1967	3,424,006	52,691,517	485,051	18,631,135	123,288	5,408,690	2,072,345	76,121,342	1,465,708	57,141,000	3,538,952	133,262,342
1968	3,237,982	109,381,249	159,382	6,196,690	50,335	2,437,525	3,447,639	118,015,664	1,746,987	67,426,000	4,194,688	185,451,664
1969	2,293,108	77,735,204	203,447	9,453,822	64,306	3,096,920	2,550,921	90,285,966	624,153	30,110,000	3,175,074	120,395,966
1970	2,564,508	124,577,532	177,984	9,723,838	79,708	4,372,664	3,821,800	138,673,434	1,423,832	58,908,000	5,244,682	197,581,434
1971	2,779,157	99,726,282	463,182	23,275,554	151,017	6,719,640	3,393,356	129,721,476	1,404,005	65,803,000	4,797,361	195,524,476
1972	1,473,157	64,183,924	255,089	12,614,553	44,182	2,501,883	1,773,047	79,300,360	1,172,752	55,134,000	2,748,952	134,434,360
1973	1,134,353	93,313,102	245,600	20,191,935	41,874	3,681,611	1,421,827	112,188,643	1,550,114	127,065,000	2,971,941	239,253,648
1974	1,343,254	58,860,487	345,182	28,460,090	150,536	9,616,710	1,828,972	137,005,287	1,938,882	114,779,000	3,757,854	251,784,287
1975	1,455,455	109,860,487	162,204	14,293,620	9,126	697,000	1,620,785	115,292,000	517,370	43,252,000	2,144,155	155,544,000
1976	2,517,202	150,745,000	135,510	13,946,000	5,850	627,000	2,658,670	265,310,900	1,644,000	79,953,031	3,703,218	265,271,031
1977	2,651,304	180,752,562	201,968	17,949,333	5,465	442,626	2,858,537	199,144,521	1,341,127	106,491,453	4,222,240	305,636,024
1978	3,408,800	247,260,000	11,292	913,000	2,394	380,000	3,422,486	248,553,000	1,126,876	115,843,000	4,549,362	364,396,000
1979	3,109,695	286,421,846	71,066	7,154,762	1,690	203,410	3,181,641	293,780,018	928,076	102,310,839	4,109,717	396,090,857
1980	4,175,440	400,059,731	125,175	14,367,383	--	--	4,300,615	414,427,114	1,304,774	105,336,689	5,403,389	519,763,003

Alaska Salmon

Continued from page 13

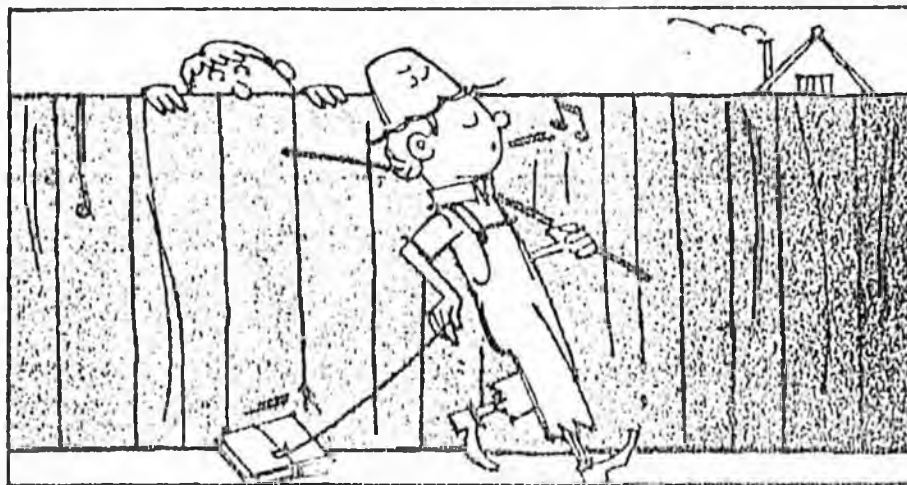
pack was more than 7 million cases, but that pack was made before the days of frozen salmon and the air shipment of fresh Alaska salmon to markets in the "lower 48."

From four to six million

pounds of salmon were flown fresh from Alaska to markets throughout the U.S. during the 1980 season, according to estimates of those in the business. Bristol Bay reds were sold fresh in markets as far away as Dallas and New York at retail prices in the \$2.00 to \$2.50 range.

A combination of circumstances which may not be repeated made the fresh market for Alaska fish attractive in 1980. Buyers were able to get salmon from Alaska fishermen at bargain prices, the troll fishery off California and Oregon was depressed and fish were not

Continued on page 15



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Alaska Salmon

Continued from page 14

available from that source and the frozen market was also depressed making the logistic problems associated with shipping fresh fish more acceptable. Moreover the quick return on investment characterized by the fresh fish market is particularly attractive during times when interest rates are high.

But lots of Alaska salmon were frozen in 1980. More than at any other time in history. The ADF&G preliminary figures put the fresh, frozen and cured pack at more than 195 million pounds, almost 50 million pounds more than in 1979, in itself a record year.

Last season was the sixth consecutive season that Alaska salmon catches have increased. The fishing industry is reaping the benefits of improved management techniques, a series of mild winters which

have boosted fry survival and, perhaps most important, reduced high seas fishing by the Japanese gillnet fleet.

Southeastern Alaska

In the southern district of Southeastern Alaska, pink salmon returns were more than twice as strong as forecast, allowing a harvest of 13 million fish. Pink runs in the central and northern districts were weaker than expected, hindered by the runs to Tenakee Inlet and Peril Strait which were smaller than forecast levels.

Sockeye catches were strong in nearly all areas of Southeastern, although Lynn Canal harvests were below average, as had been expected. Chum harvests were much better than projected.

Despite a slow start and a ten day closure in mid July, the troll chinook fishery reached the upper limit of the optimum yield range set by the State of Alaska and the North Pacific Fishery Management Council and was

accordingly closed on September 21. Coho landings by trollers were slightly above the projected catch.

Prince William Sound

Copper River sockeye runs were weak in 1980, and the Copper and Bering River districts were closed for much of the season. Escapement to interior Copper River systems was adequate, and Copper River delta and Bering River escapements were very good.

A closely managed quota fishery for chinook in the Copper River district resulted in a catch of only 8,400 fish, 1,600 fish below the quota. Bering and Copper River coho catches were larger than anticipated, and coho escapements into Copper River delta streams were the largest ever counted.

Price disputes on sockeye salmon and pink salmon resulted in low effort as the

Continued on page 16

RACQUET Olympic AND HEALTH CLUB

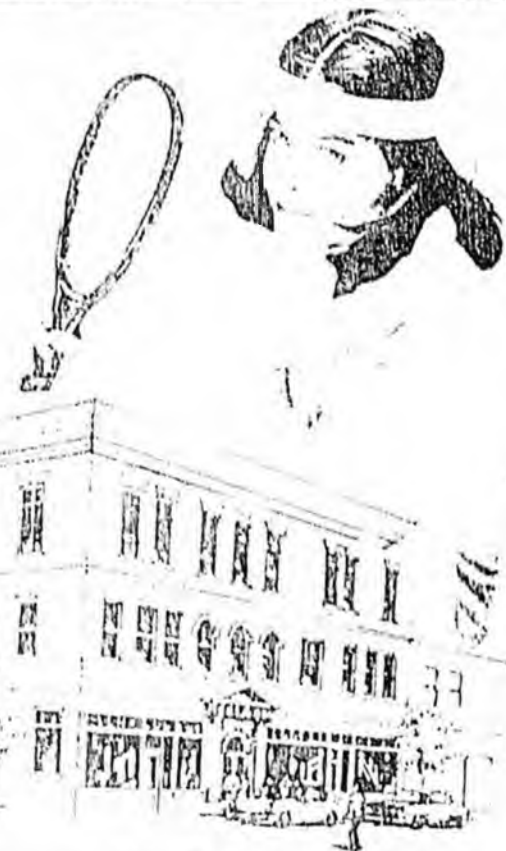
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Alaska Salmon

Continued from page 15

season opened in the Coghill district of Prince William Sound. A price was finally achieved on July 15, the day before the seine season opened, and by the end of the season, more than 14 million pink had been harvested, setting a new record.

Cook Inlet

Sockeye runs into upper Cook Inlet were late, but stronger than expected, so additional fishing time was allowed. The 1.6 million fish sockeye harvest, combined with 2.7 million pinks and smaller amounts of chinook and cohos gave upper inlet fishermen an average season.

Some areas of Cook Inlet were opened to fishing in 1980 for the first time in ten years, and the 70,000 fish sockeye harvest in the lower inlet was 50 percent above average for that area.

Kodiak

More than 19 million salmon of all species were harvested in the Kodiak management area in 1980, a record catch. Pink salmon runs were strong, as forecast by the AD&G, and the 17.3 million fish catch would have been higher, but a price agreement was not reached until July 24, both harvest and escapement were records. A few systems in the mainland district received only poor to fair escapement, and too water in early July and August may have affected spawning success in a number of areas.

Good sockeye escapements were obtained in many of the district rivers, owing to the prolonged price negotiations. Karluk River sockeye returns, however, were poor.

Chum salmon landings in the Kodiak area were about four times average, and produced the best October sales. 1981 B. Coors

Continued on page 17

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United States Canned Salmon Pack

Basis 48 one pound cans per case

Year	King	Red	Silver	Pink	Chin	Steelhead	Total	Year
1941	363,152	1,409,175	557,559	4,399,258	892,379	17,426	7,511,629	1941
1942	117,110	1,193,428	196,241	2,836,648	1,799,666	21,157	5,975,006	1942
1943	188,959	2,048,115	194,827	2,799,529	808,559	16,400	5,246,097	1943
1944	204,095	1,629,477	205,258	3,094,137	596,150	29,559	5,159,627	1944
1945	181,776	1,733,954	265,326	3,541,214	690,000	19,000	5,319,220	1945
1946	151,794	1,700,000	270,209	3,500,000	600,000	12,000	5,224,000	1946
1947	152,348	1,976,574	306,500	3,857,904	611,663	27,299	5,527,298	1947
1948	139,175	1,937,809	197,960	3,461,000	1,058,660	31,966	5,627,660	1948
1949	107,868	1,976,691	217,295	3,366,111	715,318	36,457	5,209,656	1949
1950	208,959	1,800,611	194,144	3,087,793	1,011,747	30,545	5,234,059	1950
1951	224,831	1,860,111	266,802	3,127,811	683,512	15,200	5,278,247	1951
1952	261,178	1,800,000	286,000	3,200,000	1,235,911	23,000	5,506,089	1952
1953	160,440	1,820,000	200,000	3,300,000	800,000	24,000	5,284,440	1953
1954	209,666	1,840,000	205,000	3,200,000	1,000,000	28,000	5,474,666	1954
1955	181,776	1,800,000	200,000	3,500,000	600,000	20,000	5,201,776	1955
1956	160,000	1,800,000	200,000	3,500,000	600,000	20,000	5,280,000	1956
1957	160,000	1,800,000	200,000	3,500,000	600,000	20,000	5,280,000	1957
1958	160,000	1,800,000	200,000	3,500,000	600,000	20,000	5,280,000	1958
1959	160,000	1,800,000	200,000	3,500,000	600,000	20,000	5,280,000	1959
1960	160,000	1,800,000	200,000	3,500,000	600,000	20,000	5,280,000	1960
1961	160,000	1,800,000	200,000	3,500,000	600,000	20,000	5,280,000	1961
1962	160,000	1,800,000	200,000	3,500,000	600,000	20,000	5,280,000	1962
1963	160,000	1,800,000	200,000	3,500,000	600,000	20,000	5,280,000	1963
1964	160,000	1,800,000	200,000	3,500,000	600,000	20,000	5,280,000	1964
1965	160,000	1,800,000	200,000	3,500,000	600,000	20,000	5,280,000	1965
1966	160,000	1,800,000	200,000	3,500,000	600,000	20,000	5,280,000	1966
1967	160,000	1,800,000	200,000	3,500,000	600,000	20,000	5,280,000	1967
1968	160,000	1,800,000	200,000	3,500,000	600,000	20,000	5,280,000	1968
1969	160,000	1,800,000	200,000	3,500,000	600,000	20,000	5,280,000	1969
1970	160,000	1,800,000	200,000	3,500,000	600,000	20,000	5,280,000	1970
1971	160,000	1,800,000	200,000	3,500,000	600,000	20,000	5,280,000	1971
1972	160,000	1,800,000	200,000	3,500,000	600,000	20,000	5,280,000	1972
1973	160,000	1,800,000	200,000	3,500,000	600,000	20,000	5,280,000	1973
1974	160,000	1,800,000	200,000	3,500,000	600,000	20,000	5,280,000	1974
1975	160,000	1,800,000	200,000	3,500,000	600,000	20,000	5,280,000	1975
1976	160,000	1,800,000	200,000	3,500,000	600,000	20,000	5,280,000	1976
1977	160,000	1,800,000	200,000	3,500,000	600,000	20,000	5,280,000	1977
1978	160,000	1,800,000	200,000	3,500,000	600,000	20,000	5,280,000	1978
1979	160,000	1,800,000	200,000	3,500,000	600,000	20,000	5,280,000	1979
1980	160,000	1,800,000	200,000	3,500,000	600,000	20,000	5,280,000	1980

Alaska Salmon

Continued from page 17

of the long periods allowed to harvest the pink runs, escapements were good as were chinook escapements in most areas.

Chignik

The 1979 sockeye run to the Chignik area was disappointing and escapement goals were reached only by a heavy effort in the Chignik, Chignik Bay, and Barrow Bay. The late catch however was good and 11 fishermen were able to take about 90,000 fish from the run.

Pink salmon returns to the area totaled 1.5 million fish slightly lower than forecast but within the MDEGC target. Chinook, coho and chum harvests were also better than forecast and the 1979 total for 119,000 fish was a record.

South Peninsula

The salmon fishery in the South Unimak Shumagin Island area was delayed until June 15 by price negotiations, but catches of sockeye and pink were exceptionally good. The fish, however, were small and some processors had trouble handling the pinks. South Peninsula pink runs were stronger west of Volcano Bay, and both chinook and sockeye salmon escapements were generally good.

As in 1979 an unusually large number of coho were taken in the Shumagin Island in July and early August.

Aleutian Island

Pink salmon returns to Unalaska reached record levels and purse seine deliveries exceeding 25,000 fish were common. The bulk of the catch was taken in Midway Bay although pink runs were heavy throughout the area.

North Peninsula

Chinook, sockeye, coho and chum runs were strong in all North Peninsula systems during the 1980 season.

Most of the sockeye catch came from the Bear River area and Nelson Lagoon. The Ezenbel Moller Bay section produced the bulk of the chum harvest and Port Heiden was the center of the early chinook fishery.

An unusual number of rack chinooks were taken in Nelson Lagoon.

Bristol Bay

A record 28 million salmon were taken during the 1980 Bristol Bay salmon season despite a lengthy strike which held the sockeye catch to 23.7 million fish, only one million fish less than the record catch set in 1938.

The chinook harvest was only about half of what was expected, but escapements to the

Continued on page 18

Alaska Salmon

Continued from page 18

more than the most recent five-year average.

Chinook returns to the Yukon River system were the largest ever recorded, as were the summer chum salmon harvests in the Yukon and Kuskokwim Rivers. Chum returns to Norton Sound and chum harvests in Kotzebue Sound were above average.

Record numbers of coho were taken in the Quinhagak, Goodnews Bay and Kuskokwim River fisheries.

1981 Forecast, —Alaska

75 Million Fish Catch Predicted

Alaska salmon fishermen will catch fewer fish in 1981 than in 1980, but the predicted 75 million fish harvest is well above the ten-year average, and substantially more than the catch in any but the last two of the past ten years.

The decline in the 1981 catch will be felt mostly in the pink salmon fisheries, which are expected to be small in almost all areas of the state. Catches of other species of salmon are expected to be similar to those made in 1980.

The Alaska Department of Fish and Game which prepares the annual forecast late in December predicts that the total catch will be no less than 60 million fish, and no more than 95 million.

Salmon catches in Alaska have increased consistently since the low of 22 million fish taken in 1970. The steady improvement

Alaska Canned Salmon Pack

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Year	Sal	Pink	Chum	Coho	Trout	Total
1951	21,317	1,296,267	564,115	266,214	616	2,148,529
1952	36,520	201,222	522,509	157,222	2,756	1,491,229
1953	176,969	129,716	511,866	26,961	1,658	777,161
1954	147,297	11,166	289,792	67,966	2,442	1,308,961
1955	11,561	169,296	11,611	11,561	1,577	304,506
1956	1,169	266,214	21,317	11,561	1,169	1,017,511
1957	1,169	266,214	21,317	11,561	1,169	986,572
1958	21,317	1,296,267	564,115	266,214	2,148	1,181,179
1959	36,520	201,222	522,509	157,222	2,756	759,561
1960	176,969	129,716	511,866	26,961	1,658	1,177,681
1961	147,297	11,166	289,792	67,966	2,442	1,227,262
1962	11,561	169,296	11,611	11,561	1,577	214,711
1963	1,169	266,214	21,317	11,561	1,169	1,211,917
1964	1,169	266,214	21,317	11,561	1,169	1,262,959
1965	21,317	1,296,267	564,115	266,214	2,148	206,843
1966	36,520	201,222	522,509	157,222	2,756	1,398,262
1967	176,969	129,716	511,866	26,961	1,658	744,266
1968	147,297	11,166	289,792	67,966	2,442	1,121,254
1969	11,561	169,296	11,611	11,561	1,577	251,119
1970	1,169	266,214	21,317	11,561	1,169	107,164
1971	1,169	266,214	21,317	11,561	1,169	640,071
1972	21,317	1,296,267	564,115	266,214	2,148	1,812,961
1973	36,520	201,222	522,509	157,222	2,756	1,017,261
1974	176,969	129,716	511,866	26,961	1,658	1,121,254
1975	147,297	11,166	289,792	67,966	2,442	551,119
1976	11,561	169,296	11,611	11,561	1,577	1,062,319
1977	1,169	266,214	21,317	11,561	1,169	597,164
1978	1,169	266,214	21,317	11,561	1,169	759,561
1979	21,317	1,296,267	564,115	266,214	2,148	1,892,319
1980	36,520	201,222	522,509	157,222	2,756	1,062,319
1981	176,969	129,716	511,866	26,961	1,658	1,062,319

Year	Sal	Pink	Chum	Coho	Trout	Total
1982	176,969	129,716	511,866	26,961	1,658	1,062,319
1983	147,297	11,166	289,792	67,966	2,442	1,062,319
1984	11,561	169,296	11,611	11,561	1,577	1,062,319
1985	1,169	266,214	21,317	11,561	1,169	1,062,319
1986	1,169	266,214	21,317	11,561	1,169	1,062,319
1987	21,317	1,296,267	564,115	266,214	2,148	1,062,319
1988	36,520	201,222	522,509	157,222	2,756	1,062,319
1989	176,969	129,716	511,866	26,961	1,658	1,062,319
1990	147,297	11,166	289,792	67,966	2,442	1,062,319
1991	11,561	169,296	11,611	11,561	1,577	1,062,319
1992	1,169	266,214	21,317	11,561	1,169	1,062,319
1993	1,169	266,214	21,317	11,561	1,169	1,062,319
1994	21,317	1,296,267	564,115	266,214	2,148	1,062,319
1995	36,520	201,222	522,509	157,222	2,756	1,062,319
1996	176,969	129,716	511,866	26,961	1,658	1,062,319
1997	147,297	11,166	289,792	67,966	2,442	1,062,319
1998	11,561	169,296	11,611	11,561	1,577	1,062,319
1999	1,169	266,214	21,317	11,561	1,169	1,062,319
2000	1,169	266,214	21,317	11,561	1,169	1,062,319
2001	21,317	1,296,267	564,115	266,214	2,148	1,062,319
2002	36,520	201,222	522,509	157,222	2,756	1,062,319
2003	176,969	129,716	511,866	26,961	1,658	1,062,319
2004	147,297	11,166	289,792	67,966	2,442	1,062,319
2005	11,561	169,296	11,611	11,561	1,577	1,062,319
2006	1,169	266,214	21,317	11,561	1,169	1,062,319
2007	1,169	266,214	21,317	11,561	1,169	1,062,319
2008	21,317	1,296,267	564,115	266,214	2,148	1,062,319
2009	36,520	201,222	522,509	157,222	2,756	1,062,319
2010	176,969	129,716	511,866	26,961	1,658	1,062,319
2011	147,297	11,166	289,792	67,966	2,442	1,062,319
2012	11,561	169,296	11,611	11,561	1,577	1,062,319
2013	1,169	266,214	21,317	11,561	1,169	1,062,319
2014	1,169	266,214	21,317	11,561	1,169	1,062,319
2015	21,317	1,296,267	564,115	266,214	2,148	1,062,319
2016	36,520	201,222	522,509	157,222	2,756	1,062,319
2017	176,969	129,716	511,866	26,961	1,658	1,062,319
2018	147,297	11,166	289,792	67,966	2,442	1,062,319
2019	11,561	169,296	11,611	11,561	1,577	1,062,319
2020	1,169	266,214	21,317	11,561	1,169	1,062,319
2021	1,169	266,214	21,317	11,561	1,169	1,062,319
2022	21,317	1,296,267	564,115	266,214	2,148	1,062,319
2023	36,520	201,222	522,509	157,222	2,756	1,062,319
2024	176,969	129,716	511,866	26,961	1,658	1,062,319
2025	147,297	11,166	289,792	67,966	2,442	1,062,319
2026	11,561	169,296	11,611	11,561	1,577	1,062,319
2027	1,169	266,214	21,317	11,561	1,169	1,062,319
2028	1,169	266,214	21,317	11,561	1,169	1,062,319
2029	21,317	1,296,267	564,115	266,214	2,148	1,062,319
2030	36,520	201,222	522,509	157,222	2,756	1,062,319

in commercial catches from the disastrous levels of the mid-1970s, while aided by milder weather, could not have occurred without the escapements obtained from 1971 through 1976 when state-wide harvests did not rise above 68 million fish. Higher harvest rates during those critical years would almost certainly have emasculated the rebuilding programs carried out by the Alaska Department of Fish and Game.

Southeastern, 10.6 million pinks

Pink salmon returns to Southeastern Alaska in 1981 are expected to allow moderate harvest levels. In the southern part of the region, water levels were low in a number of areas during the 1979 brood year, and escapements were not uniformly distributed. Pink salmon catches in the southern districts will

Continued on page 21

Alaska Canned Salmon Pack

Table 1 - Canned salmon pack, 1948-1980 (in thousands of cases)

Year	Districts (in thousands of cases)						Total
	Alaska	British Columbia	Washington	Oregon	California	Idaho	
1948	185,000	10,000	10,000	10,000	10,000	10,000	235,000
1949	210,000	10,000	10,000	10,000	10,000	10,000	260,000
1950	220,000	10,000	10,000	10,000	10,000	10,000	270,000
1951	230,000	10,000	10,000	10,000	10,000	10,000	280,000
1952	240,000	10,000	10,000	10,000	10,000	10,000	290,000
1953	250,000	10,000	10,000	10,000	10,000	10,000	300,000
1954	260,000	10,000	10,000	10,000	10,000	10,000	310,000
1955	270,000	10,000	10,000	10,000	10,000	10,000	320,000
1956	280,000	10,000	10,000	10,000	10,000	10,000	330,000
1957	290,000	10,000	10,000	10,000	10,000	10,000	340,000
1958	300,000	10,000	10,000	10,000	10,000	10,000	350,000
1959	310,000	10,000	10,000	10,000	10,000	10,000	360,000
1960	320,000	10,000	10,000	10,000	10,000	10,000	370,000
1961	330,000	10,000	10,000	10,000	10,000	10,000	380,000
1962	340,000	10,000	10,000	10,000	10,000	10,000	390,000
1963	350,000	10,000	10,000	10,000	10,000	10,000	400,000
1964	360,000	10,000	10,000	10,000	10,000	10,000	410,000
1965	370,000	10,000	10,000	10,000	10,000	10,000	420,000
1966	380,000	10,000	10,000	10,000	10,000	10,000	430,000
1967	390,000	10,000	10,000	10,000	10,000	10,000	440,000
1968	400,000	10,000	10,000	10,000	10,000	10,000	450,000
1969	410,000	10,000	10,000	10,000	10,000	10,000	460,000
1970	420,000	10,000	10,000	10,000	10,000	10,000	470,000
1971	430,000	10,000	10,000	10,000	10,000	10,000	480,000
1972	440,000	10,000	10,000	10,000	10,000	10,000	490,000
1973	450,000	10,000	10,000	10,000	10,000	10,000	500,000
1974	460,000	10,000	10,000	10,000	10,000	10,000	510,000
1975	470,000	10,000	10,000	10,000	10,000	10,000	520,000
1976	480,000	10,000	10,000	10,000	10,000	10,000	530,000
1977	490,000	10,000	10,000	10,000	10,000	10,000	540,000
1978	500,000	10,000	10,000	10,000	10,000	10,000	550,000
1979	510,000	10,000	10,000	10,000	10,000	10,000	560,000
1980	520,000	10,000	10,000	10,000	10,000	10,000	570,000

Bristol Bay Red Salmon Run

Year	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Salmon (in millions)	1.1	1.2	1.3	1.4	1.5	1.6	1.7	1.8	1.9	2.0	2.1	2.2	2.3
Chum (in millions)	0.1	0.2	0.3	0.4	0.5	0.6	0.7	0.8	0.9	1.0	1.1	1.2	1.3
Total (in millions)	1.2	1.4	1.6	1.8	2.0	2.2	2.4	2.6	2.8	3.0	3.2	3.4	3.6

Alaska Salmon

Continued from page 19

probably decline substantially from those in 1980.

Parent year pink escapements were the best since statehood in the northern districts of Southeastern Alaska and increased catches are anticipated. The total catch is expected to be about 11 million fish.

Prince William Sound Pinks Look Strong

Record pink salmon escapements in 1979 and favorable winter and spring weather conditions are expected to result in a return of 12 million fish and a harvest of 11 million. The natural production of pinks

will be supplemented by 850,000 pinks put into the fishery by the Prince William Sound Aquaculture Corporation hatchery.

Roughly 390,000 chum are expected to be available for harvest from an 10,000 fish run.

Cook Inlet Hatcheries Help

Southern and outer district pink salmon escapements in 1979 were the largest on record, and all forecasting methods predict harvests exceeding 2 million fish. Including Tatka Lagoon hatchery returns, a harvest of from two million to three million pink salmon is expected in 1981.

Continued on page 22

Individual Packs

For almost 20 years we have been collecting and publishing canned salmon pack information featuring the pack by individual firms. During that time, our figures, published early in February, have been within one or two percent of the official figures published 10 months to a year later.

The accuracy of the figures reflects the candor and cooperation of the canned salmon industry in providing the necessary information. In the mid-1960s, however, Japanese interests began purchasing U.S. canned salmon firms. Most of the Japanese firms refused to provide the pack data necessary for accurate statistics, although there are a few notable exceptions. However, as the Japanese interest in the industry grew larger, the flow of information diminished and it became more and more difficult to gather accurate data. Additionally, it became clear that the Japanese trading firms were more than a little interested in the individual pack figures; they were much happier to gather information than to give it.

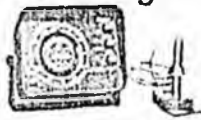
The same year Whitney Fidalgo, one of the four largest packers, was purchased by Kyokyo, they stopped supplying pack data. Last year when Peter Pan Seafoods, another of the top four, was purchased by Nichiro, we were informed by the president of Peter Pan that the firm would no longer supply data concerning their salmon pack.

Inasmuch as almost half the canned salmon pack statistics would not have been available to us this year, we elected to drop those tables from the *Pacific Fisheries Review*. It is not without regret that we did so.

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Alaska Salmon

Continued from page 21

Kodiak Rains Hurt Pink Fry

Although there were record pink salmon escapements in the Kodiak area in 1979, heavy rainfall and subsequent streambed scouring in the autumn reduced fry survival. A pink salmon catch of from three to six million, including some Kitoi Bay hatchery fish, is anticipated in 1981. Total run is expected to be between 4.5 and 7.5 million fish with 1.5 million needed for escapement.

Chignik Sockeye Still Fragile

As in 1980, the 1981 sockeye run at Chignik is expected to be too small to support commercial harvest. A catch from 800,000 to 1.2 million sockeye is expected to be taken from the late run.

Pink fry densities are near recent averages and a harvest of 1.2 million is expected.

South Peninsula Pinks Casualties of Weather

Severe weather in the winter of 1979-1980 and the freezing and thawing of area streams adversely affected fry survival. A return of only 3.6 million pinks is anticipated. Of that return, 1 million must be allowed for escapement, leaving an expected catch of roughly 2.6 million.

Bristol Bay Sockeyes Strong

The preseason forecast of 1981 Bristol Bay sockeye return is 26.7 million fish. Escapement requirements for the entire year will be 5.5 million fish, leaving 21.2 million for harvest. 1981 catch is expected to be substantially above both the

Continued on page 22

Alaska Salmon

Continued from page 22

parable cycle average of nine million fish and the peak year average of 17.5 million. The harvest by district is expected to be: Naknek-Kivichuk, 11.1 million; Nushagak, 4.5 million; Egegik, 2.5 million; Ugashik, 2.5 million and Togiak, 547,000.

Kotzebue Chums Half of 1980

Although expected to be only half the catch of 1980, the Kotzebue chum harvest of 230,000 fish may be the fifth largest recorded. Historical data for the Kotzebue chum run is sketchy, however, and scientists were reluctant to give a "level of confidence or reliability" to the forecast. This is the first time a Kotzebue chum salmon forecast has been published by the ADFG.

Salmon Forecasts and Forecasters

Each year since 1969, the Alaska Department of Fish and Game has provided the salmon fishing industry with harvest predictions for the coming year. The predictions are released in December, before final catch figures for the preceding year are

Continued on page 24

Flying Fish

Perhaps never in the history of the industry have the canned salmon pack statistics been less indicative of the area in which the fish were caught than in 1980. Last season, salmon were tendered, shipped, trucked and flown not to the nearest cannery, but to the nearest cannery that wasn't plugg.

Bristol Bay sockeye were lifted from offshore tenders

by helicopter and flown to shore where they were packed in totes, trucked to the nearest airport and flown south to Seattle, Bellingham and Vancouver for canning. Almost 150,000 cases of Bristol Bay sockeye were canned in British Columbia.

It is a tribute to the ingenuity and skill of the industry that the National Cannery Association reports that the quality of the pack is excellent, despite the long distances between the catch and the can.

Forecast of Some Alaska Returns

District	1979	1980			1980 Forecast	Estimated Return Range	Estimated Return Range
		Forecast	1979	1980			
Central Bristol Bay	1122	11,000	1,000	3,000	\$1,400-20,000	\$1,000-7,000	
North Bristol Bay	1100	11,000	1,000	3,000	1,000-11,000	500-7,100	
Central Bristol Bay	1100	11,000	1,000	3,000	15,000-30,000	5,000-20,000	
North Bristol Bay	1100	11,000	1,000	3,000	5,000-20,000	1,000-7,100	
Central Bristol Bay	1100	11,000	1,000	3,000	1,000-2,000	2,000-1,200	
North Bristol Bay	1100	11,000	1,000	3,000	1,000-2,000	1,000-1,200	
Central Bristol Bay	1100	11,000	1,000	3,000	1,000-1,200	1,000-1,200	
North Bristol Bay	1100	11,000	1,000	3,000	1,000-1,200	1,000-1,200	
Central Bristol Bay	1100	11,000	1,000	3,000	1,000-1,200	1,000-1,200	
North Bristol Bay	1100	11,000	1,000	3,000	1,000-1,200	1,000-1,200	
Central Bristol Bay	1100	11,000	1,000	3,000	1,000-1,200	1,000-1,200	
North Bristol Bay	1100	11,000	1,000	3,000	1,000-1,200	1,000-1,200	

Based on past experience. Based on the 1980 forecast of 11,000 cases, expected to last until the 1981 forecast is made. Includes estimated returns on the 1980 forecast. Includes estimated returns on the 1980 forecast. Not including price changes in the 1980 forecast. Based on the 1980 forecast. Includes estimated returns on the 1980 forecast. Includes estimated returns on the 1980 forecast.

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YEAR	Sockeyes Fyaser and So. Coast	Sockeyes Other Districts	Total Sockeyes	Flake	Churn	Cakes & Blacks	Spring	Steelhead	TOTAL Cases	YEA
1961	116,231	281,974	398,205	661,290	95,385	261,179	7,911	988	1,405,158	196
1962	78,567	219,569	298,136	1,188,661	136,683	187,715	7,175	815	1,816,585	196
1963	66,898	121,567	188,465	757,652	119,196	157,681	19,661	210	1,201,221	196
1964	89,718	288,679	378,397	665,107	212,272	266,212	9,179	1,260	1,255,198	196
1965	156,187	196,187	352,374	287,925	65,216	252,288	18,829	855	913,957	196
1966	113,823	256,296	370,119	61,795	161,254	287,621	16,225	2,699	1,819,215	196
1967	127,587	301,811	429,398	651,162	75,627	386,627	16,625	1,880	1,666,959	196
1968	17,199	511,921	529,120	668,967	229,688	187,522	7,216	911	1,266,989	196
1969	161,321	212,985	374,306	151,198	66,524	27,327	5,401	585	626,151	196
1970	166,011	269,571	435,582	663,777	762,189	318,555	10,025	530	1,621,862	197
1971	281,155	267,611	548,766	502,025	98,579	251,661	11,666	1,290	1,466,065	197
1972	262,688	212,967	475,655	686,264	228,251	81,727	11,666	866	1,122,662	197
1973	262,688	212,967	475,655	686,264	228,251	81,727	11,666	866	1,122,662	197
1974	262,688	212,967	475,655	686,264	228,251	81,727	11,666	866	1,122,662	197
1975	262,688	212,967	475,655	686,264	228,251	81,727	11,666	866	1,122,662	197
1976	262,688	212,967	475,655	686,264	228,251	81,727	11,666	866	1,122,662	197
1977	262,688	212,967	475,655	686,264	228,251	81,727	11,666	866	1,122,662	197
1978	262,688	212,967	475,655	686,264	228,251	81,727	11,666	866	1,122,662	197
1979	262,688	212,967	475,655	686,264	228,251	81,727	11,666	866	1,122,662	197
1980	262,688	212,967	475,655	686,264	228,251	81,727	11,666	866	1,122,662	197

Alaska Salmon

Continued from page 23

available, to provide preliminary information well before the season begins.

Considering the variables with which one must work when making predictions about salmon, the ADI & C's record of accuracy is commendable. On

the average, the projections have been too low by 3.6 million fish, or only 7 percent of the average harvest of 54 million fish.

The forecasts for 1981 were prepared by Doug Jones and Karl Holmerster, Southeastern Alaska; Michael T. McCurdy,

Prince William Sound; Tho R. Schroeder, Cook Inlet; L. Malloy, Kodiak; Larry Nicho and Tyler R. Gilmer, Chig Tyler R. Gilmer, South Peninsula; Charles P. Meach Bristol Bay; and Frank Bird, zebue.



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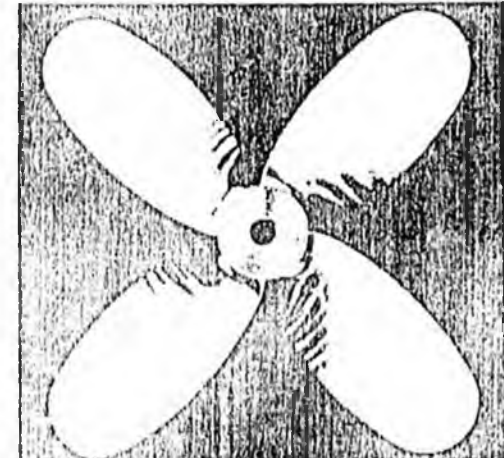
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BRISTOL BAY HEARING REPORT

PURPOSE

For the purposes of this report, subjects have been consolidated and selected quotations used to illustrate the concerns and perceptions of individuals appearing before the committee. The report does not attempt to present the Task Force's views or comments during the hearing, but rather to let the individuals in Bristol Bay express their concerns in their own words.

This is not a final report. Additional hearings will be held in Juneau on March 16 on the same subject.

INTRODUCTION

On January 28, 1981, Senate President Jay Kerttula requested Senator Pat Rodey, the Judiciary Committee Chairman, to examine the public safety problems which occurred in Bristol Bay during the 1980 salmon season price dispute.

After a preliminary examination, it became clear that the public safety problems could not be divorced from the greater issues of price negotiation and resource utilization, and so the scope of inquiry was enlarged to adequately address the problem.

Senator Rodey was contacted by Avrum Gross, the Governor's appointed director of the Bristol Bay Task Force, about working together on the matter. Senator Rodey agreed to do so in order to speed the hearing process and to avoid unnecessary duplication of effort.

Senator Sturgulewski, Chair of Legislative Budget and Audit, was appointed chair of the Bristol Bay hearings, with Senator Hohman invited as the representative of the District.

Several members of the House representing fishing constituencies also expressed an interest in participating in the hearings, with the House delegation composed of Representatives Chuckwuk and Hurlbert.

The hearing board attending consisted of:

Senator Sturgulewski, Chair
Representative Hurlbert
Representative Chuckwuk

Representing the Governor's Task Force were:

Avrum Gross, Director
Commissioner Nix, Public Safety
Commissioner Skoog, Fish and Game
Commissioner Webber, Commerce & Economic Development
Commissioner Williams, Commercial Fisheries
Entry Commission
Mike Whitehead, Governor's Office

HEARINGS

The initial hearing was held in Dillingham on February 28, from 6:30 p.m. to 10:30 p.m. The hearing was attended by approximately seventy individuals and reached a larger Bay audience by being broadcast over KDLG of Dillingham.

The committee heard testimony or questions from:

Joe McGil	Val Nick Angasan
Andy Golis	Lyman Smith
Joe Clark	Jim Bingman
Jerry Libof	Dave McClure
Fred T. Angasan	Mark Seger
Mitch Kink	Thomas Crandell
Kay E. Larson	Dorothy Hummer
Robin Samuelson	Leon Branswell
Jack McBride	Carl Larson
Laura Schroeder	Stan Small

The second hearing took place in Naknek on March 1, from 12:15 p.m. to 3:30 p.m., and was attended by approximately thirty individuals.

The committee heard testimony or questions from:

John Eckert	Mike Hakala
Mitch Kink	Anthony Balachi
George Gottschalk, Sr.	George Gottschalk, Jr.
Harvey Samuelson	Monty Handy
John Lundgren, Sr.	Allen Aspelund
Richard Johnson	Ralph Angasan

Nels A. Anderson, Jr.
Box 234
Dillingham, Alaska 99576
Phone: (907) 842-5302 2366

RECEIVED

April 8, 1981

APR 13 1981

Senator Arliss Sturgulewski
Pouch V
Juneau, AK 99811

Dear Senator Sturgulewski:

Thank you for the copy of the report on Bristol Bay prepared by yourself and Senator Rodey. I have read the report and found recommendations 5 and 7 as the most crucial suggestions for solving Bristol Bay market problems.

Recommendation 5 is a very important program that needs to be implemented this year so that fishermen will be ready for next year. Fishermen need to reach out and contact buyers in the Lower 48, Europe and the Far East. I believe that such contact will make fishermen aware of how much demand there is for their product and allow buyers to see how much product there is available. I hope the Legislature develops this program post haste.

Recommendation 7 is the key to solving Bristol Bay marketing problems in the short and long term no matter how the nature of the fishing industry evolves. Seafood Industrial Parks in Naknek/King Salmon and Dillingham should be developed to attract local people to process salmon. These parks should provide all the necessary utilities, roads and access to airports for efficient transport of salmon from the fishing grounds to the market place.

I urge the Legislature to take immediate action to design Seafood Industrial Parks to expedite construction. Increased capacity to handle surplus fish needs to be created. I believe local cooperatives could be involved in every phase of Seafood Industrial Park development.

Fishermen and processors could be helped by seafood industrial parks. Large freezing facilities could be built, warehouses for holding canned salmon, storage for fishing boats, space for specialty processing could be planned into the entire park.

Finally, a longer runway in Dillingham is needed to accommodate large aircraft for hauling fish out. The present runway is too short to allow 747 type aircraft to operate. I would recommend that the present runway be extended if possible or build another runway in another location in Dillingham.

The State has to take affirmative action on harvesting all surplus salmon beyond escapement needs. If no meaningful action is taken, I believe that this will be interpreted by foreign interests to mean that they can request intercepting our salmon on the high seas once again. The State has to intervene in order to guarantee that our renewable resources are utilized to maximize benefits to its people. We can't continue to give our fish away.

Very sincerely,

cc: Senator Kerttula
Senator Hohman
Rep. Chuckwuk
Gov. Jay Hammond

Nels A. Anderson, Jr.

Sen. Rodey

DEAN PROSPECT - INDIVIDUAL - INDEPENDENT

- A.
- 1) UNENTHUSIASTIC GROUP - GROSS + INTERESTS
 - 2) PEOPLE HAVE RIGHT TO EXPECT LEADERSHIP FROM GOVERNMENT.

B. 1.) UTILIZATION OF RESOURCE (INTERNATIONAL POLITICS)

2.) FAIR RETURN ON PRODUCT FOR FISHERMEN AND PROCESSORS

3.) CHANGES NEEDED IN NEGOTIATION PROCESS

4.) CONTROL OF PRODUCT UP TO FIRM MARKET. PROFIT TIED TO RISK

5.) SEAFOOD MARKETING PROMOTION (GENERIC)

6.) ~~WANT~~ DON'T WANT STATE INVOLVED IN PRIVATE BUSINESS

7.) DOESN'T THINK FISHERMEN WOULD LEAD STUDY

8.) WAS VIOLENCE - IT WAS MINOR

9.) DEPT. OF LAW

JACK McDAISE -

WRITTEN STATEMENT

NEED QUICK STUDY ON MARKET (FACT SHEETS)



VAL ANGLASRU - BASE PRICE CONCEPT
WANTS RANGE OF PRICES

PHIL DANIELS -

2 INTERESTS:

- 1) HARVEST RESOURCES
- ~~1)~~ INTERNATIONAL APPOINTMENT SCHEDULE
- 2) ORDERLY FASHION OF HARVEST

SYSTEM IS NOT WORKING - ALTERNATIVE APPROACHES REQUIRED - START NEGOTIATIONS SOONER - NEEDS STATE INTEREST IN NEGOTIATING PROCESS

- 1.) PRICE CHANGES IN STUDY
- 2.) DISTRIBUTION TO ALL PERMIT HOLDERS

← MARKETING ANALYSIS IMPORTANT
VERTICAL COOPS INTEGRATION (CO-OPS)

HAMMERCLOCK BY JAPANESE

PROCESSING SHORTFALL

COMMODITIES MARKETING

PRIMARY PROCESSING & LAUL-IF CASES DOWN
COMPETITION WILL INCREASE

CHUCKWUK - COMES OUT OF CLOSET ON FIGHTING STRIKES

CAPT.

Lockman:

~~It's a tough situation, but, uh,~~ "I can't do 'er all at once here, uh, ya know, I'd just be satisfied if, huh, if we don't have a more serious problem right here.

PS.

~~Well, we're getting...~~ they want us in the Nusigak, they want us in Egejik and they want us here and they want us outside in the anchorage...its just that time of year for us, I guess...OK.

ARCHIVE COTTCHAMER

Something is greatly amiss when the residents of Bristol Bay, sitting on top of the world's richest resources, must turn to social programs to carry their families through the winter following one of the heavier salmon runs in history.

3:00
THURSDAY

1. MARKETING STUDY - STAFFORD -
START IN/EXISTING (25-50K)

2. INCREASES PUBLIC SAFETY (250K)

3. ENFORCEMENT OF EXISTING LAW

120.
20.

60
160

Hammond decries fish take

Gov. Jay Hammond says the number of king salmon taken by Japanese gillnetters in the Bering Sea last season was unacceptable. Although state fish experts still are analyzing the figures, Hammond said Saturday the reported catch of 704,000 kings was a matter of "very deep concern" to him.

2/15/81

Task force leader starts job

Feb 81
Former Alaska attorney general Avrum Gross visited Seattle in late January to meet with processors and fishermen in preparation for his new job as executive director of the cabinet-level Bristol Bay task force.

"This is for Av to meet the people he's going to be dealing with face to face," said Bob Waldrop, a special assistant to Gov. Jay Hammond.

Discussion topics were general with all parties sharing their ideas and mentioning options that should be considered. Substantive work will be done later.

The governor put the task force—consisting of the commissioners of the departments of Fish and Game, Labor and Public Safety—together last fall in the aftermath of a season that saw an overescapement of more than 20 million fish because of a bitter price dispute.

The group is charged with coming up with recommendations to avoid a repeat of the same situation this year.

Though Gross had accepted the job, contract details had not been finalized as of press time.

Catch by Japanese to be verified

By ANN CONY
Daily News reporter

2/10/81

A scientist from the National Marine Fisheries Service this week will attempt to verify reports that Japanese fishing vessels caught more than 700,000 king salmon last year off the Aleutian Islands and in the Bering Sea.

The Japanese reported to the International North Pacific Fisheries Commission that last year's king salmon catch was 704,000, compared to 129,000 in 1979.

It is presumed the figure is not an overestimation because the Japanese are aware of objections raised in Alaska about the volume of the foreign king salmon catch.

Although government officials have been reluctant to comment on the implications of the apparently huge catch, a representative of western Alaska fishermen last week said it could disrupt the king salmon fishery there for several years, bringing economic hardship to commercial fishermen.

Harold Spark of Nunam Kitlutsisti also said the Japanese harvest would have a disastrous impact on Native families who rely on king salmon for subsistence.

But at the North Pacific Fisheries and Management Council, executive director Jim Branson said Monday that comment on the matter would be purely speculative before the Japanese figures have been analyzed.

Michael Dahlberg, a scientist with the National Marine

Fisheries Service in Juneau, said he is waiting for magnetic tapes, provided by the Japanese, to arrive from the international commission in Vancouver, B.C. He will decode the tapes to pinpoint the locations of the king salmon catch.

Dahlberg said he will compare the Japanese data to information collected by American observers who were aboard the foreign vessels within the 200-mile zone.

Dahlberg also will estimate how many of the king salmon came from western Alaska fisheries as opposed to Asian fisheries. Those estimates, he said, will be based on information compiled in the late 1960s through studies of fish scales.

Use of those studies was discontinued in the 1970s because the Japanese catch was not large enough to provoke concern, according to the biologist who developed those studies, Dick Major of the National Marine Fisheries Service.

Dahlberg's analysis of the Japanese catch will be presented to the North Pacific Fisheries and Management Council in Anchorage Feb. 26 and Feb. 27, when the council is scheduled to take final action on proposals to further restrict Japanese

fishing ventures in both the Bering Sea and the Gulf of Alaska.

One proposal would make king salmon in virtually all of the Bering Sea off limits to the Japanese; the other proposal would drastically curb foreign bottomfishing off Southeast Alaska.

The council will make its recommendations to the secretary of commerce, who has the final decision on both matters.

Bristol fishermen fight in-state law

ANCHORAGE (AP) — Bristol Bay herring and salmon fishermen are challenging a state law requiring their catches be processed in Alaska before the fish are shipped elsewhere.

A suit filed this week in U.S. District Court alleges the requirement violates the commerce clause of the U.S. Constitution which says no state shall enact legislation interfering with interstate business.

Last month, a federal judge in Anchorage ruled that a state law requiring the primary processing of logs prior to export was uncon-



ALASKA NEWS

stitutional on the same grounds.

But Shelley Higgins, the assistant attorney general who unsuccessfully argued the state's side in the timber case, said Friday "different considerations are involved."

The complaint was filed by the Bristol Bay Herring Marketing Cooperative, the Alaska Cooperative Marketing Association and two member fishermen from each of those Dillingham corporations.

Their attorney, Paul Kelly, calls the processing requirements "an attempt by the state of Alaska to promote local employment by discrimination against interstate and foreign commerce."

The suit alleges that the two herring fishermen lost more than \$10,000 each last year because local canneries were too overloaded to take their catches.

Basil Backford and Nels Franklin say they and other herring fishermen had to dump 7,500 metric tons of fish as a result.

The salmon fishermen, Harold Samuelson Jr. and Joe McGill, say they encountered similar problems with local canneries being "plugged." Each claims to have lost more than \$10,000.

Bristol fishermen fight in-state law

ANCHORAGE (AP) ^{2/23/81} — Bristol Bay herring and salmon fishermen are challenging a state law requiring their catches be processed in Alaska before the fish are shipped elsewhere.

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Fishing groups sue the state

^{2/21/81}
Bristol Bay herring and salmon fishermen are suing the state of Alaska for allegedly violating the commerce clause of the U.S. Constitution.

The suit challenges state statutes and regulations that require processing of herring and salmon caught by Alaska fishermen before the fish are shipped out of the state.

A similar suit in the timber industry recently challenged a state statute requiring preliminary processing of timber as a condition of sale for export.

In that case, U.S. District Court Judge James von der Heydt ruled the state statute to be in violation of the commerce clause, and thus unconstitutional. The case, South Central Timber Development Inc. vs. LeResche, has been appealed by the state to the 9th Circuit Court of Appeals.

The Bristol Bay fishermen's suit has not been assigned to a lawyer in the state attorney general's office yet, but Shelley Higgins, the assistant attorney general who handled the South Central Timber case, said it would appear that "different considerations are involved" in the two cases.

She added, however, that she is not familiar with the state statute on fish processing.

The fishermen's suit was filed this week in U.S. District Court on behalf of Bristol Bay Herring Marketing Cooperative, Alaska Cooperative Marketing Association and two member fishermen from each of those Dillingham corporations.

The court is asked to declare both preliminary and permanent injunctions against the state to halt enforcement of the statutes. The suit also asks the court to declare those statutes invalid.

Paul Kelly, attorney of record for the plaintiffs, argues that the fish processing requirement "is an attempt by the state of Alaska to promote local employment by discrimination against interstate and foreign commerce in the utilization of natural resources found in the state. The primary processing requirements directly obstruct and discriminate against interstate and foreign commerce."

According to the suit, the herring fishermen lost more than \$10,000 each last year because local canneries were too overloaded to process the fishermen's catch. Basil Backford, Nels Franklin and other co-op fishermen had to destroy 7,500 metric tons of herring as a result, the suit says.

The salmon fishermen, Harold Samuelson Jr. and Joe McGill, found themselves in a similar situation last season when the local canneries were "plugged" and the fishermen could not legally sell their catch directly to foreign processors. The suit claims that Samuelson and McGill also lost more than \$10,000 each as a result.

The suit also petitions the court to overturn a state Board of Fisheries rejection of the herring co-op's request to sell herring during the 1981 season directly to the North Pacific Longline-Gillnet Association, a Japanese venture. The suit contends that the sale agreement is necessary to prevent a replay of last year's herring dumping.

Named as defendants in the suit are the state; Ronald Skoog, commissioner of the state Department of Fish and Game; and the Alaska Board of Fisheries, an advisory group to the Department of Fish and Game.

Bristol Bay 'beef-up' plan hit

JUNEAU (AP)—Beefing up the law enforcement effort at the Bristol Bay fishery this summer could trigger rather than curb a threat of violence, the executive director of the largest fishermen's group in the state said last night.

Rodger Painter told the Senate State Affairs Committee that a bill (SB 323) which would dump \$270,000 more into public safety at the peak of the Bristol Bay salmon run this season "would bring the potential of a strike a little closer. It would inflame the situation, and fishermen would be branded as criminals."

The expenditure was recommended by a task force appointed by the governor to investigate reports of violence stemming from a price

dispute last summer between fishermen and processors. The Senate Judiciary Bristol Bay Hearing Committee said the request should be reviewed and funded if necessary.

Commissioner of Public Safety William Nix said the money would be spent to add 15 officers to the 35 stationed at Bristol Bay last summer, to charter five boats for surveillance, and for added helicopter patrol time.

Sen. Dick Ellason, R-Sitka, said a more secure environment is needed at Bristol Bay to protect "the rights of fishermen to pursue their livelihoods." Many Southeast Alaska fishermen worked during the price dispute, and were threatened.

Panel drops Bristol Bay police plan

Associated Press

Juneau — A Senate panel dropped an administration recommendation Tuesday that the law enforcement effort in Bristol Bay be substantially beefed up as a hedge against violence this summer.

Instead, the Senate State Affairs Committee said \$211,100 should be spent to enforce fish and wildlife protection laws in Western Alaska. Under the bill (CSSB323) approved by the panel, one boat would be purchased and a second would be leased to patrol Bristol Bay, Togiak and Sand Point fisheries.

A task force appointed by Gov. Jay Hammond asked that \$270,000 be dumped into more public safety at the peak of the Bristol Bay salmon run this season. The money was to be spent to charter five boats to patrol the bay, station more troopers at Bristol Bay and add helicopter time.

Last summer, there were reports of violence at Bristol Bay when fishermen and processors deadlocked on a price for salmon, and millions of fish escaped upstream.

But in testimony before the committee, Rodger Painter, executive director of the United Fishermen of Alaska, said increasing law enforcement at the fishery could trigger rather than curb violence.

He initially suggested that the money be shifted from public safety to fish and wildlife protection.

Commissioner of Public Safety William Nix said he is pleased with the compromise proposal because "it would allow me to do the job almost as well." He said the two boats could be shifted from wildlife protection to law enforcement if necessary.

Bristol patrol increases

By The Associated Press

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could be shifted from wildlife protection to law enforcement if necessary.

He said his department has been sharply criticized for failing to enforce fish and wildlife laws in western Alaska.

Sen. Arliss Sturgulewski, R-Anchorage, a member of a spe-

cial Senate panel which investigated problems at the fishery, expresses some concern about the decision of the State Affairs Committee. She said it is important for the Department of Public Safety to be prepared if violence does erupt at Bristol Bay because the fish-

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The

(to be dealt with severely), but would go a long way toward guaranteeing every individual's right and ability to provide self-defense.

Freedom is the Price of Responsibility the price!

Dick Rando
Libertarian Legislator

Thanks

Editor:
I would like to thank the E

Japanese herring sales allowed

By ANN CONY
Daily News reporter

A federal judge Wednesday turned down a plea to block Bristol Bay herring fishermen from selling their catch directly to the Japanese as the herring season in the bay entered its fourth day.

Ten domestic seafood processors filed suit April 27, arguing that federal law prohibited foreigners from transporting or processing fish in state waters. After the federal district court judge ruled against them the following day, the processors sought reconsideration.

But Judge James Fitzgerald Wednesday denied the processors' second request for a temporary restraining order. "Enforcement of the Fisheries Conservation and Management Act of 1976 rests with federal officials and not with private litigants," Fitzgerald wrote in the opinion accompanying his denial.

"We're obviously disappointed. We believe the judge is incorrect," said James Reeves, attorney for the processors. "We're evaluating alternatives."

Fishermen in the Bristol Bay Herring Marketing Cooperative were meanwhile making history by selling their catch to the Pacific

Longline Gillnet Association, a Japanese venture with a fleet of 10 vessels at its disposal.

Fitzgerald in late March gave the co-op the go-ahead to sell to the Japanese when he issued a temporary restraining order preventing the state from enforcing statutes requiring that primary processing of herring take place at domestic companies.

That ruling sent the processors into a tizzy and led to filing of the countersuit.

In the original suit, the herring fishermen, joined by a group of Bristol Bay salmon fishermen, argued the state's primary processing laws are unconstitutional. Fitzgerald is expected to hear arguments on the merits of that claim next month.

The herring fishermen brought their case to federal court after a heavy harvest last year, when fishermen hauled 25,000 metric tons of herring from Bristol Bay. The fishermen said some 5,000 metric tons was dumped because domestic processors did not have the capacity to handle the entire catch.

Alan Kingsbury, acting regional supervisor with the commercial fisheries division, said Wednesday that fishermen had caught about 5,000 metric tons of herring by Tuesday night.

... a year after the collapse

By BRUCE RAMSEY

Daily News correspondent

SEATTLE — When the New England Fish Co. of Seattle collapsed into bankruptcy last year, it appeared to be a disaster for the North Pacific seafood industry and for Alaska. Nefco, after all, was the largest independent among the packers, with plants strung from Bristol Bay to Ketchikan to the coasts of British Columbia, Washington and Oregon.

Nefco's collapse could not have come at a worse time for the industry — two months before the huge red salmon run at Bristol Bay, which biologists forecasted would be the largest in several decades. The year before, packers had been swamped with fish; in 1980, there were to be millions more. The state was counting on Nefco's plants at Pederson Point and Uganik to freeze or can about 5 percent of the catch.

The bankruptcy meant the plants would be put on the block, at a time when few American seafood processors were financially strong enough or optimistic enough to buy them. And it opened the possibility of a coup by the Japanese companies, which had already bought a stake in the industry large enough to alarm many fishermen, politicians and small packers.

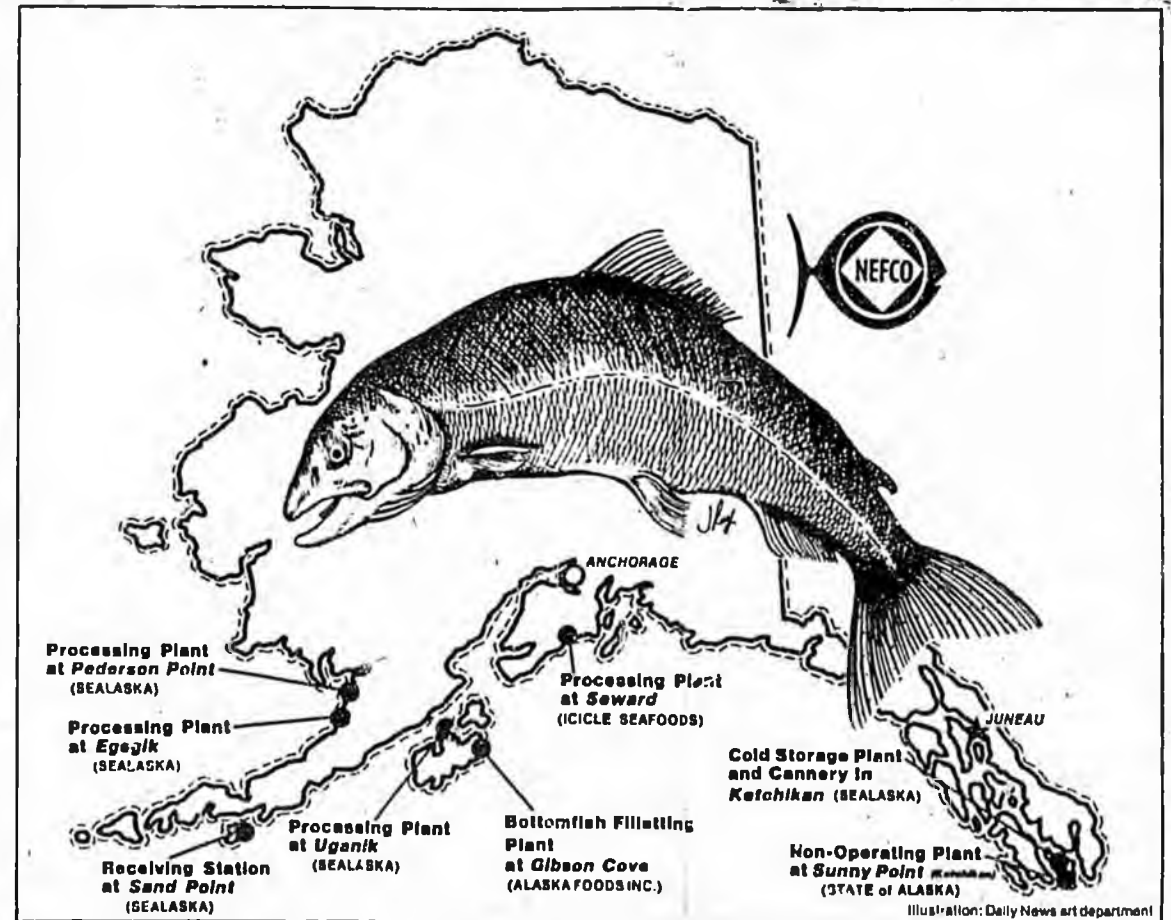
Ten months later, those fears have proven unwarranted. After a personal appeal by Gov. Jay Hammond at the Seattle bankruptcy court last May, the court approved an immediate lease of Nefco's freezing and canning plants in Alaska. The plants were activated quickly for the Bristol Bay reds (and the production pressure was off the industry, anyhow, because of a fishermen's strike). And today, all of the major Alaska plants are still operating — under Alaskan owners.

An avalanche of claims

When it filed for bankruptcy, Nefco owed \$18 million to Seattle First National Bank, Crocker National Bank and Bank of America, which were charging interest at prime-rate-plus-three. Earlier this month, bankruptcy trustee Sam Rubinstein paid off the last of these loans. In addition, he has reduced the debt on a \$10 million secured loan from Prudential Insurance to \$4 million.

Of the remaining assets to be sold, the largest is stock in Nefco's British Columbia subsidiary, Canfisco, which is worth about \$20 million. Of the other sizable assets, none are from Alaska.

Claims against the estate, however, have nearly doubled from the



The chart shows the location of several fish processing plants in Alaska formerly operated by the New England Fish Co. that have been sold to new concerns since Nefco declared bankruptcy 10 months ago.

initial filings, despite the claims paid. Claims flooded into the bankruptcy court just before the mid-December cutoff. Not counting the claims by former Nefco subsidiaries and several contingent claims, the rest total \$98 million, or roughly \$55 million more than the remaining assets.

Many of these claims are likely to be thrown out by the court. Rubinstein, the trustee, has always maintained that the legitimate creditors will be paid, and he has been convincing. Says Frank Helton, credit manager of Hussmann Northwest Inc., Seattle, and a member of the (unsecured) creditors committee, "I've worked on many, many bankruptcies. I feel this one's going extremely well. They couldn't have got a better trustee. I feel everybody's going to get 100 cents on the dollar."

Last August, before the late claims were filed, Rubinstein rashly predicted that as much as \$14 million might be left over for Nefco

shareholders. That would be about \$22 a share, compared to a bid price of \$6 just before the bankruptcy. But John Bailey, a former Nefco administrative officer now employed by the trustee, says he cannot predict how shareholders will come out.

"The stock is still trading," Bailey says. "I've had bank loan officers contact me and ask if the stock has any value as loan collateral. The answer is that it's a pure speculation."

The stock, thinly traded on the inter-dealer market, was quoted at \$10 bid, \$10.50 asked last week by William P. Harper & Son & Co. of Seattle.

The collapse

A year ago, Nefco stock was quoted at the panicky price of \$6 bid, \$10 asked. The company had been burdened with debt for many years, and had lost \$5.6 million in the fiscal years 1974-1978. It had lost another \$11 million before taxes in the last three quarters of 1979,

including \$2 million because it had been stuck with Bristol Bay salmon that had spoiled. The Japanese market for salmon had broken dramatically, slashing the value of Nefco's inventory.

By 1979, the Japanese trading giant, Mitsubishi, had become a major financial backer of Nefco, and had reached an agreement to buy up to 10 percent of Nefco's shares. Nefco had spent \$7 to \$8 million modernizing its cold-storage plant at Ketchikan, says Bailey, on the understanding Mitsubishi would finance it. But Mitsubishi took severe losses in seafood that year, too, and backed out of any further commitments. Says Bailey, "The Ketchikan investment had to be financed out of working capital. The banks objected." (Mitsubishi a secured creditor, is still owed \$3 million.)

The chief executive of Nefco was Reid Rogers, a member of the

See Page E-5, NEFCO

Nefco a year after the collapse of the fisheries giant

Continued from Page E-1

family that owned 17 percent of Nefco's shares. While Peter Rogers — no relation — ran the company, Reid Rogers had been trying desperately to sell off Nefco's assets, including assorted operating and non-operating cannery sites in Alaska. But Reid Rogers, who was not an old hand in the fish business, lacked the intricate network of business contacts Rubinstein would later call on. Rogers did sell several plants of Nefco's B.C. subsidiary, Canfisco, to British Columbia Packers for \$14.5-million. That money was vital to Nefco, Bailey says, but the subsidiary's Canadian banks would not allow the money to be repatriated to the U.S. Canfisco needed it, too.

On April 23, 1980 Nefco filed for protection from creditors under Chapter 11, the "reorganization" provision of the federal bankruptcy laws. Among the banks, Crocker National of San Francisco had pulled the plug. But even in reorganization, Nefco needed at least a \$10 million infusion of cash to operate on Bristol Bay. The banks could not agree, and on May 2, Nefco was forced into Chapter 7 — liquidation.

Rubinstein, a 63-year-old Seattle businessman, was hired as trustee to sell off the assets. Rubinstein had founded Whitney-Fidalgo Seafoods, Seattle,

in 1936, and sold it to a Japanese company, Kyokuyo, in 1973. He knew the industry intimately and he knew how to make deals. "Making deals has been my life," he told The Fishermen's News. "I love it."

In six months, Rubinstein had spent \$2 million, and raised \$25 million.

The biggest plum in Alaska was a group of six processing plants: a cold-storage plant and a half-interest (with Whitney-Fidalgo) in a cannery at Ketchikan, a plant at Uganik on Kodiak Island, a receiving station at Sand Point on the Alaska Peninsula, a plant at Egegik and the Bristol Bay plant at Pederson Point. These were offered to all buyers, including Japanese. But Bailey discovered, "The Japanese appear no longer interested in expanding their stake in the industry. We haven't sold anything of substance to Japanese, including (Japanese-owned) Whitney and Peter Pan."

The prospective buyer was the Sealaska Corp. of Juneau, one of the Alaska Native corporations created and bankrolled by Congress. Sealaska had recently entered the seafood processing industry by buying Ocean Beauty Seafoods, a conservative, family-owned Seattle packer doing about \$85-million in business a year. Ocean Beauty had plants in Hyda-burg, Cordova, Kodiak and Ju-

neau, but it was not big enough for Sealaska.

"We wanted a stronger presence within Alaska," noted Byron Mallott, the 38-year-old Sealaska chairman. "We were not strong in Southeast. We were not on Bristol Bay and we wanted to get in Bristol Bay as a No. 1 priority. We wanted a stronger presence in the Alaska Peninsula — Kodiak area. Those Nefco plants fit nicely."

Says Bailey, "It was very fortunate that Ocean Beauty (Sealaska) was in an expansion mode, because the other companies in the industry were in financial difficulty."

The sale to Ocean Beauty-Sealaska for \$11,825,000 has been approved by the bankruptcy court but is held up pending settlement of an eight-year-old lawsuit against Nefco for alleged racial discrimination. The suit prevents transfer of the assets to Sealaska with a clean title. Bailey says Nefco attorneys are trying to settle the matter out of court.

Rubinstein's next-largest deal was the sale of a bottomfish plant at Gibson Cove, Kodiak Island, for \$3.5 million. The buyer was Alaska Foods Inc., a local group.

Nefco also owned a half-interest in a plant at Seward along with Icicle Seafoods of Petersburg and Seattle. Nefco's collapse stuck this subsidiary, and thus Icicle, with an unsecured claim of \$2.3-million. Ne-

gotiations are underway to sell the remainder of the subsidiary, Seward Fisheries, to Icicle.

A non-operating plant at Sunny Point, Ketchikan, was sold to the state of Alaska for \$2.6 million.

In many of these cases, former Nefco employees have followed the assets. Pete Harris, Nefco's bottomfish visionary, signed on with Alaska Foods. In Washington and Oregon, the four fresh-fish plants on the Pacific Coast were bought by William J. Kelliher, the former manager of Nefco's fresh-fish operations, and by Wayne H. Johnson, who managed Nefco's two plants at Newport, Ore.

Ivan Fox, Nefco's former vice president for Alaska operations, was one of several Nefco managers hired by Ocean Beauty when it leased Nefco's six Alaska plants. "The same personnel who ran these plants for Nefco all moved over here," says Fox.

One exception is Peter Rogers, who was chief operational officer in Nefco's last year and chief executive officer in its final days. Rogers, who came to the business via Mars Candy Co. Curtis Candy Co. and Standard Brands Inc., went back to New York to work for Standard Brands. He was most recently quoted in the national press explaining the nationwide shortage of peanut butter.

Fishermen say Japanese wiped out salmon

2/7/81

By ANN CONY
Daily News reporter

Japanese fishing vessels may have caught more than 700,000 king salmon last year in the Bering Sea and waters around the Aleutian Islands — seriously disrupting Western Alaska's king salmon fishery.

Reports of the huge Japanese catch — more than five times the estimated 1979 harvest — were made this week by Nunam Kitlutsisti, a Bethel-based organization that repre-

sents Western Alaska fishermen.

Harold Spark, the group's director, said the Japanese high seas fishing has "wiped us out for '81 and '82."

Officials at the state Department of Fish and Game said Friday they believe Spark's figures are accurate, though they have been disputed by others in the industry.

The precise estimate — 704,000 king salmon — was made by Michael Dahlberg, a scientist with the National Marine

Fisheries Service in Juneau, Spark said. Dahlberg could not be reached for comment Friday.

Fish and Game officials said the 704,000 figure compares to estimates of 129,000 king salmon caught by the Japanese in 1979.

"We are leery of the (ramifications of the 1980) harvest," said Fred Gaffney of the Fish and Game Department.

But Clarence Potski, deputy director of the North Pacific Fisheries and Management

Council, downplayed the estimated Japanese haul, calling it a grapevine number.

"We haven't found any valid basis for it and we can't track down any data to support it," he said Friday.

According to Spark, the reported Japanese catch could have disastrous implications for the 1,700 commercial fishing permit-holders his group represents and for thousands of Native families who rely on the Western Alaska king salmon fishery for subsistence.

If estimates of the Japanese king salmon catch are accurate, the result — for the Western Alaska fishery — could be a replay of the dismal seasons in the early 1970s after Japanese fleets took an average of 400,000 fish a year from 1968 to 1970, Spark said. The king salmon fishery there didn't get back on its feet until 1976, when the state enacted the Fisheries Conservation and Management Act, he said.

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ANCHORAGE TIMES, February 19, 1981

Panel wants restrictions on fish loans

Associated Press 2/19/81
Juneau — A bill by Gov. Jay Hammond to provide \$100 million for short-term loans to fish processors should be restricted so the loans are used only to pay fishermen for their catches, a Senate subcommittee decided Wednesday.

Sen. Don Gilman, R-Kenai, said "I want to make sure this is an inventory loan and not an operational

loan." Under Hammond's proposed legislation (SB140 and SB141), \$100 million would be appropriated to set up an Alaska Fishery Product Revolving Loan Fund to make one-year loans at reduced interest rates to processors operating in-state.

Hammond said the loans would allow processors to pay operating costs and also pay fishermen for

their catches until the processors sell the fish.

Commissioner of Revenue Tom Williams said Hammond's proposal is designed to help Alaska fishermen by "filling the gap" left by major Seattle banks that have become less willing to foot processors' bills.

Although members of the Senate subcommittee on fisheries questioned the plan to make loans to all

processors operating in the state, including plants owned by non-Alaskans, Williams said the bill shouldn't be restricted to Alaska-owned processing facilities.

"It hurts the Alaska fisherman just as much if it's an Alaskan fish processor or a Seattle fish processor who cannot buy their catch."

Subcommittee Chairman Bob Mulcahy, R-Kodiak, said the bill may

be revised to cover floating processors.

The bill sets loan interest rates at 3.75 percent above the average rate on U.S. Treasury Bills. Currently, the loan interest rate would be about 17 percent.

The subcommittee plans to continue hearings on the legislation, which then must go before the entire Resources Committee.

Salmon fishing 'disrupted' by Japanese

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"Our fishery dissolved in the early '70s. It looked like a roller coaster — one year you'd have them (the fish), the next year you wouldn't.

The king salmon apparently were intercepted legally, both inside and outside the 200-mile limit.

According to Spark, much of the catch was made by the Japanese mother fleet, a huge floating processor supplied by about 40 fishing boats, each of which lets out about nine miles of monofilament gillnet a night.

"Alaskans here are on welfare because the fishery has been wiped out by Japanese interception," he said. "There's nothing else to do here. We've been screaming about the situation for years.

Spark said he believes the

apparent huge Japanese catch was an act of retaliation for his organization's lobbying efforts to limit Japanese king salmon ventures in the Bering Sea.

In addition to seeking help from Alaska Sen. Ted Stevens and Rep. Don Young, Spark's organization went to court in December in an effort to stymie the Japanese.

But the merits of the case were not heard.

"It was a long shot and we got hung up procedurally."

Besides questions from the North Pacific Fisheries and Management Council about the validity of the 704,000 estimate, the council's deputy director, Potiski, said there was no scientific way to determine the origin of the king salmon caught by the Japanese.

The fish, he said, could have come from Soviet, Japanese or

Canadian fisheries as well as that of Western Alaska.

Spark, however, maintained that 93 percent of the king salmon caught in the Bering Sea and approximately 65 percent caught off the Aleutians historically has come from Western Alaska fisheries.

The estimate of last year's Japanese catch was reportedly made by extrapolation based on historical data and on counts supplied by the Japanese for king salmon caught outside the 200-mile zone.

Official American observers aboard Japanese boats inside the designated Fisheries Conservation Zone count the average number of fish hauled in per mile of net and multiply that number by the total length of net launched and the number of days fished to estimate the total catch.

Japanese pledge to cut salmon catch

By ANN CONY
Daily News reporter

Japanese fishermen will voluntarily reduce their king salmon catch in the Bering Sea this year, following a crescendo of protest from western Alaska fishermen.

That was the message an attorney for the Japanese government delivered Friday to the North Pacific Fisheries Management Council.

Stephen Johnson, a Seattle attorney, said the Japanese government intends to restrict the catches of its Mother Ship Fleet, which last year shattered records by catching more than 700,000 kings.

He did not provide the council with a precise limit for future catches or other details of the plan, saying that those matters would be discussed when Japan sends a delegation to meet with Alaska fishery representatives sometime before the next council meeting in mid-March.

Representatives of western Alaska fishermen were delighted by the announcement, although council members were

more subdued in their reaction.

"They didn't give us any hard figures," Jim Branson, the council's executive director, emphasized.

But, he added, "It does seem to indicate that the Japanese are very concerned and want to work something out."

The 11th-hour overture helped stave off council action on a fishermen's proposal to close virtually all of the Bering Sea to foreign trawlers from the first of October through the end of March. The council postponed final action on that matter until its meeting next month.

Two weeks ago, the National Marine Fisheries Service in Juneau confirmed reports that the Japanese Mother Fleet last year gillnetted more 700,000 king salmon in the Bering Sea and off the Aleutian Islands — in waters inside and outside the council's jurisdiction.

By comparison, the Japanese catch for 1979 was estimated to be fewer than 130,000 kings.

The 1980 figures enraged

See Each Page, SALMON

Salmon catch cutback pledged by Japanese officials

ANCH. DAILY NEWS 2/28/81
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western Alaska fishermen, and their representatives said the huge Japanese catch would seriously disrupt western Alaska's king salmon fishery.

A scientist for the National Marine Fisheries Service estimated that fewer than 400,000 of the kings taken by the Japanese originated in western Alaska fisheries, but some fishermen representatives questioned that estimate and others said that, even if correct, the number was unacceptably high.

Johnson, the attorney for the Japanese, told the council that Japan's government intends to restrict the mother ship's king salmon catch to the average of catches from 1977, 1978 and 1979, roughly 100,000 kings.

"We are pleased that the Japanese government and fishing industry are moving quickly to resolve the mother ship's interception problem with western Alaska king salmon," said Henry Mitchell, executive director of the Bering Sea Fisher-

men's Association, and one of the 100 or so people present at the council meeting in the Westward Hilton.

"It's a move toward satisfying the complaints of western Alaska fishermen," said Harold Sparck, director of Nunam Kitlutsisti, the fishermen's group that proposed the Bering Sea closure for foreign trawlers.

Sparck said he was optimistic that the controversy would be resolved soon because the announcement was made publicly and "the Japanese don't like to lose face."

During its two-day meeting that ended Friday, the council also took action on proposals to amend its Gulf of Alaska fishery management plans.

The council's actions were designed to alleviate a few bones of contention in the gulf, including a "species conservation problem" with Pacific Ocean perch and complaints from Southeast fishermen that foreign trawlers were running over and damaging their longlines.

Although catch allocations for this year have already been

set, the council moved to reduce the catch of perch in future years by slashing the "allowable biological catch" from 14,400 metric tons to 875 metric tons.

The council also voted to restrict foreign fishermen from the gulf off southeast Alaska and to adopt measures aimed at decreasing incidental catches of species such as halibut.

The council's actions will be submitted to the U.S. secretary of commerce for final approval.

Suit asks to halt herring sale to Japanese

By ANN CONY
Daily News reporter

Ten Alaska seafood processors filed suit Monday in an effort to prevent a group of Bristol Bay herring fishermen from selling their catch to the Japanese and bypassing domestic processors.

The suit was filed a month to the day after U.S. District

Court Judge James Fitzgerald issued a restraining order preventing the state from enforcing primary processing laws in the case of the Bristol Bay Herring Marketing Cooperative. The marketing cooperative has arranged to sell its catch this year to the North Pacific Longline-Gillnet Association, a Japanese business.

With the herring season in Bristol Bay expected to open any day, the new suit asks for a temporary restraining order barring the Japanese fleet from handling unprocessed fish from U.S. fishermen until the court decides on the merits of the plaintiffs' request for a preliminary injunction.

The herring fishermen

claimed in the original suit that direct sales to foreign processors through a joint venture were necessary because domestic processors did not have the capacity to handle their catch last year, resulting in the dumping of some 5,000 metric tons of herring.

In the counter suit, processors argue that the joint ven-

ture would violate federal law.

In addition, the president of the Pacific Seafood Processors Association, John G. Peterson, says, "U.S. processors have both the capacity and the intent to receive and process all of the herring which is available for harvest" this year.

The herring co-op was joined in the original suit by a group

of Western Alaska salmon fishermen, and both parties argued that the state's primary processing laws violate the commerce clause of the U.S. Constitution. That claim will be fought by the state when the suit is tried in June. But in the meantime, Fitzgerald issued

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Suit seeks to halt Bristol Bay he

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the restraining order on behalf of the herring fishermen because the season in Bristol Bay will be over by June.

Under the joint venture contract, the Japanese longline association would bring into the bay ten vessels — each with a daily freezing capacity of 30 metric tons — to buy the herring, freeze it on ship and transport it to processing facilities in Japan.

James N. Reeves, attorney for the processors, argues that the joint venture would violate

federal law as laid down by the Fisheries Conservation and Management Act of 1976 and that federal law supersedes state law in this case.

In addition to such industry heavyweights as Whitney-Fidalgo, Icicle and Pan Alaska, the processing companies were joined in the suit filed in U.S. District Court by the Alaska Fishermen's Union, which represents more than 3,000 cannery employees and other industry workers, and the Cordova Aquatic Marketing Association Inc., which repre-

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□ A sixth-grade class at Rabbit School has been studying "the implications for America's future words of teacher Janet Nichols. of the class had to say about the su

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In the thick of the sockeye salmon run in Bristol Bay, the action can be fast, the payoff large.

Anchorage Daily News/Fran Burner

BRISTOL BAY SOCKEYE SALMON FISHERY, 1971-80

YEAR	RUN (millions)	CATCH (millions)	PRICE TO FISHERMEN (cents per pound)	WHOLESALE PRICE (per case 1.5 cwt)
1980 (July 3*)	62.3	23.7	57 (canned)/40 (frozen)	\$110-\$115
1979 (June 27*)	40.4	22.0	80 (canned)/\$1.25 (frozen)	\$108-\$112
1978 (June 27*)	19.0	9.9	68 (canned and frozen)	\$92-\$96
1977 (June 28*)	9.6	4.9	56	\$90-\$96
1976 (June 28*)	11.5	5.6	52	\$82-\$86
1975 (June 18*)	24.2	4.9	37 (sliding scale base price)	\$78-\$80
1974 (none*)	10.9	1.4	49 (not negotiated)	\$100
1973 (June 14*)	2.4	0.6	35	\$110-\$112
1972 (June 11*)	5.4	2.4	27	\$58-\$57
1971 (June 18*)	15.8	9.8	26	\$46

SOURCE: Alaska Independent Fishermen's Marketing Assoc. SOURCE: National Marine Fisheries Service
 SOURCE: Dept. of Fish and Game SOURCE: Dept. of Fish and Game
 SOURCE: Alaska Independent Fishermen's Marketing Assoc. SOURCE: National Marine Fisheries Service

Will the bay boil in '81?

By ANN CONY
 Daily News reporter

With lingering memories of the costly, tension-filled fishermen's strike of 1980, Bristol Bay's salmon fishermen and processing companies have begun negotiating a new price formula that could be potentially more equitable to both parties.

Some participants and many observers believe that both sides are strongly motivated to avoid a replay of last summer's debacle, when fishermen sat out a good portion of the peak season, allowing roughly 40 million red salmon to slip by the fishing grounds.

"They don't want to see what happened last year happen again and neither do we," said Mitch Kink, general manager for the Alaska Independent Fishermen's Marketing Association (AIFMA), one of two Bristol Bay fishermen's bargaining groups.

But despite cautious optimism expressed on both sides, negotiations promise to be arduous. And even if fishermen and processors agree on a price — or price formula — before an estimated 26.7 million sockeye (red) salmon shoot across the bay to their spawning grounds this summer, the

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Bristol Bay fisherman already negotiating, hoping to avoid strike

Continued from Page C-2

last year's bitterness is not likely to dissipate.

At the heart of the continuing tensions in one of the world's richest salmon fisheries is a gradual transition in the relationship between the two groups.

Fishermen, once employees of the canneries, increasingly are becoming independent businessmen. And the processors no longer have unilateral control over the industry.

Gone are the days when fishermen worked on processors' boats for prices they had no control over. Fishermen work now from their own boats, for negotiated prices.

But the transition is far from complete. With no established markets outside the bay, fishermen depend on their former bosses to buy the salmon. They also rely on the processors for boat storage, mechanics, gear and other necessities.

Since the demise of company-owned fishing fleets, fishermen and processors have been saddled with a cumbersome bargaining process that stems in large part from laws that prevent fishermen from forming unions and prevent processors from discussing prices with each other.

The clumsy negotiations are exacerbated by a lack of empathy between the two parties. The common fisherman, it is said, does not truly understand the processor's costs, risks and recent financial problems that have been aggravated by high-interest rates and a volatile Japanese market for frozen salmon. By the same token, it is said, processors are not particularly sensitive to the fisherman's burgeoning fuel costs, boat expenses and desire for a cut of the profits in years that the processors do well.

But despite deep-seated hostilities between the two groups, early indicators suggest improvements this year in the atmosphere between fishermen and processing companies.

The antagonists are now discussing a sliding-scale price formula that would take some of the market risks off the shoulders of processors and give fishermen what they feel is a potentially more equitable share of the wholesale price fetched by the processors.

Under a sliding-scale system, fishermen would be guaranteed a floor price that could rise to a set percentage of the wholesale price.

AIFMA has sent contract proposals to eight or

nine major processing firms and the companies have demonstrated a willingness to negotiate, said Mitch Kink, AIFMA's chief negotiator.

By contrast, in 1980 "half of them weren't willing to talk," he said, adding that the atmosphere now is "a lot better than it was last year."

There is a third party that doesn't want to see a replay of the 1980 scene that found fishermen sitting on the beach while the salmon swam upstream to spawn. That party is the state of Alaska, which "owns" the salmon.

In the hopes of heading off another strike, Gov. Jay Hammond, a former Bristol Bay commercial fisherman himself, commissioned a task force to study the Bristol Bay problems and propose remedies in December.

The task force has been roundly criticized in some camps on several counts, including its recommendation for increased police protection in the area this summer. Some critics have said the recommendation was an overreaction, despite the fact some fishermen tried — frequently with success — to keep others from working last summer by threats that included the firing of semi-automatic weapons.

Critics have charged that the task force was unduly preoccupied with the violence issue, and, in effect, recommended a Band-Aid treatment for a hemorrhaging patient.

The Bristol Bay Task Force made just two substantive recommendations.

The state, it said, should:

- Spend up to \$50,000 on a study of salmon markets, and
- Spend up to \$320,000 to send more state troopers to the fishing grounds this summer.

Fishermen have been eager for the third-party marketing study, which got under way two weeks ago. Although the study will not reveal processors' precise operating costs or profit margins, it should give strong indications of wholesale price trends and fishermen view it as a springboard for informed negotiations.

Processors, apparently, are not opposed to the study, although they may not accept its results as gospel when the fishermen bring it to the bargaining table.

"Any market study has to have a fatal time lag in it. The information is already old by the time negotiations are critical," said Rick Lauber, Juneau lobbyist for the Pacific Seafood Processors Association.

"I get the feeling they want to know what the

(processors') profit is going to be and no one can tell them that. There are just too many factors involved and the prices change from day to day. But I wish them well on the marketing study. It

may help... I certainly don't think it can do any harm," he said.

Rodger Painter, United Fishermen of Alaska's executive director, criticized the task force for not moving more quickly on the marketing study, saying that one month doesn't offer the consulting firm enough time to do a thorough job, particularly on the complex, highly anticipatory Japanese market for frozen salmon.

Painter was more critical of the law enforcement proposal and the spending priority it was given.

The violence issue has "rarely been overplayed," he said.

Because of the high-charged atmosphere guaranteed to accompany any future boycotts, the stepped-up police presence could backfire, Painter warned.

Many fishermen, he said, were enraged by a Bristol Bay law enforcement plan drawn up by Col. T.R. Anderson, director of the state troopers. Fishermen were especially piqued by a provision for "mass arrests" and other aspects of the plan.

"Anderson's report may be a worst-case scenario, but that's not how it reads," Painter said. "It looks like the place is going to be crawling with cops."

The report left many fishermen with the distinct impression that the state was applying far more pressure on them than on processors, according to Painter.

"(Law enforcement) shouldn't have consumed so much of the task force's attention," he said.

On Tuesday the Senate State Affairs Committee proposed a scaled-down version of Anderson's plan.

"I think the administration is well intentioned, but the situation hasn't been handled too well. I think there was a lack of effort in trying to deal with the real problem," Painter said.

While critical of the Bristol Bay Task Force, Painter was far more satisfied with the recommendations of a state Senate Judiciary Hearing Committee that also took up the problem.

"While the original concerns of the hearing committee were the state's role in the negotiating process and in maintaining public safety, it

quickly became apparent that a broader approach to meeting Bristol Bay's needs was required to be effective," the committee report said.

It went on to make nine recommendations, focusing on a number of long-range solutions designed, essentially, to help the industry through its growing pains.

"There appears to be a general feeling that much of the tension in the Bristol Bay fishery is actually due to this change in the structure of the industry. One component of this change is the desire by many local fishermen to develop a new, locally controlled means of marketing their fish as an alternative to the established processing plants," the report said.

It recommended the marketing study as part of an ongoing analysis with potential application for all of Alaska's fisheries.

In addition, the committee suggested the state take an active role in helping fishermen develop their own markets by making financing programs available to new fish-packing operations and by supporting capital improvements of docks, transportation routes and other infrastructure needs in the bay area.

But the role of the state in helping factions of the private sector resolve long-standing differences is quite open to debate.

"Some people wanted the state to put pressure on the processors, to get them in one room and knock their heads together," said Avrum Gross, former state attorney general and a top Hammond administration troubleshooter who headed the Bristol Bay Task Force. Such an approach, he pointed out, is prohibited by anti-trust laws.

"I feel very strongly, and I think the governor does too, that just because they have problems... does not mean that the state should start to play a role in the bargaining process, in determining fair price or a formula," he continued.

The proper role of the state, as Gross sees it, is to "give them the kind of tools they need to work out the problem — if they ask for them — and let them work it out."

Noting that the economic structure of the fishery is indeed evolving, "it has to be allowed to develop," Gross said.

"It'll take time," said Melvin Mosen, a fisherman and staff biologist for the Bering Sea Fishermen's Association.

"You can't solve things like this overnight."